

ENTERGY CORP /DE/  
Form 425  
June 18, 2012

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Update on  
Entergy Transmission  
Spin/Merger with ITC  
June 18

20, 2012

Presented by Entergy Texas

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  
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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Financial Flexibility  
Rate Effects of Spin-Merge Transaction  
Benefits  
of  
ETR  
  
ITC

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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

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  
Illustrative  
Entergy  
Shareholders  
Parent  
Creditors  
OpCo  
Creditors  
Utility  
OpCos  
Entergy  
Wholesale  
Commodities  
Entergy  
Shareholders  
ITC  
Shareholders

Mid South  
TransCo LLC  
(New Holdco)  
ITC Merger  
Sub  
Transco Subs

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	Benefits of ETR
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Overview of Benefits to Customers

Overview of Benefits to Customers

Through Spin-Merge

Through 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

Financial  
Flexibility  
and Growth  
Operational  
Excellence  
Independent  
and  
Transparent  
ITC Model

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The Utility Industry Is Facing Huge Need for Capital  
The Utility Industry Is Facing Huge Need for Capital  
Estimated at \$2.2T Over the Next 20 Years  
Estimated at \$2.2T Over the Next 20 Years  
Growth / Investment



Issues Facing Utility Industry

Over Next 20 Years

Source: Internal analysis; Bloomberg

Generation

Transmission

Distribution

Projected Industry Capital Investments

Over Next 20 Years

\$T

???

Current Market Cap

Other = 0.15

Projected

9

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Challenges  
facing the  
electric  
utilities  
industry

Addressing  
challenges

"For an industry that is among the most capital-intensive in the United States,  
failure to maintain investment grade could have significant upward cost implications"

"a sustained, collaborative and open working relationship among the principal vested interests will be critical to the execution of corporate, environmental and public policy initiatives"

"we view most favorably those commissions that establish rates that reasonably reflect the costs incurred by a utility, including a return on equity, and where timely adjustments to these rates are made to recognize changes in costs"

"a preference for expense deferrals may develop, and a proclivity for less competitive authorized

returns

will

almost

certainly

prevail.

Such

a

turn

of

events

would

likely

result

in a shift of our stable outlook on overall U.S. electric utility credit quality to negative."

Note:

Comments

sourced

from

Energy

Biz

article

written

by

Richard

W.

Cortright,

Jr.,

managing

director

in

Standard

&

Poor's

U.S.

Utilities

and

Infrastructure Ratings group dated Feb 07, 2012

Standard

and

Poor's  
Outlook

"Utility  
Credit  
Ratings  
Critical  
to  
Raising  
Capital

Money Needed to Build Wires and Plants

Capital Trends

Capital Trends

Rating Agency Considerations

Rating Agency Considerations

"the real tests lie ahead, when federal environmental mandates and consequent spending requirements are more certain, when state renewable portfolio standards begin to command heightened expenditures in earnest, and when an aging infrastructure reveals its vulnerability"

"public service commissions continue to be reasonably supportive despite frequently lower authorized returns."

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Industry Is Responding to Capital Investment

Industry Is Responding to Capital Investment

Challenges with Different Approaches

Challenges with Different Approaches

Create larger footprint; upsize balance sheet

Duke / Progress

Northeast Utilities / NSTAR

PPL / LG&E

First Energy / Allegheny

Exelon / Constellation

Achieve greater certainty in regulations

e.g., Formula rate plans, future test years,  
specific rider recovery, CWIP in rates, etc.

Align business model with capital needs

e.g., AEP Transco

e.g., FPL Rate Hike Request

Consolidate

Build

Regulatory

Flexibility /

Certainty

Change

Business

Model

11  
11  
5.3  
7.2  
2011-2014  
2007-2010  
2015-2021  
2003-2006  
4.3  
Capital Trends  
Capital Trends

Rising Capital for Entergy Overall

Rising Capital for Entergy Overall

???

Effect of EPA rules?

???

Effect of EPA rules?

Infrastructure

improvements?

+37%

Note: Excludes storm CapX for historical data; ETR Utilities includes EAI, ELL, EGSL, EMI, ETI, ENOI, SERI, ESI, EOI, S

Entergy Utilities Capital Investment

Total Spend

\$B

Capital spending could significantly increase over the next

10 years due to the potential for new environmental

regulations and improvement of infrastructure

+21%



12  
12  
Capital Trends  
Capital Trends  
Rising Capital for Entergy's Transmission Business  
Rising Capital for Entergy's Transmission Business  
Entergy Projected Transmission Capital Investment  
2012E-2014E  
\$M  
Projected  
Depreciation  
Expense

13  
13  
13  
For ETR Utilities, Spend on Major Storms  
For ETR Utilities, Spend on Major Storms  
Amounted to ~\$3.2B Over 2005-2010  
Amounted to ~\$3.2B Over 2005-2010  
Event  
Year  
Spend  
(\$M)  
1  
Hurricane Katrina  
2005  
1,117  
Hurricane Rita  
2005  
645  
Hurricane Gustav  
2008  
680

Hurricane Ike

2008

626

Ice Storm EAI 2009

2009

119

Ice Storm EAI Jan 2010

2010

12

In the past, ETR

utilities have had to

effectively respond

to major storms

which have required

unplanned capital

expenditures

~\$3.2 billion over

2005-2010

Strong balance sheet and credit ratings critical for quickly  
mobilizing capital and resources to respond to emergencies

1.

Includes capital and O&M spend

Note: 2011 CapX estimated to be \$2.11B. 2011 capital spend related to major storms was \$112M

14  
14  
2015-2021  
2011-2014  
841  
2007-2010  
583

2003-2006

589

Note: Excludes storm CapX for historical data

-1%

Capital spending could significantly increase over the next 10 years due to the potential for new environmental regulations and Entergy's infrastructure

Capital Trends

Capital Trends

Rising Capital for ETI

Rising Capital for ETI

???

Effect of EPA rules?

???

Effect of EPA rules?

Infrastructure

improvements?

+44%

ETI Capital Investment

Total Spend

\$M

15  
15  
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Storm Response Organization Will Be Modified to  
Storm Response Organization Will Be Modified to  
Ensure Close Coordination and Interaction Between  
Ensure Close Coordination and Interaction Between  
Entergy and ITC



Entergy and ITC  
ETR System Incident  
Commander (SIC)  
John Mullins  
ITC System Incident  
Commander (SIC)  
Greg Grillo  
System Section  
Chiefs  
System Planning  
Chief  
Supply Chain  
Operations  
Resource  
Logistics  
Administration  
Planning Support  
Branch Director  
Restoration  
Prioritization  
Risk Analysis  
Situation Branch  
ITC Storm  
Response  
Organization  
ITC-ETR  
liaison  
(New  
position)  
ITC Technical/Mgmt  
employee assigned to  
ETR storm response  
center in Jackson  
Preliminary pre-design phase vision  
Final design scheduled 9/2012  
ITC employee  
ETR employee  
Functional Incident  
Commanders  
(ex. Fossil, Distribution,  
Nuclear, Gas)

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Storm Response

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4% reduction in customer  
bills since 2008

Significant Variability in Average Residential Bills

Significant Variability in Average Residential Bills

Yearly Variation Between \$2 and \$17 Over 2001-2011

Yearly Variation Between \$2 and \$17 Over 2001-2011

Illustrative

Note: Residential bills are the average of the Typical Monthly Bills in that year for a residential customer using 1,000 kWh, ex

Source: Entergy Regulatory Services, Typical Bill Report

Henry Hub

Gas Index

(\$/mmBtu)

2.7

3.1

5.4

5.9

8.3

6.5

6.9

9.0

3.8

4.4

4.0

150

100

50

-4%

0

Henry Hub Gas Index

\$/mmBtu

15

10

5

0

-1.69

(-2%)

+17.15

(+17%)

2011

108.73

2010

98.06

2009

103.32

2008

113.06

2007

107.24

2006

116.92

ETI Avg. Monthly Residential Bill-

1,000 kWh

\$

99.77

2004

86.55

2003

2005

2002

75.72

2001

89.41

88.24

Henry Hub Gas Index

18

ETI

Avg.

Monthly

Residential

Bill-

1,000

kWh(\$)

19  
Typical ETI Customer Bill  
Transmission  
7.5%  
Fuel  
45.3%  
Non-Fuel

47.2%

Transmission Constitutes ~7.5% of

Transmission Constitutes ~7.5% of

Typical ETI Customer Bill

Typical ETI Customer Bill

19

20

20

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  
Rate Impacts Split into Rate Construct, Rate Timing and  
Rate Impacts Split into Rate Construct, Rate Timing and  
Other Effects for Retail Customers  
Other Effects for Retail Customers  
Rate  
Construct  
Effects  
Rate  
Timing  
Effects  
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  
Other Effects  
20

21  
21  
21  
ETI Residential Bill-1,000 kWh  
\$  
115  
110

105  
100  
5  
0  
~(0.26)  
(0.2%)  
2014 Net  
Other Effects\*  
~108.47  
~(0.29)  
2014 Benefits  
From Higher  
Credit Quality  
resulting from  
Rate  
Construct  
~(0.73)  
2014 Rate  
Construct  
Effects from  
FERC  
regulated  
model  
Illustrative  
Bill if ETR  
owns  
T assets  
current state  
~0.76  
108.73  
ETI  
ETI  
Typical  
Typical  
Residential  
Residential  
Customer  
Customer  
Bill  
Bill  
Not  
Not  
Expected  
Expected  
to  
to  
Illustrative  
Expected Rate  
Construct Effects\*  
Over the long term, customer

bill effects expected to be mitigated by...

Enhanced Financial

Flexibility

Operational

Reliability, System

Performance, Scale

efficiencies etc.

Independent and

transparent ITC model,

which supports robust

markets and competition

\*Refer to previous slide where rate construct and other assumptions are detailed

Note: Illustrative bill is the average of the 2011 Typical Monthly Bills for a residential customer using 1,000 kWh, excluding the rate effects of Transaction and is not meant to project an actual future customer bill. Estimation does not include effects of movements in commodity prices or rate cases between now and time of deal close.

Note:

Contents exclude estimated one-time rate timing effect of \$0.37 in 2014 due to conversion to forward test year

reflects amounts that would have been collected in future years

T assets post

transaction

if ITC owns

Illustrative Bill

Excellence

Increase Post Spin-Merge Due to Rate Construct Effects

Increase Post Spin-Merge Due to Rate Construct Effects

22  
22  
22  
168,000  
166,000  
4,000  
2,000

0  
~(3.33)  
(0.0%)  
Illustrative Bill if  
ITC owns  
T assets post-  
transaction  
~166,959.02  
164,000  
ETI LIPS Bill  
5,000 kWh, 80% load factor; \$  
170,000  
2014 Net  
Other  
Effects\*  
~(451.91)  
2014 Benefits  
from higher  
credit quality  
resulting from  
Rate Construct  
~(22.29)  
2014 Rate  
Construct  
Effects from  
FERC-regulated  
model  
~470.87  
Illustrative  
Bill if ETR  
owns  
T assets  
current state  
166,962.35  
ETI  
ETI  
Typical  
Typical  
LIPS  
LIPS  
Customer  
Customer  
Bill  
Bill  
Not  
Not  
Expected  
Expected  
to  
to

Increase Post Spin-Merge Due to Rate Construct Effects

Increase Post Spin-Merge Due to Rate Construct Effects

\*Refer to previous slide where rate construct and other assumptions are detailed

Note: Illustrative bill is the average of the 2011 Typical Monthly Bills for a Large Industrial Power Service (LIPS) customer us

Factor, excluding taxes. Calculation indicative of the rate effects of Transaction and is not meant to project an actual future cus

include

effects

of

move

to

MISO,

changes

in

fuel

prices,

or

rate

cases

between

now

and

time

of

deal

close.

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

Illustrative

Expected

Rate Construct

Effects \*

Over the long term, customer

bill effects expected to be

mitigated by...

Enhanced Financial

Flexibility

Operational

Reliability, System

Performance, Scale

Efficiencies etc.

Independent and

transparent ITC model,

which supports robust

markets and competition  
Excellence



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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 require-ments for a 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