Entergy®

EWC VALUE STORY

2014 ANALYST DAY
JUNE 5, 2014

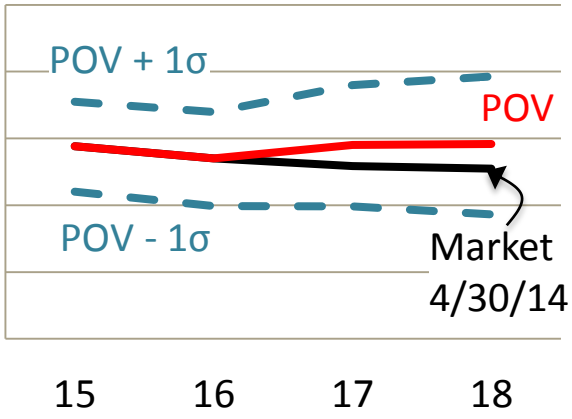
EWC Strategy

To preserve optionality and manage risk in the business

Manage Risk

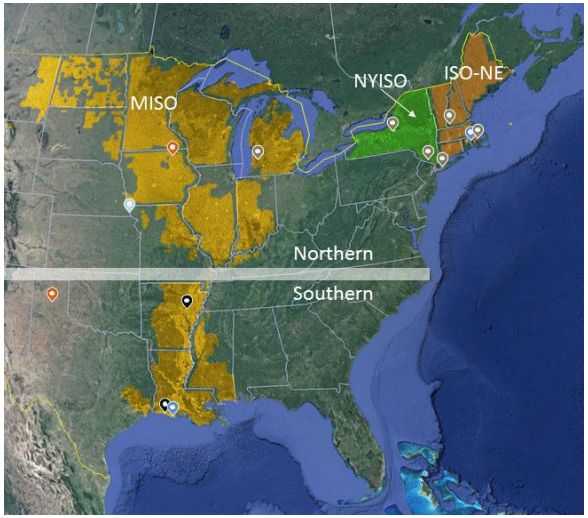
Overall POV for power prices remains bullish based on views for natural gas and heat rates

Northeast Power Prices[1]; $/MWh



Market Structure

Pursue fair and competitive wholesale markets that provide proper compensation for needed plants



Indian Point

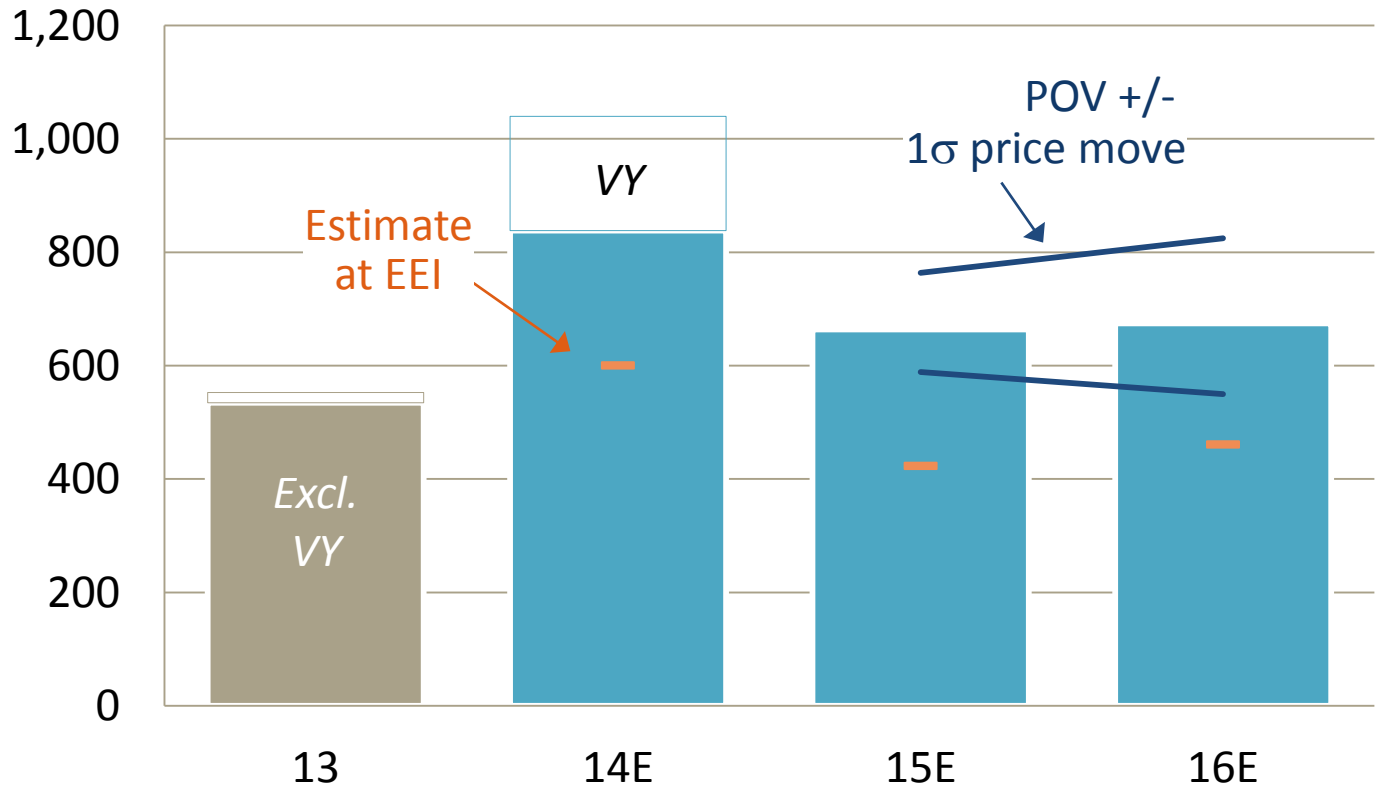
EWC's most valuable asset, ¾ of portfolio value, is critical to safely and reliably serve demand in the region

[1] Northeast nuclear portfolio capacity-weighted; market as of April 30, 2014

Return to Earnings Growth…

Recap: Utility and EWC financial outlooks

EWC Operational Adjusted EBITDA[1]; $M



POV adds $125 – 150M uplift in 2017 and 2018 versus April 30, 2014 market forwards

[1] Based on April 30, 2014, market prices, except for LHV; not intended to be guidance

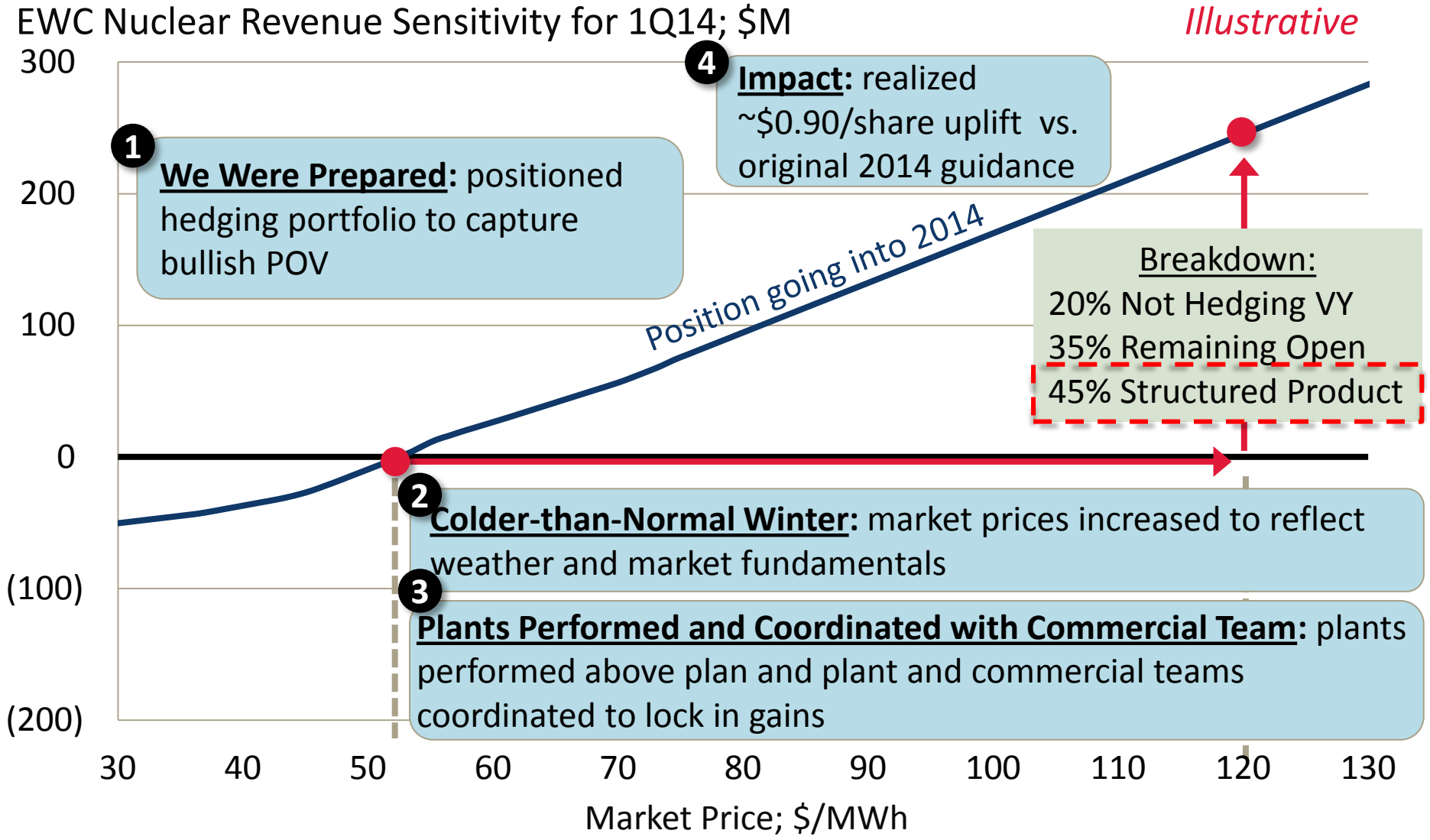
Discussion Outline

Manage Risk

Hedging strategy insights and upside potential from a high level perspective

Hedging Portfolio Performance

Strategy proved profitable last two winters

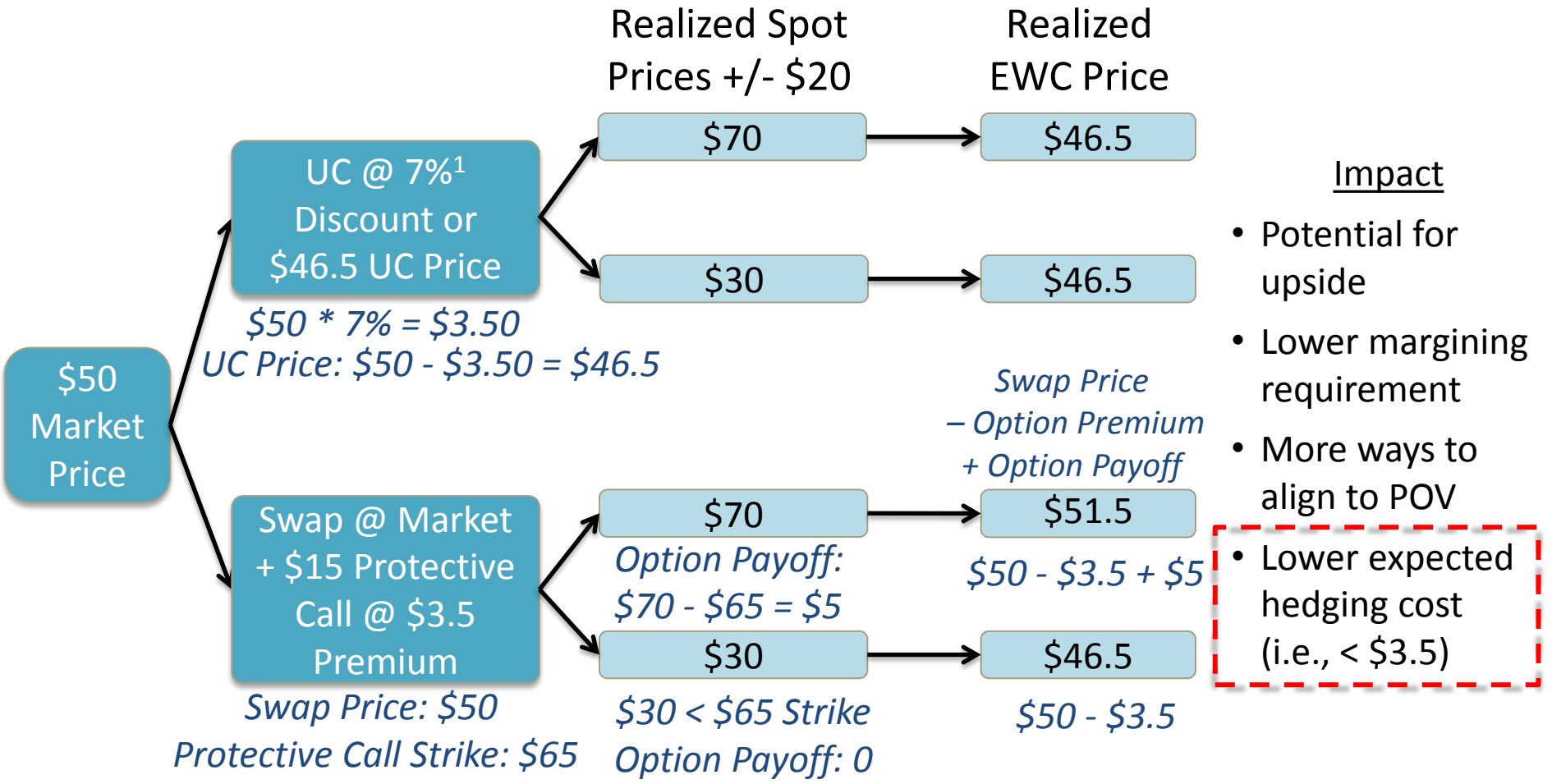


Hedging Product Comparison

Structured products provide potential upsides to hedged positions

Hedging Product Comparison

Illustrative

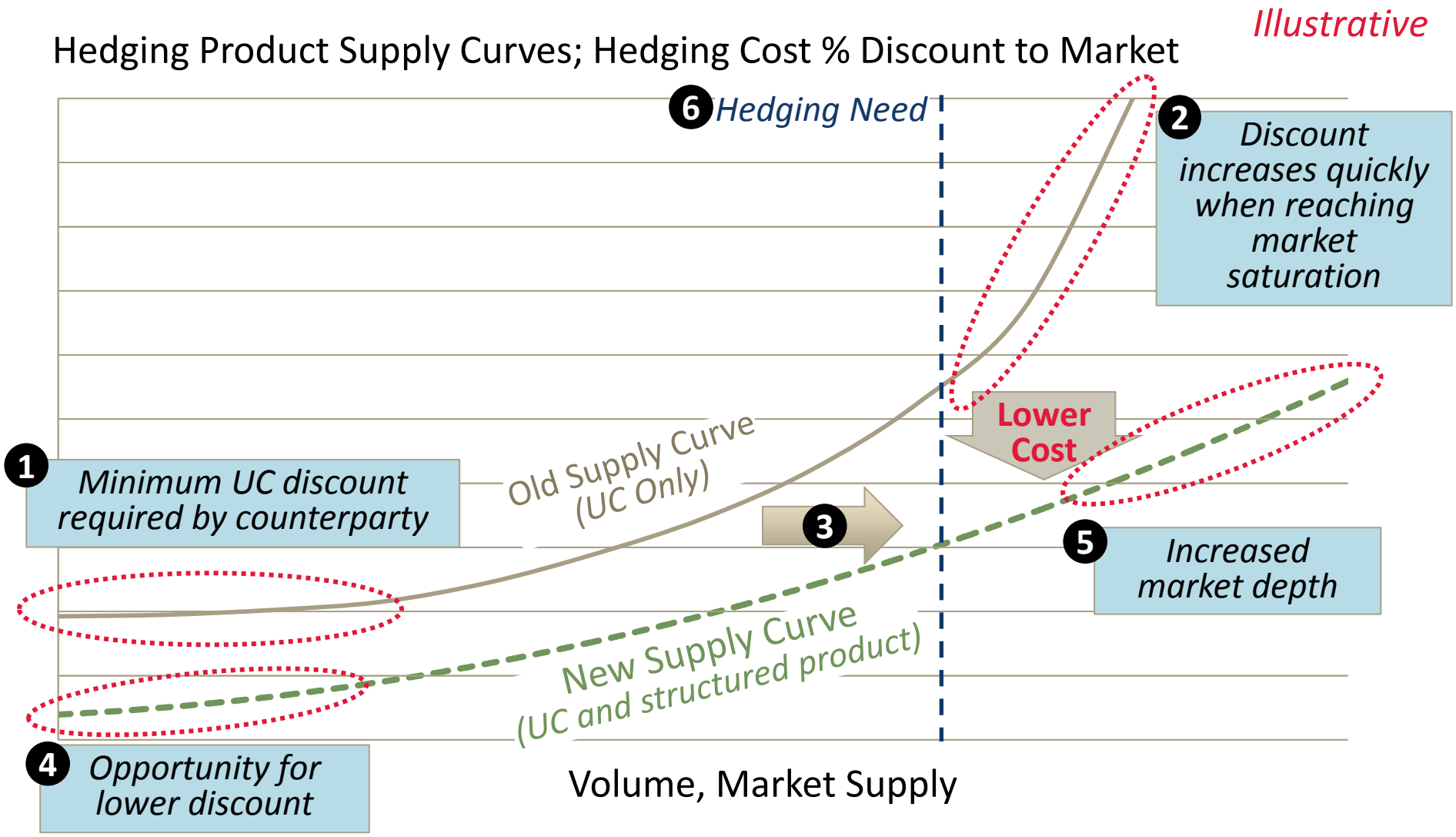


[1] Mid of 4% and 10% range

Hedging Product Options

Product diversity lowers overall hedging costs

Illustrative



Hedging Strategy

Looking ahead

Favorable Factors

- Bullish POV in 2017 and 2018
- Existing positions hedged at attractive upside to downside exposure (as shown earlier)
- Increased volatility → Existing option positions more valuable

Challenges Ahead

- Increased volatility → New options hedges more expensive
- Reduced market liquidity / counterparties in exiting business (e.g., Barclays, Deutsche Bank)

This will not be the first time we face reduced market liquidity.

We will continue our strategy of counterparty and product exploration/ development coupled with rigorous analytics, market POV and corporate risk oversight.

Discussion Outline

Market Structure

Market structure initiatives and opportunities to increase transparency

Market Structure Objectives

Aligning objectives and creating win-win

Long Term Policy Objectives

Reliability
- Sufficient capacity the system can count on
- Fuel diversity

Economic Sustainability
- Low cost/efficient system
- Reasonable return/ sustained investments

Environmental Sustainability
- Achieve carbon targets
- Reduce other pollutants

Alignment

What's Needed?

Our Objectives

Proper compensation (price signals) for attributes provided by all resource types. For nuclear:
- Baseload energy/ price stabilization
- Effectively zero greenhouse gas emissions
- On-site fuel supply

The Wholesale Markets Today

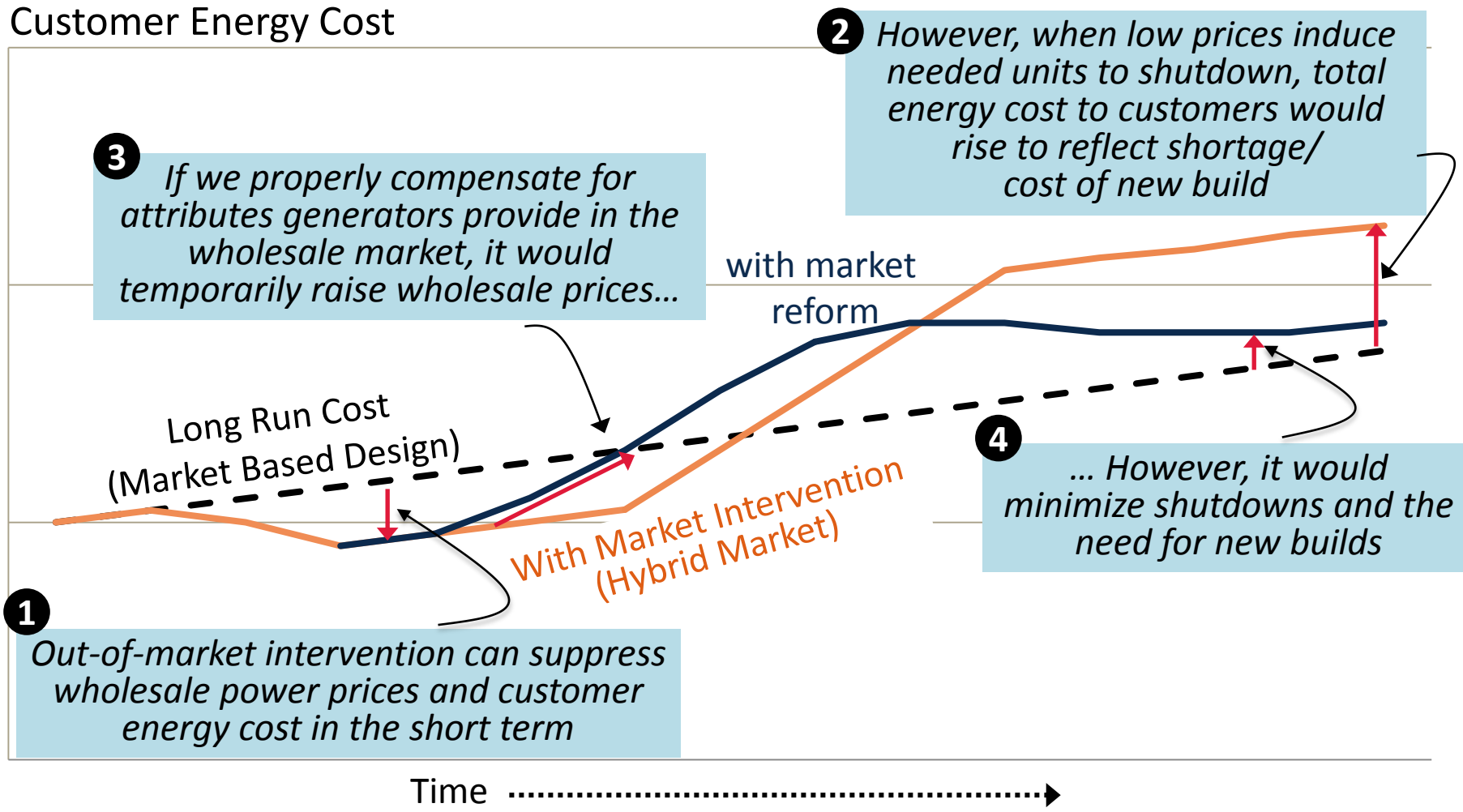
Current Northeast market structures are broken

Design	Description	Characteristics
Regulated / Rate-Based	• Utility planned generation development through rate base • Regulators approve projects based on economics, reliability, social and environmental benefits	• Customers pay for prudently-incurred costs approved by regulators (who represent the market)
Market Based **(Objective of Our Effort)**	• ISOs set long term policy objectives for reliability and market economics • Legislators and regulators set environmental goals	• Markets determine most efficient resources to meet these long term objectives • New and existing generators receive proper compensation for attributes provided • Financial risk borne by shareholders
Hybrid (NYISO, ISO-NE Today)	• Artificially low "market" prices for existing generators • Growing out-of-market contracts to entice new generation based on case-by-case regulatory approval • Continued state interventions	• Shutdown of otherwise economic units • Higher retail prices due to excessive uneconomical out-of-market contracts and special charges • Volatile market prices • Financial risk borne by ratepayers

Impact of Out-of-Market Market Intervention and Reform

Out-of-Market interventions lead to higher cost in the long run

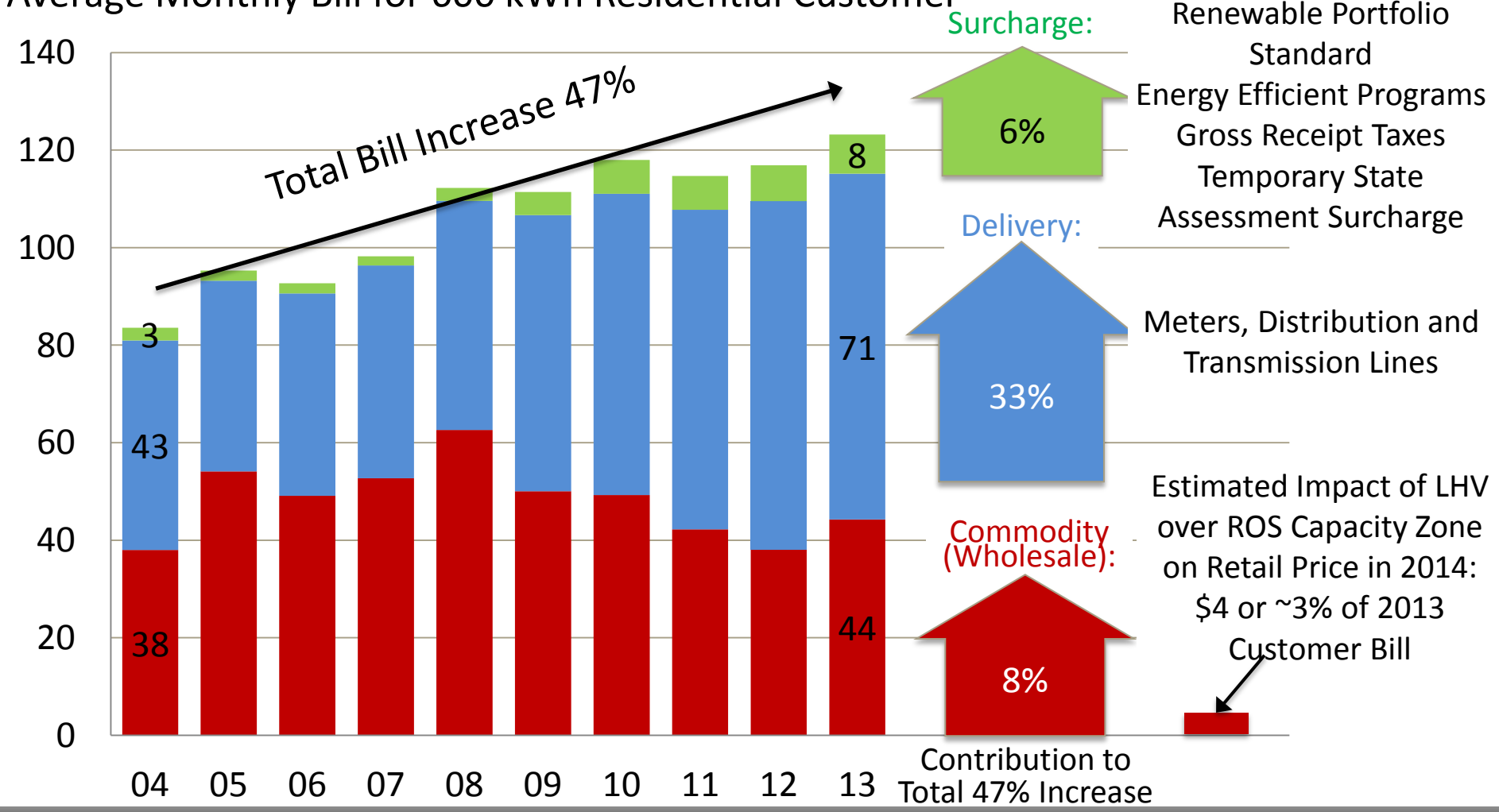
Illustrative



Wholesale vs. Retail Rates

Cost of out-of-market intervention beginning to show

New York Lower Hudson Valley Retail Electricity Prices; $
Average Monthly Bill for 600 kWh Residential Customer



* Illustrative impact of LHV in 2014 holding other 2013 costs constant

Source: Utility website; Entergy Research and Analysis

EWC Market Structure Initiatives

Ensure proper compensation for all attributes provided by nuclear

Initiatives (Target ISO)	Target Market		
	Energy	Capacity	Attributes
Ensure new/repowered projects are subjected to fair and competitive market treatment (NYISO)	✓	✓	
Ensure 2014/2015 winter reliability program applies to all fuel types and is market-based (ISO-NE)	✓	✓	
Improve day-ahead/real-time energy price formation (ISO-NE)	✓		
Minimize uplift charges (ISO-NE)	✓		
Support continued effectiveness of Lower Hudson Valley capacity zone (NYISO)		✓	
Apply minimum offer price rule (MOPR) to preclude uneconomic market entry (both)		✓	
Explore market-based mechanisms with FERC, ISOs and regional stakeholders for currently uncompensated nuclear attributes (both): • Baseload resource / Price stability • On-site fuel supply • Effectively zero greenhouse gas emissions			✓

Discussion Outline

Indian Point
Continued Operation

Indian Point license renewal paths and value of Indian Point

Indian Point License Renewal Proceedings

- **NRC/ASLB**
- **Water Quality Certification**
- **Coastal Zone Management**

Cooling Water Issues at Indian Point

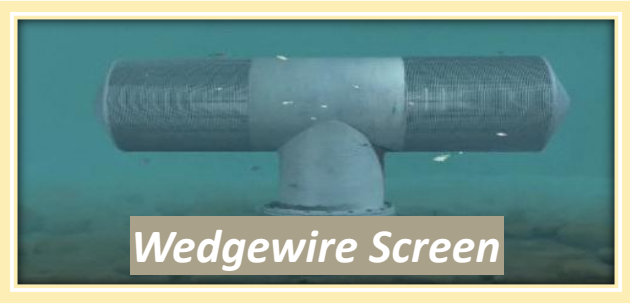
Wedgewire screens are available; cooling towers are not

We believe IPEC does not adversely affect water quality, so no new cooling water technology is needed

But if a new technology is required…

- Major, unresolved challenges to feasibility and siting (e.g., air quality, aesthetics, zoning)
- Reduced safety margins, especially during construction
- Significant adverse impacts on output, particularly at peak demand period
- Capital costs at least $1.19B (direct overnight cost, 2009$) + lost revenue (~14 TWh)
- Bottom line – in operation in 2033 at the earliest

Cooling towers are not available



- No challenges to feasibility and siting
- Achieve most of the impingement/entrainment reduction that cooling towers could provide on a substantially advanced timeline
- No adverse impact on output
- Capital costs (2013$) ~$250 – $300M
- Bottom line – in operation no later than 2021 for first unit and 2023 for second unit

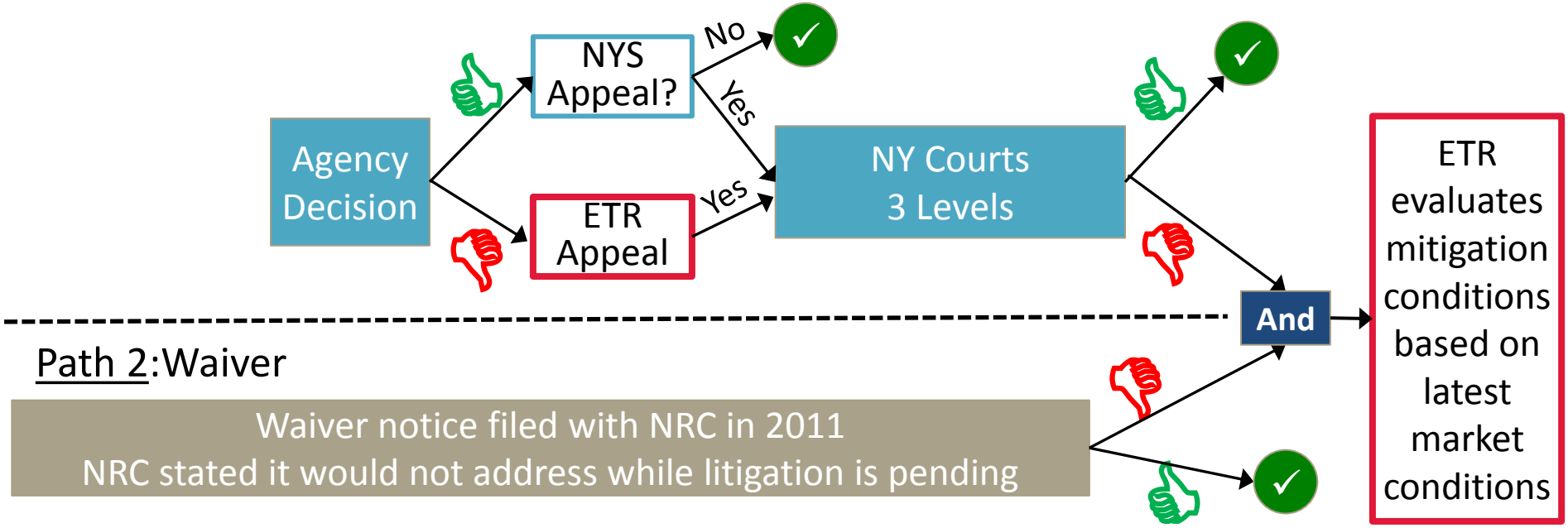
Wedgewire screens are available

State Challenges to Indian Point Continued Operation

Water Quality Certification initiatives already underway

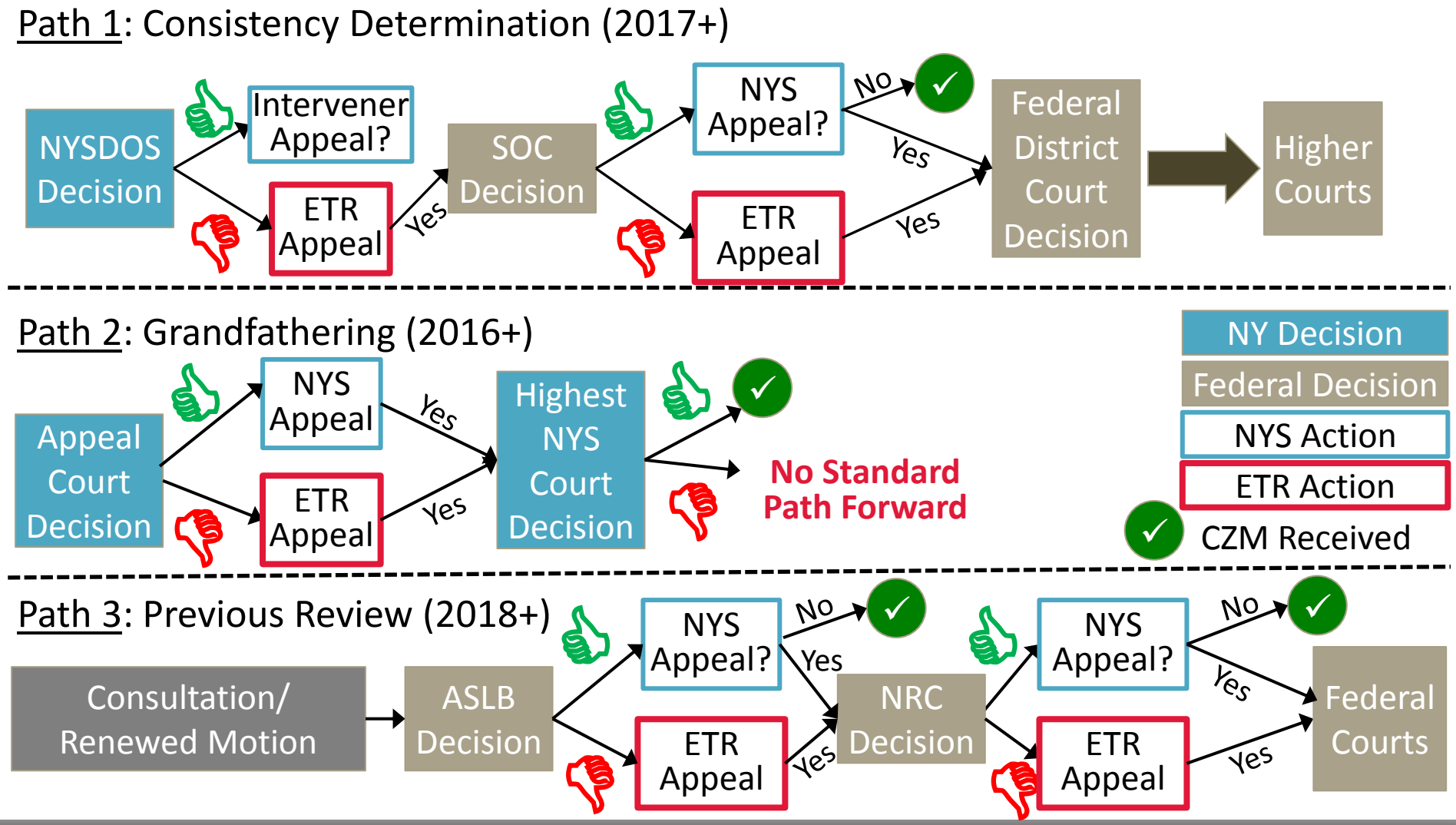
IPEC proceedings will take time and have multiple success paths

Path 1: NYSDEC Litigation (2018+)



State Challenges to Indian Point Continued Operation

Coastal Zone Management proceedings already underway



Indian Point Benefits

Indian Point plays a critical role in its community

Indian Points is beneficial to New York

Supplies 25% of power for New York City and Westchester

Employs ~1,000 full-time employees

Made $1.85B in payments to New York State since acquisition: purchase price, PILOT payments, value sharing and charitable contributions

Indian Point has broad support in New York

Supporters of license renewal outnumber opponents by more than 2 to 1; 1 in 5 undecided[1]

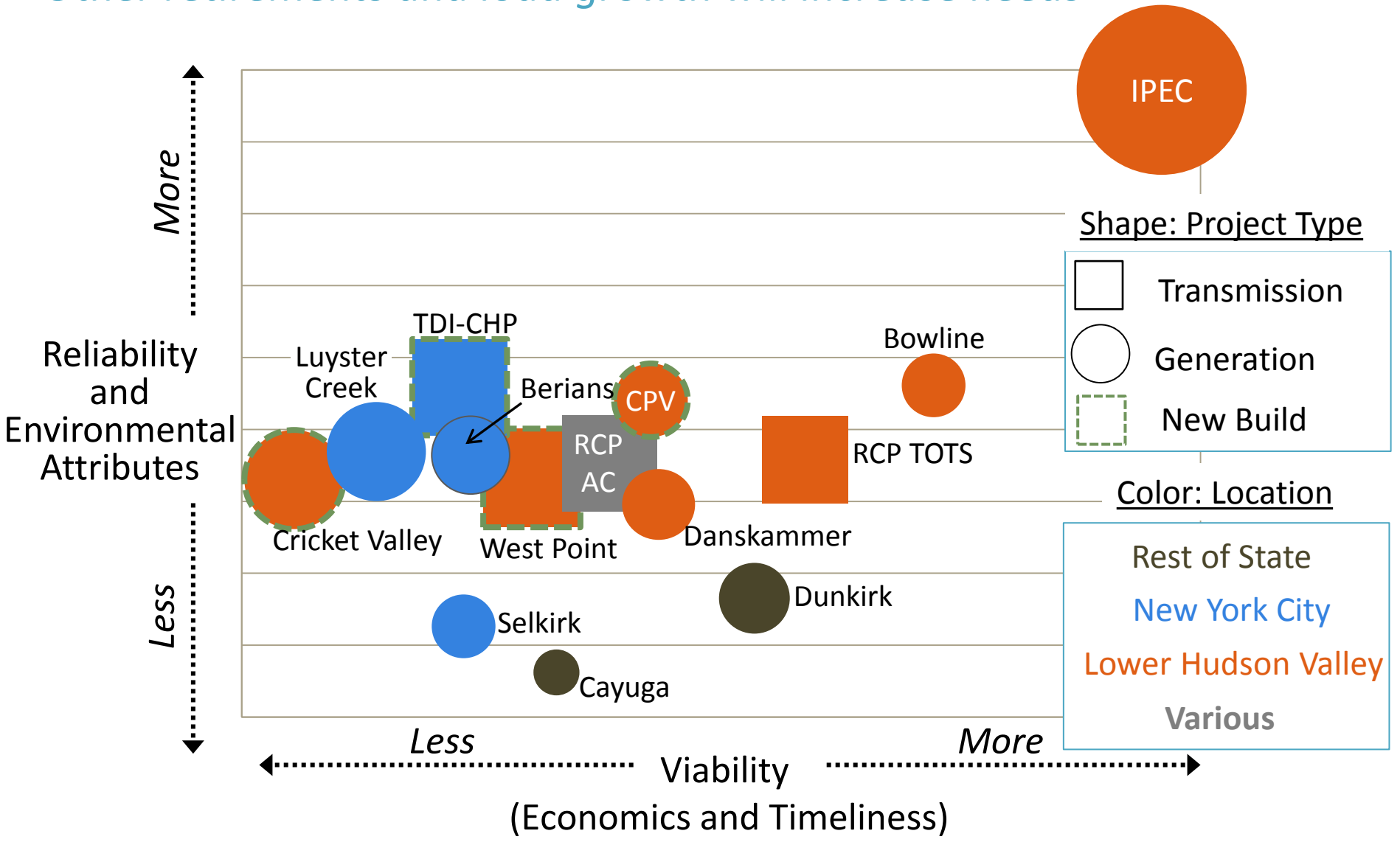
Indian Point shutdown will be costly to New York

"IPEC's retirement will increase the cost to New York's consumers under every feasible scenario," according to a Charles River Associates study commissioned by NYCDEP

[1] Based on a recent poll: "Do you favor or oppose renewing the licenses to continue operating the electricity-generating nuclear plants at the Indian Point Energy Center"

No IPEC Equivalent Replacement on Horizon

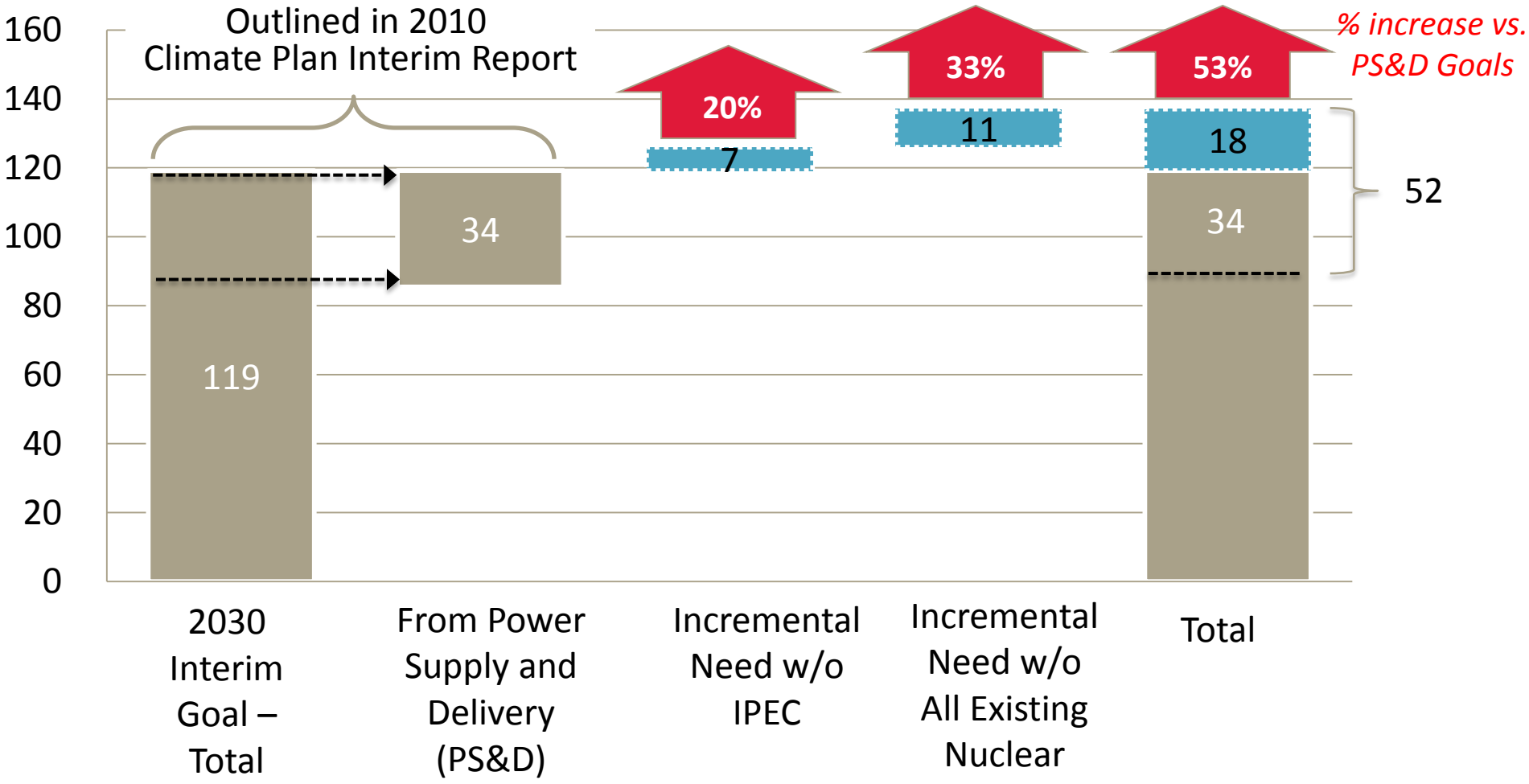
Other retirements and load growth will increase needs



Nuclear is Important in Meeting New York GHG Goals

Nuclear shutdown substantially increases threshold in meeting goals

New York Greenhouse Gas Reduction Framework; $MMTCO_2e$



Source: "Overview – Climate Action Plan Interim Report," New York State Climate Action Council, Nov. 9, 2010. Internal Analysis.

Key Points

Indian Point remains a vital asset

- Indian Point plays a critical role in its community
  - Reliability: Baseload unit with on-site fuel
  - Economic Sustainability: Price-stable baseload energy
  - Environmental Sustainability: Important to meeting New York's greenhouse gas reduction goals
- There are no Indian Point Energy Center-equivalent replacements on the horizon
- There are multiple paths to favorably resolve WQC and CZM

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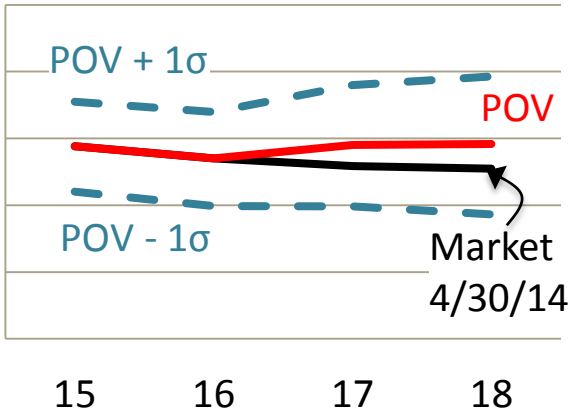

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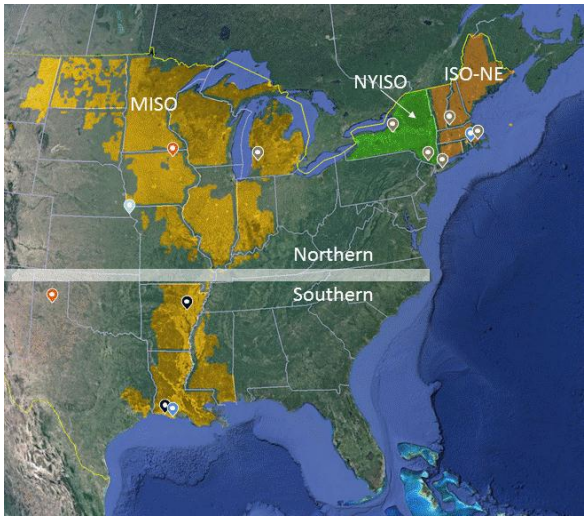

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