

ITC Holdings Corp.
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ITC Holdings Corp.
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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

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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 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

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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

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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

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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

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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 \$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

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Historical Capital Investments
2003-2011

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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

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Transaction Overview

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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

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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

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Pro Forma Structure

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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

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Independent Model

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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

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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

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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

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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

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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.

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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.

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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

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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, 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.

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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

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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.

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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.

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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.

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Next Steps

Entergy Implementation
Timing
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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

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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

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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