

ITC Holdings Corp.  
Form 425  
February 28, 2012

ITC Holdings Corp.  
Entergy Regional State Committee  
March 1, 2012  
Filed by ITC Holdings Corp.  
Pursuant to Rule 425 under the Securities Act of 1933

Edgar Filing: ITC Holdings Corp. - Form 425

and deemed filed pursuant to Rule 14a-12  
under the Securities Exchange Act of 1934  
Subject Company: ITC Holdings Corp.  
Commission File No. 001-32576

Safe Harbor Language & Legal Disclosure

2

This  
presentation  
contains  
certain  
statements

that describe ITC Holdings Corp. ( ITC ) management s beliefs concerning future business conditions and prospects, growth opportunities and the outlook for ITC s business, including ITC s business and the electric transmission industry based upon information currently available. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Wherever possible, ITC has identified these forward-looking statements by words such as anticipates , believes , intends , estimates , expects , projects and similar phrases. These forward-looking statements are based upon assumptions ITC management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties which could cause ITC s actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, among other things, (a) the risks and uncertainties disclosed in ITC s annual report on Form 10-K and ITC s quarterly reports on Form 10-Q filed with the Securities and Exchange Commission (the SEC ) from time

to  
time  
and  
(b)  
the  
following  
transactional  
factors  
(in  
addition  
to  
others  
described  
elsewhere  
in  
this  
document  
and  
in  
subsequent  
filings  
with  
the  
SEC):  
(i)  
risks  
inherent  
in  
the  
contemplated  
transaction,  
including:  
(A)  
failure  
to  
obtain approval by the Company's shareholders; (B) failure to obtain regulatory approvals necessary to consummate the transaction or to obtain regulatory approvals on favorable terms; (C) the ability to obtain the required financings; (D) delays in consummating the transaction or the failure to consummate the transactions; and (E) exceeding the expected 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 and any or 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 assumptions ITC might make or by known or unknown risks and uncertainties. Many factors mentioned in this document and the exhibits hereto and in ITC's annual and quarterly reports will be important in determining future results. Consequently, ITC cannot assure you that ITC's expectations or forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as required by law, ITC undertakes no obligation to publicly update any of ITC's forward-looking or other statements, whether as a result of new information, future 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 assurances as to the terms on which such transactions will be consummated.

Safe Harbor Language & Legal Disclosure

3

ITC

and

Mid

South

TransCo



LLC  
( TransCo )  
will  
file  
registration  
statements  
with  
the  
SEC  
registering  
shares  
of  
ITC  
common  
stock  
and  
TransCo  
common  
units  
to  
be  
issued  
to  
Entergy  
Corporation  
( Entergy )  
shareholders  
in  
connection  
with  
the  
proposed  
transactions. ITC will also file a proxy statement with the SEC that will be sent to the shareholders of ITC. Entergy shareholders are urged to read the prospectus and/or information statement that will be included in the registration statements and any other relevant documents, because they contain important information about ITC, TransCo and the proposed transactions. ITC s  
shareholders

are  
urged  
to  
read  
the  
proxy  
statement  
and  
any  
other  
relevant  
documents  
because  
they  
contain  
important  
information

about ITC, TransCo and the proposed transactions.

The proxy statement, prospectus and/or information statement, and other documents relating to the proposed transactions (when they are available) can be obtained free of charge from the SEC's website at [www.sec.gov](http://www.sec.gov). The documents, when available, can also be obtained free of charge from Entergy upon written request to

Entergy  
Corporation,  
Investor  
Relations,  
P.O.  
Box  
61000  
New  
Orleans,  
LA  
70161

or  
by  
calling  
Entergy's  
Investor  
Relations

information line at 1-888-ENTERGY (368-3749), or from ITC upon written request to ITC Holdings Corp., Investor Relations, 27175 Energy Way, Novi, MI 48377 or by calling 248-946-3000

This presentation is not a solicitation of a proxy from any security holder of ITC. However, Entergy, ITC and certain of their respective directors and executive officers and certain other members of management and employees may be deemed to be participants

in  
the  
solicitation  
of  
proxies  
from

shareholders  
of  
ITC  
in  
connection  
with  
the  
proposed  
transaction  
under  
the  
rules  
of

the SEC. Information about the directors and executive officers of Entergy may be found in its 2010 Annual Report on Form 10-K filed with the SEC on February 28, 2011, and its definitive proxy statement relating to its 2011 Annual Meeting of Shareholders filed with the SEC on March 24, 2011. 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 2011 Annual Meeting of Shareholders filed with the SEC on April 21, 2011.

Introduction

5  
ITC History  
March 2003 -  
Established as  
*ITCTransmission*  
with the purchase of  
Detroit Edison transmission assets

July 2005 -

Became first publicly traded  
independent transmission company

July 2006 -

ITC Great Plains,  
headquartered in Topeka, KS, established

October 2006 -

Acquired Michigan Electric  
Transmission Company (METC) from  
Consumers Energy

December 2007 -

Formed ITC Midwest by  
acquiring the transmission assets of  
Interstate Power and Light from Alliant  
Currently headquartered in Novi, MI

6

6

Who We Are

Largest independent transmission company  
in the country and only one publicly traded;

9

Over 15,000 miles of transmission

Seven states

Over 26,000 MW of load served

Develop transmission with the goals of  
providing customers:

Best  
in  
class  
transmission  
system

top  
decile reliability

Provide equal access to all generators  
thereby allowing the most efficient  
generators to compete

Support public policy needs  
th

Largest transmission owner overall



7

7

Independent Model

Independence in all aspects of transmission

All capital generated from transmission

No internal competition for capital with other functions (i.e., Generation or Distribution)

Promotes open planning and access to competitive fuel sources

- Governance
- Planning
- Construction
- Maintenance
- Operations
- Training
- Land Use
- Transparency  
The independent model enables  
transparent disclosure and communication  
with stakeholders
- Transmission planning
- Transmission formula rate making
- Transmission operations
- Customer driven transmission  
maintenance
- Transmission only do not own generation or  
distribution assets; business model singularly  
focused on owning, operating and maintaining  
transmission

Ensure independence through governance

Independent Board of Directors

Management and employees may not have  
a direct financial interest in a market  
participant

Market participants may not own 5% or more of ITC stock

Ongoing FERC reporting and compliance  
ITC is a competitive market facilitator

Provide a robust, reliable transmission infrastructure that allows the customer to enjoy the full benefits of the market

Reduce congestion to promote market liquidity

Actively promote policies at federal, state and RTO that provide non-biased treatment to all parties

Independence Starts with  
a Management Philosophy

8

9  
Independent Model  
9  
Benefits of ITC independent  
transmission model  
Transparency  
Improved  
Reliability  
Enhanced Generator  
Interconnections

Aligned with  
Public Policy  
Operational  
Excellence  
Improved Credit  
Quality  
Competitive  
Markets  
Reduced System  
Congestion

Wind Interconnection in ITC Midwest

10

ITC Midwest

Projects Under Study

57 Wind Projects

8,100 MW total MISO capacity

5,788 MW in Iowa

Projects in Service

2,990 MW Wind Capacity

(including 120 MW owned by Mid-Am)

2,154 MW connected since 2008

Projects Under GIA

(Not Connected)

604 MW Wind Capacity

Project Development

13 Independent Developers



Operational Excellence

ITC's overarching goal: Best-in-class system operations and performance, including system security and safety

Our operating companies consistently rank strongly in the SGS Statistical Services Transmission Reliability Benchmarking program

Culture of safety and proven safety performance

Top safety performance of all EEI companies

ITC's security operations recognized as an Example of

Excellence

for our NERC Reliability Readiness

Evaluation and Improvement Program

Our control room is staffed with operators qualified at the highest level under the NERC Operator Certification Program and they go through a continuous and rigorous recertification and training program

11

Reliability-Sustained Outages  
12  
(Average  
Sustained

Outages  
per  
Circuit)

Sustained outages are outages lasting for greater than 60 seconds.

ITC's capital investments and maintenance programs have resulted in dramatic improvements in reliability

ITC Midwest's performance trend is improving, following the paths of ITC *Transmission* and METC

Normal weather related incidents are not excluded from metric calculations

Better  
Performance

Better  
Performance  
Reliability-Outage Duration  
13  
2010 data  
(Average duration of outages, in minutes)  
Again, ITC Midwest's  
performance trend is  
improving, following the

paths of ITC *Transmission*  
and METC

Safety Statistics

ITC Compared to Peers

Accidents per 100 workers with  
no lost time, relative to industry  
average.

Accidents per 100 workers  
resulting in lost time, relative to  
industry average.

14

Investment in the Grid

Since its inception, ITC has annually invested between 1 and 2.7 times cash from operations

Gross investments in property, plant and equipment increased from \$41 million in 2003 to \$632.9 million in 2011

Planned gross investment in property, plant and equipment for 2012 is \$730 to \$830 million

5 year plan refreshed annually to provide longer term view of ITC's investment strategy



Total investment from 2012 through 2016 projected to be \$4.2 billion

Best-in-class operations at existing operating companies

Includes system investment and generator interconnections

Development of regional infrastructure

MVPs/SPP regional projects

Partnerships with local utilities

15

Driven by operational excellence criteria and organic investment opportunities

2012  
2016 5 Year Plan  
16

17  
Historic Capital Investments

#### Credit Ratings

Independent model translates to debt cost savings and supports higher credit ratings which results in lower costs to customers

Using a regulatory construct for the Entergy transmission systems similar to the ITC regulated operating companies, ITC anticipates similar investment grade credit ratings for the Entergy transmission systems with a comparable cost of debt

Under ITC's regulatory model, cost savings realized as a result of enhanced credit quality will be 100% passed through to customers

#### Resource Deployments

ITC enjoys certain economies of efficiency and scope in the transmission business, allowing it to procure material at lower costs, operate the system at lower cost, etc.

Over the past seven years, ITC has been able to leverage its supply chain relationships and develop strategic alliances to achieve millions in savings over traditionally-procured project materials

92 management FTEs

365 non-management FTEs

435 field crew employees with ULC

Lowest Cost

Transmission Planning and Construction  
Needs evaluation driven by NERC  
standards, RTO tariffs, local needs,  
regional needs, and public policy  
requirements.

Approach reliability with the spirit and  
intent of the NERC standards in mind,  
not just the minimum

Upon system acquisition, first focus is  
reducing outages and improving

reliability as well as access to the  
market

20



Transaction Overview

ITC Overview  
System Peak Load  
26,100 MW  
28,000 MW  
Service Area  
Seven states  
Four states\*  
Total

Transmission

Miles

15,100 miles

15,700 miles

Service Area

Square Miles

89,850

114,669

RTO Membership

MISO/SPP

Anticipated

MISO

membership

by 12/2013

22

\*Entergy also owns limited assets in Missouri.

22

Customer & Stakeholder Benefits

23

Benefits on the transmission system include:

Improved reliability

Reduced congestion

Access to least-cost power

Independent, regional approach to planning

Unbiased Operations

Customer-focused maintenance

Benefits beyond MISO membership

Planning begins with local planners submitting projects to MISO. Lack of generation interests allows ITC to propose economic projects that vertically integrated companies may overlook

Broader and longer term view of the grid

Over time, the overall benefits of the transaction will more than offset the costs associated with it

A more thorough analysis of the revenue requirement effects and transaction benefits is being prepared in conjunction with the necessary regulatory filings

Transaction Overview

24

Transaction Structure

Spin-Merge: Entergy's transmission business merges into ITC

Prior to merger, Entergy to pursue tax free spin-off of transmission business and ITC to effectuate a recapitalization, anticipated to be special dividend of \$700

million

100% stock consideration

Entergy to issue approximately \$1.775 billion of debt, to be assumed by ITC

ITC to issue approximately \$700 million of unsecured debt at holdings level

ITC Shareholders

Post-Merge

50.1% Entergy shareholders

49.9% ITC shareholders

ITC Senior

Mgmt & Board

Two new independent directors who have transmission industry knowledge and familiarity with Entergy's region

ITC's management team will remain intact for combined business, supplemented with key Entergy leadership personnel from Entergy's transmission business

Headquarters

Regional headquarters remain in Jackson, MS

Corporate headquarters in Novi, MI

Expected Closing

In 2013, subject to timing of approvals

Approval Process

Entergy retail regulatory approvals

Federal Energy Regulatory Commission approvals

ITC shareholder approval

Certain other regulatory approvals

1  
1  
\$1.775b of debt will be issued by  
Entergy in connection with the  
internal separation of the  
transmission business, the  
proceeds from which will be used



for debt reduction

Entergy

shareholders

Entergy

Transmission

business

Entergy will create and

distribute new Transco ( Mid

South TransCo LLC ) to

Entergy shareholders

2

2

Entergy

Mid South

TransCo

LLC

3

3

ITC

shareholders

ITC

Prior to the merger, ITC will recapitalize,

currently anticipated to be a one-time

\$700mm special dividend to existing

shareholders, funded by newly-issued senior

unsecured notes at ITC Holdings

4

4

Entergy

shareholders

Entergy

Entergy

Mid South

TransCo

LLC

Mid South

TransCo

LLC

Entergy

shareholders

ITC

shareholders

ITC

shareholders

ITC

ITC Merger

Sub

Mid South TransCo LLC will subsequently merge

with ITC Merger Sub; Entergy shareholders will

receive 50.1% ownership in the combined company

Entergy  
shareholders  
ITC  
shareholders  
Entergy  
ITC  
Holdings  
Mid South  
TransCo LLC  
49.9%  
100%  
ITC  
OpCos  
Trans  
OpCos  
Trans  
OpCos  
Trans  
OpCos  
25  
Transaction Key Steps  
ITC Pro Forma Structure

Pro Forma Ownership Structure

26

50.1% Entergy

Shareholders

49.9% ITC

Shareholders

Transmission OpCos

Mid South

TransCo

LLC

Approvals & Timeline  
Entergy Retail Regulators  
(APSC, LPSC, MPSC,  
PUCT, CCNO)

Change of control of transmission assets

Authorization to incur debt in some jurisdictions  
FERC

Change of control of transmission assets

Establish rate for new ITC subsidiaries

Authorization for operating company financings

Change to Entergy System Agreement to break out transmission  
Hart-Scott-Rodino Act  
(DOJ / FTC)

Pre-merger notification to review potential antitrust and competition issues  
IRS Private Letter Ruling

Ruling regarding tax-free treatment of the distribution of Mid-South TransCo LLC  
ITC Shareholders

Merger

Amendment to ITC Articles of Incorporation to increase the number of authorized  
shares

Authorization for issuance of greater than 20% of outstanding shares

\* Approvals may be required in Missouri. Approval may be required in Oklahoma for ITC.  
27

The transaction is targeted to close in 2013, subject to receipt of the following approvals  
and closing conditions:\*

### Storm Restoration

Building on Entergy's Record of Excellence

28

ITC's record:

In Michigan, ITC's systems are very reliable, resulting in only a handful of customer outages.

On our Midwest system, 78% of outages impacting customers are restored at the

point of interconnection within 90 minutes.

Post Closing:

ITC plans to integrate key areas of its Incident Command System ( ICS ) with Entergy 's ICS structure to ensure continued excellence in storm restoration.

ITC and Entergy will be developing detailed, integrated restoration plans prior to closing.

ITC 's number one priority is getting customers back on line



Management Post Transaction

29

Upon transaction close, the ITC management team will lead the resulting business

Certain Entergy management will serve in an executive capacity for ITC

Entergy employees will perform the day to day operations at the direction of ITC and in line with ITC goals (reliability, facilitate markets, generator interconnections, policy needs) and independence requirements

Safety

Reliability/outage reduction

Performance of scheduled maintenance

Capital project completion

ITC's Board of Directors will appoint two new independent directors with experience in the region

From experience, it typically takes about 24 months to integrate a new group of employees into the ITC culture

Annual employee bonus goals are structured to support and incentivize achievement of corporate goals, which focus on Best in Class performance in the following areas:

Transaction ultimately benefits all constituencies, through independent model and overall best practices  
Improved reliability, reduced congestion and greater access to competitive energy marketplace  
Strong credit and ability to attract capital for needed transmission investments  
Highest objectivity for transmission planning

and operations; aligns with public policy objectives

Maintains jobs and provides opportunities for job creation and local economic development

Commitment to communities and customers that ITC serves through corporate citizenship, and community involvement

Transaction Closing

**BENEFITS ALL STAKEHOLDERS**

30

Transaction

Benefits