

ENTERGY CORP /DE/  
Form 425  
July 18, 2012

Update on  
Update on  
Entergy Transmission  
Entergy Transmission  
Spin/Merger with ITC

Spin/Merger with ITC  
Meeting with TIEC  
July 18, 2012  
Presented by Entergy Texas  
Filed  
by  
Entergy  
Corporation  
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Securities  
Act  
of  
1933  
Subject  
Company:  
Entergy  
Corporation  
Commission  
File  
No.  
001-11299

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Entergy Forward-Looking Information  
Entergy Forward-Looking Information  
In  
this  
communication,

and  
from  
time  
to  
time,  
Entergy  
makes  
certain  
forward-looking  
statements  
within

the meaning of the Private Securities Litigation Reform Act of 1995. Except to the extent required by the federal securities laws, Entergy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including (i) those factors discussed in Entergy's Annual Report on Form 10-K for the year ended December 31, 2011, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, and other filings made by Entergy with the Securities and Exchange Commission; (ii) the following transactional factors (in addition to others described elsewhere in this presentation and in subsequent securities filings) involving risks inherent in the contemplated transaction, including: (1) failure to obtain ITC shareholder approval, (2) failure of Entergy and its shareholders to recognize the expected benefits of the transaction, (3) failure to obtain regulatory approvals necessary to consummate the transaction or to obtain regulatory approvals on favorable terms, (4) the ability of Entergy, Transco and ITC to obtain the required financings, (5) delays in consummating the transaction or the failure to consummate the transaction, (6) exceeding the expected costs of the transaction, and (7) the failure to receive an IRS ruling approving the tax-free status of the transaction; (iii) legislative and regulatory actions; and (iv) conditions of the capital markets during the periods covered by the forward-looking statements. The transaction is subject to certain conditions precedent, including regulatory approvals, approval of ITC's shareholders and the availability of financing. Entergy cannot provide any assurance that the transaction or any of the proposed transactions related thereto will be completed, nor can it give assurances as to the terms on which such transactions will be consummated.

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Additional Information and Where to Find It

Additional Information and Where to Find It

ITC and Transco will file registration statements with the Securities and Exchange Commission ( SEC ) registering shares of ITC common stock and Transco common units to be issued to Entergy shareholders in connection with the proposed transactions. ITC will also file a proxy statement with the

SEC that will be sent to the shareholders of ITC. Entergy shareholders are urged to read the prospectus and/or information statement that will be included in the registration statements and any other relevant documents, because they contain important information about ITC, Transco and the proposed transactions. ITC shareholders are urged to read the proxy statement and any other relevant documents because they contain important information about Transco and the proposed transactions. The proxy statement, prospectus and/or information statement, and other documents relating to the proposed transactions (when they are available) can be obtained free of charge from the SEC's website at [www.sec.gov](http://www.sec.gov). **The documents, when available, can also be obtained free of charge from Entergy upon written request to** Entergy Corporation, Investor Relations, P.O. Box 61000, New Orleans, LA 70161 or by calling Entergy's Investor Relations information line at 1-888-ENTERGY (368-3749), or from ITC upon written request to ITC Holdings Corp., Investor Relations, 27175 Energy Way, Novi, MI 48377 or by calling 248-946-3000.

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ITC Spin-Merge Transaction Overview  
Rate Effects of Spin-Merge Transaction  
Benefits

of  
ETR

ITC  
Spin-Merge  
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Storm Response  
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The Merger Transaction

The Merger Transaction

End State

End State

Entergy Utility Operating Companies comprised of:

Generation

Distribution

~\$1.775B of debt will be issued by Entergy in connection with the internal separation of the transmission business, the proceeds from which will be used for debt reduction

Each Entergy Utility Operating Company's capital structure after the spin-off and merger anticipated to be consistent with capitalization prior to the transaction

Entergy

Shareholders

Parent

Creditors

Utility

OpCos

Entergy

Wholesale

Commodities

OpCo

Creditors

Entergy

Shareholders

Mid South

TransCo LLC

(New Holdco)

ITC

Shareholders

ITC Merger

Sub

Transco Subs

Illustrative

Prior to the merger, ITC expects to effectuate a \$700M recapitalization currently anticipated to be a special dividend

Entergy shareholders to merge spun transmission business with ITC merger subsidiary

New Holdco to survive

Entergy  
shareholders  
to  
receive  
50.1%  
of  
ITC  
stock

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Benefits of ETR  
ITC Spin-Merge Transaction  
ITC Spin-Merge Transaction Overview  
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Financial  
Flexibility  
and Growth  
Operational  
Excellence

Independent  
and  
Transparent  
ITC Model  
Overview  
Overview  
of  
of  
Benefits  
Benefits  
to  
to  
Customers  
Customers  
Through  
Through  
Spin-Merge  
Spin-Merge

Increases flexibility of Entergy's investment alternatives

Protects credit quality of Entergy's Operating Companies

Supports efficient infrastructure investment

Improves access to capital for transmission business

Combines best operating practices of both Entergy and ITC

Brings ITC's experience and track record of safe and reliable operations to ensure continued strengthening of overall grid performance

Leverages Entergy employees knowledge and experience and fully utilizes Entergy's world-class storm restoration process

Provides singular focus on transmission system performance, planning and operations

Aligns with national policy objectives to facilitate investment in local, regional and inter-regional transmission, advance open access initiatives and promote access to competitive energy markets

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Supply Chain  
Operations  
Resource  
Logistics  
Administration

Preliminary pre-design phase vision

Final design scheduled 9/2012

ITC employee

ETR employee

ETR System Incident

Commander (SIC)

John Mullins

ITC System Incident

Commander (SIC)

Greg Grillo

System Section

Chiefs

System Planning

Chief

Planning Support

Branch Director

Restoration

Prioritization

Risk Analysis

Situation Branch

ITC Storm

Response

Organization

ITC-ETR

liaison

(New

position)

Functional Incident

Commanders

(ex. Fossil, Distribution,

Nuclear, Gas)

Supply Chain

Operations

Resource

Logistics

Administration

ITC Technical/Mgmt

employee assigned to

ETR storm response

center in Jackson

Storm

Storm

Response

Response

Organization

Organization

Will

Will

Be

Be

Modified  
Modified  
to  
to  
Ensure  
Ensure  
Close  
Close  
Coordination  
Coordination  
and  
and  
Interaction  
Interaction  
Between  
Between  
Entergy  
Entergy  
and  
and  
ITC  
ITC

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Transition from current retail rate construct to FERC-regulated rate construct expected for ITC

Analysis assumes MISO base ROE for Entergy transmission business (12.38%) and capital structure currently utilized by ITC Operating Companies

(60% equity/40% debt)

Benefits of credit quality improvement resulting from transition to FERC-regulated rate construct partially offset ROE and capital structure impacts

Forward Test Year: Eliminates regulatory lag in recovery of capital investments

One-time impact of conversion to forward test year

Reflects amounts that would have been collected in future years

MSS-2 construct eliminated post-transaction

Current estimation

reflects

effect

of

paying

load

ratio

share

of

Transmission

cost factoring in zonal investment and retail share of Transmission investments

Rate Impacts Split into WACC, Rate Timing, and

Rate Impacts Split into WACC, Rate Timing, and

Net Other Effects for Retail Customers

Net Other Effects for Retail Customers

WACC

Effects

Rate

Timing

Effects

Net Other

Effects

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Illustrative

Note:

Contents exclude estimated  
one-time rate timing effect of

\$228.18 in 2014 due to  
conversion to forward test  
year  
reflects amounts that  
would have been collected in  
future years  
ETI  
LIPS  
Bill

5,000  
kW,  
80%  
Load  
Factor;  
\$  
170,000  
168,000  
166,000  
164,000  
162,000  
4,000  
2,000  
0

Illustrative Bill  
if ITC owns  
T assets  
post-transaction  
~166,959.02  
2014

Net Other Effects  
~(451.91)  
2014

WACC Effects  
~448.58

Illustrative Bill  
if ETR owns  
T assets  
status quo  
166,962.35

Note: Illustrative bill is the average of the 2011 Typical Monthly Bills for a Large Industrial Power Service (LIPS) customer using an actual future customer bill. Illustration does not

include  
effects  
of  
any  
future  
potential  
changes  
in  
fuel  
prices,  
rate  
cases  
between  
now  
and

transaction close date, or rate timing effects such as adoption of Forward Test Year or modified depreciation schedules.

ETI Typical LIPS Customer Bill Not Expected to

ETI Typical LIPS Customer Bill Not Expected to

Increase Post Spin-Merge Due to Transaction Effects

Increase Post Spin-Merge Due to Transaction Effects

~(3.33)

0.0%

Over the long term, customer

bill effects expected to be

mitigated by...

Enhanced Financial

Flexibility

Operational Excellence

Reliability, System

Performance, Scale

Efficiencies, etc.

Independent and

transparent ITC model,

which supports robust

markets and competition

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Proposed  
MISO  
Attachment O \*  
for ITC  
Reviews

Attachments

\*Attachment O:

FERC approved formula rate template  
establishing formula to calculate revenue requirements;

does

not

require

FERC

approval

for

annual

updates

One-Time

Request/Approval

ITC Wholesale Rate Calculation Process

ITC Wholesale Rate Calculation Process

Updates

Attachment O Rate

Templates

(includes forward test  
year estimate and prior  
year true-up)

Reviews

Attachment

O Rate

Templates

Annual

Post Final

Attachment

O Rate

Templates

Mods

Req d?

Y

N

Add l

Data

Req d?

Y

N

Prepare

Data

Requested

~ Dec 1

Reviews

Proposal

Apprvd

?

N

Y

Post  
Attachment  
O Rate  
Templates  
~ Sept 1

14  
14  
Projected Rate  
Base  
PAR  
PGRRBGG  
PGRRWGG

PNRR  
PAOCNRWTU  
Projected Weighted  
Average Cost of  
Capital  
(WACC)  
x  
Projected Expenses  
(O&M, Depreciation,  
Taxes)  
Projected Attachment  
GG (sch 26) Rev  
Requirement  
Revenue Credits  
(rent of property, short  
term point-to-point  
revenue, etc.)  
Projected Network  
Load  
12CP Load  
(ITCM Annual Sys Avg  
Peak in kW month)  
True Up Adjustment  
Over (Under)  
Recovery from Prior  
Year + Interest  
Projected Allowed Return  
(PAR)  
Projected Gross Revenue  
Requirement before Attachment  
GG (Schedule 26) offset  
(PGRRBGG)  
Projected Attachment O  
Calculated Network Rate (\$/kW  
month) For Next Calendar Year  
without True Up  
(PAOCNRWTU)  
Projected Attachment O  
Calculated Network Rate for Next  
Calendar Year with True Up  
=  
=  
=  
=  
=  
=  
Projected Gross Revenue  
Requirement with Attachment GG  
(Schedule 26) offset  
(PGRRWGG)

Projected Net Revenue  
Requirement  
(PNRR)

+

+

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ITC Attachment O

ITC Attachment O

Wholesale Rate Calculation

Wholesale Rate Calculation

Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

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2014 Billing Process Post Spin/Merge  
2014 Billing Process Post Spin/Merge  
Billing Calc for  
ITC and MISO Srvs  
per applicable rate

schedules  
Wholesale  
Transmission  
Customers  
including  
Submit  
Reservation  
Request  
OASIS  
(point-to-point  
usage)  
Receive  
Revenue for  
Usage of ITC  
Transmission  
Receive  
Cash  
Retain  
Revenue for  
MISO Srvs  
Generate Retail  
Customer  
Bill by Class  
Receive Bill  
(\$ owed,  
usage, etc.)  
Wire  
Payment  
Retail  
Cust.  
Bill  
Req d?  
Y  
N  
End  
Network  
Load  
(usage)

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Pathway to Completion

Pathway to Completion

Required Approvals

Required Approvals

Authority

Requirements  
Entergy retail  
regulators

Change of control of transmission assets

Affiliate transaction approvals related to steps in the spin / merge

Authorization to incur debt in some jurisdictions  
FERC

Change of control of transmission assets (203 filing)

Acceptance of jurisdictional agreements (205 filing)

Authorization to assume debt / issue securities (204 filings)

Changes to System Agreement to remove provisions related to transmission  
planning and equalization

ITC filing to establish new rate tariffs for the ITC operating companies  
Hart-Scott-  
Rodino Act

Pre-merger notification to review potential antitrust and competition issues  
IRS

Private letter ruling substantially to the effect that certain requirements for  
the tax-free treatment of the distribution of Transco are met  
Securities and  
Exchange  
Commission

ITC Form S-4 and Proxy Statement (including audited Transco financial  
statements and disclosures), and

Transco Registration Statement  
ITC shareholders  
Approvals required for:

Merger,  
Issuance of shares to ETR shareholders, and  
Amendment to ITC charter to increase authorized number of shares