

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

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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 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

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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. 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

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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

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Who We Are

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

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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

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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

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Independent Model

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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

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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

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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.

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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

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Driven by operational excellence criteria and organic investment opportunities

2012
2016 5 Year Plan
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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

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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

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*Entergy also owns limited assets in Missouri.

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Customer & Stakeholder Benefits

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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

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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

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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

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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

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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.

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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

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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

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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

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Transaction

Benefits