

Carbon Disclosure Project, May 31, 2006

The Reporting period for emissions is January 1, 2005 to December 31, 2005

1. *General:* How does climate change represent commercial risks and/or opportunities for your company?

Risk of inaction or an inadequate global response to climate change poses potential long term risks to the economic viability of Entergy's franchise territory and to its asset base both of which are located in an area that is uniquely vulnerable to flooding and hurricanes. Future revenues are dependant on a sustainable economic base. However, many of the people in the areas we're serving are living in poverty. We believe the impacts from increased greenhouse gas concentrations in the atmosphere will melt polar ice, raise sea levels, erode coastal lands, increase the intensity of storms, flood regions of the Mississippi delta, reduce crop production, increase storm damage, endanger water supply, increase disease and eliminate certain species of animals. The economic impacts of climate change on regions like the delta (states of Arkansas, Mississippi and Louisiana) will adversely impact those least able to bear the burden.

In 2005 Hurricanes Katrina and Rita put a face on the future physical risks and financial impacts that climate change can place on the markets we serve if meaningful action is not taken soon to stabilize and then reduce atmospheric greenhouse gas concentrations. These hurricanes inflicted overwhelming personal loss and massive property damage across our service territory. Katrina leveled much of a 400 mile section of coastline stretching from central Louisiana, across Mississippi, into Alabama and western Florida and devastated the city of New Orleans. Lives were lost, families split apart and homes destroyed. At the peak, more than 1.1 million of our customers lost power – the highest number of outages in our company's history. Much of our infrastructure across Louisiana, Texas and Mississippi was damaged and many of our offices in New Orleans, La. had moderate to severe damage due to the storm. Thousands of our employees and their families were displaced from their homes, including 1,500 headquarters employees. We incurred restoration costs for these two storms of approximately \$1.5 billion which does not include lost revenues. Insured losses for the region are estimated to be \$75 billion and the overall damages are expected to be as high as \$200 billion.

As our communities move from recovery to rebirth, we have the opportunity and the responsibility to rebuild the right way. We must address the underlying causes of huge issues like poverty and climate change – no matter how difficult it might be – and then rebuild our communities in a sustainable way. For example, one of the most important ways we can help our low-income neighbors is by ensuring that new and reconstructed homes meet high standards for energy efficiency. This one initiative can reduce energy costs for low-income families, increase their disposable income and help fuel the economy and reduce emissions. As homes are repaired and new houses built across our service territory, we will work to educate, inform and influence communities to adopt environmentally smart building standards.

More than ever, we believe it is imperative to take action to slow and then reduce atmospheric concentrations of greenhouse gases. We also believe that delay in responding to climate change will remove economically viable options for stabilizing CO₂ concentrations in the atmosphere that are currently available and will result in higher cost response actions when greenhouse gas stabilization policies are finally adopted.

2. *Regulation:* What are the financial and strategic impacts on your company of existing regulation of GHG emissions, and what do you estimate to be the impact of proposed future regulation?

Due to the low-emission, low-carbon fuel mix of Entergy's fleet relative to other U.S. electric generating companies, we expect to fare better than most under the various carbon cap and trade policies being considered in the U.S. Congress. While our compliance costs will rise, our overall asset value will increase relative to other generating companies that are more heavily reliant on higher carbon content fossil fuels.

Future regulation of GHG emissions could have a significant impact on the selection of new generating assets assuming the regulation is in place soon enough to influence investment decisions. The demand for energy is expected to increase by 50% over the next 25 years. Decisions on what generation technologies to invest in to meet the increased demand will need to be made within the next 5-10 years. Decisions made today that do not consider appropriate price signals for carbon emissions could ultimately result in the construction of long lived generating assets that may not be competitive in a carbon constrained economy.

3. *Physical risks:* How are your operations affected by extreme weather events, changes in weather patterns, rising temperatures, sea level rise and other related phenomena both now and in the future? What actions are you taking to adapt to these risks, and what are the associated financial implications?

Entergy's regulated utility service area is located in the Gulf Coast region (parts of Louisiana, Mississippi, Arkansas and Texas) and can be impacted by hurricanes and strong thunderstorms during summer months and ice storms during the winter. Major storm events, as demonstrated by Hurricanes Katrina and Rita, damage infrastructure, cause energy outages, lost revenues, interfere with the delivery of fuels to generating units and can result in potentially large economic impacts to the region. In addition, these storms accelerate the loss of coastal wetlands. Coastal wetlands and barrier islands provide a protective defense from storm surge for low-lying inland regions reducing damage from hurricanes. For every mile of wetlands, the effect of storm surge is reduced by ½ foot. 1990 to 2001 the average rate of loss was 4.3 square miles per year. Hurricane Katrina caused the loss of roughly 40-65 square miles of wetland in the basin. In one day more wetlands were lost than the entire decade from 1990 to 2000.

The massive flooding in and around New Orleans put a harsh spotlight on an environmental crisis that has been years in the making. We believe that the impacts expected from climate will only exacerbate these physical risks. The loss of wetlands in southeastern Louisiana left the city more exposed and extremely vulnerable to damaging storms. And it's not just New Orleans that is threatened. Wetlands have been lost in many coastal areas of Louisiana, leaving hundreds of communities at risk. In the wake of Hurricane Katrina, we are redoubling our efforts in support of wetland restoration. We are working closely with local, state and federal governments and other organizations to increase the effectiveness of restoration efforts. We are also working with various public and private programs on a regular basis to maximize the funding they provide for coastal and wetland protection and restoration projects.

More importantly, we believe that as a society we must address the root cause of this crisis, which is linked to the broader sustainability concern of global warming and sea level rise. We believe meaningful action must be taken to slow and then reduce atmospheric concentrations of greenhouse gases such as CO₂. Entergy is a strong advocate for establishing mandatory greenhouse gas cap and trade legislation in the U.S. We are working with our partners the Clean Energy Group, Environmental Defense and the Pew Center Business Environment Leadership Council to advocate for meaningful measures to avoid dangerous impacts from climate change. We also have worked to support the development of the Regional Greenhouse Gas Initiative (RGGI), a mandatory cap and trade program being implemented by northeastern states. We are

using lessons learned implementing our voluntary GHG stabilization commitments to help demonstrate and encourage economically efficient greenhouse gas policy.

4. *Innovation*: What technologies, products, processes or services has your company developed, or is developing, in response to climate change?

Clean energy technologies can be employed to achieve emission reductions.

- Ø Nuclear generation produces electricity without air emissions. 33% of Entergy's generating capacity is supplied by nuclear power. Entergy has added 355 MW of nuclear capacity through 2005 from up-rates and plans an additional 95 MW in 2006. In 2005, 52% of the domestic utilities' electric energy was produced by nuclear power plants compared to 40% in 1998. The increase in nuclear production through up-rates and improved capacity factors helps Entergy meet a growth in demand while allowing an overall reduction in CO₂ emissions. Entergy is a member of Nustart and is working to develop the next generation of nuclear power plants. Nuclear generating capacity, within a balanced portfolio of clean energy technologies allows growth, provides a hedge against fuel price volatility, increased environmental control costs and will provide low cost, competitively priced power in a carbon constrained economy.
- Ø Combined Cycle Gas Turbines (CCGT) and Integrated Gasification Combined Cycle (IGCC) Technologies produce electricity more efficiently, using less fuel and with lower emissions rates. Entergy has recently acquired 1,198 MW of CCGT capacity to help meet projected demand and modernize its fossil fleet. Entergy is following the development of IGCC technologies that offer the added benefits of fuel flexibility, low emissions, affordable CO₂ capture for geologic sequestration and the ability to produce added value streams such as hydrogen, steam, CO₂, ammonia and sulfur that can be configured and sold to specific markets. Developing and deploying these generation technologies within a balanced mix of clean energy technologies reduces fuel costs, reduces environmental control costs and will add additional value streams all of which will contribute to low cost, competitively priced power in a carbon constrained economy.
- Ø Renewable generation technologies such as wind, hydro and solar produce electricity without producing air emissions. Entergy owns 80 MW of wind power and in 2004 joined with Shell Wind in a Joint Venture to look for profitable opportunities to develop wind resources. Entergy has purchased over 500,000 emission reduction credits generated from landfill methane and coal mine methane recovery projects. Developing renewable resources within a balanced portfolio of clean energy technologies allows growth, provides a hedge against fuel price volatility, increased environmental control costs and will provide low cost, competitively priced power in a carbon constrained economy.
- Ø CO₂ capture and geologic sequestration reduces emissions to the atmosphere. Entergy is a member of the Gulf Coast Carbon Center and is looking to demonstrate carbon capture technologies, conduct research into geologic sequestration monitoring and verification, and looking to develop an infrastructure in the Gulf Coast region to utilize anthropogenic CO₂ for enhanced oil recovery. Developing a cost effective source of CO₂ from anthropogenic sources will add to the secure domestic supply of energy and will enhance the economy within franchise territory. It could also create a value stream for the collection and sale CO₂ from plant stack gases that will allow the use of abundant domestic coal supplies in a way that helps the environment. Entergy has purchased 1,500,000 emission reduction credits from enhanced oil recovery projects.

5. *Responsibility*: Who at board level has specific responsibility for climate change related issues and who manages your company's climate change strategies? How do you communicate the risks and opportunities from GHG emissions and climate change in your annual report and other communications channels?

Responsibility:

Gary Serio, VP Safety & Environment manages the company's climate strategy. J. Wayne Leonard, CEO and the Safety & Environmental Executive Forum approve climate change strategy and monitor its execution. The Forum meets quarterly. Robert Luft, Chairman of the Board and J. Wayne Leonard, CEO are engaged in climate change issues from the board level. The Board Audit Committee annually assesses risks and controls associated with environmental issues including climate change.

Communication:

At Luft and Leonard's direction, Entergy in 2001 became the first U.S. electric generating company to voluntarily commit to stabilizing its greenhouse gas emissions. It committed to stabilize CO₂ emissions from its power plants at 2000 levels through 2005. Reasons for taking the action and progress towards achieving the goal are communicated annually in the "[Greenhouse Gas Reduction Commitment and Progress Report](#)", the [Sustainability Report](#), [SEC 10K Report](#), [Dow Jones Sustainability Index Questionnaire](#) response, and the [Carbon Disclosure Project](#) response.

In the 2002 Annual Report, Robert Luft, Chairman of the Board and J. Wayne Leonard, CEO communicated the company's aspirations. One of those aspirations was that "Entergy will be recognized as an environmental leader, not only in generation, but among all U.S. industrial companies, and will demonstrate the advantage of environmental excellence in achieving financial results". Every year since then, progress towards realizing those aspirations has been communicated in the Chairman and CEO's Letters to Stakeholders in Entergy's Annual Reports and in its annual Sustainability Reports. Every year they've highlighted the company's commitment to addressing climate change as a major element of that progress.

J. Wayne Leonard gave a speech to the Southern Governor's Conference in 2002 identifying the importance of passing mandatory climate change legislation. Bob Luft gave a speech to the Environmental Journalists Conference in 2003 urging meaningful action to address climate change.

In 2006, J. Wayne Leonard approved the 2006 – 2010 Environmental Strategy and as an element of that strategy, a second voluntary commitment to stabilize CO₂ emissions at 20% below 2000 levels from 2006 – 2010 was announced May 9, 2006.

6. *Emissions*: What is the quantity in tonnes CO₂e of annual emissions of the six main GHG's produced by your owned and controlled facilities in the following areas, listing data by country?

- Globally.....Operations entirely within the U.S. and reported below
- Annex B countries of the Kyoto Protocol. N/A
- EU Emissions Trading Scheme. N/A

2005 GHG Inventory (10⁶ short tons CO₂e)

CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆
35.6	0.4	0.3	0.0	0.0	0.3

The inventory was prepared using the WRI/WBCSD protocol and includes direct emissions from US operations. Carbon dioxide resulting from the combustion of fossil fuels used to generate electricity is the main source of greenhouse gas emissions from Entergy's operations. Entergy has defined its greenhouse gas footprint as CO₂ emissions from its ownership share of U.S. power plants. Emissions from the other five greenhouse gases are much less significant in absolute terms. CO₂ emissions from stationary sources are measured by in-stack continuous emission monitors and reported as short tons of CO₂. Continuous Emission Monitors are operated in compliance with stringent Quality Assurance regulations established by the US Environmental Protection Agency. In addition Entergy employs an independent 3rd party audit and evaluation annually to verify CO₂ measurements.

7. *Products and services*: What are your estimated emissions in tonnes CO₂e associated with the following areas and please explain the calculation methodology employed.

- Use and disposal of your products and services?
- Your supply chain?

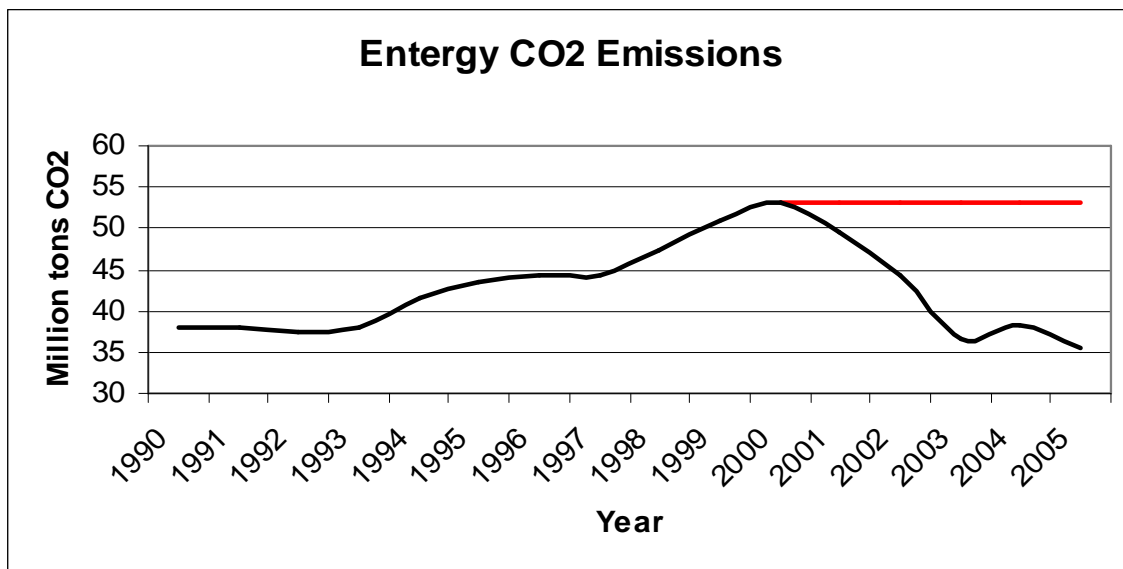
Entergy believes working with customers and suppliers could result in future business opportunities as more US companies adopt GHG reduction targets.

- Ø Electricity is unique in that its end-use does not result in emissions or involve disposal of a product. In some cases a customer can achieve GHG reductions by substituting electricity generated from very low or non-emitting sources for their direct use of fossil fuels.
- Ø Over 70% of Entergy's fly ash produced from burning coal is sold for re-use in the cement industry. Using fly ash as a raw material reduces fuel use and resultant CO₂ emissions from cement production. Entergy is developing a method for creating and registering emission reduction credits that will monetize the GHG emission savings realized from this practice.
- Ø Entergy is investing in Energy Efficiency projects to help customers reduce energy consumption and is looking to quantify the GHG emission savings. Entergy is also working with stakeholders to help achieve an energy efficient rebuilding of New Orleans properties damaged by hurricane Katrina.
- Ø Entergy is implementing its Environmental Management System and as business units establish continuous improvement goals, we anticipate process and production efficiency measures will incorporate both indirect and supply chain emission reduction initiatives.

8. *Emissions reduction*: What is your firm's current emissions reduction strategy? How much investment have you committed to its implementation, what are the costs/profits, what are your emissions reduction targets and time-frames to achieve them? Explain to what extent current and future emissions reductions involve a change of use in existing assets (i.e. fuel switching at existing facilities) or a need for new investment? What percentage of your revenue is derived from renewable generation in a government sponsored price support mechanism?

May 9, 2006 Entergy publicly announced its second voluntary commitment to stabilize CO₂ emissions at 20% below 2000 levels from 2006 – 2010. This will require actions to eliminate or offset an increase in emissions anticipated from a growth in the demand for energy that is expected during this period of time. See response to question #4 for actions that are being taken to reduce emissions. In addition, Entergy has allocated \$3 million through the commitment period to purchase external emission offsets.

In May 2001, Entergy became the first U.S. electric power company to establish a voluntary stabilization target for its CO₂ emissions. Entergy pledged that it would stabilize CO₂ emissions from its U.S. power plants at year-2000 levels through 2005. In 2005, Entergy completed its first five year greenhouse gas stabilization commitment with cumulative emissions 23% (61.7 million tons) below goal. Below is a chart showing Entergy's annual CO₂ emissions from 1990 – 2005. The chart shows Entergy's progress meeting its voluntary commitment to stabilize CO₂ emissions from US power plants at year 2000 levels through 2005. Electric sales increased by 21% during the first commitment period.



Entergy invested \$14.8 million in Environmental Initiatives Funds to complete 61 internal emission reduction projects that will achieve 6.2 million tons of CO₂e reductions by 2010. The CO₂ emission reductions from internal projects resulted from investments in power plant efficiency improvements such as turbine upgrades and computerized control systems.

9. *Emissions trading*: What is your firm's strategy for, and expected cost/profit from trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems, where relevant?

Entergy has invested in a portfolio of external emission offset initiatives in the voluntary U.S. greenhouse gas emission offset market. Entergy's external greenhouse gas emission offset portfolio includes forest sequestration projects, a first of its kind agricultural sequestration lease, geologic sequestration for enhanced oil recovery, landfill methane and coal mine methane recovery for energy generation and a solar renewable energy project. Most recently Entergy completed a greenhouse gas emission reduction purchase with a paper company in Maine that invested in natural gas energy efficiency in order to reduce emissions. This trade represents 300,000 metric tons of greenhouse gas emission reductions and is the type of trade contemplated under the recent Regional Greenhouse Gas Initiative (RGGI) being launched in northeastern U.S. Through the end of 2005, Entergy has invested \$5.5 million from our Environmental Initiative Fund to complete 15 external offset projects that will achieve 3.6 million tons of CO₂e offsets by 2005.

10. *Energy costs*: What are the total costs of your energy consumption, e.g. fossil fuels and electric power? Please quantify the potential impact on profitability from changes in energy prices and consumption.

In 2005 Entergy's consolidated revenues were \$10.1 billion. Fossil fuels and fuel related costs amounted to \$2.2 billion in 2005. 48% of the electricity Entergy generated for its domestic utility in 2005 used fossil fuels.

The U.S. Energy Information Administration (EIA) released its report titled, *Energy Market Impacts of Alternative Greenhouse Gas Intensity Reduction Goals*, in March 2006. EIA's report analyzes impacts from seven different greenhouse gas (GHG) intensity reduction goals and safety valve prices on economic growth.

The Cap-Trade 4 scenario is the only one that appears to satisfy the IPCC goal of slowing the growth and then reducing greenhouse gas emissions. If that level of price signal were to be sent, the analysis predicts that in 2030:

- Energy generation from coal will decline from today's levels by 40% and generation from natural gas, nuclear and renewables would increase by 37%, 123% and 332% respectively;
- To meet that demand, the industry will build 17 GW of new coal capacity with CO₂ capture and sequestration and 123 GW of new nuclear capacity;
- Greenhouse gas emissions will decrease by 28% from the reference case and will be only 0.5% above today's levels;
- Electricity prices will increase 30% from today's levels;
- GDP will decline by 0.55% from the reference case.

By contrast, if the level of price signal from the more modest Cap-Trade 1 scenario were to be sent, the analysis predicts that in 2030:

- Energy generation from coal will increase from today's levels by 43%, natural gas by 52%, nuclear by 30% and renewables by 108%;
- To meet that demand, the industry will build 96 GW of new coal capacity without carbon capture and sequestration and 25 GW of new nuclear;
- Greenhouse gas emissions will decrease by 9% from the reference case and will be 27% above today's levels but perhaps not enough to avoid catastrophic climate change impacts;
- Electricity prices will increase by 8% from today's levels;
- GDP will decline by 0.12% from the reference case.

The analysis puts in sharp focus the uncertainty facing the electric generating sector as the industry looks to place bets on new capacity investments that will be needed to meet the forecasted increase in demand for energy. The question is shifting away from "if there is mandatory CO₂ legislation?" to a question of "when will we have legislation?" and "how stringent will the cap be?" Decisions we make today will have a dramatic impact on the future climate change adaptation costs society will bear.

While the analysis does a good job evaluating the cost impacts of various greenhouse gas intensity limits, it doesn't quantify the expected financial benefits to be realized by avoiding climate change impacts and the improved health benefits that will come from relying on lower emitting generating technologies. We estimate that while the cost to the electric sector from climate change legislation will increase, after factoring in the expected health and environmental benefits of reduced emissions, we believe there will be a net long term benefit to the economy. Katrina cost estimates range from \$150 -250 billion and put a face on what the potential future costs of adapting to climate change could place on the economy if meaningful action is not taken to mitigate the risk. The health benefits from lower emissions, and the avoided cost benefits for reducing adaptation to future climate change, need to be monetized and compared to the projected \$248 to \$800 billion reduction in GDP before reaching a conclusion on the benefits or harm that will come to the economy from placing caps on U.S. CO₂ emissions.

Furthermore, the economic analysis fails to recognize that a potential \$200 billion investment in clean energy technologies over the next 20 years will stimulate the economy, creating jobs and reducing poverty. Bill Clinton in his speech to the United Nations Climate Change Conference in Montreal, December, 2005 said, "We can create jobs out of wind energy, out of solar energy, out of bio-fuels, out of hybrid engines, out of a systematic determination to change the lighting patterns, the insulation patterns, the efficiency standards of all buildings and all appliances. ...there are lots of hopeful signs here that if we decided to maximize clean energy development, maximize energy conservation technologies, maximize appropriate research, and have the best and most efficient use of old energy sources of oil and coal. If we did all of that, could we find common ground to do something before climate change makes it too late to have meetings like this?"

In a speech President Bush gave May 24, 2006 where he was advocating clean energy technologies he said, "We're also going to need a lot of electricity in the future. Electricity demand is projected to increase by nearly 50 percent over the next 25 years. That's a lot. And we better be wise about how we implement a strategy to meet that demand -- otherwise, we're not going to be the economic leader; otherwise, our people aren't going to be having the good jobs that we want them to have; otherwise, your children and my children, our grandchildren are not going to have a bright, hopeful America that we want for them."