

ENTERGY CORP /DE/
Form 425
November 13, 2012

Update on
Update on
the Entergy Transmission
the Entergy Transmission
Spin-Merge Transaction into ITC

Spin-Merge Transaction into ITC
Meeting with Louisiana Chemical Association
November 13, 2012
Presented by Entergy Louisiana
Transmission Business
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 Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, and other filings made by Entergy with the Securities and Exchange Commission (the "SEC"); (ii) the following transactional factors (in addition to others described elsewhere

in this communication, in the preliminary

proxy statement/prospectus included in the registration statement on Form S-4 that ITC filed with the SEC

on September 25, 2012 in connection with the proposed transactions, 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, Mid South TransCo LLC (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

On September 25, 2012, ITC filed a registration statement on Form S-4 with the SEC registering shares of ITC common stock to be issued to Entergy shareholders in connection with the proposed transactions, but this registration statement has not become effective. This registration statement includes a proxy statement of ITC that also constitutes a prospectus of ITC, and will be sent to ITC shareholders. In addition, TransCo will file a registration statement with the SEC registering TransCo common units to be issued to Entergy shareholders in connection with the proposed transactions. Entergy shareholders are urged to read the proxy statement/prospectus included in the ITC registration statement and the proxy statement/prospectus to be included in the TransCo registration statement (when available) 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/prospectus and any other relevant documents because they contain important information about TransCo and the proposed transactions. The proxy statement/prospectus 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.

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ITC Spin-Merge Transaction Overview
Benefits
of
ETR

ITC
Spin-Merge
Transaction
Approvals Required
Storm Response

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The Transaction Parties

The Transaction Parties

ITC and Entergy

ITC and Entergy

Entergy Transmission Operations

Over 15,800 transmission line miles in Arkansas, Louisiana, Mississippi, Missouri, New Orleans and Texas

Pursuing proposal to join MISO ITC

~15,100 transmission line miles

Serves Michigan, Iowa, Minnesota, Illinois, and Missouri

Member of MISO and SPP
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Pre/Post Merger
Pre/Post Merger
Industrial Customer Effect
Industrial Customer Effect
Targeted closing in 2013
SERVICES / BILLINGS

SERVICES / BILLINGS

Utility

OpCos

Industrial

Customer

Account

Managers

Generation

Transmission

Distribution

Cust Srvs

Utility

OpCos

Industrial

Customer

Industrial

Customer

Account

Managers

Generation

Transmission

Distribution

Cust. Srvs

TransCo LLC

(New Holdco)

Transco Subs

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Industrial

Customer

Industrial Customers will maintain same business relationship with Entergy

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Benefits of ETR
ITC Spin-Merge Transaction
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U.S.
U.S.
Transmission
Transmission
Grid
Grid

Historically
Historically
Fragmented
Fragmented
and
and
Inefficient
Inefficient
Historically, transmission
infrastructure development in
the U.S. primarily
focused on connecting load
and resources within
balancing authority areas,
with little interregional or
national perspective
In contrast,
U.S. Electric Power Transmission Grid

More than 211,000 high voltage
transmission line miles

Operated by ~130 balancing authority
areas (ownership is even more
fragmented)

Source: FEMA, NERC

kV

kV

115

115

138

138

161

161

230

230

345

345

500

500

The Transaction

The Transaction

Benefits Customers and Other Stakeholders

Benefits Customers and Other Stakeholders

Financial

Flexibility
and Growth
Operational
Excellence
Independence
Fosters
Regional
Planning
8

Provides proven business model for owning and operating transmission systems

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

Ensures safe and reliable operations and continued strengthening of overall grid performance through ITC's singular focus on transmission system performance, planning and operations

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

Improves access to capital for transmission business and focuses financial resources solely on transmission system performance

Strengthens ability of Entergy Operating Companies to make needed investment in other areas of utility business

Instills confidence in wholesale markets by encouraging greater participation and disclosure by third parties

Leads to a more comprehensive planning process and a broader regional view than would otherwise be possible

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ITC Spin-Merge Transaction Overview

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Benefits of ETR ITC Spin-Merge Transaction

ETR System Incident
Commander (SIC)
ITC System Incident
Commander (SIC)
System Section
Chiefs
System Planning

Section Chief
System Resource
Section
System Logistics
Section
Restoration
Prioritization Branch
Director
ITC Section
Chiefs
Entergy
Liaison
Coord.
(New
position)
ITC Technical/Management
employee assigned to
ETR System Command
Center in Jackson
ITC employee
ETR employee
Functional Incident
Commanders
(ex. Fossil, OPGO, Nuclear,
Gas)
Storm response organization will be modified to ensure
close coordination and interaction between Entergy and ITC
ETI
Customer
Customer
ITC Planning
Section
ITC Logistics
Section
ITC Resource
Section
Transmission Prioritization
Resource Coordination
Logistics Coordination
Storm
Storm
Response
Response

Utilizing
Utilizing
Best
Best
Practices

Practices

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Storm Response

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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
FERC

Change of control of transmission assets (203 filing)

Acceptance of jurisdictional agreements (205 filing)

Acceptance
of
Ancillary
Services
Tariff
to
provide
services
until
MISO
full
integration (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
Nuclear Regulatory
Commission

Required for internal corporate reorganization in connection with spin-merge,
and to satisfy license conditions
Hart-Scott-Rodino Act

Pre-merger notification to review potential antitrust/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