

ITC Holdings Corp.  
Form 425  
June 13, 2012

ITC Holdings Corp.  
Southern Company Meeting  
June 13, 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

2

Safe Harbor Language & Legal Disclosure

business conditions and prospects, growth opportunities and the outlook for ITC's business, including ITC's business and the 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 hereof 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 or revise 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 ITC 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

3

Safe Harbor Language & Legal Disclosure

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 Valley Road, 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 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. 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.

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

4

ITC History

Headquartered in Novi, Michigan

March 2003 -

Established as

*ITCTransmission*

with the purchase of Detroit

Edison transmission assets

July 2005

ITC Holdings Corp. became first

publicly traded independent transmission

company

July 2006 -

ITC Great Plains, headquartered

in Topeka, KS, established to pursue new  
transmission development opportunities

October  
2006

-

Acquired  
Michigan  
Electric  
Transmission Company (METC)

December  
2007

-

Formed  
ITC  
Midwest  
by  
acquiring the transmission assets of Interstate  
Power and Light from Alliant

December  
2011

-

Announced  
proposed  
transaction with Entergy Corporation whereby  
Entergy will spin-off its transmission business  
and merge it with ITC



5  
ITC Overview

Largest fully independent transmission company  
in the nation; 9  
th  
largest transmission owner  
overall

4 operating companies in 7 states

Michigan, Iowa, Illinois, Minnesota, Missouri,

Kansas, Oklahoma

475 employees and approximately 1,000 skilled labor contractors

Capital investments of \$2.8B in its business since inception; projected investments of ~\$4.2B 2012 through 2016

Singular focus: own, operate and maintain transmission

Member of two RTOs: MISO and SPP

6

Our Mission

Make investments that improve  
system reliability

Expand access to energy markets

Lower the overall cost of delivered  
energy

Allow new generating resources to  
interconnect to transmission  
systems

Support national energy  
independence and security  
Business model serves state, regional, and federal policy goals of  
advancing transmission infrastructure development to the benefit  
of  
consumers

7

#### 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 \$633 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

Driven by operational excellence criteria and organic  
investment opportunities  
Best-in-class operations at existing operating companies  
Includes system investment and generator interconnections  
Development of regional infrastructure  
MISO MVPs/SPP regional projects  
Partnerships with local utilities

8  
Historical Capital Investments  
2003-2011

9  
Customer Focus

Dedicated  
Stakeholder  
Relations  
group  
as  
single

point  
of  
contact  
for  
stakeholders, providing advocacy and issue resolution at ITC  
Stakeholders include municipal and cooperative utilities, independent  
power producers and retail load of large industrial and commercial  
retail customers connected at transmission level voltages

Together with Entergy, proactively meet with stakeholders to identify  
stakeholder issues and resolve any concerns through one-on-one  
meetings

and  
Semi-annual  
Partners

in  
Business  
meetings  
Energy policy, legislative and regulatory matters  
Capital project, transmission planning and preventative maintenance  
Operations preparedness for summer peak load and storm events  
Transmission rates

Timely customer communication  
Storm restoration  
Planned outages to eliminate or minimize any  
potential risk and costs to industrial processes  
Unplanned outages regarding cause, estimated  
duration, and future prevention



10  
Transaction Overview

11  
ITC and Entergy  
System Peak  
Load  
26,100 MW  
28,000 MW  
Service Area  
Seven states  
Four states\*

Total  
Transmission  
Miles

15,000 miles

15,700 miles

Service Area

Square Miles

89,850

114,669

RTO

Membership

MISO/SPP

Anticipated

MISO

membership

by 12/2013

\* Entergy also owns limited assets in Missouri.

Entergy

Transmission

Business

12

Transaction Overview

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  
\$700  
million  
recapitalization  
in  
the  
form  
of  
a  
share  
repurchase,  
special dividend or some combination thereof

100% stock consideration

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

ITC to issue approximately \$700 million of 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

13  
Pro Forma Structure

14

Customer and Stakeholder Benefits

Benefits on the transmission system include:

Improved

reliability

Reduced congestion

Lower overall cost of delivered energy

Independent, regional approach to planning

Customer

-focused maintenance

Benefits beyond MISO membership



Planning begins with local planners submitting projects to MISO.

Independent

, broader view promotes

transmission build

-out that takes into account all users

of the grid

Broader and longer term view of the power 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

15  
Independent Model

16  
Independent Model  
Benefits of ITC independent  
transmission model  
Reliability  
Transparency  
Operational  
Excellence  
Infrastructure  
Investment  
High Credit  
Quality  
Public Policy  
Alignment

Facilitate Generator  
Interconnection  
Customer  
Focus

17

Independence as an Operating Philosophy  
Planning

Independent and efficient transmission investment to benefit all customers

Address local, state and regional reliability and economic needs

Identify transmission needs across a larger footprint

Propose transmission solutions for consideration alongside non transmission

solutions in an open and transparent planning forum, for optimal solutions

Reduce system congestion

Expanded grid and market access for all competitive fuel sources

Lower overall cost of delivered energy

Accommodate public policy mandates

Operations

ITC does not participate in or perform any market or generation dispatch services

Provide unbiased and non-discriminatory access to the transmission system

Objective is best-in-class performance achieved through efficient investment, proactive maintenance and operational excellence

-

18

Independence and Transparency

ITC's independent model enables transparent disclosure and communication with stakeholders

Transmission revenue requirement calculations

Local plans developed by ITC are evaluated through the independent RTO FERC Order 890-compliant process to confirm need and allow for stakeholder input

Ensures ITC constructs transmission projects which meet the scrutiny of a stakeholder process

ITC

hosts

annual

Partners

in

Business

meetings

where

the

formula

rate

projections are explained

All

questions

are

answered;

responses

are

delivered

to

attendees

of the

meetings and are also posted on the applicable operating company's OASIS website

Transmission  
planning  
process



Operational Excellence

19

20

Operational Excellence

ITC's overarching goal: Best-in-class system operations and performance

Culture of safety and proven record of safety performance

Preventative maintenance emphasized to reduce costly

reactive maintenance

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

Our control room is staffed with operators qualified at  
the highest level under the NERC Operator  
Certification Program

Restoring power quickly is a core competency and  
area of focus for ITC

Experience in working cooperatively with large  
commercial and industrial entities to address their  
needs and concerns about power quality

21

Reliability: 2011 Sustained Outage Performance

*ITCTransmission*

and METC perform with the best 10% of companies for number of sustained outages per circuit. Majority of ITC Midwest system is 69kV and improvement programs have had less time to be effective; however, performance has shown improvement in 2011.

22

Reliability: 2011 Outage Duration

Average circuit outage duration for all three ITC operating companies is less than the Region and Peer Group.

Transmission circuit outages do not equate to end-use customer outages in most cases, except for ITC Midwest.

23

Systematic Approach to Outage Reduction

Root cause analysis and feedback into both the maintenance plan and capital improvements

Example: Initiated a project to install a second shield wire for additional lightning protection on a circa 1950 120kV circuit that had seven lightning related outages since 2003

Identify and document cause of each sustained outage

Committee of operations, engineering, planning and stakeholder relations reviews each outage

Track performance trends

Separate committee performs an after action review for all human performance events

Identification of system

planning/maintenance/operating improvements or larger scale projects

Initiate additional inspections, special maintenance or study projects

Circuits with repeat outages are identified and given extra attention

<  
5%  
of  
outages  
are  
recorded  
as  
unknown  
cause

24

ITC's record:

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

On our Midwest system, where we



own 34.5kV and 69kV transmission,  
78% of outages impacting customers  
are restored at the point of  
interconnection within 90 minutes

Storm Restoration

Building on Entergy's Record of Excellence

ITC and Entergy will be developing detailed, integrated storm restoration plans prior to 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's number one priority: getting customers back on line safely.

25

Straight-Line Wind Storm in Iowa  
July 2011

Several counties across central  
Iowa

Straight-line winds 130 mph

30-mile-wide, 70-mile-long path  
of destruction

NOAA: Wind event was most widespread and damaging in east central Iowa since 1998

Within 72 hours, ITC restored all customers capable of taking service

Three days later, the system experienced record peak demand without incident

26

Severe storms spawned a tornado which struck and damaged DTE Energy's Fermi 2 nuclear power plant in Monroe County, Michigan

Four of the five transmission lines interconnecting the plant were damaged and the reactor automatically shutdown

Nuclear Plant Restoration

June 2010

With the outstanding support from ITC, we were able to restore our offsite lines and our switchyard, assess the plant condition and exit the emergency plan by about 2 a.m. Monday morning.

DTE Fermi Plant Manager

ITC  
crews  
worked  
around  
the  
clock  
for  
48  
hours  
to  
restore  
the  
damaged lines.

27

Proactive Maintenance

Achieved 100% compliance with maintenance requirements under NERC standards in 2011 audit of ITC's three operating companies

ITC spends three times more on preventive maintenance than reactive, unplanned activities

Transmission lines were 100% available during 2011 summer all-time peak, or near all-time peak, demand

Driven by our singular focus on transmission, ITC's commitment to preventative maintenance has helped maximize the availability of critical equipment and the transmission system.

28

**ITC Foundation in Safety**

Safety is integral to ITC's culture of operational excellence. Amid active capital and maintenance initiatives, we sustain a safe work environment for our employees and contractors.

29  
Next Steps



Entergy Implementation  
Timing  
30  
Authority  
Requirement  
Target Timing  
Initial filings  
to begin  
mid-summer

Work is  
expected to  
begin in  
second &  
third  
quarters of  
2012

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 due to limited assets in those territories. Approval may be required in Oklahoma for I

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

31

Upon transaction close, ITC will solely own and 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

Annual goals are structured to support and incentivize achievement of corporate

goals,  
which  
focus  
on  
Best  
in  
Class  
performance  
in  
the  
following  
areas:

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  
Management Post-Transaction

32

Transaction Closing

Stakeholder Benefits

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 cost-effective  
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

Thank you