

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF LOUISIANA**

-----X
In re :
 : **Bankruptcy Number**
 : **05-17697**
ENTERGY NEW ORLEANS INC. : **Section "B"**
 : **Chapter 11**
 : **Reorganization**
DEBTOR. :
 :
-----X

**OBJECTION OF FINANCIAL GUARANTY INSURANCE
COMPANY TO DEBTOR'S MOTION FOR AUTHORITY TO HONOR
OBLIGATIONS OWED PURSUANT TO CERTAIN NON-QUALIFIED
PLANS AND PROGRAMS THAT PROVIDE PENSION AND OTHER
BENEFITS TO CERTAIN ENOI RETIRED EMPLOYEES AND
DISABLED FORMER EMPLOYEES**

Financial Guaranty Insurance Company ("FGIC"), by and through its undersigned co-counsel, hereby files this objection to the motion (the "Motion") of the above-captioned debtor and debtor-in-possession (the "Debtor") for entry of an order authorizing the Debtor to honor obligations to certain non-qualified pension plans, and in support thereof respectfully represents as follows:

Background

1. On September 23, 2005 (the "Petition Date"), the Debtor commenced a case under chapter 11, title 11 of the United States Code (the "Bankruptcy Code"). The Debtor continues to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or committee has been appointed in the Debtor's chapter 11 case.

2. FGIC is the insurer of two series of the Debtor's prepetition secured bonds, aggregating \$75,000,000. Set forth below is a description of the bonds, and the collateral securing repayment of the bonds.

3. Pursuant to (i) that certain Mortgage and Deed of Trust (the “Original Indenture”) and (ii) that certain First Supplemental Indenture, both dated as of May 1, 1987, the Debtor issued \$75,000,000 in principal amount of Rate Recovery General and Refunding Mortgage Bonds, 10.95% Series. As described below, the Debtor granted a security interest in certain of the Debtor’s properties (the “Bond Collateral”) to the indenture trustee under the Original Indenture (the “Indenture Trustee”).

4. The Original Indenture provided that the Debtor could, subject to certain conditions, issue additional bonds (the “Bonds”) that, among other things, rank on a parity with any and all Bonds issued pursuant to the Original Indenture in terms of payment and priority of the security interest in the Bond Collateral. Prior to the Petition Date, the Debtor and the Indenture Trustee executed fourteen supplemental indentures covering eighteen series of Bonds. There are currently six series of Bonds outstanding, aggregating \$230,000,000 in principal amount.

5. Pursuant to that certain Twelfth Supplemental Indenture, dated as of August 1, 2004, the Debtor issued Insured Quarterly First Mortgage Bonds, 5.65% Series due September 1, 2029 (the “5.65% Bonds”). Pursuant to that certain Thirteenth Supplemental Indenture, dated as of August 15, 2004, the Debtor issued Insured Quarterly First Mortgage Bonds, 5.60% Series due September 1, 2024 (the “5.60% Bonds”).

6. Pursuant to the terms of the Twelfth Supplemental Indenture and the Thirteenth Supplemental Indenture (collectively, the “FGIC Indentures,” and together with the Original Indenture, the “Indenture”) and separate surety bonds issued in favor of the Trustee, the 5.65% Bonds and the 5.60% Bonds are insured by FGIC.

7. The Bonds are secured by a first lien on substantially all of the Debtor's properties and assets, with the exception of certain types of collateral, including cash, accounts receivable and natural gas leases. See Indenture at 4-7 and Article 20.

**FGIC Joins In the Objection
Filed by the Trustee**

8. On October 18, 2005, the Bank of New York, as Trustee under the Indenture (the "Trustee"), filed an objection (the "Trustee's Objection") to the Motion.

9. FGIC joins in the Trustee's Objection and opposes the Motion on the same grounds as set forth therein.

Conclusion

WHEREFORE, FGIC requests that the Court deny the Motion and grant such other and further relief as the Court deems just.

Dated: October 19, 2005

Baton Rouge, Louisiana

/s/ Rudy Cerone
Rudy J. Cerone, Esq.
McGlinchey Stafford, PLLC
1001 McKinney, Suite 1500
Houston, TX 77002
(713) 520-1900 (telephone)
(713) 520-1025 (facsimile)

-and-

B. Franklin Martin, III, Esq.
McGlinchey Stafford, PLLC
14th Floor, One American Place
301 Main Street
Baton Rouge, LA 70825
(225) 383-9000 (telephone)
(225) 343-3076 (facsimile)

-and-

H. Slayton Dabney Jr., Esq.
George B. South III, Esq.
Joshua K. Brody, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Telephone: (212) 556-2100
Facsimile: (212) 556-2222

Co-Attorneys for
Financial Guaranty Insurance Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 19th day of October, 2005, a copy of the foregoing pleading was served upon the attached service list.

/s/ Rudy J. Cerone

RUDY J. CERONE (La. Bar #14137)

McGlinchey Stafford PLLC

1001 McKinney, Suite 1500

Houston, TX 77002

Telephone: (713) 520-1900

Facsimile: (713) 520-1025

rcerone@mcglinchey.com

B. FRANKLIN MARTIN, III (La. Bar #8966)

McGlinchey Stafford, PLLC

14th Floor, One American Place

301 Main Street

Baton Rouge, LA 70825

Telephone: (225) 383-9000

Facsimile: (225) 343-3076

bmartin@mcglinchey.com

-and-

H. SLAYTON DABNEY, JR.

GEORGE B. SOUTH, III

King & Spalding LLP

1185 Avenue of the Americas

New York, NY 10036

Telephone: (212) 556-2100

Facsimile: (212) 556-2222

sdabney@kslaw.com

gsouth@kslaw.com

Co-Attorneys for Financial Guaranty Insurance
Company