

## APPENDIX 9

**FORM OF  
TRANSITION SERVICES AGREEMENT**

This Transition Services Agreement (this “Agreement”) is dated as of [\_\_\_\_\_], by and among Transmission Company Arkansas, LLC, a Michigan limited liability company (“AR Wires Sub”), Transmission Company Louisiana I, LLC, a Michigan limited liability company (“LA 1 Wires Sub”), Transmission Company Louisiana II, LLC, a Michigan limited liability company (“LA 2 Wires Sub”), Transmission Company Mississippi, LLC, a Michigan limited liability company (“MS Wires Sub”), Transmission Company New Orleans, LLC, a Michigan limited liability company (“NOLA Wires Sub”), Transmission Company Texas, LLC, a Michigan limited liability company (“TX Wires Sub”, and, together with AR Wires Sub, LA 1 Wires Sub, LA 2 Wires Sub, NOLA Wires Sub and MS Wires Sub, each a “Service Recipient”), Entergy Arkansas, Inc., an Arkansas corporation (“Arkansas OpCo”), Entergy Gulf States Louisiana, L.L.C., a Louisiana limited liability company (“Gulf States OpCo”), Entergy Louisiana, LLC, a Texas limited liability company (“Louisiana OpCo”), Entergy Mississippi, Inc., a Mississippi corporation (“Mississippi OpCo”), Entergy New Orleans, Inc., a Louisiana corporation (“New Orleans OpCo”) and Entergy Texas, Inc., a Texas corporation (“Texas OpCo” and, together with Arkansas OpCo, Gulf States OpCo, Louisiana OpCo, Mississippi OpCo and New Orleans OpCo, the “Utility OpCos”) and Entergy Services, Inc., a Delaware corporation (“ESI”). Each Utility OpCo and ESI is referred herein, individually, as a “Service Provider” and each Service Provider and each Service Recipient are referred herein, individually as a “Party” and, collectively, as the “Parties”.

**RECITALS**

**WHEREAS**, Entergy Corporation, ultimate parent of each Service Provider and a Delaware corporation (“Entergy”), ITC Holdings Corp., a Michigan corporation (“ITC”), Mid South TransCo LLC, a Delaware limited liability company (“TransCo”), and each Service Provider have entered into a Separation Agreement dated as of December 4, 2011 (the “Separation Agreement”), pursuant to which the Transmission Business shall be transferred to Service Recipients (the “Separation”);

**WHEREAS**, Entergy, ITC, TransCo and Ibis Transaction Subsidiary LLC, a Delaware limited liability company (“Merger Sub”) have entered into a Merger Agreement, dated as of December 4, 2011 (the “Merger Agreement”), pursuant to which Merger Sub shall be merged (the “Merger”) with and into TransCo, with TransCo surviving the Merger as a wholly owned subsidiary of ITC and all of the common units representing limited liability company membership units of TransCo shall be converted into the right to receive shares of common stock of ITC;

**WHEREAS**, after the Separation, the Service Recipients will own and operate the Transmission Business which was formerly owned and operated by the Utility OpCos (the “TransCo Transmission Business”);

**WHEREAS**, each Service Provider and each Service Recipient desire to enter into an agreement whereby each Service Provider and its Affiliates, on the terms and conditions set forth in this Agreement, will provide certain Services to each Service Recipient exclusively for the benefit of the Transmission Business and not for the benefit of ITC's other Affiliates; and

**WHEREAS**, to facilitate the effective and efficient transfer of the Transmission Business from ownership and operation by Entergy and its Affiliates to ownership and operation by ITC's Affiliates, each Service Recipient desires to purchase and each Service Provider is willing to furnish certain services upon the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, each Service Provider and each Service Recipient agrees as follows:

1. **Definitions.**

Capitalized terms, as used herein, have the meanings set forth below or elsewhere in this Agreement.

- (a) "Action" means any demand, charge, claim, action, suit, counter suit, arbitration, mediation, hearing, inquiry, proceeding, audit, review, complaint, litigation or investigation, or proceeding of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.
- (b) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.
- (c) "Business Day" means any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.
- (d) "Closing Date" means the date on which the consummation of the Merger occurs as provided in the Merger Agreement.

- (e) “Code” means the United States Internal Revenue Code of 1986 (or any successor statute), as amended from time to time.
- (f) “Confidential Business Information” means all Information, data or material other than Confidential Operational Information, including (i) earnings reports and forecasts, (ii) macro-economic reports and forecasts, (iii) business and strategic plans, (iv) general market evaluations and surveys, (v) litigation presentations and risk assessments, (vi) budgets and (vii) financing and credit-related information.
- (g) “Confidential Information” means Confidential Business Information and Confidential Operational Information concerning a Party and/or its Affiliates which has been disclosed by a Party or its Affiliates to the other Party or its Affiliates in connection with this Agreement, in written, oral (including by recording), electronic or visual form, or otherwise has come into the possession of the other Party, including pursuant to the access provisions of this Agreement or the provision or receipt of Services (except to the extent that such information can be shown to have been (i) in the public domain through no action of such Party or its Affiliates, (ii) lawfully acquired from other sources by such Party or its Affiliates to which it was furnished, (iii) is independently developed by a Party or its Affiliates after the date hereof without reference to the Confidential Business Information or Confidential Operational Information of the other Party or its Subsidiaries and without a breach of this Agreement or (iv) approved for release by written authorization of the disclosing Party and/or the third-party owner of the disclosed information; provided, however, in the case of clause (ii) that, to the furnished Party’s knowledge, such sources did not provide such information in breach of any confidentiality obligations).
- (h) “Confidential Operational Information” means all operational Information, data or material including (i) specifications, ideas and concepts for products, services and operations, (ii) quality assurance policies, procedures and specifications, (iii) customer information, (iv) software, (v) training materials and information and (vi) all other know-how, methodologies, procedures, techniques and trade secrets related to design, development and operational processes.
- (i) “Contract” means any legally binding written or oral agreement, contract, subcontract, lease, understanding, instrument, note, option, warranty, sales order, purchase order, license, sublicense, insurance policy, benefit plan or commitment or undertaking of any nature.
- (j) “Debt Exchange” means the exchange by Entergy of the Entergy Exchangeable Debt for the TransCo Securities, as provided in Section 2.01(c) of the Separation Agreement.

- (k) “Distribution” means Entergy’s disposition of one hundred percent (100%) of the TransCo Common Units to its shareholders either (i) through a dividend of TransCo Common Units to Entergy shareholders on a pro rata basis (a “Spin-Off”) or (ii) through an offer to exchange (an “Exchange Offer”) TransCo Common Units for currently outstanding shares of Entergy’s common stock (“Entergy Common Stock”), or a combination of a Spin-Off and Exchange Offer as Entergy may elect in its sole discretion, as provided in the Merger Agreement.
- (l) “Entergy Contribution” means Entergy’s contribution of the equity interests of each TransCo Sub to TransCo as provided in Section 1.06 of the Separation Agreement.
- (m) “Entergy Exchangeable Debt” shall mean the notes or other forms of indebtedness issued by Entergy, or the agreements and other arrangements with unrelated creditors to purchase existing Entergy Corporate Debt, in connection with the Debt Exchange, as provided in Section 2.01(a) of the Separation Agreement.
- (n) “Entergy Group” means Entergy and each of its Subsidiaries.
- (o) “FERC” means the Federal Energy Regulatory Commission.
- (p) “Force Majeure” means any cause or causes not reasonably within the control of a Party, occurring without the fault or negligence of such Party, and the effects of which could not have been avoided by such Party through the exercise of reasonable diligence.
- (q) “Governmental Authority” means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority or self-regulatory organization.
- (r) “Information” means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.
- (s) “Intellectual Property Rights” means all worldwide intellectual property

and industrial property rights, including without limitation, all (a) patents, inventions, technology, processes and designs, (b) trademarks, trade names, service marks, domain names, logos, trade dress, and other source indicators, and all goodwill symbolized thereby, (c) copyrights, works of authorship, computer software and systems, (d) trade secrets, know-how, and tangible and intangible proprietary information and materials and (e) any applications, registrations, renewals, foreign counterparts, extensions, continuations, continuations-in-part, re-examinations, reissues, and divisionals of the foregoing.

- (t) “Intended Tax-Free Treatment” means that (i) the Internal Restructuring qualifies as one or more reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (ii) the Entergy Contribution, taken together with the Distribution, qualifies as a reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (iii) the Debt Exchange qualifies for tax-free treatment to Entergy pursuant to Section 361(c) of the Code and (iv) the Merger qualifies as a reorganization pursuant to Section 368(a) of the Code.
- (u) “Interest Rate” means a fluctuating interest rate equal at all times to the prime rate, as reported in *The Wall Street Journal* on the last business day of the calendar month in which the applicable Invoice was received, plus one percent (1%), but in no case higher than the maximum rate permitted by Law.
- (v) “Internal Restructuring” means the corporate restructuring steps set forth in Sections 1.02, 1.03, 1.04, and 1.05 of the Separation Agreement.
- (w) “IRS” means the United States Department of the Treasury Internal Revenue Service.
- (x) “Law” means any statute, law (including common law), ordinance, regulation, rule, code or other legally enforceable requirement of, or Order issued by, a Governmental Authority.
- (y) “NERC” means the North American Electric Reliability Corporation or its successor organization.
- (z) “Order” means any: (i) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Authority or any arbitrator or arbitration panel or (ii) Contract with any Governmental Authority entered into in connection with any Action.

- (aa) “Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.
- (bb) “Ruling” means the private letter ruling, substantially to the effect that the Distribution, the Entergy Contribution, and the Internal Restructuring will qualify for the treatment described in clauses (i) through (iii) of the definition of Intended Tax-Free Treatment, including any amendment or supplemental ruling thereto, issued by the IRS in response to the Ruling Request.
- (cc) “Ruling Request” means the private letter ruling request filed by Entergy with the IRS pursuant to the Merger Agreement.
- (dd) “Service Provider Infrastructure” means the information technology systems, communications systems and other systems, hardware, software, processes, models, algorithms, know-how and other technology used by or on behalf of Service Provider in connection with the provision of any of the Services.
- (ee) “Subsidiary” means, with respect to any Person, any corporation or other entity (including partnerships and other business associations and joint ventures) of which at least a majority of the voting power represented by the outstanding capital stock or other voting securities or interests having voting power under ordinary circumstances to elect directors or similar members of the governing body of such corporation or entity (or, if there are no such voting interests, fifty percent (50%) or more of the equity interests in such corporation or entity) shall at the time be held, directly or indirectly, by such Person.
- (ff) “Tax Opinion” means the written opinion of Cooley LLP, counsel to Entergy, dated as of the Closing Date, in form and substance reasonably satisfactory to Entergy, to the effect that (A) the Internal Restructuring will qualify as one or more tax-free reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (B) the Entergy Contribution, taken together with the Distribution, will qualify as a tax-free reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (C) the Debt Exchange will qualify for tax-free treatment to Entergy under Section 361(c) of the Code, and (D) the Merger will not cause Section 355(e) of the Code to apply to the Distribution.
- (gg) “TransCo Common Units” means the common units representing limited liability company membership interests of TransCo.
- (hh) “TransCo Group” means TransCo, and each of the TransCo Subs.

- (ii) “TransCo Securities” means the senior securities of TransCo issued by Entergy pursuant to Sections 1.06 and 2.01(b) of the Separation Agreement.
- (jj) “TransCo Subs” means each Service Recipient, each formed in connection with the Internal Restructuring.
- (kk) “Transmission” means the movement, delivery or transfer of electric energy through interconnected lines and associated equipment at nominal voltages that are greater than or equal to 69 kV between points of supply and points at which it is transformed for delivery to customers or is delivered to other electric systems.
- (ll) “Transmission Assets” means the transmission assets of each Service Recipient transferred pursuant to and subject to the conditions of the Separation Agreement.
- (mm) “Transmission Business” means the business function of Entergy conducted by the Entergy Group (including the Utility OpCos) through the ownership, operation, management and maintenance of and investment in assets for Transmission; provided, however, the Transmission Business shall not include any Transmission Assets owned or used by Entergy’s Wholesale Commodities reporting segment (as described in Entergy’s Securities and Exchange Act of 1934 filings).
- (nn) “Utility OpCo Software/IP License Agreement” means each of those certain Utility OpCo Software/IP License Agreements, dated as of the date hereof and entered into by each Utility OpCo and its respective Service Recipient and ESI.
- (oo) “Work Product” means reports, surveys, promotional materials, photographs, logos, artwork, graphics, signs, computer code, software, scripts, processes, models, algorithms, know-how, documentation, data, information, specifications or other materials, writings or work of authorship and other technology, content or other Intellectual Property Rights.

## 2. Services.

- (a) Each Service Recipient hereby engages the applicable Service Provider, and the applicable Service Provider hereby accepts such engagement, to provide, or cause to be provided, to each Service Recipient, during the Term of this Agreement, the services described on Schedule A hereto (which shall be deemed to include any services closely, primarily or substantially related to the services described on Schedule A) (the “Services”) to be provided by the applicable Service Provider identified on Schedule A or an alternative Service Provider if the applicable Service



Provider is unable to perform such services (provided that Service Provider will be liable in all instances for the performance of such obligations) with respect to the Transmission Assets and the TransCo Transmission Business, in accordance with the terms and conditions set forth in this Agreement. Notwithstanding anything to the contrary in this Agreement, Services shall only include those that are performed under the direction, supervision, and control of the Service Recipient.

- (b) Omitted Services. If, after the date hereof and prior to one hundred eighty (180) calendar days after the date hereof, Service Recipient identifies a Service that was omitted from inclusion in the Services to be received by Service Recipient under this Agreement and that was historically provided by Entergy or an Affiliate of Entergy in support of the Transmission Assets owned by Service Recipient, and is necessary or desirable to the efficient and effective operation of the TransCo Transmission Business (an “Omitted Service”), then, provided that the provision of such service does not materially hinder (as reasonably determined by the applicable Service Provider) the applicable Service Provider’s conduct of its business in the ordinary course, such Omitted Service shall be added and considered as part of the Services to be provided by such Service Provider, subject to FERC approval. The applicable Parties shall cooperate and act in good faith to reach agreement on the specific terms and conditions applicable to such Omitted Service, provided, that if such Omitted Service is substantially similar to any other Service provided by any Service Provider under this Agreement, the specific terms and conditions shall be substantially similar to the specific terms and conditions applicable to such other Service. Upon the applicable Parties’ agreement on the specific terms and conditions applicable to an Omitted Service, the applicable Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule or additions of supplements to the relevant Schedule, in order to describe such Omitted Service and the agreement upon the other specific terms and conditions applicable thereto. The Parties agree that the fees for any Omitted Services shall be determined by Section 5.
- (c) Additional Services. In the event that the Parties identify and agree upon an additional Service (that is otherwise not listed on Schedule A or is not an Omitted Service) to be provided under this Agreement, as well as the specific terms and conditions applicable thereto (an “Additional Service”), the Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule, or additions to this Agreement of additional schedules, in order to describe such Additional Service, and the agreed upon specific terms and conditions applicable thereto, subject to FERC approval. Schedule A and all such additional schedules, if any, are collectively referred to herein as the “Schedules.” The Schedules are hereby incorporated by reference into this Agreement,

provided, however, that in the event of a conflict between any Schedule and the terms of this Agreement, this Agreement shall govern. The Parties agree that the fees for any Additional Services shall be determined by Section 5.

- (d) Replacement Service Providers. Each Service Provider shall use commercially reasonable efforts in cooperating with Service Recipient to effect, as provided in this Agreement and at Service Recipient's expense, without undue delay, the transition from such Service Provider to any such other qualified service providers as Service Recipient may designate in writing from time to time to replace such Service Provider as the service providers of any or all Services hereunder (the "Replacement Service Providers").
- (e) Impracticability. Subject to the provisions of subsection (f) below, each Service Provider shall not be required to provide any Service to the extent: (i) that the performance of the Services would (A) require such Service Provider or any of its Affiliates to violate any applicable Laws (including any applicable codes or standards of conduct established by any other Governmental Authority with respect to their activities subject to the jurisdiction of such other Governmental Authority) or any internal policy reasonably adopted in order to comply with any applicable Laws; (B) result in a material breach of any software license, lease or other Contract in effect as of the date of this Agreement; or (C) be inconsistent with the Ruling, the Tax Opinion, or the representations or statement of facts made or relied on in connection with the Ruling or the Tax Opinion; or (ii) as provided in Section 19. Any claim of a Service Provider of impracticability under this subsection will be made in writing delivered to the address listed in Section 15 for the Service Recipients.
- (f) Cooperation. In the event that there is nonperformance of any Service as a result of impracticability pursuant to subsection (e) above, the Parties agree to work together in good faith to arrange for an alternative means by which the applicable Service Recipient may obtain, at its sole discretion, cost and expense, the Service so affected. Subject to Section 10, the Parties shall cooperate with each other in connection with the alternative performance of the Services, including producing on a timely basis all Contracts, documents and other information that is reasonably requested with respect to the alternative performance of Services; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of the Parties; and provided, further, however, the Party requesting cooperation shall pay all reasonable out-of-pocket costs and expenses incurred by the Party or its Affiliates furnishing such requested cooperation, unless otherwise expressly provided in this Agreement. The Parties shall assist and cooperate with each other on a mutually agreeable basis to facilitate (i) the timely and orderly assumption by the Service

Recipient or its Affiliates (or a provider unaffiliated with Entergy) of providing the Services and (ii) the orderly transition of all data, information and other matters that support or relate to the operations and/or functions that are the subject of any Services, taking into account the need to minimize both the cost of such transition and the disruption to the ongoing business activities of the Parties, and each Party shall in good faith make available to the other Party the personnel and resources reasonably needed to plan for and facilitate such timely and orderly transition.

- (g) No Financing to Service Recipient. Unless otherwise expressly required under the terms of any relevant Schedule hereto, in no event shall any Service Provider or its Affiliates be required to (i) lend any funds to Service Recipient or its Affiliates, (ii) expend funds for any additional equipment or material or property (real or personal) on behalf of Service Recipient other than in the ordinary course of business consistent with past practice as conducted prior to the Separation, or (iii) make any payments or disbursements on behalf of Service Recipient, except to the extent Service Recipient has previously delivered, or will deliver by future payment, to such Service Provider sufficient funds to make any such expenditures, payment or disbursement.
- (h) No Assumption or Modification of Obligations. Except to the extent necessary in the provision of the Services as contemplated herein, nothing herein shall be deemed to (i) constitute the assumption by any Service Provider or any of its Affiliates, or the agreement to assume by any Service Provider or any of its Affiliates, any duties, obligations or liabilities of any Service Recipient or its Affiliates whatsoever; or (ii) alter, amend or otherwise modify any right or obligation of any party under the Separation Agreement.
- (i) Application of Resources. Unless otherwise expressly required under the terms of any relevant Schedule hereto or the Separation Agreement, in providing the Services, each Service Provider or its Affiliates shall not be obligated to: (i) expend funds and other resources beyond levels that would be customary and reasonable to provide Services that are similar to the relevant Services; (ii) maintain the employment of any specific employee, contractor or subcontractor, or to hire any additional employee or subcontractor; (iii) purchase, lease or license any additional (measured as of the date hereof) equipment or materials (expressly excluding any renewal or extension of any leases or licenses required for such Service Provider to perform the relevant Services during the relevant Services Term or any equipment or materials historically used in support of the Transmission Business); or (iv) pay any of Service Recipient's costs related to its or any of its Affiliates' receipt of the Services.
- (j) Transitional Nature of Services; Changes. The Parties acknowledge the

transitional nature of the Services and agree that notwithstanding anything to the contrary herein, each Service Provider may make changes from time-to-time in the manner of performing its Services if such Service Provider is making similar changes in performing similar services for itself and/or its Affiliates; provided, that such Service Provider must provide Service Recipient with at least thirty (30) days prior written notice of such changes.

- (k) Collective Bargaining Employees. Notwithstanding any provision in this Agreement to the contrary, a bargaining unit employee of any Service Provider who is covered by a collective bargaining agreement will not be obligated to perform any Services under this Agreement unless either (a) the Service Provider interprets those Services to be consistent with the applicable collective bargaining agreement; or (b) if the Service Provider is able to negotiate and agree with the collective bargaining representative(s) of the bargaining unit employee(s) asked to perform those services, which may require incurring additional costs to the Service Provider, and which are approved in advance by the Service Recipient.
  - (l) Service Provider Employee Responsibilities. Under the overall supervision and specifications of Service Recipient, each Service Provider shall be responsible for: (1) employing its personnel directly; (2) training, managing and supervising all of such Service Provider's employees; (3) paying of compensation, benefits and labor costs (including, without limitation, workers' compensation obligations) attributable to such Service Provider's employees; (4) withholding and remitting such Service Provider's employee's share of all federal, state and local income taxes, FICA, payroll taxes, unemployment taxes and occupational taxes owed by such Service Provider's employees; (5) issuing or causing to be issued Internal Revenue Service W-2 forms for such Service Provider employees who perform services at or for the Transmission Assets; (6) determining the safety of its employees; and (7) complying with all other legal requirements relating to the Service Provider's employees.
3. **Subcontractors**. Subject to Service Recipient's prior written consent, which consent shall not be unreasonably withheld, to the extent any Service requires the use of any reasonably qualified third party subcontractor, at the Service Recipient's option, such subcontractor shall be directly contracted, directed and controlled by the Service Recipient and no contractual relationship will exist between any Service Provider and any such subcontractor. In no event shall any Service Provider be required to subcontract some or all of the Services to any subcontractor.
4. **Service Recipient Responsibilities**.
- (a) Service Recipient agrees to supervise the activities to be performed by Service Provider and reasonably cooperate with Service Provider in

connection with the performance of the Services.

- (b) To the extent that access to the Transmission Assets or other property or facilities of Service Recipient, or to the personnel of Service Recipient, is at any time reasonably necessary or appropriate in connection with the performance of the Services, each Service Recipient agrees to grant such access to Service Provider and its representatives on a commercially reasonable basis, subject to any NERC or FERC limitations or restrictions (including adherence with FERC's Order No. 717, Standards of Conduct for Transmission Providers). A Service Provider shall not be responsible for any loss, damage, fine, penalty, cost, expense, delay, interruption, breach, non-performance or other failure of any of the Services to the extent resulting from or arising out of or in connection with any failure by any Service Recipient to provide access to the extent reasonably necessary or appropriate in connection with the performance of the applicable Service to the Transmission Assets or any other of its properties, facilities or personnel in connection with the performance of such Services on a commercially reasonable basis.

#### 5. **Compensation.**

- (a) As consideration for the Services, the applicable Service Recipient shall reimburse and pay to the applicable Service Provider all reasonable and verifiable costs incident to the Services, including but not limited to, material costs, labor costs, labor costs adders, costs associated with third party vendors and consultants and any and all associated overheads, allocated in accordance with the same methodology employed historically by Entergy and its Affiliates in connection with the provision of services to affiliated entities and business units; provided that, for purposes of this provision, "costs" means fully-loaded costs without any profit factor ("Reimbursable Costs").
- (b) Within three (3) business days after the end of each calendar month, each Service Provider shall provide each Service Recipient an estimate of the amounts expected to be invoiced for that month, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges.

Within fifteen (15) calendar days after the end of each calendar month during the term of this Agreement, the applicable Service Provider shall submit to each Service Recipient an itemized invoice (such invoice to set forth a description of the Services provided, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges thereon and any sales, use and other similar taxes imposed on the sale of such Services) (an "Invoice") for all Services provided to each Service Recipient during such calendar month and any outstanding reimbursable expenses or charges incurred by such Service

Provider hereunder and the amount payable by each Service Recipient for such Services and expenses or charges pursuant to this Agreement.

- (c) Subject to subsections (d), (e) and (f) below, each Service Recipient shall pay in full any amount payable to Service Provider hereunder within thirty (30) Business Days of receipt of the applicable Invoice in accordance with any wire instructions set forth on the Invoice.
  - (d) If any Service Recipient disputes in good faith any portion of the amount due on any proper Invoice, such Service Recipient shall notify the applicable Service Provider in writing of the nature and basis of the dispute within twenty (20) Business Days after Service Recipient's receipt of such Invoice; provided, however, that the Service Recipient shall be required to pay any amount in dispute. Otherwise, the amount stated on the Invoice shall be deemed to be accurate and correct and shall not be subject to dispute or contest by any Service Recipient or any Affiliate thereof. The Parties shall use their reasonable best efforts to resolve the dispute prior to the payment due date and thereafter. Upon a resolution of any dispute, the applicable Party will refund to the other Party the amount that has been agreed by such Parties.
  - (e) Any applicable federal, state and local sales, excise, ad valorem, use or similar taxes, if any, imposed in connection with the Services, except for federal, state and local income taxes payable by any Service Provider, will be reimbursed by Service Recipients.
  - (f) Any amount not paid by Service Recipients when due hereunder shall bear interest at a rate equal to the Interest Rate, per annum, accrued from the due date of such payment until such payment is actually received by the applicable Service Provider.
6. **Service Coordinators**. Service Recipients and Service Providers shall create a transition committee (the "Transition Committee") and each group of Service Recipients and Service Providers shall appoint one (1) senior representative and an alternate in case such person is not available from time to time to the Transition Committee for the Term (each such person, a "Service Coordinator"). The names, contact information and title of the initial Service Coordinators and their alternates are set forth on Exhibit B. Each Service Coordinator shall have the authority and responsibility to:
- (a) oversee matters relating to the respective appointing Party that are set forth in this Agreement;
  - (b) represent the appointing Party in relation to this Agreement and make appropriate decisions on day-to-day issues subject to the terms of this Agreement;

- (c) coordinate the technical aspects of the Services and consult on the operation and management of the Services;
  - (d) monitor any Party's compliance with its obligations under this Agreement and review the performance of the Services; and
  - (e) facilitate the resolution of any dispute between the Parties, according to Section 12 and Exhibit C.
7. **Books and Records.** Each Service Provider shall keep records and books of account showing all charges, disbursements or expenses made or incurred by it in performing the Services and shall preserve such records and books of account for a period of six (6) years following incurrence of such expenses, or longer if required by applicable law; provided, that this Section 7 does not preclude any Service Provider from preserving such records for a longer period pursuant to its records management programs, policies or procedures.
8. **Access to Records; Audits.**
- (a) During the Term of this Agreement and for a period of four (4) years thereafter, and subject to the terms of this Agreement (including, without limitation, Section 7 above) Service Recipients, directly or through authorized representatives, at such Service Provider's facilities shall, upon ten (10) calendar days' prior written notice to the applicable Service Provider, during Service Provider's business hours, have access to and the right to inspect and make copies of any and all books, records (including training records of applicable personnel providing Services), accounts, invoices, canceled checks, payrolls and other documents and papers of every kind held by such Service Provider pertaining to the performance of the Services and all charges, disbursements and expenses made or incurred by such Service Provider in performing the Services and all information related to the calculation of overhead costs by such Service Provider. In addition, Service Recipients, at their sole cost and expense, may from time to time but not more than two (2) times during the Term and for a period of six (6) months thereafter (and not more than two (2) times during any six (6) month period or as more frequently required by a Governmental Authority) audit any document, information or matter reasonably relating to Service Provider's invoicing under this Agreement through its own staff or through contractors, agents, auditors or advisers, provided that such persons are bound by a confidentiality provision substantially similar to that contained in Section 10. Subject to compensation under Section 5, the applicable Service Provider agrees to reasonably cooperate with any request by any Service Recipient to have access to and inspect or audit such materials; provided that such Service Recipient will permit the applicable Service Provider the opportunity to deliver any information required by Service Recipient prior to such Service Recipient carrying out any inspection or audit hereunder which may render an inspection or audit

visit unnecessary. Notwithstanding the foregoing, in no event shall such Service Recipient have access to records related to employee personnel matters, tax matters, or privileged or confidential materials; unless, with respect to confidential materials that do not otherwise constitute employee personnel matters, tax matters or privileged materials, access is required by applicable law or an order by a Governmental Authority (but, in all events, subject to the provisions of Section 10).

- (b) Without prejudice to any Party's other rights under this Agreement, if any Service Recipient's exercise of its rights under this Section results in audit findings that any Party has failed to perform its material obligations under this Agreement, such Service Recipient will make the audit findings available to such Service Provider, and the Parties will use all reasonable efforts to agree to a remedial plan and a timetable for achievement of the planned actions and/or improvements. Following agreement of the timetable, such Service Provider will implement that plan in accordance with the agreed timetable and will confirm its completion by a notice in writing to such Service Recipient. If such Service Provider fails to agree or implement such plan, such Service Recipient will be entitled to terminate this Agreement or any part thereof pursuant to the provisions of Section 9. If any Service Recipient's exercise of its rights under this Section results in audit findings that any Reimbursable Costs have been overpaid by any Service Recipient, then upon receiving notice of such audit findings, and review of and agreement to the audit results by Service Provider, the appropriate reduction will be made to the next applicable Invoice(s) or, if there is no further Invoice, Service Provider shall refund such amount promptly (but in any event within thirty (30) business days).

9. **Term and Termination.**

- (a) Term. The term of this Agreement shall commence as of the date hereof and shall continue for a period of twelve (12) months thereafter, unless earlier terminated pursuant to the terms of this Agreement (as may be extended pursuant to this Section 9(a), (the "Term")) If, but only to the extent, reasonably necessary to continue the transition of any Service from Service Provider to other providers (including any Service Recipient or its Affiliates), any Service Recipients may elect, by delivering written notice to the Service Provider no later than three (3) months prior to the end of the then in effect Term, to extend any such Service and the term of this Agreement with respect to such Service by a period of up to six (6) months. Service Recipients shall have the right to elect to extend the term of this Agreement in accordance with this Section 9(a) up to, but no more than, two (2) times. After the expiration of the Term, the Parties shall not have a duty to provide Services or to negotiate regarding the extension of the Term except as set forth in this Section 9(a). If a Service Recipient elects to extend this Agreement for six months under this Section 9(a),



Service Recipient will report to FERC prior to the beginning of any extended term of this Agreement, the services that will continue to be provided by Service Provider and when the provision of those services will be completely transitioned to the Service Recipient or third parties.

- (b) Termination for Cause. Any Service Recipients or any Service Provider that is not a Defaulting Party as defined herein (a “Non-defaulting Party”) may terminate this Agreement or the provision of any portion of the Services to be provided by the applicable Service Provider hereunder, at any time and, subject to any limitations under this Agreement, pursue all rights and remedies available to it at law, in equity or otherwise if any of the following shall occur with respect to any other Party (the “Defaulting Party”): (i) any Defaulting Party fails to pay any obligation hereunder when due and such failure continues for twenty (20) Business Days after receipt of notice of such failure from any Non-defaulting Party (excluding any charges disputed in good faith in accordance with Section 5(d)); (ii) any Defaulting Party fails to perform any material obligation hereunder (other than payment obligations) and such failure continues for at least twenty (20) Business Days after receipt of written notice of such failure from any Non-defaulting Party, provided, that if the Defaulting Party begins promptly and diligently to cure such breach in accordance with this provision and such breach is not capable of being cured within such twenty (20) Business Day period, the Defaulting Party shall have up to an additional twenty (20) Business Days to cure such breach if it demonstrates that it is reasonably capable of curing such breach within such additional twenty (20) Business Day period; or (iii) the Defaulting Party becomes insolvent or bankrupt, becomes the subject of an “order of relief” as that term is defined in the United States Bankruptcy Code, has a receiver or trustee appointed over its property or makes any assignment for the benefit of its creditors.
- (c) Termination by Mutual Consent. The provision of any portion of the Services by any Service Provider hereunder, may be terminated at any time upon the mutual written consent of the applicable Service Provider and applicable Service Recipient. This Agreement may be terminated at any time upon the mutual consent of all of the Parties.
- (d) Termination for Convenience. Notwithstanding anything else set forth herein, Service Recipient may, upon not less than two (2) months prior written notice to Service Provider, terminate or suspend the provision by any Service Provider of any particular Service or portion of the Services that Service Recipient elects to perform using its own employees or another service provider selected by Service Recipient in its sole discretion; provided, that the applicable Parties shall cooperate in good faith (i) if applicable, to implement a mutually agreeable plan for the transition to Service Recipient or any Replacement Service Provider of

such services and (ii) to amend the Schedules as necessary or appropriate to reflect the termination of the provision by such Service Provider of such Services. Nothing in this Agreement shall require any Service Recipient to obtain from any Service Provider any Service in any particular minimum volume or with any particular minimum frequency.

- (e) Payment after Termination. Upon the early termination of this Agreement (or any applicable portion thereof) for any reason, Service Recipient shall be responsible for any additional charges incurred as a result of such early termination, subject to the applicable Service Provider's duty to reasonably mitigate such costs.
- (f) Return of Leased Property or Licensed Software. Each Service Recipient shall be liable for all costs and expenses incurred by each Service Provider or any of its Affiliates resulting from any delay or failure of such Service Recipient to return to such Service Provider or any licensor, as applicable, any leased property or licensed software that is included as part of the Services provided to such Service Recipient upon (i) the termination of the relevant Services as provided herein, or (ii) the expiration of the term of the applicable lease or license, provided that such Services Provider has provided such Service Recipient with at least thirty (30) days prior written notice of such expiration.
- (g) Final Accounting. Within one hundred twenty (120) days of completion of the Services, each Service Provider shall perform a final accounting of the Reimbursable Costs under this Agreement. Should there be any remaining reimbursable costs or any overpayments, Service Provider will issue a final invoice to each Service Recipient and, subject to Section 5(d), the owing Party shall remit payment to the owed Party within thirty (30) days of receipt of such invoice.

#### 10. Confidentiality.

- (a) The Parties shall hold, and shall cause each of their respective Affiliates to hold, and each of the foregoing shall cause their respective directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, and not to disclose or release or use, for any purpose other than as expressly permitted pursuant to this Agreement, without the prior written consent of the other Party, any and all Confidential Information concerning the other Party or such Party's Affiliates; provided, that the Parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information for auditing and other non-commercial purposes and are informed of their obligation to hold such information confidential to the same extent as is applicable to the Parties and in respect of whose

failure to comply with such obligations, the applicable Party will be responsible, (ii) if the Parties or any of their respective Affiliates are required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule, (iii) as required in connection with any legal or other proceeding by one Party against any other Party or, (iv) as necessary in order to permit a Party to prepare and disclose its financial statements, or other required disclosures required by Law or such applicable stock exchange. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii) above, each Party, as applicable, shall promptly notify the other of the existence of such request or demand and, to the extent commercially practicable, shall provide the other Party thirty (30) calendar days (or such lesser period as is commercially practicable) to seek an appropriate protective order or other remedy, which such Parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the Party whose Confidential Information is required to be disclosed shall or shall cause the other applicable Party or Parties to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information.

- (b) Upon the written request of a Party, the other Party shall take reasonable steps to promptly (i) deliver to such requesting Party all original copies of Confidential Information (whether written or electronic) concerning such requesting Party and/or its Affiliates that is in the possession of the non-requesting Party and that is not material to and is neither required by nor relates to the business of the non-requesting Party and (ii) if specifically requested by such requesting Party, destroy any copies of such Confidential Information (including any extracts therefrom), unless such delivery or destruction would violate any Law; provided, that the non-requesting Party shall not be obligated to destroy Confidential Information that is required by or relates to the business of such Party. Upon the written request of such requesting Party, the other Party shall cause one of its duly authorized officers to certify in writing to such requesting Party that the requirements of the preceding sentence have been satisfied in full.

**11. Disclaimer of Representations and Warranties. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 2, OR OTHERWISE IN ANY SCHEDULE HERETO, EACH PARTY ACKNOWLEDGES AND AGREES THAT NEITHER ANY SERVICE PROVIDER NOR ANY MEMBER OF ITS GROUP MAKES ANY REPRESENTATIONS OR WARRANTIES, WHETHER STATUTORY, EXPRESS, OR IMPLIED, TO ANY SERVICE RECIPIENT OR ANY OF ITS SUBSIDIARIES WITH RESPECT TO THE SERVICES, THE STANDARD OR LEVEL OF CARE, QUALITY, SKILL OR WORKMANSHIP**

**OF THE SERVICES, ANY EQUIPMENT OR MATERIALS PROVIDED UNDER THIS AGREEMENT, OR OTHERWISE HEREUNDER, INCLUDING ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE.**

12. **Dispute Resolution.** Without limiting any of the rights of the Parties under this Agreement, all disputes, claims or controversies arising under this Agreement, the Schedules hereto or the Services performed hereunder shall be resolved through the dispute resolution provisions contained in Exhibit C.

13. **Indemnification.**

(a) **Indemnification by Service Recipient.** Except where a Service Recipient Indemnitee is entitled to indemnification by a Service Provider under Section 13(b)(ii), and except as provided in Section 13(d), each Service Recipient shall, severally, not jointly, indemnify and hold each Service Provider, each of their Affiliates, and each of their respective officers, directors, managers, employees, attorneys, agents, subagents, contractors and subcontractors (each a “Service Provider Indemnitee”), harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any Action, demand, suit or cause of action (each a “Claim”), to the extent resulting from any act done or suffered by any Service Provider, its Affiliates, employees (or their heirs or beneficiaries) or contractors (or their heirs or beneficiaries) in connection with its performance under this Agreement; provided, that Service Recipient shall not be required to hold any Service Provider Indemnitee harmless pursuant to this Section 13(a) to the extent any such Claim has arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Provider. The obligations under this Section 13(a) shall survive the termination or expiration of this Agreement.

(b) **Indemnification by Service Provider.** Except as provided in Section 13(d), each Service Provider shall, severally, not jointly, indemnify and hold Service Recipients, each of their Affiliates, and each of their respective officers, managers, directors, employees, attorneys, agents, subagents, contractors and subcontractors (each a “Service Recipient Indemnitee”) harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any (i) Claim to the extent resulting from the willful misconduct, bad faith or gross negligence of such Service Provider, such Service Provider’s Affiliates, or the respective officers, directors, attorneys, employees, agents, subagents or contractors of each in the performance of Services hereunder by such Service Provider and (ii) Claims brought by such

Service Provider's employees and contractors, except (A) any such Claim that has primarily arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Recipient Indemnitee, or (B) acts of discrimination, harassment, retaliation, defamation or other intentional torts committed by any Service Recipient Indemnitee. The obligations under this Section 13(b) shall survive the termination or expiration of this Agreement.

(c) Defense of Indemnified Claims.

- (i) If any Service Provider Indemnitee or any Service Recipient Indemnitee (an "Indemnitee") receives notice of any claim (including, without limitation, the commencement of any Action) with respect to which a Service Provider or Service Recipient is obligated to provide indemnification (the "Indemnitor"), the Indemnitee shall promptly give the Indemnitor written notice of such Claim, provided, that Indemnitee's failure or delay in providing such notice shall not affect Indemnitor's indemnity obligation hereunder except to the extent Indemnitor's ability to defend or settle a Claim is materially impaired thereby. The notice shall specify, if known, the nature of the Claim and the amount or an estimate of the amount of liability arising from the Claim.
- (ii) The Indemnitee shall permit the Indemnitor to assume the defense of any such Claim if Indemnitor, in its sole discretion, chooses to do so; provided, that counsel for the Indemnitor, who shall conduct the defense of the Claim, shall be approved by the Indemnitee, whose approval shall not be unreasonably withheld. Notwithstanding the foregoing, (A) if the Indemnitee reasonably determines that there may be a conflict between the positions of the Indemnitor and the Indemnitee in connection with the Claim, or that there may be legal defenses available to the Indemnitee different from or in addition to those available to the Indemnitor, then counsel for the Indemnitee shall be entitled to conduct a defense to the extent reasonably necessary to protect the interests of the Indemnitee, at Indemnitor's reasonable cost and expense and (B) in any event, the Indemnitee shall be entitled, at its own cost and expense, to have Indemnitee's counsel participate in, though not conduct, the defense.
- (iii) The Indemnitor shall not, except with the consent of each Indemnitee, consent to the entry of any judgment, or enter into any settlement that (i) does not include as an unconditional term the giving by the claimant or plaintiff to the Indemnitee a release from all liability in respect of the Claim or (ii) includes any injunctive relief affecting the Indemnitee or any admission of guilt or wrongdoing with respect to the Indemnitee. The Indemnitee shall

not settle or compromise any Claim for which it asserts a right to indemnification without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld. If Indemnitee settles or compromises a Claim without the prior written consent of the Indemnitor, the Indemnitor shall have no obligation to indemnify Indemnitee for such Claim.

**(d) NO PARTY, NOR ANY OF ITS AFFILIATES OR AGENTS, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, SHALL BE LIABLE UNDER THIS AGREEMENT TO ANY OTHER PARTY, OR ANY OTHER PARTY'S AFFILIATES, AGENTS OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN ANY WAY RELATED TO, THE SERVICES PROVIDED UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, (I) ANY ALLEGED BREACH OF FIDUCIARY DUTY, (II) LOSS OF PROFITS OR BUSINESS OPPORTUNITIES, (III) DAMAGES SUFFERED AS A RESULT OF THE LOSS OF THE USE OF THE FACILITIES OR EQUIPMENT, (IV) COST OF PURCHASED OR REPLACEMENT POWER, (V) COST OF CAPITAL, (VI) DAMAGE TO REPUTATION, (VII) DAMAGE TO CREDIT WORTHINESS OR CREDIT STANDING OR (VIII) DIMINUTION OF STOCK PRICE OR VALUE, WITH RESPECT TO ANY CLAIM BASED ON OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, WHETHER ARISING IN CONTRACT (INCLUDING, WITHOUT LIMITATION, BREACH OF WARRANTY), TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, STRICT LIABILITY OR BREACH OF FIDUCIARY DUTY), UNDER THE LAWS OF REAL PROPERTY, OR UNDER ANY OTHER LEGAL OR EQUITABLE THEORY AND REGARDLESS AS TO WHETHER ANY OR ALL OF THE PARTIES KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.**

14. **Intellectual Property and Data.**

(a) **Service Recipient Data.** Service Recipients shall own all Service Recipient Data. "**Service Recipient Data**" means all (x) data and information legally or beneficially owned by any Service Recipient (or their Affiliates) prior to the execution of this Agreement, whether in the

possession of any Service Provider, any Service Recipient or any of their respective Affiliates, and (y) data, information and reports comprising the results of data processing and other operations undertaken by any Service Provider in providing the Services, but excluding (i) system configuration, monitoring, performance and other technical and operational data and information relating to any Service Provider Infrastructure (including any such data and information generated in providing the Services) and (ii) data and information (other than Service Recipient Data) owned or held by any Service Provider (or their Affiliates) prior to the performance of the applicable Services for any Service Recipient.

(b) Work Product.

- (i) Except as expressly set forth in Section 14(a), any and all Work Product created under this Agreement by a Party shall be owned exclusively by the Service Recipients, except any enhancements or other modifications that may be made to any Service Provider Infrastructure to provide any Services to any Service Recipient shall be owned exclusively by such Service Provider.
- (ii) To the extent that any right, title or interest in or to any Intellectual Property Rights or data vests in a Party or its Affiliates, by operation of law or otherwise, in a manner contrary to the agreed upon ownership as set forth in this Agreement, such Party shall, and hereby does, perpetually and irrevocably assign to the other relevant Party any and all such right, title and interest throughout the world in and to such Intellectual Property Rights and data, free and clear of all liens and encumbrances, to the other relevant Party without the need for any further action by any Party. Each Party will, and will cause its Affiliates (and its and their respective agents and contactors) to, take all acts and execute all documents necessary to secure the other relevant Party's ownership rights, as reasonably requested by the relevant Party intended to own the same under this Section 14.

(c) Intellectual Property Licenses – To Service Recipient.

- (i) With respect to any Work Product (i) for which a copy is specifically delivered to any Service Recipient as part of the Services (as opposed to used by or on behalf of any Service Provider for the benefit of, but not delivered to, any Service Recipient) and (ii) owned by any Service Provider, all Service Providers and all Service Recipients agree that such Work Product is deemed licensed to the Service Recipients, from and after its delivery to the Service Recipients, pursuant to and in accordance with the terms and conditions of the Utility OpCo Software/IP License Agreements.

(ii) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Provider obtains rights to the applicable Intellectual Property Rights and data, all Service Providers hereby grant to all Service Recipients a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of the Service Recipients and their Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Provider, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data (other than Service Recipient Data and Work Product licensed pursuant to Section 14(c)(i)) that is provided or otherwise made available by or on behalf of any Service Provider to any Service Recipient for that Service Recipients' and its Affiliates' receipt and use of the Services under this Agreement. The foregoing license grant is (1) limited to use of such Intellectual Property Rights and data in connection with the Services, and (2) granted on an "AS IS, WHERE IS" basis, with all faults, and at the relevant Service Recipient's sole risk.

(d) Intellectual Property Licenses – To Service Provider.

(i) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Recipient obtains rights to the applicable Intellectual Property Rights and data, Service Recipients hereby grant to Service Providers a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of any Service Provider and its Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Recipient or contemplated by the Services, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data that is provided or otherwise made available by or on behalf of any Service Recipient to any Service Provider for that Service Provider's and its Affiliates' (and their contractors') provision of the Services under this Agreement. The foregoing license grant is limited to use of such Intellectual Property Rights and data in connection with the Services and granted on an "AS IS, WHERE IS" basis, with all faults, and at the relevant Service Provider's sole risk, provided that the foregoing disclaimer and assumption



of risk is subject to and shall not limit the relevant Service Recipient's indemnification obligations set forth in Section 13(a).

- (e) Access to Data. Without limiting the foregoing in this Section 14, and subject to applicable law, regulation and privacy policies, each Service Provider will use commercially reasonable efforts to promptly provide to each Service Recipient the Service Recipient Data and the Work Product to which each Service Recipient has a perpetual license pursuant to Section 14(c)(i), in accordance with any mutually agreed delivery schedule. Such data shall be delivered in a mutually agreed format (but in no event other than a generally commercially available format if the Parties are unable to agree on format). Service Recipients shall be responsible for the actual out of pocket costs of Service Providers for such deliveries, to the extent such costs are not already included in the cost for the associated Services.
  - (f) Reservation of Rights. Except as set forth in the preceding sections of this Section 14, all Service Providers and their Affiliates, and their licensors, on the one hand, and all Service Recipients and their Affiliates, and their licensors, on the other hand, retain all right, title and interest in and to their respective Intellectual Property Rights and data, and no other license or other right, express or implied, is granted to any Party with respect to the other Parties' and their Affiliates', and their licensors', Intellectual Property Rights or data under this Agreement. Notwithstanding the foregoing, each Party and its Affiliates may independently create or acquire any Intellectual Property Rights or data that is the same or similar to the Intellectual Property Rights or data deemed to be owned by the other Party hereunder; provided that such independent creation or acquisition is not breach of the obligations set forth in Section 10 regarding confidentiality.
15. Notices. All notices, requests, permissions, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) five (5) Business Days following sending by registered or certified mail, postage prepaid, (b) when sent, if sent by facsimile, provided, that the facsimile transmission is promptly confirmed and any facsimile transmission received after 5:00 p.m. Eastern time shall be deemed received at 9:00 a.m. Eastern time on the following Business Day, (c) when delivered, if delivered personally to the intended recipient and (d) one (1) Business Day following sending by overnight delivery via a national courier service and, in each case, addressed to a Party at the following address for such Party:

If to Service Provider:

If to ESI:

Entergy Services, Inc.  
639 Loyola Avenue  
New Orleans, Louisiana 70113  
Attn: J. Wayne Leonard, Chief Executive Officer  
Facsimile: (504) 576-2776

If to Arkansas OpCo:

Entergy Arkansas, Inc.  
425 West Capitol Avenue  
Little Rock, Arkansas 72201  
Attn: Hugh T. McDonald, Chairman of the Board, President and Chief Executive Officer  
Facsimile: (501) 377-3599

If to Gulf States OpCo:

Entergy Gulf States Louisiana, L.L.C.  
446 North Boulevard  
Baton Rouge, Louisiana 70802  
Attn: William H. Mohl, Chairman of the Board, President and Chief Executive Officer  
Facsimile: (225) 381-5749

If to Louisiana OpCo:

Entergy Louisiana, LLC  
4809 Jefferson Highway  
Jefferson, Louisiana 70121  
Attn: William H. Mohl, Chairman of the Board, President and Chief Executive Officer  
Facsimile: (225) 381-5749

If to Mississippi OpCo:

Entergy Mississippi, Inc.  
308 East Pearl Street  
Jackson, Mississippi 39201  
Attn: Haley R. Fisackerly, Chairman of the Board, President and Chief Executive Officer  
Facsimile: (601) 969-2400

If to New Orleans OpCo:

Entergy New Orleans, Inc.  
505 Magnolia Street  
New Orleans, Louisiana 70119  
Attn: Charles L. Rice, Jr., Chairman of the Board, President and Chief Executive Officer

Facsimile: (504) 670-3605

If to Texas OpCo:

Entergy Texas, Inc.  
350 Pine Street  
Beaumont, Texas 77701  
Attn: Sallie Rainer, Chairman of the  
Board, President and Chief Executive  
Officer  
Facsimile: (409) 981-2449

in each case, with a copy to  
(which shall not constitute  
notice):

Skadden, Arps, Slate, Meagher & Flom  
LLP  
1440 New York Avenue, N.W.  
Washington, D.C. 20005  
Attn: Pankaj K. Sinha, Esq.  
Michael P. Rogan, Esq.  
Facsimile: (202) 393-5760

If to Service Recipient:

If to AR Wires Sub:

Transmission Company Arkansas, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to LA 1 Wires Sub:

Transmission Company Louisiana I, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to LA 2 Wires Sub:

Transmission Company Louisiana II, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to MS Wires Sub:

Transmission Company Mississippi, LLC  
c/o ITC Holdings Corp.

27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to NOLA Wires Sub: Transmission Company New Orleans,  
LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to TX Wires Sub: Transmission Company Texas, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

with a copy to (which shall  
not constitute notice): Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, NY 10017-3954  
Attn: Andrew W. Smith, Esq.  
Facsimile: (212) 455-2502

16. **Assignability; Binding Effect.** This Agreement is not assignable by any Party without the prior written consent of the other Parties and any attempt to assign this Agreement without such consent shall be void and of no effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
17. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.
18. **Interpretation.**

- (a) The article, section and schedule headings contained in this Agreement are for reference purposes only and are not part of this Agreement and shall not, in any way, affect the meaning or interpretation of this Agreement.
  - (b) This Agreement shall not be construed more strongly against any Party hereto regardless of which Party is responsible for its preparation, it being agreed that this Agreement was fully negotiated by both Parties. Notwithstanding anything else herein to the contrary, this Agreement shall be construed consistent with all rules, requirements and procedures of the FERC and any other applicable regulatory authority.
19. **Excusable Delays.** If because of Force Majeure, a Party is unable to carry out its obligations (other than the obligation to make a payment) as provided for pursuant to this Agreement, and upon such Party giving written notice to the other Party of such Force Majeure, then such Party's obligation to perform shall be suspended from and after the date of the notice to the extent made necessary by such Force Majeure and during its continuance. The notice shall specify the nature of the Force Majeure, the obligation that such Party is unable to perform or furnish due to Force Majeure, and such Party's best estimate of the probable duration of the Force Majeure. Each Party shall use commercially reasonable efforts to avoid or eliminate such Force Majeure insofar as possible with a minimum of delay and to resume performance as soon as and to the extent practicable.
20. **Insurance.**
- (a) At all times during the term of this Agreement, the Parties agree to maintain, at their own cost and expense, general and automobile liability and worker's compensation in the manner, and amounts, as are usual and customary for similarly situated companies. Notwithstanding any provision of this Agreement to the contrary, each Party may provide any of the insurance coverages required herein through a regularly maintained program of self-insurance. Each policy of insurance to be maintained hereunder shall name the other Party, including its Affiliates, and the officers, directors and employees of each, as additional insureds.
  - (b) **Policies.** Upon request, each Party shall provide to any other Party, properly executed and current certificates of insurance with respect to all insurance policies required to be maintained by such Party under this Agreement. Certificates of insurance shall provide the following information:

- (i) name of insurance company, policy number and expiration date;
  - (ii) the coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of the Party maintaining such policy; and
  - (iii) a statement indicating that the other Party shall endeavor to provide notice of cancellation of any required insurance policies in accordance with policy provisions.
- (c) Rating. Unless otherwise agreed, all insurance policies shall be obtained and maintained with companies rated A or better by Best's Key Rating Guide, and each party shall, upon request, provide the other party with an insurance certificate confirming compliance with the requirements of this Section 20(c).
- (d) Subrogation. The Parties shall each obtain from the insurance companies providing the coverage required by this Agreement, the permission of such insurers to allow such Party to waive all rights of subrogation and such Party does hereby waive all rights of said insurance companies to subrogation against the other Party, its Affiliates, Subsidiaries, assignees, officers, directors and employees.
- (e) Claims-Made Policies. If any insurance is written on a "claims made" or "claims first made" basis, the primary insured Party shall maintain the coverage for a minimum of three (3) years after the termination of this Agreement.
- (f) Indemnification. In the event any Party fails to maintain the required insurance coverage and a Claim is made or suffered, such Party shall indemnify and hold harmless the other Parties from any and all claims for which the required insurance would have provided coverage.
21. Entire Agreement. This Agreement (including any and all Schedules, Exhibits and Attachments hereto) constitutes the entire agreement between the Parties concerning the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, between the Parties concerning the subject matter of this Agreement.

22. **Limit of Relationship; Statutory Employer.** No Party shall represent that an employer/employee, partnership, joint venture or agency relationship exists between them, nor shall any Party have the power nor will any Party represent that it has the power to bind the other Party hereto to any Contract. Notwithstanding any provision in this Agreement to the contrary, each Party mutually agrees that it is their intention to recognize the Service Recipient for the particular state as the statutory employer of any Service Provider's employees (whether direct employees or statutory employees) working in that particular state, in accordance with that state's applicable state law solely for purposes of providing each Service Recipient with statutory immunity from tort Claims under applicable state law, while the employees are performing Services. In connection with any Claims for personal injury or workers compensation made or payable to any employee of any Service Provider (or its heirs or beneficiaries), each Service Recipient shall seek coverage under such Service Recipient's applicable workers compensation policies in order to avoid or reduce the exposure of any indemnification obligation of any Service Provider under Section 13(a).
23. **Waiver.** No waiver, amendment, termination or discharge of this Agreement or any of the terms or provisions hereof, shall be binding upon any Party unless confirmed in writing. No waiver by any Party of any term or provision of this Agreement or of any default hereunder shall affect such Party's right thereafter to enforce such term or provision or to exercise any right or remedy in the event of any other default, whether or not similar.
24. **Severability.** Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.
25. **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.
26. **Counterparts.** This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one Party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, the other Party shall re-execute original forms thereof and deliver them to the requesting Party. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of a facsimile machine or other

electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

27. **Further Assurances**. Upon the reasonable request of the other Party, each Party hereto agrees to take any and all actions necessary or appropriate to give effect to the terms set forth in this Agreement.
28. **Survival**. Notwithstanding any thing in this Agreement to the contrary, Sections 5, 7, 8, 9, 10, 11, 12, 13, and 14 shall survive any expiration or termination of this Agreement.
29. **Severable Liability**. The obligations and liabilities under this Agreement of each Service Provider and each Service Recipient shall be several and not joint.

[Signature Pages Follow]



IN WITNESS WHEREOF, each Party has caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

SERVICE PROVIDERS

ENTERGY SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY ARKANSAS, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY GULF STATES LOUISIANA, L.L.C.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY LOUISIANA, LLC

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY MISSISSIPPI, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY NEW ORLEANS, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY TEXAS, INC.

By: \_\_\_\_\_  
Name:  
Title:

SERVICE RECIPIENTS

TRANSMISSION COMPANY ARKANSAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY LOUISIANA I,  
LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY LOUISIANA II,  
LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY MISSISSIPPI, LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY NEW ORLEANS,  
LLC

By: \_\_\_\_\_

Name:

Title:

TRANSMISSION COMPANY TEXAS, LLC

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT A**  
**SERVICES TO BE PROVIDED**

**EXHIBIT B**

**Service Coordinators**

[To come]

**EXHIBIT C****Dispute Resolution Provisions**

Except as otherwise provided in this Agreement, in the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity, termination or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby or thereby (collectively, the “Agreement Disputes”), the Service Coordinators shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute; provided, that (i) such reasonable period shall not, unless otherwise agreed by the relevant Parties in writing, exceed fifteen (15) calendar days from the time of receipt by a Party of written notice of such Agreement Dispute and (ii) the relevant employees from both Parties with knowledge and interest in the dispute shall first have tried to resolve the differences between the Parties. Nothing said or disclosed, nor any document produced, in the course of any negotiations, conferences and discussions in connection with efforts to settle an Agreement Dispute that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose, but shall be considered as to have been disclosed for settlement purposes.

If a satisfactory resolution is not achieved between the Service Coordinators, upon mutual agreement by the Parties, the Parties may submit the dispute to non-binding mediation, or in the absence of such mutual agreement, any Party may resort to any other remedy available at law or equity.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 1 – FIELD SUPPORT SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Field Operating - Planned Maintenance Activities	Provide operating labor, materials and equipment for the switching and tagging of the transmission system where transmission resources are not geographically available as necessary to support planned maintenance work.
2. Field Operating - Unplanned Restoration Activities	Provide operating labor, materials and equipment for the switching and tagging of the transmission system where transmission resources are not geographically available as necessary to respond to unplanned events and outages.
3. Unplanned Restoration Activities	Provide labor, materials & equipment for the restoration and repair of the transmission system.
4. Project Construction	Provide necessary labor, materials and equipment to perform construction activities on projects (primarily distribution-related but that have transmission system components) that have commenced, but are not completed, prior to Closing.
5. Project Management	Provide project tracking and project management services for capital construction of projects (primarily distribution-related but that also involve transmission system assets and non-electrical portions of the transmission substations and dual function substations) that have commenced, but are not completed, prior to Closing.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

6. Safety and Skills Training	Provide safety and skills-based training to field personnel.
7. Vehicles, Tools and Equipment	Provide use of agreed upon vehicles, tools and equipment necessary for the operation and maintenance of the transmission system.
8. Warehousing	Provide warehousing services for transmission materials to manage inventory, pull stock, and add to stock.
9. Warehousing Equipment	Provide use of agreed upon miscellaneous equipment for warehousing and management of warehouse inventory. (e.g. forklifts, cranes, etc.)
10. Materials Management	Provide materials management services necessary to perform capital projects on projects commenced, but not completed, prior to closing and related to the Transmission Business.
11. Maintenance Support	Provide necessary labor, materials and equipment, as described below, to perform maintenance activities on the transmission system.
	11.1 Provide agreed upon power equipment and relay test labor, materials and equipment for installation, testing and periodic maintenance of major equipment, relay systems, SCADA/RTU systems and fault recorder systems on the transmission system.
	11.2 Provide vegetation management services for transmission system easements and rights of way.



**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

	11.3. Provide electrical labor, materials, miscellaneous materials, and equipment for the maintenance of the electrical portions of the transmission substations.
12. Telecom Support	Provide telecom engineering and consulting and field telecom support services for new or existing telecom infrastructure and equipment utilized in operation, monitoring and control of the transmission system.
	12.1 Administer and manage existing third-party telecom circuits used in operation, monitoring and control of the transmission system until service obligations are transferred to Service Recipient.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 2 – ENGINEERING SUPPORT SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Storage and Access to Engineering Drawings	Provide continued storage of and access to drawings, records and other technical information until separation can be completed.
2. Right of Way and Easement Acquisition	Provide technical support services (non-legal) for the acquisition of rights of way and easements for the transmission line projects commenced, but not completed, prior to closing and related to the Transmission Business.
3. Community Approval Process Support	Provide engineering assistance and consulting as requested in connection with the community approval process, including community approval meetings, zoning board of appeals meetings, community informational meetings and other related activities.
4. Acquisition of Permits	Provide assistance and consulting as requested in connection with acquisition and maintenance of various permits required to implement projects, including building, soil erosion control, wetlands, road ROW and state permits and other related activities.
5. Engineering Design and Document Management Support	Provide engineering and design services necessary to prepare construction documents for new installations and capital modifications to the transmission system for projects commenced, but not completed, prior to closing and related to the Transmission Business.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

6. System Protection and SCADA Support	Provide system protection engineering and consulting services for new or existing relay protection and control schemes, SCADA systems, RTUs, and disturbance monitoring systems at transmission substations and dual function substations.
7. Engineering and Technical Support Services	Provide engineering and technical support services described below, as necessary, to provide scope review and estimates, review proposed project sketches, provide input to studies and other related services.
	7.1. Provide overhead lines engineering and technical support services related to the Transmission Business.
	7.2. Provide substation design engineering and technical support services related to the Transmission Business.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 3 – SITE ACCESS SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Physical Security Monitoring and Access Control	Provide physical security monitoring, access control and select security guard services for transferred facilities.
2. Physical Security Incident Response	Provide incident response and investigative services related to physical security for transferred facilities (e.g., for copper theft).

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 4 – CORPORATE SUPPORT SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Data for Transmission Service Billing	Provide monthly load information and other data necessary for MISO billing process for transmission service until other meter data arrangements are completed.
2. OASIS Administration Support	Provide support in administration of Service Recipient's OASIS site.
3. Reissuance of Financial Statements, Consents, Comfort Letters, Agreed Upon Procedures and Reissuance of Independent Auditor Opinions	Provide re-issued financial statements previously delivered pursuant to Section 5.03 of the Merger Agreement and support new consents, comfort letters or agreed upon procedures relating to those financial statements as required for Service Recipient's future SEC, FERC or similar filings and Debt Offering memoranda. Service Provider to include customary management and legal representations as needed. Service Provider agrees to support its own Independent Auditors' requests related to any reissued opinion(s) on new financial statements.
4. Access to Business Systems	Provide access to business systems necessary for continuity of business and operations in accordance with the IT Implementation Plan (such business systems do not include Entergy's enterprise-wide systems such as PeopleSoft HR, PeopleSoft Financials, Indus Asset Suite, and PowerPlant) and services and support related thereto.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

5. CIP Compliance	Provide ITC with NERC CIP Program governance support services as necessary to support policy, procedure, control, and process transition activities.
6. Building Facilities Operation and Maintenance	Provide continued operation and maintenance services for all buildings that are part of the transaction whether they are owned or leased.
7. Office Support Functions	Provide equipment use and support services to Service Recipient's employees that share office space with Service Provider's employees.
8. Regulatory Support	Provide information and access to relevant documents in connection with regulatory proceedings commenced, but not completed, prior to Closing (e.g., CCN proceedings, ERSC or other regulatory data requests).

**FORM OF  
TRANSITION SERVICES AGREEMENT**

This Transition Services Agreement (this “Agreement”) is dated as of [\_\_\_\_\_], by and among Transmission Company Arkansas, LLC, a Michigan limited liability company (“AR Wires Sub”), Transmission Company Louisiana I, LLC, a Michigan limited liability company (“LA 1 Wires Sub”), Transmission Company Louisiana II, LLC, a Michigan limited liability company (“LA 2 Wires Sub”), Transmission Company Mississippi, LLC, a Michigan limited liability company (“MS Wires Sub”), Transmission Company New Orleans, LLC, a Michigan limited liability company (“NOLA Wires Sub”), Transmission Company Texas, LLC, a Michigan limited liability company (“TX Wires Sub”, and, together with AR Wires Sub, LA 1 Wires Sub, LA 2 Wires Sub, NOLA Wires Sub and MS Wires Sub, each a “Service Provider”), Entergy Arkansas, Inc., an Arkansas corporation (“Arkansas OpCo”), Entergy Gulf States Louisiana, L.L.C., a Louisiana limited liability company (“Gulf States OpCo”), Entergy Louisiana, LLC, a Texas limited liability company (“Louisiana OpCo”), Entergy Mississippi, Inc., a Mississippi corporation (“Mississippi OpCo”), Entergy New Orleans, Inc., a Louisiana corporation (“New Orleans OpCo”) and Entergy Texas, Inc., a Texas corporation (“Texas OpCo” and, together with Arkansas OpCo, Gulf States OpCo, Louisiana OpCo, Mississippi OpCo and New Orleans OpCo, the “Utility OpCos”) and Entergy Services, Inc., a Delaware corporation (“ESI”). Each Utility OpCo and ESI is referred herein, individually, as a “Service Recipient” and each Service Provider and each Service Recipient are referred herein, individually as a “Party” and, collectively, as the “Parties”.

**RECITALS**

**WHEREAS**, Entergy Corporation, ultimate parent of each Service Recipient and a Delaware corporation (“Entergy”), ITC Holdings Corp., a Michigan corporation (“ITC”), Mid South TransCo LLC, a Delaware limited liability company (“TransCo”), and each Service Recipient have entered into a Separation Agreement dated as of December 4, 2011 (the “Separation Agreement”), pursuant to which the Transmission Business shall be transferred to Service Providers (the “Separation”);

**WHEREAS**, Entergy, ITC, TransCo and Ibis Transaction Subsidiary LLC, a Delaware limited liability company (“Merger Sub”) have entered into a Merger Agreement, dated as of December 4, 2011 (the “Merger Agreement”), pursuant to which Merger Sub shall be merged (the “Merger”) with and into TransCo, with TransCo surviving the Merger as a wholly owned subsidiary of ITC and all of the common units representing limited liability company membership units of TransCo shall be converted into the right to receive shares of common stock of ITC;

**WHEREAS**, after the Separation, the Service Providers will own and operate the Transmission Business which was formerly owned and operated by the Utility OpCos (the “TransCo Transmission Business”);

**WHEREAS**, each Service Provider and each Service Recipient desire to enter into an agreement whereby each Service Provider and its Affiliates, on the terms and conditions set forth in this Agreement, will provide certain Services to each Service Recipient exclusively for the benefit of such Service Recipient and not for the benefit of Entergy's other Affiliates other than other Service Recipients; and

**WHEREAS**, to facilitate the effective and efficient transfer of the Transmission Business from ownership and operation by Entergy and its Affiliates to ownership and operation by ITC's Affiliates, each Service Recipient desires to purchase and each Service Provider is willing to furnish certain services upon the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, each Service Provider and each Service Recipient agrees as follows:

1. **Definitions.**

Capitalized terms, as used herein, have the meanings set forth below or elsewhere in this Agreement.

- (a) "Action" means any demand, charge, claim, action, suit, counter suit, arbitration, mediation, hearing, inquiry, proceeding, audit, review, complaint, litigation or investigation, or proceeding of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.
- (b) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.
- (c) "Business Day" means any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.
- (d) "Closing Date" means the date on which the consummation of the Merger occurs as provided in the Merger Agreement.



- (e) “Code” means the United States Internal Revenue Code of 1986 (or any successor statute), as amended from time to time.
- (f) “Confidential Business Information” means all Information, data or material other than Confidential Operational Information, including (i) earnings reports and forecasts, (ii) macro-economic reports and forecasts, (iii) business and strategic plans, (iv) general market evaluations and surveys, (v) litigation presentations and risk assessments, (vi) budgets and (vii) financing and credit-related information.
- (g) “Confidential Information” means Confidential Business Information and Confidential Operational Information concerning a Party and/or its Affiliates which has been disclosed by a Party or its Affiliates to the other Party or its Affiliates in connection with this Agreement, in written, oral (including by recording), electronic or visual form, or otherwise has come into the possession of the other Party, including pursuant to the access provisions of this Agreement or the provision or receipt of Services (except to the extent that such information can be shown to have been (i) in the public domain through no action of such Party or its Affiliates, (ii) lawfully acquired from other sources by such Party or its Affiliates to which it was furnished, (iii) is independently developed by a Party or its Affiliates after the date hereof without reference to the Confidential Business Information or Confidential Operational Information of the other Party or its Subsidiaries and without a breach of this Agreement or (iv) approved for release by written authorization of the disclosing Party and/or the third-party owner of the disclosed information; provided, however, in the case of clause (ii) that, to the furnished Party’s knowledge, such sources did not provide such information in breach of any confidentiality obligations).
- (h) “Confidential Operational Information” means all operational Information, data or material including (i) specifications, ideas and concepts for products, services and operations, (ii) quality assurance policies, procedures and specifications, (iii) customer information, (iv) software, (v) training materials and information and (vi) all other know-how, methodologies, procedures, techniques and trade secrets related to design, development and operational processes.
- (i) “Contract” means any legally binding written or oral agreement, contract, subcontract, lease, understanding, instrument, note, option, warranty, sales order, purchase order, license, sublicense, insurance policy, benefit plan or commitment or undertaking of any nature.
- (j) “Debt Exchange” means the exchange by Entergy of the Entergy Exchangeable Debt for the TransCo Securities, as provided in Section 2.01(c) of the Separation Agreement.

- (k) “Distribution” means Entergy’s disposition of one hundred percent (100%) of the TransCo Common Units to its shareholders either (i) through a dividend of TransCo Common Units to Entergy shareholders on a pro rata basis (a “Spin-Off”) or (ii) through an offer to exchange (an “Exchange Offer”) TransCo Common Units for currently outstanding shares of Entergy’s common stock (“Entergy Common Stock”), or a combination of a Spin-Off and Exchange Offer as Entergy may elect in its sole discretion, as provided in the Merger Agreement.
- (l) “Entergy Contribution” means Entergy’s contribution of the equity interests of each TransCo Sub to TransCo as provided in Section 1.06 of the Separation Agreement.
- (m) “Entergy Exchangeable Debt” shall mean the notes or other forms of indebtedness issued by Entergy, or the agreements and other arrangements with unrelated creditors to purchase existing Entergy Corporate Debt, in connection with the Debt Exchange, as provided in Section 2.01(a) of the Separation Agreement.
- (n) “Entergy Group” means Entergy and each of its Subsidiaries.
- (o) “FERC” means the Federal Energy Regulatory Commission.
- (p) “Force Majeure” means any cause or causes not reasonably within the control of a Party, occurring without the fault or negligence of such Party, and the effects of which could not have been avoided by such Party through the exercise of reasonable diligence.
- (q) “Governmental Authority” means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority or self-regulatory organization.
- (r) “Information” means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.
- (s) “Intellectual Property Rights” means all worldwide intellectual property and industrial property rights, including without limitation, all (a) patents,

inventions, technology, processes and designs, (b) trademarks, trade names, service marks, domain names, logos, trade dress, and other source indicators, and all goodwill symbolized thereby, (c) copyrights, works of authorship, computer software and systems, (d) trade secrets, know-how, and tangible and intangible proprietary information and materials and (e) any applications, registrations, renewals, foreign counterparts, extensions, continuations, continuations-in-part, re-examinations, reissues, and divisionals of the foregoing.

- (t) “Intended Tax-Free Treatment” means that (i) the Internal Restructuring qualifies as one or more reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (ii) the Entergy Contribution, taken together with the Distribution, qualifies as a reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (iii) the Debt Exchange qualifies for tax-free treatment to Entergy pursuant to Section 361(c) of the Code and (iv) the Merger qualifies as a reorganization pursuant to Section 368(a) of the Code.
- (u) “Interest Rate” means a fluctuating interest rate equal at all times to the prime rate, as reported in *The Wall Street Journal* on the last business day of the calendar month in which the applicable Invoice was received, plus one percent (1%), but in no case higher than the maximum rate permitted by Law.
- (v) “Internal Restructuring” means the corporate restructuring steps set forth in Sections 1.02, 1.03, 1.04, and 1.05 of the Separation Agreement.
- (w) “IRS” means the United States Department of the Treasury Internal Revenue Service.
- (x) “Law” means any statute, law (including common law), ordinance, regulation, rule, code or other legally enforceable requirement of, or Order issued by, a Governmental Authority.
- (y) “NERC” means the North American Electric Reliability Corporation or its successor organization.
- (z) “Order” means any: (i) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Authority or any arbitrator or arbitration panel or (ii) Contract with any Governmental Authority entered into in connection with any Action.
- (aa) “Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a

joint venture, an unincorporated organization or a Governmental Authority.

- (bb) “Ruling” means the private letter ruling, substantially to the effect that the Distribution, the Entergy Contribution, and the Internal Restructuring will qualify for the treatment described in clauses (i) through (iii) of the definition of Intended Tax-Free Treatment, including any amendment or supplemental ruling thereto, issued by the IRS in response to the Ruling Request.
- (cc) “Ruling Request” means the private letter ruling request filed by Entergy with the IRS pursuant to the Merger Agreement.
- (dd) “Service Provider Infrastructure” means the information technology systems, communications systems and other systems, hardware, software, processes, models, algorithms, know-how and other technology used by or on behalf of Service Provider in connection with the provision of any of the Services.
- (ee) “Subsidiary” means, with respect to any Person, any corporation or other entity (including partnerships and other business associations and joint ventures) of which at least a majority of the voting power represented by the outstanding capital stock or other voting securities or interests having voting power under ordinary circumstances to elect directors or similar members of the governing body of such corporation or entity (or, if there are no such voting interests, fifty percent (50%) or more of the equity interests in such corporation or entity) shall at the time be held, directly or indirectly, by such Person.
- (ff) “Tax Opinion” means the written opinion of Cooley LLP, counsel to Entergy, dated as of the Closing Date, in form and substance reasonably satisfactory to Entergy, to the effect that (A) the Internal Restructuring will qualify as one or more tax-free reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (B) the Entergy Contribution, taken together with the Distribution, will qualify as a tax-free reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (C) the Debt Exchange will qualify for tax-free treatment to Entergy under Section 361(c) of the Code, and (D) the Merger will not cause Section 355(e) of the Code to apply to the Distribution.
- (gg) “TransCo Common Units” means the common units representing limited liability company membership interests of TransCo.
- (hh) “TransCo Securities” means the senior securities of TransCo issued by Entergy pursuant to Sections 1.06 and 2.01(b) of the Separation Agreement.

- (ii) “Transmission” means the movement, delivery or transfer of electric energy through interconnected lines and associated equipment at nominal voltages that are greater than or equal to 69 kV between points of supply and points at which it is transformed for delivery to customers or is delivered to other electric systems.
- (jj) “Transmission Assets” means the transmission assets of each Service Provider transferred pursuant to and subject to the conditions of the Separation Agreement.
- (kk) “Transmission Business” means the business function of Entergy conducted by the Entergy Group (including the Utility OpCos) through the ownership, operation, management and maintenance of and investment in assets for Transmission; provided, however, the Transmission Business shall not include any Transmission Assets owned or used by Entergy’s Wholesale Commodities reporting segment (as described in Entergy’s Securities and Exchange Act of 1934 filings).
- (ll) “Work Product” means reports, surveys, promotional materials, photographs, logos, artwork, graphics, signs, computer code, software, scripts, processes, models, algorithms, know-how, documentation, data, information, specifications or other materials, writings or work of authorship and other technology, content or other Intellectual Property Rights.

## 2. Services.

- (a) Each Service Recipient hereby engages the applicable Service Provider, and the applicable Service Provider hereby accepts such engagement, to provide, or cause to be provided, to each Service Recipient, during the Term of this Agreement, the services described on Schedule A hereto (which shall be deemed to include any services closely, primarily or substantially related to the services described on Schedule A) (the “Services”) to be provided by the applicable Service Provider identified on Schedule A, or an alternative Service Provider if the applicable Service Provider is unable to perform such services (provided that Service Provider will be liable in all instances for the performance of such obligations), in accordance with the terms and conditions set forth in this Agreement. Notwithstanding anything to the contrary in this Agreement, Services shall only include those that are performed under the direction, supervision, and control of the Service Recipient.
- (b) Omitted Services. If, after the date hereof and prior to one hundred eighty (180) calendar days after the date hereof, Service Recipient identifies a Service that was omitted from inclusion in the Services to be received by Service Recipient under this Agreement and that was historically provided by Entergy or an Affiliate of Entergy in support of the Transmission

Assets owned by Service Recipient, and is necessary or desirable to the efficient and effective operation of the TransCo Transmission Business (an “Omitted Service”), then, provided that the provision of such service does not materially hinder (as reasonably determined by the applicable Service Provider) the applicable Service Provider’s conduct of its business in the ordinary course, such Omitted Service shall be added and considered as part of the Services to be provided by such Service Provider, subject to FERC approval. The applicable Parties shall cooperate and act in good faith to reach agreement on the specific terms and conditions applicable to such Omitted Service, provided, that if such Omitted Service is substantially similar to any other Service provided by any Service Provider under this Agreement, the specific terms and conditions shall be substantially similar to the specific terms and conditions applicable to such other Service. Upon the applicable Parties’ agreement on the specific terms and conditions applicable to an Omitted Service, the applicable Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule or additions of supplements to the relevant Schedule, in order to describe such Omitted Service and the agreement upon the other specific terms and conditions applicable thereto. The Parties agree that the fees for any Omitted Services shall be determined by Section 5.

- (c) Additional Services. In the event that the Parties identify and agree upon an additional Service (that is otherwise not listed on Schedule A or is not an Omitted Service) to be provided under this Agreement, as well as the specific terms and conditions applicable thereto (an “Additional Service”), the Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule, or additions to this Agreement of additional schedules, in order to describe such Additional Service, and the agreed upon specific terms and conditions applicable thereto, subject to FERC approval. Schedule A and all such additional schedules, if any, are collectively referred to herein as the “Schedules.” The Schedules are hereby incorporated by reference into this Agreement, provided, however, that in the event of a conflict between any Schedule and the terms of this Agreement, this Agreement shall govern. The Parties agree that the fees for any Additional Services shall be determined by Section 5.
- (d) Replacement Service Providers. Each Service Provider shall use commercially reasonable efforts in cooperating with Service Recipient to effect, as provided in this Agreement and at Service Recipient’s expense, without undue delay, the transition from such Service Provider to any such other qualified service providers as Service Recipient may designate in writing from time to time to replace such Service Provider as the service providers of any or all Services hereunder (the “Replacement Service Providers”).

- (e) Imp practicability. Subject to the provisions of subsection (f) below, each Service Provider shall not be required to provide any Service to the extent: (i) that the performance of the Services would (A) require such Service Provider or any of its Affiliates to violate any applicable Laws (including any applicable codes or standards of conduct established by any other Governmental Authority with respect to their activities subject to the jurisdiction of such other Governmental Authority) or any internal policy reasonably adopted in order to comply with any applicable Laws; (B) result in a material breach of any software license, lease or other Contract in effect as of the date of this Agreement; or (C) be inconsistent with the Ruling, the Tax Opinion, or the representations or statement of facts made or relied on in connection with the Ruling or the Tax Opinion; or (ii) as provided in Section 19. Any claim of a Service Provider of impracticability under this subsection will be made in writing delivered to the address listed in Section 15 for the Service Recipients.
- (f) Cooperation. In the event that there is nonperformance of any Service as a result of impracticability pursuant to subsection (e) above, the Parties agree to work together in good faith to arrange for an alternative means by which the applicable Service Recipient may obtain, at its sole discretion, cost and expense, the Service so affected. Subject to Section 10, the Parties shall cooperate with each other in connection with the alternative performance of the Services, including producing on a timely basis all Contracts, documents and other information that is reasonably requested with respect to the alternative performance of Services; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of the Parties; and provided, further, however, the Party requesting cooperation shall pay all reasonable out-of-pocket costs and expenses incurred by the Party or its Affiliates furnishing such requested cooperation, unless otherwise expressly provided in this Agreement. The Parties shall assist and cooperate with each other on a mutually agreeable basis to facilitate (i) the timely and orderly assumption by the Service Recipient or its Affiliates (or a provider unaffiliated with ITC) of providing the Services and (ii) the orderly transition of all data, information and other matters that support or relate to the operations and/or functions that are the subject of any Services, taking into account the need to minimize both the cost of such transition and the disruption to the ongoing business activities of the Parties, and each Party shall in good faith make available to the other Party the personnel and resources reasonably needed to plan for and facilitate such timely and orderly transition.
- (g) No Financing to Service Recipient. Unless otherwise expressly required under the terms of any relevant Schedule hereto, in no event shall any Service Provider or its Affiliates be required to (i) lend any funds to Service Recipient or its Affiliates, (ii) expend funds for any additional equipment or material or property (real or personal) on behalf of Service

Recipient other than in the ordinary course of business, or (iii) make any payments or disbursements on behalf of Service Recipient, except to the extent Service Recipient has previously delivered, or will deliver by future payment, to such Service Provider sufficient funds to make any such expenditures, payment or disbursement.

- (h) No Assumption or Modification of Obligations. Except to the extent necessary in the provision of the Services as contemplated herein, nothing herein shall be deemed to (i) constitute the assumption by any Service Provider or any of its Affiliates, or the agreement to assume by any Service Provider or any of its Affiliates, any duties, obligations or liabilities of any Service Recipient or its Affiliates whatsoever; or (ii) alter, amend or otherwise modify any right or obligation of any party under the Separation Agreement.
- (i) Application of Resources. Unless otherwise expressly required under the terms of any relevant Schedule hereto or the Separation Agreement, in providing the Services, each Service Provider or its Affiliates shall not be obligated to: (i) expend funds and other resources beyond levels that would be customary and reasonable to provide Services that are similar to the relevant Services; (ii) maintain the employment of any specific employee, contractor or subcontractor, or to hire any additional employee or subcontractor; (iii) purchase, lease or license any additional (measured as of the date hereof) equipment or materials (expressly excluding any renewal or extension of any leases or licenses required for such Service Provider to perform the relevant Services during the relevant Services Term); or (iv) pay any of Service Recipient's costs related to its or any of its Affiliates' receipt of the Services.
- (j) Transitional Nature of Services; Changes. The Parties acknowledge the transitional nature of the Services and agree that notwithstanding anything to the contrary herein, each Service Provider may make changes from time-to-time in the manner of performing its Services if such Service Provider is making similar changes in performing similar services for itself and/or its Affiliates; provided, that such Service Provider must provide Service Recipient with at least thirty (30) days prior written notice of such changes.
- (k) Collective Bargaining Employees. Notwithstanding any provision in this Agreement to the contrary, a bargaining unit employee of any Service Provider who is covered by a collective bargaining agreement will not be obligated to perform any Services under this Agreement unless either (a) the Service Provider interprets those Services to be consistent with the applicable collective bargaining agreement; or (b) if the Service Provider is able to negotiate and agree with the collective bargaining representative(s) of the bargaining unit employee(s) asked to perform those services, which may require incurring additional costs to the Service



Provider, and which are approved in advance by the Service Recipient.

- (1) **Service Provider Employee Responsibilities.** Under the overall supervision and specifications of Service Recipient, each Service Provider shall be responsible for: (1) employing its personnel directly or through an Affiliate; (2) training, managing and supervising all of such Service Provider's employees; (3) paying of compensation, benefits and labor costs (including, without limitation, workers' compensation obligations) attributable to such Service Provider's employees; (4) withholding and remitting such Service Provider's employee's share of all federal, state and local income taxes, FICA, payroll taxes, unemployment taxes and occupational taxes owed by such Service Provider's employees; (5) issuing or causing to be issued Internal Revenue Service W-2 forms for such Service Provider employees or Affiliate employees who perform services for the Service Recipients; (6) determining the safety of its employees; and (7) complying with all other legal requirements relating to the Service Provider's employees.
3. **Subcontractors.** Subject to Service Recipient's prior written consent, which consent shall not be unreasonably withheld, to the extent any Service requires the use of any reasonably qualified third party subcontractor, at the Service Recipient's option, such subcontractor shall be directly contracted, directed and controlled by the Service Recipient and no contractual relationship will exist between any Service Provider and any such subcontractor. In no event shall any Service Provider be required to subcontract some or all of the Services to any subcontractor.
4. **Service Recipient Responsibilities.**
  - (a) Service Recipient agrees to supervise the activities to be performed by Service Provider and reasonably cooperate with Service Provider in connection with the performance of the Services.
  - (b) To the extent that access to the property or facilities of Service Recipient, or to the personnel of Service Recipient, is at any time reasonably necessary or appropriate in connection with the performance of the Services, each Service Recipient agrees to grant such access to Service Provider and its representatives on a commercially reasonable basis, subject to any NERC or FERC limitations or restrictions (including adherence with FERC's Order No. 717, Standards of Conduct for Transmission Providers). A Service Provider shall not be responsible for any loss, damage, fine, penalty, cost, expense, delay, interruption, breach, non-performance or other failure of any of the Services to the extent resulting from or arising out of or in connection with any failure by any Service Recipient to provide access to the extent reasonably necessary or appropriate in connection with the performance of the applicable Service to any of its properties, facilities or personnel in connection with the

performance of such Services on a commercially reasonable basis.

5. **Compensation.**

- (a) As consideration for the Services, the applicable Service Recipient shall reimburse and pay to the applicable Service Provider all reasonable and verifiable costs incident to the Services, including but not limited to, material costs, labor costs, labor costs adders, costs associated with third party vendors and consultants and any and all associated overheads, allocated in accordance with the same methodology employed historically by ITC and its Affiliates in connection with the provision of services to affiliated entities and business units; provided that, for purposes of this provision, “costs” means fully-loaded costs without any profit factor (“Reimbursable Costs”).
- (b) Within three (3) business days after the end of each calendar month, each Service Provider shall provide each Service Recipient an estimate of the amounts expected to be invoiced for that month, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges.

Within fifteen (15) calendar days after the end of each calendar month during the term of this Agreement, the applicable Service Provider shall submit to each Service Recipient an itemized invoice (such invoice to set forth a description of the Services provided, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges thereon and any sales, use and other similar taxes imposed on the sale of such Services) (an “Invoice”) for all Services provided to each Service Recipient during such calendar month and any outstanding reimbursable expenses or charges incurred by such Service Provider hereunder and the amount payable by each Service Recipient for such Services and expenses or charges pursuant to this Agreement.

- (c) Subject to subsections (d), (e) and (f) below, each Service Recipient shall pay in full any amount payable to Service Provider hereunder within thirty (30) Business Days of receipt of the applicable Invoice in accordance with any wire instructions set forth on the Invoice.
- (d) If any Service Recipient disputes in good faith any portion of the amount due on any proper Invoice, such Service Recipient shall notify the applicable Service Provider in writing of the nature and basis of the dispute within twenty (20) Business Days after Service Recipient’s receipt of such Invoice; provided, however, that the Service Recipient shall be required to pay any amount in dispute. Otherwise, the amount stated on the Invoice shall be deemed to be accurate and correct and shall not be subject to dispute or contest by any Service Recipient or any Affiliate thereof. The Parties shall use their reasonable best efforts to resolve the

dispute prior to the payment due date and thereafter. Upon a resolution of any dispute, the applicable Party will refund to the other Party the amount that has been agreed by such Parties.

- (e) Any applicable federal, state and local sales, excise, ad valorem, use or similar taxes, if any, imposed in connection with the Services, except for federal, state and local income taxes payable by any Service Provider, will be reimbursed by Service Recipients.
  - (f) Any amount not paid by Service Recipients when due hereunder shall bear interest at a rate equal to the Interest Rate, per annum, accrued from the due date of such payment until such payment is actually received by the applicable Service Provider.
6. **Service Coordinators.** Service Recipients and Service Providers shall create a transition committee (the “Transition Committee”) and each group of Service Recipients and Service Providers shall appoint one (1) senior representative and an alternate in case such person is not available from time to time to the Transition Committee for the Term (each such person, a “Service Coordinator”). The names, contact information and title of the initial Service Coordinators and their alternates are set forth on Exhibit B. Each Service Coordinator shall have the authority and responsibility to:
- (a) oversee matters relating to the respective appointing Party that are set forth in this Agreement;
  - (b) represent the appointing Party in relation to this Agreement and make appropriate decisions on day-to-day issues subject to the terms of this Agreement;
  - (c) coordinate the technical aspects of the Services and consult on the operation and management of the Services;
  - (d) monitor any Party’s compliance with its obligations under this Agreement and review the performance of the Services; and
  - (e) facilitate the resolution of any dispute between the Parties, according to Section 12 and Exhibit C.
7. **Books and Records.** Each Service Provider shall keep records and books of account showing all charges, disbursements or expenses made or incurred by it in performing the Services and shall preserve such records and books of account for a period of six (6) years following incurrence of such expenses, or longer if required by applicable law; provided, that this Section 7 does not preclude any Service Provider from preserving such records for a longer period pursuant to its records management programs, policies or procedures.
8. **Access to Records; Audits.**

- (a) During the Term of this Agreement and for a period of four (4) years thereafter, and subject to the terms of this Agreement (including, without limitation, Section 7 above) Service Recipients, directly or through authorized representatives, at such Service Provider's facilities shall, upon ten (10) calendar days' prior written notice to the applicable Service Provider, during Service Provider's business hours, have access to and the right to inspect and make copies of any and all books, records (including training records of applicable personnel providing Services), accounts, invoices, canceled checks, payrolls and other documents and papers of every kind held by such Service Provider pertaining to the performance of the Services and all charges, disbursements and expenses made or incurred by such Service Provider in performing the Services and all information related to the calculation of overhead costs by such Service Provider. In addition, Service Recipients, at their sole cost and expense, may from time to time but not more than two (2) times during the Term and for a period of six (6) months thereafter (and not more than two (2) times during any six (6) month period or as more frequently required by a Governmental Authority) audit any document, information or matter reasonably relating to Service Provider's invoicing under this Agreement through its own staff or through contractors, agents, auditors or advisers, provided that such persons are bound by a confidentiality provision substantially similar to that contained in Section 10. Subject to compensation under Section 5, the applicable Service Provider agrees to reasonably cooperate with any request by any Service Recipient to have access to and inspect or audit such materials; provided that such Service Recipient will permit the applicable Service Provider the opportunity to deliver any information required by Service Recipient prior to such Service Recipient carrying out any inspection or audit hereunder which may render an inspection or audit visit unnecessary. Notwithstanding the foregoing, in no event shall such Service Recipient have access to records related to employee personnel matters, tax matters, or privileged or confidential materials; unless, with respect to confidential materials that do not otherwise constitute employee personnel matters, tax matters or privileged materials, access is required by applicable law or an order by a Governmental Authority (but, in all events, subject to the provisions of Section 10).
- (b) Without prejudice to any Party's other rights under this Agreement, if any Service Recipient's exercise of its rights under this Section results in audit findings that any Party has failed to perform its material obligations under this Agreement, such Service Recipient will make the audit findings available to such Service Provider, and the Parties will use all reasonable efforts to agree to a remedial plan and a timetable for achievement of the planned actions and/or improvements. Following agreement of the timetable, such Service Provider will implement that plan in accordance with the agreed timetable and will confirm its completion by a notice in writing to such Service Recipient. If such Service Provider fails to agree or implement such plan, such Service Recipient will be entitled to

terminate this Agreement or any part thereof pursuant to the provisions of Section 9. If any Service Recipient's exercise of its rights under this Section results in audit findings that any Reimbursable Costs have been overpaid by any Service Recipient, then upon receiving notice of such audit findings, and review of and agreement to the audit results by Service Provider, the appropriate reduction will be made to the next applicable Invoice(s) or, if there is no further Invoice, Service Provider shall refund such amount promptly (but in any event within thirty (30) business days).

9. **Term and Termination**.

- (a) Term. The term of this Agreement shall commence as of the date hereof and shall continue for a period of twelve (12) months thereafter, unless earlier terminated pursuant to the terms of this Agreement (as may be extended pursuant to this Section 9(a), (the "Term")) If, but only to the extent, reasonably necessary to continue the transition of any Service from Service Provider to other providers (including any Service Recipient or its Affiliates), any Service Recipients may elect, by delivering written notice to the Service Provider no later than three (3) months prior to the end of the then in effect Term, to extend any such Service and the term of this Agreement with respect to such Service by a period of up to six (6) months. Service Recipients shall have the right to elect to extend the term of this Agreement in accordance with this Section 9(a) up to, but no more than, two (2) times. After the expiration of the Term, the Parties shall not have a duty to provide Services or to negotiate regarding the extension of the Term except as set forth in this Section 9(a). If a Service Recipient elects to extend this Agreement for six months under this Section 9(a), Service Provider will report to FERC, prior to the beginning of any extended term of this Agreement, the services that will continue to be provided by Service Provider and when the provision of those services will be completely transitioned to the Service Recipient or third parties.
- (b) Termination for Cause. Any Service Recipients or any Service Provider that is not a Defaulting Party as defined herein (a "Non-defaulting Party") may terminate this Agreement or the provision of any portion of the Services to be provided by the applicable Service Provider hereunder, at any time and, subject to any limitations under this Agreement, pursue all rights and remedies available to it at law, in equity or otherwise if any of the following shall occur with respect to any other Party (the "Defaulting Party"): (i) any Defaulting Party fails to pay any obligation hereunder when due and such failure continues for twenty (20) Business Days after receipt of notice of such failure from any Non-defaulting Party (excluding any charges disputed in good faith in accordance with Section 5(d)); (ii) any Defaulting Party fails to perform any material obligation hereunder (other than payment obligations) and such failure continues for at least twenty (20) Business Days after receipt of written notice of such failure from any Non-defaulting Party, provided, that if the Defaulting Party

begins promptly and diligently to cure such breach in accordance with this provision and such breach is not capable of being cured within such twenty (20) Business Day period, the Defaulting Party shall have up to an additional twenty (20) Business Days to cure such breach if it demonstrates that it is reasonably capable of curing such breach within such additional twenty (20) Business Day period; or (iii) the Defaulting Party becomes insolvent or bankrupt, becomes the subject of an “order of relief” as that term is defined in the United States Bankruptcy Code, has a receiver or trustee appointed over its property or makes any assignment for the benefit of its creditors.

- (c) Termination by Mutual Consent. The provision of any portion of the Services by any Service Provider hereunder, may be terminated at any time upon the mutual written consent of the applicable Service Provider and applicable Service Recipient. This Agreement may be terminated at any time upon the mutual consent of all of the Parties.
- (d) Termination for Convenience. Notwithstanding anything else set forth herein, Service Recipient may, upon not less than two (2) months prior written notice to Service Provider, terminate or suspend the provision by any Service Provider of any particular Service or portion of the Services that Service Recipient elects to perform using its own employees or another service provider selected by Service Recipient in its sole discretion; provided, that the applicable Parties shall cooperate in good faith (i) if applicable, to implement a mutually agreeable plan for the transition to Service Recipient or any Replacement Service Provider of such services and (ii) to amend the Schedules as necessary or appropriate to reflect the termination of the provision by such Service Provider of such Services. Nothing in this Agreement shall require any Service Recipient to obtain from any Service Provider any Service in any particular minimum volume or with any particular minimum frequency.
- (e) Payment after Termination. Upon the early termination of this Agreement (or any applicable portion thereof) for any reason, Service Recipient shall be responsible for any additional charges incurred as a result of such early termination, subject to the applicable Service Provider's duty to reasonably mitigate such costs.
- (f) Return of Leased Property or Licensed Software. Each Service Recipient shall be liable for all costs and expenses incurred by each Service Provider or any of its Affiliates resulting from any delay or failure of such Service Recipient to return to such Service Provider or any licensor, as applicable, any leased property or licensed software that is included as part of the Services provided to such Service Recipient upon (i) the termination of the relevant Services as provided herein, or (ii) the expiration of the term of the applicable lease or license, provided that such Services Provider has provided such Service Recipient with at least thirty (30) days prior written

notice of such expiration.

- (g) Final Accounting. Within one hundred twenty (120) days of completion of the Services, each Service Provider shall perform a final accounting of the Reimbursable Costs under this Agreement. Should there be any remaining reimbursable costs or any overpayments, Service Provider will issue a final invoice to each Service Recipient and, subject to Section 5(d), the owing Party shall remit payment to the owed Party within thirty (30) days of receipt of such invoice.

#### 10. Confidentiality.

- (a) The Parties shall hold, and shall cause each of their respective Affiliates to hold, and each of the foregoing shall cause their respective directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, and not to disclose or release or use, for any purpose other than as expressly permitted pursuant to this Agreement, without the prior written consent of the other Party, any and all Confidential Information concerning the other Party or such Party's Affiliates; provided, that the Parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information for auditing and other non-commercial purposes and are informed of their obligation to hold such information confidential to the same extent as is applicable to the Parties and in respect of whose failure to comply with such obligations, the applicable Party will be responsible, (ii) if the Parties or any of their respective Affiliates are required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule, (iii) as required in connection with any legal or other proceeding by one Party against any other Party or, (iv) as necessary in order to permit a Party to prepare and disclose its financial statements, or other required disclosures required by Law or such applicable stock exchange. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii) above, each Party, as applicable, shall promptly notify the other of the existence of such request or demand and, to the extent commercially practicable, shall provide the other Party thirty (30) calendar days (or such lesser period as is commercially practicable) to seek an appropriate protective order or other remedy, which such Parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the Party whose Confidential Information is required to be disclosed shall or shall cause the other applicable Party or Parties to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information.

- (b) Upon the written request of a Party, the other Party shall take reasonable steps to promptly (i) deliver to such requesting Party all original copies of Confidential Information (whether written or electronic) concerning such requesting Party and/or its Affiliates that is in the possession of the non-requesting Party and that is not material to and is neither required by nor relates to the business of the non-requesting Party and (ii) if specifically requested by such requesting Party, destroy any copies of such Confidential Information (including any extracts therefrom), unless such delivery or destruction would violate any Law; provided, that the non-requesting Party shall not be obligated to destroy Confidential Information that is required by or relates to the business of such Party. Upon the written request of such requesting Party, the other Party shall cause one of its duly authorized officers to certify in writing to such requesting Party that the requirements of the preceding sentence have been satisfied in full.

**11. Disclaimer of Representations and Warranties. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 2, OR OTHERWISE IN ANY SCHEDULE HERETO, EACH PARTY ACKNOWLEDGES AND AGREES THAT NEITHER ANY SERVICE PROVIDER NOR ANY MEMBER OF ITS GROUP MAKES ANY REPRESENTATIONS OR WARRANTIES, WHETHER STATUTORY, EXPRESS, OR IMPLIED, TO ANY SERVICE RECIPIENT OR ANY OF ITS SUBSIDIARIES WITH RESPECT TO THE SERVICES, THE STANDARD OR LEVEL OF CARE, QUALITY, SKILL OR WORKMANSHIP OF THE SERVICES, ANY EQUIPMENT OR MATERIALS PROVIDED UNDER THIS AGREEMENT, OR OTHERWISE HEREUNDER, INCLUDING ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE.**

12. **Dispute Resolution.** Without limiting any of the rights of the Parties under this Agreement, all disputes, claims or controversies arising under this Agreement, the Schedules hereto or the Services performed hereunder shall be resolved through the dispute resolution provisions contained in Exhibit C.

13. **Indemnification.**

- (a) **Indemnification by Service Recipient.** Except where a Service Recipient Indemnitee is entitled to indemnification by a Service Provider under Section 13(b)(ii), and except as provided in Section 13(d), each Service Recipient shall, severally, not jointly, indemnify and hold each Service Provider, each of their Affiliates, and each of their respective officers, directors, managers, employees, attorneys, agents, subagents, contractors and subcontractors (each a “Service Provider Indemnitee”), harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any Action, demand, suit or cause of action (each a “Claim”), to the extent resulting



from any act done or suffered by any Service Provider, its Affiliates, employees (or their heirs or beneficiaries) or contractors (or their heirs or beneficiaries) in connection with its performance under this Agreement; provided, that Service Recipient shall not be required to hold any Service Provider Indemnitee harmless pursuant to this Section 13(a) to the extent any such Claim has arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Provider. The obligations under this Section 13(a) shall survive the termination or expiration of this Agreement.

- (b) Indemnification by Service Provider. Except as provided in Section 13(d), each Service Provider shall, severally, not jointly, indemnify and hold Service Recipients, each of their Affiliates, and each of their respective officers, managers, directors, employees, attorneys, agents, subagents, contractors and subcontractors (each a “Service Recipient Indemnitee”) harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any (i) Claim to the extent resulting from the willful misconduct, bad faith or gross negligence of such Service Provider, such Service Provider’s Affiliates, or the respective officers, directors, attorneys, employees, agents, subagents or contractors of each in the performance of Services hereunder by such Service Provider and (ii) Claims brought by such Service Provider’s employees and contractors, except (A) any such Claim that has primarily arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Recipient Indemnitee, or (B) acts of discrimination, harassment, retaliation, defamation or other intentional torts committed by any Service Recipient Indemnitee. The obligations under this Section 13(b) shall survive the termination or expiration of this Agreement.
- (c) Defense of Indemnified Claims.

- (i) If any Service Provider Indemnitee or any Service Recipient Indemnitee (an “Indemnitee”) receives notice of any Claim (including, without limitation, the commencement of any Action) with respect to which a Service Provider or Service Recipient is obligated to provide indemnification (the “Indemnitor”), the Indemnitee shall promptly give the Indemnitor written notice of such Claim, provided, that Indemnitee’s failure or delay in providing such notice shall not affect Indemnitor’s indemnity obligation hereunder except to the extent Indemnitor’s ability to defend or settle a Claim is materially impaired thereby. The notice shall specify, if known, the nature of the Claim and the amount or an estimate of the amount of liability arising from the Claim.
- (ii) The Indemnitee shall permit the Indemnitor to assume the defense

of any such Claim if Indemnitor, in its sole discretion, chooses to do so; provided, that counsel for the Indemnitor, who shall conduct the defense of the Claim, shall be approved by the Indemnitee, whose approval shall not be unreasonably withheld.

Notwithstanding the foregoing, (A) if the Indemnitee reasonably determines that there may be a conflict between the positions of the Indemnitor and the Indemnitee in connection with the Claim, or that there may be legal defenses available to the Indemnitee different from or in addition to those available to the Indemnitor, then counsel for the Indemnitee shall be entitled to conduct a defense to the extent reasonably necessary to protect the interests of the Indemnitee, at Indemnitor's reasonable cost and expense and (B) in any event, the Indemnitee shall be entitled, at its own cost and expense, to have Indemnitee's counsel participate in, though not conduct, the defense.

- (iii) The Indemnitor shall not, except with the consent of each Indemnitee, consent to the entry of any judgment, or enter into any settlement that (i) does not include as an unconditional term the giving by the claimant or plaintiff to the Indemnitee a release from all liability in respect of the Claim or (ii) includes any injunctive relief affecting the Indemnitee or any admission of guilt or wrongdoing with respect to the Indemnitee. The Indemnitee shall not settle or compromise any Claim for which it asserts a right to indemnification without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld. If Indemnitee settles or compromises a Claim without the prior written consent of the Indemnitor, the Indemnitor shall have no obligation to indemnify Indemnitee for such Claim.

- (d) NO PARTY, NOR ANY OF ITS AFFILIATES OR AGENTS, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, SHALL BE LIABLE UNDER THIS AGREEMENT TO ANY OTHER PARTY, OR ANY OTHER PARTY'S AFFILIATES, AGENTS OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN ANY WAY RELATED TO, THE SERVICES PROVIDED UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, (I) ANY ALLEGED BREACH OF FIDUCIARY DUTY, (II) LOSS OF PROFITS OR BUSINESS OPPORTUNITIES, (III) DAMAGES SUFFERED AS A RESULT OF THE LOSS OF THE USE OF THE FACILITIES OR EQUIPMENT, (IV) COST OF PURCHASED OR**

**REPLACEMENT POWER, (V) COST OF CAPITAL, (VI) DAMAGE TO REPUTATION, (VII) DAMAGE TO CREDIT WORTHINESS OR CREDIT STANDING OR (VIII) DIMINUTION OF STOCK PRICE OR VALUE, WITH RESPECT TO ANY CLAIM BASED ON OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, WHETHER ARISING IN CONTRACT (INCLUDING, WITHOUT LIMITATION, BREACH OF WARRANTY), TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, STRICT LIABILITY OR BREACH OF FIDUCIARY DUTY), UNDER THE LAWS OF REAL PROPERTY, OR UNDER ANY OTHER LEGAL OR EQUITABLE THEORY AND REGARDLESS AS TO WHETHER ANY OR ALL OF THE PARTIES KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.**

**14. Intellectual Property and Data.**

- (a) Service Recipient Data. Service Recipients shall own all Service Recipient Data. “Service Recipient Data” means all (x) data and information legally or beneficially owned by any Service Recipient (or their Affiliates) prior to the execution of this Agreement (after giving effect to the transfer of assets in the Separation), whether in the possession of any Service Provider, any Service Recipient or any of their respective Affiliates, and (y) data, information and reports comprising the results of data processing and other operations undertaken by any Service Provider in providing the Services, but excluding (i) system configuration, monitoring, performance and other technical and operational data and information relating to any Service Provider Infrastructure (including any such data and information generated in providing the Services) and (ii) data and information (other than Service Recipient Data) owned or held by any Service Provider (or their Affiliates) prior to the performance of the applicable Services for any Service Recipient.
- (b) Work Product.
- (i) Except as expressly set forth in Section 14(a), any and all Work Product created under this Agreement by a Party shall be owned exclusively by the Service Recipients, except any enhancements or other modifications that may be made to any Service Provider Infrastructure to provide any Services to any Service Recipient shall be owned exclusively by such Service Provider.
- (ii) To the extent that any right, title or interest in or to any Intellectual Property Rights or data vests in a Party or its Affiliates, by operation of law or otherwise, in a manner contrary to the agreed upon ownership as set forth in this Agreement, such Party shall, and hereby does, perpetually and irrevocably assign to the other

relevant Party any and all such right, title and interest throughout the world in and to such Intellectual Property Rights and data, free and clear of all liens and encumbrances, to the other relevant Party without the need for any further action by any Party. Each Party will, and will cause its Affiliates (and its and their respective agents and contactors) to, take all acts and execute all documents necessary to secure the other relevant Party's ownership rights, as reasonably requested by the relevant Party intended to own the same under this Section 14.

(c) Intellectual Property Licenses – To Service Recipient.

- (i) With respect to any Work Product (i) for which a copy is specifically delivered to any Service Recipient as part of the Services (as opposed to used by or on behalf of any Service Provider for the benefit of, but not delivered to, any Service Recipient) and (ii) owned by any Service Provider, all Service Providers hereby grant to all Service Recipients a non-exclusive, sublicensable, fully transferable (in whole or in part), royalty-free, fully paid-up license to use, copy, modify, create derivative works from, and otherwise exploit, such Work Product for any and all purposes and through any and all means, in each case, now known or hereafter created or discovered. The foregoing license grant is (1) without restriction as to field or manner of use and (2) granted on an “AS IS, WHERE IS” basis, with all faults, and at the relevant Service Recipient's sole risk.
- (ii) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Provider obtains rights to the applicable Intellectual Property Rights and data, all Service Providers hereby grant to all Service Recipients a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of the Service Recipients and their Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Provider, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data (other than Service Recipient Data and Work Product licensed pursuant to Section 14(c)(i)) that is provided or otherwise made available by or on behalf of any Service Provider to any Service Recipient for that Service Recipients' and its Affiliates' receipt and use of the Services under this Agreement. The foregoing license grant is (1) limited to use of such Intellectual Property Rights and data in connection with the Services, and (2) granted on an “AS IS, WHERE IS”

basis, with all faults, and at the relevant Service Recipient's sole risk.

(d) Intellectual Property Licenses – To Service Provider.

(i) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Recipient obtains rights to the applicable Intellectual Property Rights and data, Service Recipients hereby grant to Service Providers a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of any Service Provider and its Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Recipient or contemplated by the Services, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data that is provided or otherwise made available by or on behalf of any Service Recipient to any Service Provider for that Service Provider's and its Affiliates' (and their contractors') provision of the Services under this Agreement. The foregoing license grant is limited to use of such Intellectual Property Rights and data in connection with the Services and granted on an "AS IS, WHERE IS" basis, with all faults, and at the relevant Service Provider's sole risk, provided that the foregoing disclaimer and assumption of risk is subject to and shall not limit the relevant Service Recipient's indemnification obligations set forth in Section 13(a).

(e) Access to Data. Without limiting the foregoing in this Section 14, and subject to applicable law, regulation and privacy policies, each Service Provider will use commercially reasonable efforts to promptly provide to each Service Recipient the Service Recipient Data and the Work Product to which each Service Recipient has a perpetual license pursuant to Section 14(c)(i), in accordance with any mutually agreed delivery schedule. Such data shall be delivered in a mutually agreed format (but in no event other than a generally commercially available format if the Parties are unable to agree on format). Service Recipients shall be responsible for the actual out of pocket costs of Service Providers for such deliveries, to the extent such costs are not already included in the cost for the associated Services.

(f) Reservation of Rights. Except as set forth in the preceding sections of this Section 14, all Service Providers and their Affiliates, and their licensors, on the one hand, and all Service Recipients and their Affiliates, and their licensors, on the other hand, retain all right, title and interest in and to their

respective Intellectual Property Rights and data, and no other license or other right, express or implied, is granted to any Party with respect to the other Parties' and their Affiliates', and their licensors', Intellectual Property Rights or data under this Agreement. Notwithstanding the foregoing, each Party and its Affiliates may independently create or acquire any Intellectual Property Rights or data that is the same or similar to the Intellectual Property Rights or data deemed to be owned by the other Party hereunder; provided that such independent creation or acquisition is not breach of the obligations set forth in Section 10 regarding confidentiality.

15. **Notices.** All notices, requests, permissions, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) five (5) Business Days following sending by registered or certified mail, postage prepaid, (b) when sent, if sent by facsimile, provided, that the facsimile transmission is promptly confirmed and any facsimile transmission received after 5:00 p.m. Eastern time shall be deemed received at 9:00 a.m. Eastern time on the following Business Day, (c) when delivered, if delivered personally to the intended recipient and (d) one (1) Business Day following sending by overnight delivery via a national courier service and, in each case, addressed to a Party at the following address for such Party:

If to Service Recipient:

If to ESI:

Entergy Services, Inc.  
639 Loyola Avenue  
New Orleans, Louisiana 70113  
Attn: J. Wayne Leonard, Chief Executive Officer  
Facsimile: (504) 576-2776

If to Arkansas OpCo:

Entergy Arkansas, Inc.  
425 West Capitol Avenue  
Little Rock, Arkansas 72201  
Attn: Hugh T. McDonald, Chairman of the Board, President and Chief Executive Officer  
Facsimile: (501) 377-3599

If to Gulf States OpCo:

Entergy Gulf States Louisiana, L.L.C.  
446 North Boulevard  
Baton Rouge, Louisiana 70802  
Attn: William H. Mohl, Chairman of the Board, President and Chief Executive Officer  
Facsimile: (225) 381-5749

If to Louisiana OpCo:

Entergy Louisiana, LLC

4809 Jefferson Highway  
Jefferson, Louisiana 70121  
Attn: William H. Mohl, Chairman of the  
Board, President and Chief Executive  
Officer  
Facsimile: (225) 381-5749

If to Mississippi OpCo: Entergy Mississippi, Inc.  
308 East Pearl Street  
Jackson, Mississippi 39201  
Attn: Haley R. Fisackerly, Chairman of  
the Board, President and Chief Executive  
Officer  
Facsimile: (601) 969-2400

If to New Orleans OpCo: Entergy New Orleans, Inc.  
505 Magnolia Street  
New Orleans, Louisiana 70119  
Attn: Charles L. Rice, Jr., Chairman of the  
Board, President and Chief Executive  
Officer  
Facsimile: (504) 670-3605

If to Texas OpCo: Entergy Texas, Inc.  
350 Pine Street  
Beaumont, Texas 77701  
Attn: Sallie Rainer, Chairman of the  
Board, President and Chief Executive  
Officer  
Facsimile: (409) 981-2449

in each case, with a copy to  
(which shall not constitute  
notice): Skadden, Arps, Slate, Meagher & Flom  
LLP  
1440 New York Avenue, N.W.  
Washington, D.C. 20005  
Attn: Pankaj K. Sinha, Esq.  
Michael P. Rogan, Esq.  
Facsimile: (202) 393-5760

If to Service Provider:  
If to AR Wires Sub: Transmission Company Arkansas, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice

President and General Counsel  
Facsimile: (248) 946-3562

If to LA 1 Wires Sub: Transmission Company Louisiana I, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to LA 2 Wires Sub: Transmission Company Louisiana II, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to MS Wires Sub: Transmission Company Mississippi, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to NOLA Wires Sub: Transmission Company New Orleans,  
LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

If to TX Wires Sub: Transmission Company Texas, LLC  
c/o ITC Holdings Corp.  
27175 Energy Way  
Novi, MI 48377  
Attn: Daniel J. Oginsky, Senior Vice  
President and General Counsel  
Facsimile: (248) 946-3562

with a copy to (which shall  
not constitute notice): Simpson Thacher & Bartlett LLP  
425 Lexington Avenue



New York, NY 10017-3954  
Attn: Andrew W. Smith, Esq.  
Facsimile: (212) 455-2502

16. **Assignability; Binding Effect.** This Agreement is not assignable by any Party without the prior written consent of the other Parties and any attempt to assign this Agreement without such consent shall be void and of no effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
17. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.
18. **Interpretation.**
- (a) The article, section and schedule headings contained in this Agreement are for reference purposes only and are not part of this Agreement and shall not, in any way, affect the meaning or interpretation of this Agreement.
  - (b) This Agreement shall not be construed more strongly against any Party hereto regardless of which Party is responsible for its preparation, it being agreed that this Agreement was fully negotiated by both Parties. Notwithstanding anything else herein to the contrary, this Agreement shall be construed consistent with all rules, requirements and procedures of the FERC and any other applicable regulatory authority.
19. **Excusable Delays.** If because of Force Majeure, a Party is unable to carry out its obligations (other than the obligation to make a payment) as provided for pursuant to this Agreement, and upon such Party giving written notice to the other Party of such Force Majeure, then such Party's obligation to perform shall be suspended from and after the date of the notice to the extent made necessary by such Force Majeure and during its continuance. The notice shall specify the nature of the Force Majeure, the obligation that such Party is unable to perform or furnish due to Force Majeure, and such Party's best estimate of the probable duration of the Force Majeure. Each Party shall use commercially reasonable efforts to avoid or eliminate such Force Majeure insofar as possible with a minimum of delay and to resume performance as soon as and to the extent practicable.
20. **Insurance.**
- (a) At all times during the term of this Agreement, the Parties agree to maintain, at their own cost and expense, general and automobile liability and worker's compensation in the manner, and amounts, as are usual and

customary for similarly situated companies. Notwithstanding any provision of this Agreement to the contrary, each Party may provide any of the insurance coverages required herein through a regularly maintained program of self-insurance. Each policy of insurance to be maintained hereunder shall name the other Party, including its Affiliates, and the officers, directors and employees of each, as additional insureds.

- (b) Policies. Upon request, each Party shall provide to any other Party, properly executed and current certificates of insurance with respect to all insurance policies required to be maintained by such Party under this Agreement. Certificates of insurance shall provide the following information:
- (i) name of insurance company, policy number and expiration date;
  - (ii) the coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of the Party maintaining such policy; and
  - (iii) a statement indicating that the other Party shall endeavor to provide notice of cancellation of any required insurance policies in accordance with policy provisions.
- (c) Rating. Unless otherwise agreed, all insurance policies shall be obtained and maintained with companies rated A or better by Best's Key Rating Guide, and each party shall, upon request, provide the other party with an insurance certificate confirming compliance with the requirements of this Section 20(c).
- (d) Subrogation. The Parties shall each obtain from the insurance companies providing the coverage required by this Agreement, the permission of such insurers to allow such Party to waive all rights of subrogation and such Party does hereby waive all rights of said insurance companies to subrogation against the other Party, its Affiliates, Subsidiaries, assignees, officers, directors and employees.
- (e) Claims-Made Policies. If any insurance is written on a "claims made" or "claims first made" basis, the primary insured Party shall maintain the coverage for a minimum of three (3) years after the termination of this Agreement.
- (f) Indemnification. In the event any Party fails to maintain the required insurance coverage and a Claim is made or suffered, such Party shall indemnify and hold harmless the other Parties from any and all claims for which the required insurance would have provided coverage.

21. **Entire Agreement**. This Agreement (including any and all Schedules, Exhibits and Attachments hereto) constitutes the entire agreement between the Parties

concerning the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, between the Parties concerning the subject matter of this Agreement.

22. **Limit of Relationship; Statutory Employer.** No Party shall represent that an employer/employee, partnership, joint venture or agency relationship exists between them, nor shall any Party have the power nor will any Party represent that it has the power to bind the other Party hereto to any Contract. Notwithstanding any provision in this Agreement to the contrary, each Party mutually agrees that it is their intention to recognize the Service Recipient for the particular state as the statutory employer of any Service Provider's employees (whether direct employees or statutory employees) working in that particular state, in accordance with that state's applicable state law solely for purposes of providing each Service Recipient with statutory immunity from tort Claims under applicable state law, while the employees are performing Services. In connection with any Claims for personal injury or workers compensation made or payable to any employee of any Service Provider (or its heirs or beneficiaries), each Service Recipient shall seek coverage under such Service Recipient's applicable workers compensation policies in order to avoid or reduce the exposure of any indemnification obligation of any Service Provider under Section 13(a).
23. **Waiver.** No waiver, amendment, termination or discharge of this Agreement or any of the terms or provisions hereof, shall be binding upon any Party unless confirmed in writing. No waiver by any Party of any term or provision of this Agreement or of any default hereunder shall affect such Party's right thereafter to enforce such term or provision or to exercise any right or remedy in the event of any other default, whether or not similar.
24. **Severability.** Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.
25. **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.
26. **Counterparts.** This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one Party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request

of any Party, the other Party shall re-execute original forms thereof and deliver them to the requesting Party. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of a facsimile machine or other electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

27. **Further Assurances.** Upon the reasonable request of the other Party, each Party hereto agrees to take any and all actions necessary or appropriate to give effect to the terms set forth in this Agreement.
28. **Survival.** Notwithstanding any thing in this Agreement to the contrary, Sections 5, 7, 8, 9, 10, 11, 12, 13, and 14 shall survive any expiration or termination of this Agreement.
29. **Severable Liability.** The obligations and liabilities under this Agreement of each Service Provider and each Service Recipient shall be several and not joint.

[Signature Pages Follow]

IN WITNESS WHEREOF, each Party has caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

SERVICE RECIPIENTS

ENTERGY SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY ARKANSAS, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY GULF STATES LOUISIANA, L.L.C.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY LOUISIANA, LLC

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY MISSISSIPPI, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY NEW ORLEANS, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENTERGY TEXAS, INC.

By: \_\_\_\_\_  
Name:  
Title:

SERVICE PROVIDERS

TRANSMISSION COMPANY ARKANSAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY LOUISIANA I,  
LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY LOUISIANA II,  
LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY MISSISSIPPI, LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY NEW ORLEANS,  
LLC

By: \_\_\_\_\_  
Name:  
Title:

TRANSMISSION COMPANY TEXAS, LLC

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**Services**

[To come]



**EXHIBIT B**

**Service Coordinators**

[To come]

**EXHIBIT C****Dispute Resolution Provisions**

Except as otherwise provided in this Agreement, in the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity, termination or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby or thereby (collectively, the “Agreement Disputes”), the Service Coordinators shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute; provided, that (i) such reasonable period shall not, unless otherwise agreed by the relevant Parties in writing, exceed fifteen (15) calendar days from the time of receipt by a Party of written notice of such Agreement Dispute and (ii) the relevant employees from both Parties with knowledge and interest in the dispute shall first have tried to resolve the differences between the Parties. Nothing said or disclosed, nor any document produced, in the course of any negotiations, conferences and discussions in connection with efforts to settle an Agreement Dispute that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose, but shall be considered as to have been disclosed for settlement purposes.

If a satisfactory resolution is not achieved between the Service Coordinators, upon mutual agreement by the Parties, the Parties may submit the dispute to non-binding mediation, or in the absence of such mutual agreement, any Party may resort to any other remedy available at law or equity.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 1 – FIELD SUPPORT SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Field Operating - Planned Maintenance Activities	Provide operating labor, materials and equipment for (a) the inspection, maintenance, and/or replacement of relays and high voltage breakers and (b) switching and tagging of the Distribution system, in each instance where Distribution resources are not geographically available as necessary to support planned maintenance work.
2. Field Operating - Unplanned Restoration Activities	Provide operating labor, materials and equipment for the switching and tagging of the Distribution system where Distribution resources are not geographically available as necessary to respond to unplanned events and outages.
3. Unplanned Restoration Activities	Provide labor, materials & equipment for the restoration and repair of the Distribution system where Distribution resources are not geographically available as necessary to respond to unplanned events and outages.
4. Project Construction	Provide necessary labor, materials and equipment to perform construction activities on projects (primarily transmission-related but that have distribution system components) that have commenced, but are not completed, prior to Closing.
5. Project Management	Provide project tracking and project management services for capital construction projects (primarily transmission-related but that have distribution system assets or non-electrical portions of

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

	distribution substations or dual function substations), that have commenced, but are not completed, prior to Closing.
6. Vehicles, Tools and Equipment	Provide use of agreed-upon vehicles, tools and equipment necessary for the operation and maintenance of the Distribution system.
7. Warehousing	Provide warehousing services for Distribution materials to manage inventory, pull stock, and add to stock .
8. Warehousing Equipment	Provide use of agreed upon miscellaneous equipment for warehousing and management of warehouse inventory (e.g. forklifts, cranes).
9. Maintenance Support	Provide necessary labor, materials and equipment to perform maintenance activities on the Distribution system.
	9.1 Provide agreed upon power equipment & relay test labor, materials and equipment for installation, testing and periodic maintenance of major equipment, relay systems, SCADA/RTU systems and fault recorder systems on the Distribution system.
	9.2 Provide electrical labor, materials, miscellaneous materials, and equipment for the maintenance of the electrical portions of the Distribution substations.
10. Generation Step-Up Transformers; Ninemile 6	Provide field operations and engineering technical support for generation step-up transformers and the Ninemile 6 project.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 2 – ENGINEERING AND OPERATIONS SUPPORT SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Storage and Access to Engineering Drawings	Provide continued storage of and access to drawings, records and other technical information until separation can be completed.
2. Right of Way and Easement Acquisition	Provide technical support services (non-legal) for the acquisition of rights of way and easements for Distribution substation projects commenced, but not completed, prior to Closing.
3. Community Approval Process Support	Provide engineering assistance and consulting as requested by Buyer in connection with the community approval processes that cross over the transaction close period, including community approval meetings, zoning board of appeals meetings, community informational meetings and other related activities.
4. Acquisition of Permits	Provide assistance and consulting as requested in connection with acquisition and maintenance of various permits required to implement projects, including building, soil erosion control, wetlands, road ROW and state permits and other related activities.
5. Engineering Design and Document Management Support	Provide engineering and design services necessary to prepare construction documents for new installations and capital modifications to the Distribution system for projects commenced, but not completed, prior to Closing.
6. System Protection and SCADA Support	Provide system protection engineering and consulting services for new or existing distribution

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

	relay protection and control schemes, SCADA systems, RTUs, and distribution disturbance monitoring systems at Distribution substations and dual function substations.
7. Engineering and Technical Support Services	Provide engineering and technical support services as necessary for projects commencing, but not completed, prior to Closing for Distribution substation, system protection, metering, and SCADA engineering and design needs.
	7.1. Provide substation design engineering and technical support services to provide scope review and estimates, review proposed project sketches, and provide input to studies and other related services.
8. Loadshed Program Support	Provide access and engineering services to maintain and operate the EMS controlled automated loadshed program.
9. Generator Interconnection Transition Support	Provide technical and project-close-out support for generation interconnection projects relating to Entergy's distribution system that commence, but are not completed, prior to Closing.
10. Customer Interface Support	Serve as the customer interface for large retail projects that commence, but are not completed, prior to Closing.
11. Balancing Authority Support	Provide access to software and equipment for Balancing Authority employees.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 3 – SITE ACCESS SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Physical Security Monitoring and Access Control	Provide physical security monitoring, access control and select security guard services for transferred facilities.

**TRANSITION SERVICE AGREEMENT  
SCHEDULE A: SERVICES TO BE PROVIDED**

**SECTION 4 – CORPORATE SUPPORT SERVICES**

<b>Service Name</b>	<b>Service Description</b>
1. Access to Business Systems	Provide access to business systems necessary for continuity of business and operations in accordance with the IT Implementation Plan (such business systems do not include ITC's enterprise-wide systems such as PeopleSoft HR, PeopleSoft Financials, PeopleSoft Supply Chain, and PowerPlant) and services and support related thereto.
2. Office Support Functions	Provide equipment use and support services to Service Recipient's employees that share office space with Service Provider's employees.
3. Regulatory Support	Provide information and access to relevant documents in connection with regulatory proceedings commenced, but not completed, prior to Closing (e.g., CCN application proceedings, ERSC or other regulatory data requests)
4. RTO Transition	Provide assistance and consulting as requested by Service Recipient in connection with integration into the MISO RTO.
5. Record Maintenance	Provide oversight of record maintenance as required to support transition.
6. Settlements Support	Provide support as required post-Closing to allow Service Recipient to perform billing for transmission, including any equalization per MSS-2, for time periods prior to Closing