

## RETENTION AGREEMENT

**WHEREAS**, the Attorney General has determined that an investigation into the activities of the following persons and/or legal entities is warranted: ENTERGY MISSISSIPPI, INC. ("EMI"), ENTERGY CORPORATION ("EC"), the parent company of EMI, ENTERGY SERVICES, INC. ("ESI"), ENTERGY ASSET MANAGEMENT, INC. ("EAM"), ENTERGY POWER MARKETING CORPORATION ("EPMC"), ENTERGY OPERATIONS, INC. ("EOI"), ENTERGY POWER DEVELOPMENT CORPORATION ("EPDC"), ENTERGY -KOCH, LP ("EKL"), SYSTEM FUELS, INC. ("SFI") and certain other executives, officers, directors, affiliates, subsidiaries, operating companies, partners and joint venturers of any of the above named persons and/or legal entities, some of which are regulated by the Mississippi Public Service Commission ("MPSC") and some of which are unregulated;

**WHEREAS**, the persons and/or legal entities identified above shall herein be referred to as "ENTERGY." ENTERGY is and has at all times relevant been engaged in the manufacture, generation, transmission, distribution, storage and sale of electric power and energy to residential, commercial, industrial and governmental customers in the State of Mississippi;

**WHEREAS**, the investigation of the persons and/or legal entities identified above may uncover claims that the Attorney General, in the diligent exercise of his duties, must bring on behalf of the State of Mississippi and its people. The claims ("Claims") referred to herein may include, but are not limited to:

- A. Illegal and excessive over-charges made through the Fuel Adjustment Clause ("FAC"),
- B. Costs and charges which produce unjust, unreasonable, imprudent and excessive rates,
- C. Wrongful profits, improper margins or fuel costs,

- D. Imprudent and excessive replacement power costs,
- E. Poor management of power assets,
- F. Failure to upgrade capacity,
- G. Improper pass through of fuel and non-fuel fixed and variable costs,
- H. Improper inclusion of non-fuel costs in the FAC which should only have been included in what is known as the base rate,
- I. Violations of the Mississippi Consumer Protection Act [Miss. Code Ann. § 75-24-1, *et seq.*],
- J. Violation of Mississippi's anti-trust laws as contained in Chapter 21, Trust and Combines in Restraint or Hindrance of Trade [Miss. Code Ann. § 75-25-1, *et seq.*],
- K. Claims of common law fraud, negligence, misrepresentation, omission of material fact and breach of fiduciary duty,
- L. Abuse of the corporate authority granted to EMI by the State of Mississippi in violation of the Mississippi Business Corporation Act [Miss. Code Ann. § 79-4-14, 30, *et seq.*], and
- M. "Quo Warranto" [Miss. Code Ann., § 11-39-1], including, but not limited to, misusing or abusing powers granted under a public utility franchise, ceasing to discharge the duty for which it was created and willfully and persistently violating the law made for regulating such public utility corporations;

**WHEREAS**, the Claims may be pursued in the Chancery Court or Circuit Court of Hinds County, the First Judicial District, other court of competent jurisdiction, the MPSC, or any combination thereof;

**WHEREAS**, the Attorney General has determined that the Claims may include refunds, restitution, prospective relief (either through structured rebates, refunds or reduced rates), or any combination of refunds, restitution and prospective relief to the State of Mississippi (a ratepayer itself) and to Mississippi commercial, industrial and residential ratepayers;

**WHEREAS**, the Attorney General has determined that the Claims may include additional penalties, fines and/or restitution payable to the Attorney General, the State of Mississippi general fund, or any other appropriate entity;

**WHEREAS**, the Attorney General has further determined that the investigation, research and litigation of the Claims will require the expenditure of large sums of money, including, expenditures for forensic accountants specializing in utility matters, and will require the work of numerous lawyers, paralegals, or other personnel and experts, for an extended period of time, all without certainty of success;

**WHEREAS**, Vincent F. Kilborn, III and David A. McDonald are experienced in complicated corporate litigation, similar to that proposed, and have associated public utility and rate making experts who have previously been involved in similar matters with ENTERGY, including, but not limited to, expert forensic utility accountants;

**WHEREAS**, the Attorney General has determined that it is in the best interest of the State of Mississippi and its citizens that the State retain attorneys experienced in the areas of litigation and law contemplated; and

**WHEREAS**, the undersigned attorneys have consented to represent the State of Mississippi, in association with the Attorney General, respecting such Claims pursuant to the terms and conditions hereof.

**IT IS, ACCORDINGLY, AGREED** as follows:

1. The Office of the Attorney General hereby retains Vincent F. Kilborn, III and David A. McDonald, who are hereby designated as Special Assistant Attorneys General for the purpose of investigating, researching and filing the Claims against "ENTERGY" and any related or

affiliated, responsible individual or corporate defendants, in any appropriate Court or Courts, or before any appropriate governmental agency, including, but not limited to, the MPSC.

2. The Attorney General does not relinquish his constitutional or statutory authority or responsibility through this Retention Agreement. The Attorney General has the sole authority to settle this litigation on behalf of the State of Mississippi and its citizens. The undersigned attorneys shall consult with the Attorney General and obtain his approval on all material matters pertinent to these Claims and any litigation arising therefrom, and the Attorney General shall cooperate with the undersigned attorneys and use his best efforts to secure the cooperation of other State agencies. Prior to initiating inquiries or demands to any persons or entities, the Attorney General and the undersigned attorneys will agree upon entities to be contacted and/or claims to be pursued; the undersigned attorneys will thereafter be entitled to reasonable fees and expenses, as provided below, on any recovery from such agreed-upon entity or claims, discovered as a consequence of the undersigned attorneys' inquiry/demand. The Attorney General is not required, however, to assign any members of his staff to pursue the Claims, but may from time to time afford staff and other support services as the Attorney General deems appropriate. The Attorney General shall designate a member(s) of his staff to monitor these Claims, and, the undersigned attorneys shall keep the Attorney General and his designated staff member(s) fully informed on all matters pertaining to the Claims.

3. The Attorney General and the undersigned attorneys all recognize that the Claims present numerous factual and legal obstacles, and that no assurance of success on the Claims has or can be made.

4. The Attorney General shall maintain responsibility for the public distribution of

information concerning this matter. All press inquiries shall be referred to the Attorney General for comment and response.

5. Notwithstanding the potential difficulties, the undersigned attorneys have agreed to represent the State of Mississippi, and the Attorney General hereby agrees that the undersigned attorneys will be compensated for their efforts on the following basis:

A. Fee Agreements:

*Exhibit A* - Retention Agreement - Matter Settled Prior to Initiation of Litigation

*Exhibit B* - Retention Agreement - Matter Resolved After Initiation of Litigation

B. All reasonable and necessary costs of litigation including, but not limited to, court costs, travel, witness fees, consultants, accounting, and expert fees and expenses shall be approved by the Attorney General, and shall initially be borne entirely by the undersigned attorneys, but be reimbursed from any gross recoveries from the pursuit of such Claims on a case-by-case basis;

C. The undersigned attorneys shall receive no compensation or reimbursement other than set out above. In the event that no recovery is realized, the undersigned attorneys shall receive no compensation or reimbursement.

6. With the approval of the Attorney General, the undersigned attorneys may associate other attorneys, particularly in the field of utility law, at their own expense and at no cost to the State of Mississippi. Notwithstanding such association of other attorneys, this Retention Agreement is non-assignable and non-transferable, nor are the undersigned attorneys' commitments delegable

without the express, written approval of the Attorney General.

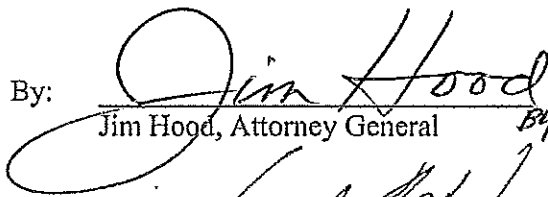
7. The undersigned attorneys have been designated by the Attorney General of the State of Mississippi as Special Assistant Attorneys General to investigate and, if appropriate, to initiate legal action in connection with "ENTERGY" and other persons and legal entities which may be discovered in due course in connection with violations of the various statutes, duties and protections enumerated above, also including, but not limited to, the Claims. Thus, the undersigned attorneys do hereby agree to treat all information, documents, files and papers, including, but not limited to, individual account information of "ENTERGY", its customers, ratepayers, and other materials, including records, documents and information secured, reviewed or obtained pursuant to any civil investigative demand, subpoena for documents or discovery requests in connection with this investigation and litigation as confidential in accordance with the provisions of Mississippi Code Ann. § 75-24-1, *et seq.* and specifically, § 75-74-27. The undersigned attorneys further agree not to disclose, discuss or disseminate such confidential material and/or information to any unauthorized person. At the conclusion of this investigation and litigation, all documents and individual account information referenced herein shall be delivered and/or returned to the office of the Attorney General. All documents, files, papers, etc. referenced herein shall remain the property of the Office of the Attorney General at all times.

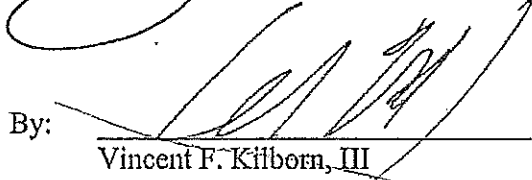
8. The undersigned attorneys shall be responsible for making the substantive terms and conditions of the confidentiality provisions of this Agreement known to all of the partners, associates, employees, representatives and agents of the undersigned attorneys, who may work on this matter, and shall secure from each of them a separate written Confidentiality Agreement containing the terms set forth in this Retention Agreement and deliver same to the office of the

Attorney General. These same confidentiality provisions shall also apply to any other attorneys who may be associated in this matter by the undersigned, including all partners, associates, representatives and agents of said associated attorneys.

DATED this 17<sup>th</sup> day of September, 2008.

**ATTORNEY GENERAL OF  
THE STATE OF MISSISSIPPI**

By:   
Jim Hood, Attorney General *BY JGM*

By:   
Vincent F. Kilborn, III

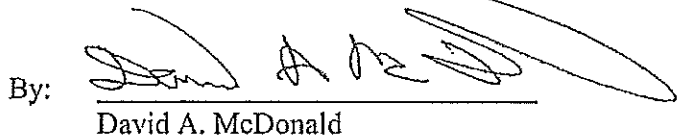
By:   
David A. McDonald

Exhibit "A"  
(Counsel Retention Agreement)  
(Matter Settled Prior to Initiation of Litigation)

For any "Matter Settled Prior to Initiation of Litigation," the following structured contingent fee schedule shall apply and govern compensation of the Attorneys:

For Recovery Up to \$25,000,000.00:

15%

For Recovery between \$25,000,000.00 and \$75,000,000.00:

13%

For Recovery between \$75,000,000.00 to \$200,000,000.00:

7%

For Recovery between \$200,000,000.00 to \$500,000,000.00:

4%

For Recovery between \$500,000,000.00 to \$1,000,000,000.00

2%

For Recovery greater than \$1,000,000,000.00:

.1%

**Explanatory Note & Illustration of Fee Computation**

The structured contingent fee schedule set forth herein is intended to, and shall, operate cumulatively so that, in relation to each successive category or level of Recovery (e.g., "For Recovery Up to \$25,000,000.00," *etc.*), there shall be a specified percentage or percentages governing the amount or valuation of the aggregate contingent fee in each such category, so that the Attorneys shall be entitled to receive, and shall be paid, an aggregate sum or value equivalent computed by multiplying the percentage applicable to each such successive category or level of Recovery by the incremental dollar amount falling within each such category and the separate products so derived by multiplying these factors in each category shall be added together to compute the aggregate fee to be paid to the Attorneys. By way of



illustration only, the cumulative contingent fee structure shown on this Exhibit "A" shall be computed, utilizing the following method:

Assume Recovery of a monetary sum, benefit, or value equal to \$600,000,000.00.

The Attorneys' contingent fee will be computed by adding together the specified, applicable percentage of each category or level, as follows:

- 15% of the first \$25,000,000.00 (*i.e.*, 15% of any sums or values between 0 and \$25,000,000.00)

**PLUS**

- 13% of the next \$50,000,000.00 (*i.e.*, 13% of all sums or values between \$25,000,000.00 and \$75,000,000.00)

**PLUS**

- 7% of the next \$125,000,000.00 (*i.e.*, 7% of all sums or values between \$75,000,000.00 and \$200,000,000.00)

**PLUS**

- 4% of the next \$300,000,000.00 (*i.e.*, 4% of all sums or values between \$200,000,000.00 and \$500,000,000.00)

**PLUS**

- 2% of the next \$100,000,000.00 (*i.e.*, 2% of the difference between \$500,000,000.00 and the amount of the award greater than that sum or value, or in this example, \$600,000,000.00)

Exhibit "B"  
(Counsel Retention Agreement)  
(Matter Resolved After Initiation of Litigation)

For any "Matter Resolved After Initiation of Litigation", the following structured contingent fee schedule shall apply and govern compensation of the Attorneys:

For Recovery Up to \$25,000,000.00:

After filing complaint before discovery completed:	17%
After filing complaint after discovery complete awaiting trial:	20%
After commencement of trial:	25%

For Recovery between \$25,000,000.00 and \$75,000,000.00:

After filing complaint before discovery completed:	15%
After filing complaint after discovery complete awaiting trial:	18%
After commencement of trial:	21%

For Recovery between \$75,000,000.00 to \$200,000,000.00:

After filing complaint before discovery completed:	10%
After filing complaint after discovery complete awaiting trial:	14%
After commencement of trial:	18%

For Recovery between \$200,000,000.00 to \$500,000,000.00:

After filing complaint before discovery completed:	6%
After filing complaint after discovery complete awaiting trial:	8%
After commencement of trial:	10%

For Recovery between \$500,000,000.00 to \$1,000,000,000.00:

After filing complaint before discovery completed:	3%
After filing complaint after discovery complete awaiting trial:	4%
After commencement of trial:	5%

For Recovery over \$1,000,000,000.00:

After filing complaint before discovery completed:	2%
After filing complaint after discovery complete awaiting trial:	3%
After commencement of trial:	4%

### Explanatory Note & Illustration of Fee Computation

The structured contingent fee schedule set forth herein is intended to, and shall, operate cumulatively so that, in relation to each successive category or level of Recovery (e.g., "For Recovery Up to \$25,000,000.00," etc.), there shall be a specified percentage or percentages governing the amount or valuation of the aggregate contingent fee in each such category, so that the Attorneys shall be entitled to receive, and shall be paid, an aggregate sum or value equivalent computed by multiplying the percentage applicable to each such successive category or level of Recovery by the incremental dollar amount falling within each such category and the separate products so derived by multiplying these factors in each category shall be added together to compute the aggregate fee to be paid to the Attorneys. By way of illustration only, the cumulative contingent fee structure shown on this Exhibit "B" shall be computed, utilizing the following method:

Assume Recovery of a monetary sum, benefit, or value equal to \$600,000,000.00, and assume further that the sum or value was derived "[a]fter filing complaint after discovery complete awaiting trial."

The Attorneys' contingent fee will be computed by adding together the specified, applicable percentage of each category or level, as follows:

- 20% of the first \$25,000,000.00 (i.e., all sums or values between 0 and \$25,000,000.00)

**PLUS**

- 18% of the next \$50,000,000.00 (i.e., all sums or values between \$25,000,000.00 and \$75,000,000.00)

**PLUS**

- 14% of the next \$125,000,000.00 (i.e., all sums or values between \$75,000,000.00 and \$200,000,000.00)

**PLUS**

- 8% of the next \$300,000,000.00 (i.e., all sums or values between \$200,000,000.00 and \$500,000,000.00)

**PLUS**

- 4% of the next \$100,000,000.00 (i.e., 4% of the next sum or value greater than \$500,000,000.00 which, in this example, is \$600,000,000.00)