

ITC Holdings Corp.
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ITC Holdings Corp.
Second Quarter 2012 Investor Call
August 1, 2012
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Safe Harbor Language & Legal Disclosure

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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 t 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 and believes , intends , estimates , expects , projects and similar phrases. These forward-looking statements are based u

management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties which could cause results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, 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, the Securities and Exchange Commission (the SEC) from time to time and (b) the following transactional factors (in addition to those disclosed 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 on favorable terms; (C) the ability to obtain the required financings; (D) delays in consummating the transaction; (E) failure to consummate the transactions; and (E) exceeding the expected costs of the transactions; (ii) legislative and regulatory changes and 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 from those expected. ITC's forward-looking statements may turn out to be wrong. They speak only as of the date made and can be affected by changes in ITC's business, economic and competitive conditions, ITC might make or by known or unknown risks and uncertainties. Many factors mentioned in this document and the exhibits hereto, including ITC's annual and quarterly reports will be important in determining future results. Consequently, ITC cannot assure you that ITC's forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as otherwise stated, ITC undertakes no obligation to publicly update any of ITC's forward-looking or other statements, whether as a result of new information, 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 it give any assurance as to the terms on which such transactions will be consummated.

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 units to be issued to Entergy Corporation (Entergy) shareholders in connection with the proposed transactions. ITC proxy statement with the SEC that will be sent to the shareholders of ITC. Entergy shareholders are urged to read the prospectus information statement that will be included in the registration statements and any other relevant documents, because they contain information about ITC, TransCo and the proposed transactions. ITC's shareholders are urged to read the proxy statement and

documents because they contain important information about ITC, TransCo and the proposed transactions. The proxy statement 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 request to Entergy Corporation, Investor Relations, P.O. Box 61000 New Orleans, LA 70161 or by calling Entergy's Investor Relations line at 1-888-ENTERGY (368-3749), or from ITC upon written request to ITC Holdings Corp., Investor Relations, 27175 Entergy Drive, New Orleans, LA 70178 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.

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Second Quarter 2012

STAND-ALONE OPERATING PLAN UPDATES

Strong performance on all fronts: operational, financial and strategic

Continue to execute stand-alone plans while also advancing the Entergy transaction

Execution of stand-alone plans on track

Investments in base systems support improved system performance

Development
efforts
continue
to
advance:
partnerships
in
SPP,
MVP
projects
and
ongoing
evolution
of
portfolio

Hugo to Valliant line and the first phase of the KETA projects energized in June

Regulatory policy developments

Order 1000 implementation activities continue with compliance filings expected this Fall

FERC initiated complaint against MISO formula rate protocols
Protocols establish process for implementing formula rates
Complaint is not related to rate elements approved by FERC (e.g., ROE)
ITC response highlights our more transparent protocols and business practices

Solid system and operational performance

Sustained periods of heat in the Midwest continues to fuel strong electricity demand
New peak load reached on METC and ITC Midwest in July

ITC systems have performed extremely well, with no operational problems experienced

Contributed
work
forces
to
assist
with
storm
restoration
efforts
along
East
coast
and
in
Michigan

(distribution system restoration)

Continue with extensive stakeholder outreach program

Process informative and expected to facilitate more efficient regulatory process

Plan to begin formal process of seeking regulatory approvals soon with a filing with the Louisiana Public Service Commission
Joint application will highlight key quantitative and qualitative benefits of transaction

Remaining retail jurisdictional filings and FERC filings will be sequenced after initial filing with Louisiana Public Service Commission

Remain on track to achieve closing in 2013

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Entergy Transaction Update

STATUS

UPDATE

Key operating earnings drivers

Higher operating earnings due to higher rate base and AFUDC at our operating companies and slightly lower effective tax rates for the quarter and the year-to-date period

Slightly offset by slightly lower revenues due to the full amortization of the *ITC Transmission* revenue deferral regulatory asset in May 2011

Second Quarter & Year-To-Date Financial Results

EARNINGS & DRIVERS

Reported Diluted EPS

\$ 0.81 \$ 0.83

(\$ 0.02)

(\$ in Millions except per Share Data)

THREE MONTHS ENDED

JUNE 30,

2012

2011

SIX MONTHS ENDED

JUNE 30,

2012

2011

\$ 1.70 \$ 1.64

\$ 0.06

Operating Diluted EPS

\$ 1.05 \$ 0.83

\$ 0.22

\$ 1.98 \$ 1.64

\$ 0.34

Pre-Tax Entergy Transaction Expenses \$ 0.12

N/A

\$ 0.12

FERC Audit Related Refunds

\$ 0.25 N/A

\$ 0.25

\$ 0.25 N/A

\$ 0.25

\$ 0.19 N/A

\$ 0.19

Income Taxes on Adjustments

(\$ 0.13) N/A

(\$ 0.13)

(\$ 0.16) N/A

(\$ 0.16)

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Increase /

(Decrease)

Increase /

(Decrease)

Note: Reported net income and operating earnings reconciliation can be found in Appendix

CAPITAL
INVESTMENTS

THROUGH
JUNE
30,
2012

ITCTransmission

\$ 104.9

METC

84.6

ITC Midwest

182.2

ITC Great Plains

57.5

TOTAL

\$

429.2

Strong financial performance driven
by successful execution of our capital
investment plans

Invested \$429.2 million in capital
projects at our operating companies
in the six month period ended June
30, 2012

2012 plans included further ramp up
in investment levels and multiple,
large-scale projects

Financial Results

CAPITAL INVESTMENTS

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(\$ in Millions)

Financial Results
2012 GUIDANCE
ITCTransmission
\$ 195 -
\$ 215
METC
145 -
160
ITC Midwest

315 -
335
ITC Great Plains
95 -
110
TOTAL
\$
750 -
\$ 820
2012 GUIDANCE -
CAPITAL INVESTMENTS

As a result of performance in first six months of 2012

Updating 2012 operating EPS guidance to \$3.95 to \$4.05

Updating 2012 capital investment guidance to \$750 to \$820 million

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(\$ in Millions)

Total
Revolver
Capacity
Revolver
Capacity
Outstanding
Undrawn

Revolver		
Capacity		
\$ in Millions		
ITC Holdings		
\$ 200.0		
\$155.6		
\$ 44.4		
<i>ITCTransmission</i>		
100.0		
44.8		
55.2		
METC		
100.0		
71.4		
28.6		
ITC Midwest		
175.0	66.9	
108.1		
ITC Great Plains		
150.0		
80.4		
69.6		
TOTAL		
\$ 725.0		
\$ 419.1		
\$ 305.9		
Cash on Hand		
38.5		
TOTAL LIQUIDITY		
\$ 344.4		

2012 financing activities

New \$175 million ITC Midwest five-year revolver executed in May 2012

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

Liquidity position remains robust

Increased revolver capacity at ITC Midwest
brings total capacity to \$725 million

Well positioned to continue to execute on
strategic plans going forward

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Financial Results

CAPITALIZATION & LIQUIDITY

Stand-Alone Five-Year Capital Plan

2012 -

2016

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Note: Five-year EPS CAGR based on 2011 through 2016 EPS

Stand-alone plan positions the company well to create shareholder value while continuing to make needed investment in transmission for benefit of customers

Stand-alone \$4.2 billion five-year capital plan

expected to generate EPS CAGR of 15 to 17%

Coupled with ongoing dividend policy provides attractive value creation opportunity for shareholders

Reflects ITC stand-alone plan and does not reflect expectations of proposed Entergy transaction

Focus in 2012 remains on executing against our existing strategy and plans while also advancing Entergy transaction towards close

Looking Ahead

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Appendix
Appendix

Reported Net Income
\$ 42,386 \$ 42,996
(\$ 610)
(\$ in Millions except per Share Data)
THREE MONTHS ENDED
JUNE 30,
2012
2011
Increase /

(Decrease)

SIX MONTHS ENDED

JUNE 30,

2012

2011

\$ 88,437	\$ 84,998	\$ 3,439
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Operating Earnings

\$ 54,795	\$ 42,996	\$ 11,799
-----------	-----------	-----------

\$ 103,375	\$ 84,998	\$ 18,377
------------	-----------	-----------

10,001	N/A	
--------	-----	--

10,001

Income Taxes on Adjustments

(6,723)	N/A	
---------	-----	--

(6,723)

12,993	N/A	
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12,993

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Non-GAAP Measures

NET INCOME RECONCILIATION

Increase /

(Decrease)

Acquisition Accounting Adjustment

12,993	N/A	
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12,993

(8,056)	N/A	
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(8,056)

Entergy Transaction Expenses

6,139

6,139

N/A

* Approvals
may
be
required
in
Missouri
due
to
limited

assets
in
those
territories.

Approval
may
be

required
in
Oklahoma
for
ITC.

Entergy Transaction Update

TIMELINE

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Authority

Requirement

Target Timing

Mid-Summer

Mid-Summer

Initiated process for
approval, expected to
advance in Q3 / Q4

Entergy Retail Regulators
(APSC, LPSC, MPSC, PUCT,
CCNO)

Change of control of transmission assets

Affiliate transaction-related steps in the RMT

Authorization to incur debt in some jurisdictions
FERC

Change of control of transmission assets (203 filing)

Acceptance of jurisdictional agreements (205 filing)

Authorization to assume debt / issue securities (204 filings)

Changes to System Agreement to remove provisions related to transmission
planning and equalization

New ITC rate tariffs to be established for the ITC operating companies (205 filing)
Hart-Scott-Rodino Act
(DOJ
/
FTC)

Pre-merger notification to review potential antitrust and competition

issues

IRS Private Letter Ruling

Private letter ruling substantially to the effect that certain requirements for the tax-free treatment of the distribution of Transco Holdco are met
ITC

Shareholders

Merger

Issuance of shares to Entergy shareholders

Amendment to ITC articles to increase authorized number of shares

Filed late July

Initiated process for

approval, expect to

advance Q3 / Q4