

ITC Holdings Corp.  
Form 425  
October 24, 2012

ITC Holdings Corp.  
Third Quarter 2012 Investor Call  
October 24, 2012  
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to Rule 14a-12 under the Securities Exchange Act of 1934

Subject Company: ITC Holdings Corp,

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Safe Harbor Language & Legal Disclosure

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This document and the exhibits hereto contain certain statements that describe ITC Holdings Corp. ( ITC ) management 's be future business conditions and prospects, growth opportunities and the outlook for ITC 's business, including ITC 's business a transmission industry based upon information currently available. Such statements are forward-looking statements within the Private Securities Litigation Reform Act of 1995. Wherever possible, ITC has identified these forward-looking statements by v anticipates , believes , intends , estimates , expects , projects and similar phrases. These forward-looking statements

assumptions ITC management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties which may cause ITC's actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements. ITC's actual results may differ from those expressed in, or implied by, these statements among other things, (a) the risks and uncertainties disclosed in ITC's annual report on Form 10-K and ITC's quarterly reports filed with the Securities and Exchange Commission (the "SEC") from time to time and (b) the following transactional factors (in addition to the risks and uncertainties described elsewhere in this document, in the preliminary proxy statement/prospectus included in the registration statement on Form S-1 filed by ITC filed with the SEC on September 25, 2012 in connection with the proposed transactions, and in subsequent filings with the SEC): (i) risks and uncertainties inherent in the contemplated transaction, including: (A) failure to obtain approval by the Company's shareholders; (B) failure to obtain necessary regulatory approvals necessary to consummate the transaction or to obtain regulatory approvals on favorable terms; (C) the availability of the required financings; (D) delays in consummating the transaction or the failure to consummate the transactions; and (E) exceeding the estimated costs of the transactions; (ii) legislative and regulatory actions, and (iii) conditions of the capital markets during the periods covered by the forward-looking statements.

Because ITC's forward-looking statements are based on estimates and assumptions that are subject to significant business, economic, and competitive uncertainties, many of which are beyond ITC's control or are subject to change, actual results could be materially different from those expressed in, or implied by, these statements and all of ITC's forward-looking statements may turn out to be wrong. They speak only as of the date made and can be affected by changes in circumstances that ITC might make or by known or unknown risks and uncertainties. Many factors mentioned in this document and the exhibits hereto, including ITC's annual and quarterly reports will be important in determining future results. Consequently, ITC cannot assure you that ITC's estimates and forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as otherwise indicated, ITC undertakes no obligation to publicly update any of ITC's forward-looking or other statements, whether as a result of new information, events, or otherwise.

The transaction is subject to certain conditions precedent, including regulatory approvals, approval of ITC's shareholders and the availability of financing. ITC cannot provide any assurance that the proposed transactions related thereto will be completed, nor can it give any assurance as to the terms on which such transactions will be consummated.

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This communication is not a solicitation of a proxy from any security holder of ITC. However, Entergy, ITC and certain of the directors and executive officers and certain other members of management and employees may be deemed to be participants in solicitation of proxies from shareholders of ITC in connection with the proposed transaction under the rules of the SEC. Information regarding the directors and executive officers of Entergy, may be found in its 2011 Annual Report on Form 10-K filed with the SEC on February 28, 2012, and its definitive proxy statement relating to its 2012 Annual Meeting of Shareholders filed with the SEC on March 23, 2012.

Information about the directors and executive officers of ITC may be found in its 2011 Annual Report on Form 10-K filed with the SEC on February 22, 2012, and its definitive proxy statement relating to its 2012 Annual Meeting of Shareholders filed with the SEC on September 25, 2012.

On September 25, 2012, ITC filed a registration statement on Form S-4 with the SEC registering shares of ITC common stock owned by Entergy shareholders in connection with the proposed transactions, but this registration statement has not become effective. The registration statement includes a proxy statement of ITC that also constitutes a prospectus of ITC, and will be sent to ITC shareowners. In addition, Mid South TransCo LLC (TransCo) will file a registration statement with the SEC registering TransCo common units owned by Entergy shareholders in connection with the proposed transactions. Entergy shareholders are urged to read the proxy statement/prospectus included in the ITC registration statement and the proxy statement/prospectus to be included in the TransCo registration statement (when available) and any other relevant documents, because they contain important information about ITC, TransCo and the proposed transactions. ITC shareowners are urged to read the proxy statement/prospectus included in the ITC registration statement and any other relevant documents because they contain important information about TransCo and the proposed transactions. The proxy statement/prospectus and other documents relating to the proposed transactions (when they are available) can be obtained free of charge from the SEC's website at [www.sec.gov](http://www.sec.gov). The documents, when available, can also be obtained free of charge from Entergy upon written request to Entergy Corporation, Investor Relations, P.O. Box 61000 New Orleans, LA 70161 or by calling Entergy's Investor Relations information line at 1-888- ENTERGY (368-3749), or from ITC upon written request to ITC Holdings Corporation, Investor Relations, 27175 Energy Way, Novi, MI 48377 or by calling 248-946-3000.

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Third Quarter 2012

OVERVIEW OF RESULTS

Strong operational and financial performance for both the third quarter and year-to-date periods

System performance remains good; reflects successful execution of maintenance and capital programs

Maintenance program on track and under budget for year

Capital investments on plan, with year-to-date levels roughly equal to full year 2011 investments and significantly higher than prior years

Continued to pursue stand-alone strategic initiatives

Announced

the

ITC

Great

Plains

Expansion

Project;

portfolio

of

high-voltage

electric

transmission

projects in SPP region

Developed through more than a year of extensive study of regional needs

Involves five primary 345 kV transmission lines, totaling approximately 2,700 miles, consisting of multiple segments in seven states

AC-based approach; reflects interconnectivity of power grid and provides solution to integrate variety of energy sources, enhance grid reliability and provide flexibility throughout SPP footprint

Further advanced the Entergy transaction towards closing

Initiated regulatory approval process at retail jurisdictional level and at FERC

Significant

progress

made

with

respect

to

other

transaction

approval

requirements

Remain on track for 2013 closing



IP&L formal 206 complaint against ITC Midwest Attachment FF recovery mechanism  
Attachment FF allows for 100% reimbursement of the costs of eligible network upgrades for qualifying  
generating facilities connecting to ITC Midwest system  
Approved by FERC in 2008  
Our response to complaint seeks to dismiss the complaint  
Highlights IP&L's failure to meet burden of proof  
Outlines why Attachment FF provision is just and reasonable  
No stipulated period for FERC to act

FERC complaint against MISO formula rate protocols

Complaint against the MISO formula rate protocols remains with FERC; FERC has indicated intent to issue findings by February 2013

As MISO transmission owner, ITC filed a response detailing how our protocols and practices differ from the MISO-wide protocols and alleviate concerns cited by FERC

Order 1000 compliance activities

MISO and SPP scheduled to file their compliance plans soon

Plans

which

will

largely

address

the

elimination

of

the

right

of

first

refusal

(or

ROFR)

around

certain

transmission projects

Continue to monitor New England ISO base ROE complaint proceeding

ITC not a direct party to the case

Established

procedural

schedule

provides

for

initial

decision

in

September

2013

Third Quarter 2012

REGULATORY POLICY DEVELOPMENTS

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\* Approvals also required in Missouri due to limited assets in those territories.

Entergy Transaction Update

TRANSACTION APPROVAL TIMELINE

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Authority

Requirement

Timing

Filings made except PUCT,

expect PUCT filing will

occur in Q4  
203 / 205 applications filed  
in mid-September with  
expected decision in 180  
days; 204 applications to be  
filed in Q4

Expect to file before year-  
end

Filed late July, expect final  
ruling in first half of 2013

Filed preliminary S4 in late  
September, anticipate ITC  
shareholder meeting in first  
half of 2013

Entergy Retail Regulators  
(APSC, LPSC, MPSC, PUCT,  
CCNO)

Change of control of transmission assets

Affiliate transaction-related steps in the RMT

Authorization to incur debt in some jurisdictions  
FERC

Change of control of transmission assets (203 filing)

Acceptance of jurisdictional agreements (205 filing)

Authorization to assume debt / issue securities (204 filings)

Changes to System Agreement to remove provisions related to transmission  
planning and equalization

New  
ITC  
rate  
tariffs  
to  
be  
established

for  
the  
ITC  
operating  
companies  
(205  
filing)

Hart-Scott-Rodino Act  
(DOJ / FTC)

Pre-merger notification to review potential antitrust and competition issues

IRS Private Letter Ruling

Private letter ruling substantially to the effect that certain requirements for the tax-free treatment of the distribution of Transco Holdco are met  
ITC Shareholders

Merger

Issuance of shares to Entergy shareholders

Amendment to ITC articles to increase authorized number of shares

Key operating earnings drivers

Higher operating earnings for quarter and year-to-date period due to higher rate base and AFUDC at our operating companies

Year-to-date increase partially offset by lower revenues due to final amortization of the *ITC Transmission* revenue deferral regulatory asset in May 2011

Third Quarter & Year-To-Date Financial Results

EARNINGS & DRIVERS

Reported Diluted EPS

\$ 0.98            \$ 0.85

\$ 0.13

(\$ in Millions except per Share Data)

THREE MONTHS ENDED

SEPTEMBER 30,

2012

2011

NINE MONTHS ENDED

SEPTEMBER 30,

2012

2011

\$ 2.68            \$ 2.49

\$ 0.19

Operating Diluted EPS

\$ 1.07            \$ 0.85

\$ 0.22

\$ 3.05            \$ 2.49

\$ 0.56

Pre-Tax Entergy Transaction Expenses            \$ 0.14

N/A

\$ 0.14

FERC Audit Related Refunds

N/A            N/A

N/A

\$ 0.25            N/A

\$ 0.25

\$ 0.33            N/A

\$ 0.33

Income Taxes on Adjustments

(\$ 0.05)            N/A

(\$ 0.05)

(\$ 0.21)            N/A

(\$ 0.21)

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Increase /

(Decrease)

Increase /

(Decrease)

Note: Reported net income and operating earnings reconciliation can be found in Appendix

CAPITAL  
INVESTMENTS

THROUGH  
SEPTEMBER  
30,  
2012



*ITCTransmission*

\$ 173.6

METC

113.6

ITC Midwest

266.1

ITC Great Plains

72.9

TOTAL

\$

626.2

Strong financial performance driven  
by successful execution of our capital  
investment plans

Invested \$626.2 million in capital  
projects at our operating companies  
in the nine months ended September  
30, 2012

Year-to-date 2012 capital investment  
levels roughly equal to 2011 full year  
investment levels and significantly  
higher than other previous years

Financial Results

CAPITAL INVESTMENTS

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(\$ in Millions)

Financial Results  
2012 GUIDANCE  
*ITCTransmission*  
\$ 210 -  
\$ 220  
METC  
150 -  
160  
ITC Midwest

320 -  
335  
ITC Great Plains  
100 -  
110  
TOTAL  
\$  
780 -  
\$ 825  
2012  
GUIDANCE  
-  
CAPITAL  
INVESTMENTS

Increasing 2012 operating EPS guidance to \$4.10 to \$4.15

Updating 2012 capital investment guidance to \$780 to \$825 million

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(\$ in Millions)

Prior range was \$3.95 to \$4.05

Total  
Revolver  
Capacity  
Revolver  
Capacity  
Outstanding  
Undrawn

Revolver  
Capacity  
\$ in Millions  
ITC Holdings  
\$ 200.0  
\$ 4.2  
\$ 195.8  
*ITCTransmission*  
100.0  
57.9  
42.1  
METC  
100.0  
75.4  
24.6  
ITC  
Midwest  
175.0  
89.7  
85.3  
ITC Great Plains  
150.0  
87.1  
62.9  
TOTAL  
\$ 725.0  
\$ 314.3  
\$ 410.7  
Cash on Hand  
30.0  
TOTAL LIQUIDITY  
\$ 440.7

Q3 2012 financing activities

\$200 million term loan at ITC Holdings priced at one month LIBOR plus 100 basis points

2012 financing plan largely complete

One remaining financing at METC in 2012

Shifting focus to 2013 capitalization requirements

2013 stand-alone financing plan is robust  
Debt maturities totaling ~\$650 million at ITC Holdings and *ITCTransmission*  
New capital funding requirements at all companies

Also focused on preparing for the financings in  
2013 required as a part of the Entergy transaction

Liquidity position remains healthy  
Well positioned to continue to execute on  
strategic plans going forward

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Financial Results

CAPITALIZATION & LIQUIDITY

Financial Results

DIVIDEND INCREASE

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Increased quarterly dividend approximately 7% in August to \$0.3775 per share, or \$1.51 annualized  
Increase marks seventh consecutive year that

ITC has raised its quarterly dividend  
Slightly higher than our typical historical  
annual increases  
Consistent with recent dividend policy  
commentary  
Additional flexibility with respect to  
dividend increases going forward while  
still preserving sufficient capital in  
business

Anticipate continued dividend growth that will  
balance efficiently funding reinvestment  
requirements in the business with returning  
capital to shareholders  
Quarterly Dividend



Stand-Alone Five-Year Capital Plan

2012 -

2016

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Note: Five-year EPS CAGR based on 2011 through 2016 EPS

Pleased to be able to report strong financial results for the first nine months of 2012

Performance provides a solid foundation for executing on our full year goals and objectives, as well as our stand-alone five-year capital plan

Remain focused on the execution of our stand-alone plan and sustainable growth also continuing to advance the Entergy transaction to a successful close in 2013

Looking Ahead

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Appendix

Reported Net Income  
(\$ in Millions except per Share Data)  
THREE MONTHS ENDED  
SEPTEMBER 30,  
2012  
2011  
Increase /  
(Decrease)  
NINE MONTHS ENDED

SEPTEMBER 30,  
 2012  
 2011  
 Operating Earnings  
 Entergy Transaction Expenses  
 Income Taxes on Adjustments  
 15  
 Non-GAAP Measures  
 NET INCOME RECONCILIATION  
 Increase /  
 (Decrease)  
 Acquisition Accounting Adjustment  
 7,453  
 N/A  
 7,453  
 N/A  
 N/A  
 N/A  
 (2,662)  
 N/A  
 (2,662)  
 17,454  
 17,454  
 N/A  
 13,048  
 13,048  
 N/A  
 \$ 159,383  
 \$ 30,361  
 \$ 129,022  
 (10,739)  
 (10,739)  
 N/A  
 \$ 139,620  
 \$ 10,598  
 \$ 129,022  
 \$ 7,159  
 \$ 44,024  
 \$ 51,183  
 \$ 55,974  
 \$ 11,950  
 \$ 44,024