UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF LOUISIANA

IN RE:	*	**NO. 05-17697**
ENTERGY NEW ORLEANS, INC.	*	
	*	**CHAPTER 11**
DEBTOR		
	*	**SECTION "B"**
* * * * * * * *		

ORDER GRANTING INCENTIVE COMPENSATION MOTION

Came on for hearing the 22nd day of February, 2006, the Motion for Authority to Pay Certain Incentive Compensation for Performance During 2005 Pursuant to Certain Pre-Petition Incentive Compensation Plans (the "Motion") (P-627), filed by Entergy New Orleans, Inc., the debtor and debtor-in-possession herein (the "Debtor"), and, upon consideration of the Certificate of Service with respect to the Motion (P-642), and the Limited Objection filed by Bank of New York, as Indenture Trustee (the "Limited Objection") (P-649), and the Affidavit of Mr. Daniel F. Packer submitted into evidence at the hearing on this Motion, the Court finding that just cause exists to grant the Motion, and overrule the Limited Objection;

IT IS ORDERED that the Limited Objection is hereby OVERRULED, and that the Motion is hereby GRANTED;

IT IS FURTHER ORDERED that the Debtor is hereby authorized to pay incentive compensation to eligible Non-Exempt Employees (as defined in the Motion) in an aggregate amount not to exceed $634,860.00; and

IT IS FURTHER ORDERED that the Debtor is hereby authorized to pay incentive compensation to eligible Exempt Employees (as defined in the Motion) in an aggregate amount not to exceed $739,726.00.

(Exhibit 1 is attached)

New Orleans, Louisiana, February 24, 2006.

J. A. Brown

Jerry A. Brown
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF LOUISIANA

IN RE:	*	**NO. 05-17697**
ENTERGY NEW ORLEANS INC.	*	
	*	**CHAPTER 11**
DEBTOR	*	**SECTION "~~A~~" B**
* * * * * * * *		

AFFIDAVIT OF DANIEL F. PACKER, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF ENTERGY NEW ORLEANS INC., IN SUPPORT OF THE INCENTIVE COMPENSATION MOTION

STATE OF LOUISIANA
PARISH OF ORLEANS

BEFORE ME, the undersigned authority, in and for the parish and state aforesaid, personally came and appeared,

DANIEL F. PACKER

who, upon being duly sworn, did depose and state as follows:

BACKGROUND

1. On September 23, 2005 (the "Petition Date"), Entergy New Orleans Inc., the debtor and debtor-in-possession herein (the "Debtor" or "ENOI"), filed a voluntary petition for relief under title 11, Chapter 11 of the United States Code (this "Chapter 11 Case").

2. I have held the position of ENOI's President since July 18, 1997, and the positions of ENOI's Chief Executive Officer and Chairman of the Board of Directors since 1998. I am both

(a) authorized to submit this affidavit on ENOI's behalf in support of its Motion for Authority to Pay Certain Incentive Compensation for Performance During 2005 Pursuant to Certain Pre-Petition Incentive Compensation Plans (the "Incentive Compensation Motion"), and (b) personally familiar with the facts set forth in this affidavit.

THE INCENTIVE COMPENSATION MOTION GENERALLY

3. In the Incentive Compensation Motion, ENOI seeks authority to pay incentive compensation, in an aggregate amount not to exceed $1,374,586, for exemplary performance by its employees during the calendar year 2005 pursuant to certain incentive compensation programs (collectively, the "Incentive Plans"). The Incentive Plans have been used by ENOI in excess of five (5) years. The payout criteria under the Incentive Plans was determined well in advance of Hurricane Katrina and the Petition Date.

4. Three hundred sixty seven ENOI employees are eligible to receive incentive compensation under the Incentive Plans,[1] including (a) 265 eligible ENOI employees who are not exempt from overtime under the Fair Labor Standards Act (collectively, "Non-Exempt Employees"), and (b) 102 eligible ENOI employees who are exempt from overtime under the Fair Labor Standards Act (collectively, the "Exempt Employees").

5. Absent the commencement of this Bankruptcy Case, eligible Non-Exempt and Exempt Employees traditionally would have been paid awards, if any, pursuant to the Incentive Plans on or about **March 15, 2006**. That estimated payment date is generally known by ENOI's Non-Exempt and Exempt Employees.

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[1] It should be noted that I am excluded from the Incentive Compensation Motion. In the interests of assuring that other ENOI employees are timely paid incentive compensation, at my suggestion, the ENOI Board decided not to seek at this time Bankruptcy Court approval of payment of any incentive or deferred compensation to which I would otherwise be entitled for

6. ENOI must be able to pay incentive compensation in a manner which is generally consistent with the amount of ENOI's past incentive compensation and the timing of such payments in the past, in order to retain its valuable Exempt and Non-Exempt Employees, and maintain their morale during the Post-Katrina recovery period.

THE INCENTIVE PLAN FOR NON-EXEMPT EMPLOYEES

7. The Team Sharing Incentive Plan (the "Non-Exempt Employee Plan") is designed to reward ENOI's regular and active Non-Exempt Employees on the basis of their performance results during 2005.

8. For a Non-Exempt Employee to be eligible for an award under the Non-Exempt Employee Plan, the Non-Exempt Employee must be on the ENOI payroll as of December 31, 2005.

9. Two hundred sixty-five (265) Non-Exempt Employees are eligible to receive an award under the Non-Exempt Employee Plan.

10. Among other things, the Non-Exempt Employee Plan is designed to (a) reward Non-Exempt Employees for their performance achievements in 2005, (b) provide an important incentive to Non-Exempt Employees to improve performance results in the future, and (c) supply a necessary component of a competitive total compensation program to Non-Exempt Employees.

11. The aggregate amount of incentive compensation under the Non-Exempt Employee Plan is derived through the application of a pre-determined algorithm for calculating such compensation each year.

12. According to the Non-Exempt Employee Plan, the application of the algorithm or formula is non-discretionary. After applying the formula, the total incentive compensation due

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2005.

to Non-Exempt Employees under the Non-Exempt Employee Incentive Plan will not exceed $634,860.

13. ENOI seeks authority in the Incentive Compensation Motion to pay the eligible Non-Exempt Employees the aggregate amount not to exceed $634,860, which is an average of about $2,396 for each eligible Non-Exempt Employee, which is generally consistent with ENOI's past payment of incentive compensation to Non-Exempt Employees.

CERTAIN INCENTIVE PLANS FOR EXEMPT EMPLOYEES

14. Also at issue in the Incentive Compensation Motion are two (2) incentive plans for performance during 2005 (collectively, the "Exempt Employee Plans") for Exempt Employees. For an Exempt Employee to be eligible for an award under the Exempt Employee Plans, the Exempt Employee must be on the ENOI payroll as of December 31, 2005.

15. One hundred two (102) Exempt Employees are eligible to receive an award under the Exempt Employee Plans, including 11 who are management level participants, and 91 who are lower-ranked professional participants.

16. Like the Non-Exempt Employee Plan, among other things, the Exempt Employee Plans are designed to (a) reward Exempt Employees for their performance achievements during 2005, (b) provide an important incentive to Exempt Employees to improve results in the future, and (c) supply a necessary component of a competitive total compensation program to Exempt Employees.

17. The aggregate amount of the ENOI incentive compensation pool under the Exempt Employee Plans will not exceed $739,726, based on an algorithm established prior to the occurrence of Katrina. Supervisors have discretion to allocate the ENOI Exempt Employee Plan dollars based on individual employee contributions during the year.

18. ENOI seeks authority in the Incentive Compensation Motion to pay up to $739,726 to certain of the eligible Exempt Employees. At this time, it is impossible to determine how much will be paid to each eligible Exempt Employee, because the Debtor's supervisory employees have just commenced the performance review process. ENOI anticipates that the performance review process will be completed no sooner than March 1, 2006.

CRITICAL NATURE OF THE RELIEF SOUGHT IN THE INCENTIVE COMPENSATION MOTION

19. To ensure the continued support and enthusiasm of ENOI's current employees, in the aftermath of Hurricane Katrina, ENOI believes that it is essential to pay incentive compensation to ENOI's Exempt and Non-Exempt Employees in a manner which is generally consistent with both the amount of ENOI's past incentive compensation and the timing of such payments in the past.

20. Any deterioration of morale could have a substantial adverse impact upon the Debtor's ability to both maintain its recovery operations after Hurricane Katrina and successfully reorganize.

21. ENOI has exercised reasonable care in making the foregoing incentive compensation decisions. In the exercise of its business judgment, ENOI has determined that it should pay the incentive compensation at issue in the Incentive Compensation Motion, in order to retain needed employees who have demonstrated their value to ENOI, protect the value of its business, and successfully emerge from bankruptcy.

22. Among other reasons, ENOI believes that the incentive payments are necessary to (a) ensure that the Debtor retains employees knowledgeable about the Debtor's business, (b) provide an incentive for ENOI's employees to continue to provide quality services at a time when they

clearly are needed, and (c) allow the Debtor to remain competitive in the highly competitive New Orleans job market.

23. In addition, failure to pay the amounts at issue in the Incentive Compensation Motion could inflict very serious hardships on some of the Exempt and Non-Exempt Employees, many of whom are victims of Hurricane Katrina.

24. The retention of ENOI's valuable Non-Exempt and Exempt Employees is necessary for the successful reorganization of the Debtor.

25. ENOI's unsecured creditors will not be prejudiced by the payments at issue in the Incentive Compensation Motion, because such creditors would be hurt more if valuable Non-Exempt and Exempt Employees resign after learning that they are not receiving the incentive compensation that they have learned to anticipate based on past awards.

26. The Debtor believes that the relief sought in the Incentive Compensation Motion is in the best interests of the Debtor, the Debtor's estate, and its creditors.

Signed this 22 day of February, 2006.

DANIEL F. PACKER

SWORN TO AND SUBSCRIBED
BEFORE ME, THE UNDERSIGNED
NOTARY PUBLIC, THIS 22 DAY OF
FEBRUARY, 2006.

NOTARY PUBLIC

Bar No. 5863

BAE SYSTEMS
Bankruptcy Noticing Center
2525 Network Place, 3rd Floor
Herndon, Virginia 20171-3514

CERTIFICATE OF SERVICE

District/off: 053L-2 User: pl Page 1 of 1 Date Rcvd: Feb 24, 2006
Case: 05-17697 Form ID: pdf868 Total Served: 1

The following entities were served by first class mail on Feb 26, 2006.
db +Entergy New Orleans Inc., c/o R. Patrick Vance, Jones Walker, 8555 United Plaza Boulevard, 4th Floor, Baton Rouge, LA 70809-2260

The following entities were served by electronic transmission.
NONE. TOTAL: 0

***** BYPASSED RECIPIENTS *****
NONE. TOTAL: 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.
USPS regulations require that automation-compatible mail display the correct ZIP.

I, Joseph Speetjens, declare under the penalty of perjury that I have served the attached document on the above listed entities in the manner shown, and prepared the Certificate of Service and that it is true and correct to the best of my information and belief.

First Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Feb 26, 2006 **Signature:** Joseph Speetjens