

ITC Holdings Corp.
Form 425
January 24, 2012

ITC Holdings Corp.
Entergy Regional State Committee
Working Group & Stakeholders Meeting
January 2012
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Filed by ITC Holdings Corp.
Pursuant to Rule 425 under the Securities Act of 1933
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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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.

This
presentation
contains
certain
statements
that
describe
ITC
Holdings
Corp.
("ITC")
management's
beliefs
concerning
future

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
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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 2010 Annual Report on Form 10-K filed with the SEC on February 23, 2011, and its definitive proxy statement relating to its 2011 Annual Meeting of Shareholders filed with the SEC on April 21, 2011.

Transaction Overview
Transaction Overview

ITC is an independent transmission-only company headquartered in Novi, Michigan
Business model is singularly focused on owning, operating and maintaining transmission
Actively developing transmission infrastructure required for reliability

needs and emerging long-term energy
policy

ITC has a history of efficiently and
effectively integrating transmission
systems

ITC has a proven track record of safe
and reliable operations

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ITC 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 and Tennessee.

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Transmission Business

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Independent Model
7
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

Operational Excellence

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ITC's 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.

ITC's security operations recognized as an Example of Excellence for our

Reliability Readiness Evaluation and Improvement Program.

Our control room is staffed with operators qualified at the highest level under

the federal Operator Certification Program.

Reliability

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

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

and METC
Better
Performance
(Average Sustained Outages per Circuit)

Transaction Overview
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Transaction Structure

Reverse
Morris
Trust
-

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 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

\$1.775b of newly-issued debt will be raised at Entergy's transmission business, the proceeds from which will be distributed to Entergy. Entergy will create and distribute new Transco (Mid

South TransCo LLC) to

Entergy shareholders

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

Mid South TransCo LLC will subsequently merge

with ITC Merger Sub; Entergy shareholders will

receive 50.1% ownership in the combined company

49.9%

100%

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Transaction Key Steps

ITC Pro Forma Structure

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Entergy

shareholders

ITC

shareholders

Entergy

shareholders

ITC

shareholders

Entergy

Entergy

Entergy

Mid South

TransCo

LLC

ITC

ITC

Mid South

TransCo

LLC

Transmission

business

OpCos

OpCos

ITC Merger

Sub

2

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Entergy

shareholders

Entergy

shareholders

ITC

shareholders

Mid South
TransCo LLC
Entergy
OpCos
ITC
Holdings
ITC
OpCos

Pro Forma Ownership Structure

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50.1% Entergy

Shareholders

49.9% ITC

Shareholders

Mid South

TransCo

LLC

OpCos

Approvals & Timeline

The
transaction
is
targeted
to
close
in
2013,

subject
to
receipt
of
the
following
approvals
and
closing conditions

Anticipated Approval Requirements*
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 new regulatory construct for new ITC subsidiaries

Authorization for operating company financings
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 Transco Holdco
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 and Tennessee due to limited assets in those territories. Approval may be required in
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Scope of Transaction

Final transaction value determined by ITC
share price at time of closing

Combination of ITC market capitalization,
post-recapitalization, and assumed debt

Transaction covers Entergy Transmission
Business transmission assets

Transmission lines (operated at or above
69 kV)

Substation assets operated at or above
69 kV

Common-use equipment in transmission
substations (three-terminal substations)

Equipment necessary for the safe and
reliable operation of the grid
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Projected Year-End Rate Base
For 2013 (Estimated)
(\$ amounts in billions)

The value of the Entergy Transmission
Business assets used to calculate
transmission rates will remain unchanged as
a result of the transaction.

ITC
Companies
\$4.1
Entergy
Transmission
Business
\$3.0
Total
Combined
\$7.1

Customer & Stakeholder Benefits

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Furthers objectives of independent transmission model

Including the commitment to maintain strong reliability, reduce congestion, enhance opportunities for

interconnecting generators and foster greater access to competitive markets

Facilitator of competitive wholesale markets

Building robust interconnections and related system upgrades to bring all generation to market
Culture of safety and proven safety performance

Top safety performance of all EEI companies

Investments

in

the

system

both

capital

and

O&M

Invested \$2.3 billion in CAPEX and \$640 million in O&M since inception to support system
reliability and expansion

Commitment

to

regions

and

communities

we

serve

through

corporate

citizenship

Ingrain company in communities and regions including supporting economic development and
resulting jobs, community involvement and supporting charities