

ITC Holdings Corp.
Form 425
April 25, 2012

ITC Holdings Corp.
First Quarter 2012 Investor Call
April 25, 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 conditions and prospects, growth opportunities and the outlook for ITC 's business, including ITC 's business and the electric utility 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 using words such as anticipates , believes , intends , estimates , expects , projects and similar phrases. These forward-looking statements

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 implied by, these statements, including, among other things, (a) the risks and uncertainties disclosed in ITC's annual report on and ITC's quarterly reports on Form 10-Q filed with the Securities and Exchange Commission (the "SEC") from time to time following transactional factors (in addition to others described elsewhere in this document and in subsequent filings with the SEC), 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) inability to obtain the required financings; (D) delays in consummating the transaction or the failure to consummate the transaction; (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 are 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 results may vary materially. Except as required by law, ITC undertakes no obligation to publicly update any of ITC's forward-looking 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 ITC 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 units to be issued to Entergy Corporation (Entergy) shareholders in connection with the proposed transaction. Entergy 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

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 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 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 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 Annual Report on Form 10-K filed with the SEC, and its definitive proxy statement relating to its Annual Meeting of Shareholders filed with the SEC. Information about the directors and executive officers of ITC may be found in its Annual Report on Form 10-K filed with the SEC, and its definitive proxy statement relating to its Annual Meeting of Shareholders filed with the SEC.

Strong operational and financial performance in the first quarter
Relatively mild winter conditions contributed to solid system performance
No meaningful impact from severe weather events
Five-year capital plan remains on track with significant ramp up in capital investments in 2012
Significant milestone with Thumb Loop project in selecting contractor, M.J. Electric, to build first 62 miles
Awarded through competitive bid process; highlights the strengths of our strategic alliances
Development

plans
also
on
track
as
evidenced
by
MISO
approval
of
MVP s
and
recently

announced expanded partnership agreement with Sunflower / Mid-Kansas

Recent regulatory policy continues to support transmission expansion

FERC issued an order reaffirming PJM s use of postage stamp cost allocation for facilities
500kv+

In response to 7th Circuit court decision remanding FERC s initial order

March order demonstrates strong support by FERC for broad-based cost allocation for
certain transmission facilities

First Quarter 2012

STAND-ALONE OPERATING PLAN UPDATES

4

Entergy Transaction Update

STATUS

UPDATE / TIMELINE

Outreach efforts with key stakeholders ongoing; in process of preparing and refining regulatory applications and testimony:

Expect to finalize and initiate a sequenced

filing schedule beginning mid-summer for both retail jurisdictions and FERC
Other required approvals include ITC shareholder approval, pre-merger notification under Hart Scott Rodino Act and receipt of IRS private letter ruling
Anticipated timeline for these activities expected to allow for closing in 2013, as initially contemplated
FERC conditionally approved MISO and its transmission owners
proposal to establish a transition period for the integration of Entergy
Entergy currently in process of seeking approvals from its retail regulators to join MISO
Transaction agreements contingent on Entergy receiving approval to join an acceptable RTO

5

Key operating earnings drivers

Higher net income due to higher rate base and AFUDC at our operating companies

Partially offset by:

Lower revenues associated with the amortization of the ITC *Transmission* rate freeze revenue deferral which expired in May 2011 and

Lower G&A expenses in first quarter of 2011 due to recognition of a

regulatory asset associated with the Kansas V-Plan Project, which did not reoccur in first quarter 2012

First Quarter 2012 Financial Results

EARNINGS & DRIVERS

Reported Diluted EPS

\$ 0.88 \$ 0.81

\$ 0.07

THREE MONTHS ENDED

MARCH 31,

2012

2011

Operating Diluted EPS*

\$ 0.93 \$ 0.81

\$ 0.12

Pre-Tax Entergy Transaction Expenses \$ 0.08

N/A

\$ 0.08

Income Taxes on Adjustments

(\$ 0.03) N/A

(\$ 0.03)

6

Increase /

(Decrease)

*

Non-GAAP measure, reconciliation of reported net income to operating earnings provided on slide 12

Continued success in executing capital investment plans remains primary driver of financial performance

Invested \$203.0 million in capital projects at operating companies in

the three month period ended March
31, 2012

Relatively mild weather this winter
allowed for strong start on our capital
plans for 2012, positions us well to
meet our overall goals and objectives
for the full year

Financial Results

CAPITAL INVESTMENTS

7

ITCTransmission

\$ 41.1

METC

39.8

ITC Midwest

92.4

ITC Great Plains

29.7

TOTAL

\$

203.0

FIRST QUARTER 2012 -

CAPITAL INVESTMENTS

Financial Results
2012 GUIDANCE

Reaffirming
2012
operating
EPS
guidance
of

\$3.90
to
\$4.05,
which
excludes
expenses
associated with the Entergy transaction

Also reaffirming 2012 capital investment guidance of \$730 to \$830 million
8

ITC Transmission

\$ 185 -

\$ 210

METC

155 -

180

ITC Midwest

295 -

325

ITC Great Plains

95 -

115

TOTAL

\$

730 -

\$ 830

2012 GUIDANCE -

CAPITAL INVESTMENTS

Financing activities for remainder of 2012:

Refinancing of ITC Midwest revolvers in first half of 2012

Additional fixed debt at ITC Holdings and METC in the second half of 2012

Liquidity position remains quite robust; continues to be supported by revolving credit facility capacity

Financial Results

CAPITALIZATION & LIQUIDITY

9
 Total
 Revolver
 Capacity
 Revolver
 Capacity
 Outstanding
 Undrawn
 Revolver
 Capacity
 ITC Holdings
 \$ 200.0
 \$ 101.5
 \$ 98.5
 ITC *Transmission*
 100.0
 31.8
 68.2
 METC
 100.0
 46.7
 53.3
 ITC Midwest
 116.0 24.5
 91.5
 ITC Great Plains
 150.0
 70.3
 79.7
 TOTAL
 \$ 666.0
 \$ 274.8
 \$ 391.2
 Cash on Hand
 23.1
 TOTAL LIQUIDITY
 \$ 414.3

10

Five-Year Capital Plan

KEY PROJECT HIGHLIGHTS

200 mile, 345kV line; ITC's

portion is ~120 miles

~\$300 million

140 mile, 345kV line; four

new substations

~\$510 million

Received siting approval
in February 2011;

commencing construction
on first 62 miles, ROW

acquisition remains

underway as well

Phase 1 in late 2013 and

Phase 2 in 2015

225 mile, 345kV line; ITC's

portion is ~174 miles

~\$160 million

Completed ROW acquisition

in early 2011, project well

into construction

Phase 1 mid-2012, Phase 2

Late 2012

Received siting approval in

July 2011; pre-construction

activities / ROW

acquisition underway

Late 2014

18 miles, 345kV line and new

substation

~\$37 million

Project construction close to

completion

Mid-2012

Portions of four MVP projects

located within Iowa, Minnesota,

Wisconsin & Missouri

In excess of \$600 million

Received MISO approval in

December 2011, next steps

include routing studies to

support siting applications

To Be Determined

Questions?

11

Reported Net Income			
\$ 46,051	\$ 42,002	\$ 4,049	
THREE MONTHS ENDED			
MARCH 31,			
2012			
2011			
Operating Earnings*			
\$ 48,580	\$ 42,002	\$ 6,578	
Pre-Tax Entergy Transaction Expenses			3,863

N/A	3,863	
Income Taxes on Adjustments		
(1,334)	N/A	(1,334)

Increase /

(Decrease)

Non-GAAP Measures

NET INCOME RECONCILIATION

(\$ in Thousands)

* Non-GAAP measure

12