

ITC Holdings Corp.
Form 425
February 27, 2012

ITC Holdings Corp.
Association of Louisiana Electric Cooperatives
Baton Rouge, Louisiana
February 2012
Filed by ITC Holdings Corp.

Edgar Filing: ITC Holdings Corp. - Form 425

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

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-look
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 uncertainty
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.
2

Safe Harbor Language & Legal Disclosure
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.

3

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

5

5

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

6

*Entergy also owns limited assets in Missouri and Tennessee.

6

Transmission Business

7
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

Transaction Overview
8
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

Operational Excellence

9

Operational excellence and safety are integral to ITC's culture and day-to-day operational performance.

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.

Restoring power quickly is a core competency and strategic advantage for
ITC.

Historic Capital Spend

Investing in the System

ITC has a history of investing in the systems we acquire in order to improve reliability, facilitate generator interconnections and market efficiency, and serve customer needs.

Reliability

11

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)

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.

Security

13

Critical ITC substations are protected 24/7 with a sophisticated, integrated security system

Closed-circuit television cameras

Photo-beam motion detectors

Intrusion monitors

Access control

Cyber locks

Audible alarms

Barbed wire perimeter fencing

ITC headquarters access is restricted by a security checkpoint and steel gates. Building is equipped with layered access control devices, closed-circuit television cameras, and biometric identification system for control room access.

Storm Restoration
Building on Entergy's Record of Excellence
Jurisdiction
14

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

ITC's Storm Restoration
Supply Chain Operational Excellence

ITC's Supply chain provides necessary steel structures and conductors to a site whenever a disaster requires line restoration.

Variety of methods ensure conductors and structures are readily available for storm restoration:

Numerous warehouses across footprint provide replacement conductors

and structures.

Specially designed temporary emergency structures available.

Alliance suppliers available as backup.

15

ITC's Restoration Readiness

Resource Transfer: Construction to Restoration

16

ITC alliance partner agreements provide
for quick transfer of capital project
contractors to storm recovery work

Hydaker-Wheatlake

MJ Electric

MYR Group

Allows ITC to respond efficiently to a storm event, lessening downtime

Labor contractors participating in recovery efforts already familiar with ITC safety practices, operating requirements and procedures

Expands ITC's available capital and equipment pool to a level that can address major storm events

ITC's Restoration Readiness
Example of Pole Supply Alliance
17

ITC has alliance partnership with Hydaker-Wheatlake Powerline Supply to manage a pole yard serving the ITC Midwest footprint.

Ability to supply minimum 750 poles during a storm recovery event.

Can deliver poles to 90% of region within 4 hours, with significant portion delivered within 2 hours. Remaining area can be serviced within 4-6 hours.

Examples -
Restoration Challenges

Straight-line Wind Storm in Iowa

Nuclear Plant Restoration in Michigan

Spring 2011 Storm Restoration in Michigan

2010 Pole Washout in Iowa

Straight-Line Wind Storm in Iowa
July 2011
Straight-line
winds reported up to 130
mph
ITCM restored all customers
capable of taking service within
72 hours. Three days later,
system experienced historic
peak load without incident.

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

Nuclear Plant Restoration
Summer 2011
20

Severe storms with tornado
damaged DTE Energy's Fermi 2
nuclear plant in Monroe County,
Michigan in June 2011

Storms cut power to the plant,

automatically shutting down the reactor

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

21

June 20, 2011

Dear Mr. Welch:

I wanted to express my appreciation for the support and assistance the City of Mason received from ITC after the large storm and tornado on May 29, 2011. Our City's west side was cut off due to significant damage, with at least 60 poles knocked down. ITC reacted very quickly with equipment and resources, and ensured that the power lines were put up in a safe and timely manner.

This storm was one of the largest to hit the Mason area in years, and without your company's help, we could not have recovered as quickly as we did.

ITC reacted very quickly with equipment and resources, and ensured that the power lines were put up in a safe and timely manner.

Martin A. Colburn,
City Administrator
Mason, Michigan
Storm Restoration
Spring 2011

22
Erosion Restoration
Pole Washout, Wapello County, Iowa, 2010
Before
After

Working Relationships with RECs and
Municipal Utilities

23

ITC has long-standing, close working relationships with the Rural Electric
Cooperative (REC) and Municipal Utility Customers it Serves

Dedicated Stakeholder Relations
group serves as single point of contact for
RECs and Municipal Utility Customers

Stakeholder Relations Group:

Advocates for the customer and seeks resolution when issues arise

Provides timely communications for planned outages such that coordinated maintenance can be accomplished

Provides ongoing and proactive communications on unplanned outages

Tracks customer issues to ensure prompt closure

Holds semi-annual Partners in Business meetings to provide updates on capital and maintenance plans, energy policy, rates, and legislative and regulatory updates

Conducts annual survey on effectiveness

Stakeholder Relations Survey 2011

24

- (1) Strongly disagree
- (2) Disagree
- (3) Neutral
- (4) Agree
- (5) Strongly

agree

Rate Your Level of Agreement with

Overall, I am satisfied with ITC

2009 Results

2011 Results

Mean: 3.96

N:

78

Mean: 3.96

N:

78

1%6%

14%

51%

27%

0%

20%

40%

60%

80%

100%

2%1%12%

57%

27%

0%

20%

40%

60%

80%

100%

Customer & Stakeholder Benefits

25

Furthers objectives of independent transmission model

Facilitator of competitive wholesale markets

Culture of safety and proven safety performance

Investments

in

the
system

both
capital
and
O&M

Commitment
to
regions
and
communities
we
serve
through
corporate
citizenship

Including the commitment to maintain strong reliability, reduce congestion, enhance opportunities for interconnecting generators and foster greater access to competitive markets

Building robust interconnections and related system upgrades to bring all generation to market

Top safety performance of all EEI companies

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

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