

ENTERGY CORP /DE/
Form 425
March 29, 2012

Entergy
Transmission Business
Cities Meeting
March 29, 2012
Overview of

Entergy Transmission
Spin/Merger
Filed by Entergy Corporation Pursuant to
Rule 425
Under the Securities Act of 1933
Subject Company: Entergy Corporation
Commission File No. 001-11299

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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 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.

Additional Information and Where to Find It

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ITC and Transco will file registration statements with the Securities and Exchange Commission (SEC) registering share 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. 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.

This communication is not a solicitation of a proxy from any security holder of ITC. However, Entergy, ITC and certain of their respective directors and executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from shareholders of ITC in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Entergy, may be found in its 2011 Annual Report on Form 10-K filed with the SEC on February 28, 2012, and its definitive proxy statement relating to its 2011 Annual Meeting of Shareholders filed with the SEC on March 24, 2011. Information about the directors and executive officers of ITC may be found in its 2011 Annual Report on Form 10-K filed with the SEC on February 22, 2012, and its definitive proxy statement relating to its 2011 Annual Meeting of Shareholders filed with the SEC on April 21, 2011.

Transco Transaction Builds on
Key Strategic Objectives
Why a Transco?

Complete independence (divestiture)

Singular focus in one critical area

Substantial investment

Technological change

Investment needs > depreciation level

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Protects / improves credit quality of Operating Companies

Consistent with Congress and FERC direction

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Transaction Consistent with FERC Policy
FERC Presumption
on Independence

The Merger Transaction
End State

Entergy Utility Operating Companies
comprised of:

Generation

Distribution

Entergy to issue ~ \$1.775B of debt, to be assumed by ITC at close, with proceeds anticipated to be used primarily to retire operating company debt

Each Operating Company's capital structure anticipated to be consistent with current state following the transaction

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

Entergy
Shareholders

Parent

Creditors

Entergy

Utility

OpCos

Entergy

Wholesale

Commodities

OpCo

Creditors

Entergy

Shareholders

Mid South

TransCo LLC

(New Holdco)

ITC

Shareholders

ITC

ITC Merger

Sub

Transco Subs

Illustrative

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Why This Transaction?

. . . and Rising Capital for Entergy too

Entergy Projected Transmission Capital Investment

2012E

2014E; \$M

Projected

Depreciation

Expense

7

0

100

200
300
400
500
600
12E
13E
14E

Entergy Customers and Other Stakeholders to Benefit
From Independent Transmission Company Ownership
Increases flexibility of Entergy's investment alternatives
Protects credit quality of Entergy and its OpCos
Supports efficient infrastructure investment
Improves access to capital for Entergy's 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

Financial

Flexibility

and Growth

Operational

Excellence

Independent

and

Transparent

ITC Model

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MISO Approval Process Is Separate
From ITC Approval Process

The Merger Agreement requires Entergy to obtain all necessary approvals to allow the transmission business to become a member of MISO

(1)
as a condition to closing. Either party may refuse to close or may terminate the transactions if this condition to closing is not satisfied. As such, it is important that the MISO
(1)
approval be
obtained within a timeframe specified by the Merger Agreement.

The Operating Companies' decision to join MISO is separate and apart from the decision to transfer ownership of their transmission systems to ITC.

The Operating Companies intend to pursue membership in MISO separate from the pursuit of regulatory approval of the transaction with ITC, and the Operating Companies intend to join MISO regardless of the transaction with ITC.

(1)
Or other mutually agreed RTO

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Pathway to Completion
Required Approvals
Jurisdiction / Authority
Approval(s)
Entergy retail
regulators
(APSC, LPSC, MPSC,
PUCT, CCNO)

Change of control of transmission assets

Authorization to incur debt in some jurisdictions
FERC

Change of control of transmission assets

Establishment of new regulatory construct for new
ITC subsidiaries

Authorization for operating company financings

Entergy System Agreement Changes
Hart-Scott-Rodino Act
(DOJ / FTC)

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

Ruling regarding tax-free treatment of the distribution
of Mid South TransCo LLC (new HoldCo)
ITC shareholders

Merger

Amendment to ITC Articles of Incorporation to
increase the number of authorized shares

Authorization for issuance of greater than 20% of
outstanding shares
Approvals Required*

*Approvals may be required in Missouri due to limited assets in those territories. Approval may be required in Oklahoma for ITC