

ITC Holdings Corp.
Form 425
October 24, 2012

ITC Holdings Corp.
Third Quarter 2012 Investor Call
October 24, 2012
Filed by ITC Holdings Corp. Pursuant to Rule 425 under the
Securities Act of 1933 and deemed filed pursuant

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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

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This document and the exhibits hereto contain certain statements that describe ITC Holdings Corp. ("ITC") management's beliefs about future 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 the words "anticipates", "believes", "intends", "estimates", "expects", "projects" and similar phrases. These forward-looking statements

assumptions ITC management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties v ITC's actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements among other things, (a) the risks and uncertainties disclosed in ITC's annual report on Form 10-K and ITC's quarterly reports with the Securities and Exchange Commission (the "SEC") from time to time and (b) the following transactional factors (in addition to those described elsewhere in this document, in the preliminary proxy statement/prospectus included in the registration statement on Form F-4 ITC filed with the SEC on September 25, 2012 in connection with the proposed transactions, and in subsequent filings with the SEC): (i) 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 availability of required financings; (D) delays in consummating the transaction or the failure to consummate the transactions; and (E) exceeding the 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 from those expected 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 many factors ITC might make or by known or unknown risks and uncertainties. Many factors mentioned in this document and the exhibits hereto, as well as ITC's annual and quarterly reports will be important in determining future results. Consequently, ITC cannot assure you that ITC's estimates and forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as otherwise indicated, 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.

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This communication is not a solicitation of a proxy from any security holder of ITC. However, Entergy, ITC and certain of the directors and executive officers and certain other members of management and employees may be deemed to be participants in solicitation of proxies from shareholders of ITC in connection with the proposed transaction under the rules of the SEC. Information regarding 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 filed with the SEC on March 23, 2012.

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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 filed with the SEC on May 1, 2012.

On September 25, 2012, ITC filed a registration statement on Form S-4 with the SEC registering shares of ITC common stock owned by ITC shareholders in connection with the proposed transactions, but this registration statement has not become effective. The registration statement includes a proxy statement of ITC that also constitutes a prospectus of ITC, and will be sent to ITC shareholders. In addition, Mid South TransCo LLC (TransCo) will file a registration statement with the SEC registering TransCo common units owned by ITC shareholders in connection with the proposed transactions. ITC shareholders are urged to read the proxy statement/prospectus included in the ITC registration statement and the proxy statement/prospectus to be included in the TransCo registration statement (when available) and any other relevant documents, because they contain important information about ITC, TransCo and the proposed transactions. ITC shareholders are urged to read the proxy statement/prospectus included in the ITC registration statement and any other relevant documents because they contain important information about TransCo and the proposed transactions. The proxy statement/prospectus 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 Corporation, Investor Relations, 27175 Energy Way, Novi, MI 48377 or by calling 248-946-3000.

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Third Quarter 2012

OVERVIEW OF RESULTS

Strong operational and financial performance for both the third quarter and year-to-date periods

System performance remains good; reflects successful execution of maintenance and capital programs

Maintenance program on track and under budget for year

Capital investments on plan, with year-to-date levels roughly equal to full year 2011 investments and significantly higher than prior years

Continued to pursue stand-alone strategic initiatives

Announced

the

ITC

Great

Plains

Expansion

Project;

portfolio

of

high-voltage

electric

transmission

projects in SPP region

Developed through more than a year of extensive study of regional needs

Involves five primary 345 kV transmission lines, totaling approximately 2,700 miles, consisting of multiple segments in seven states

AC-based approach; reflects interconnectivity of power grid and provides solution to integrate variety of energy sources, enhance grid reliability and provide flexibility throughout SPP footprint

Further advanced the Entergy transaction towards closing

Initiated regulatory approval process at retail jurisdictional level and at FERC

Significant

progress

made

with

respect

to

other

transaction

approval

requirements

Remain on track for 2013 closing

IP&L formal 206 complaint against ITC Midwest Attachment FF recovery mechanism
Attachment FF allows for 100% reimbursement of the costs of eligible network upgrades for qualifying generating facilities connecting to ITC Midwest system
Approved by FERC in 2008
Our response to complaint seeks to dismiss the complaint
Highlights IP&L's failure to meet burden of proof
Outlines why Attachment FF provision is just and reasonable
No stipulated period for FERC to act

FERC complaint against MISO formula rate protocols

Complaint against the MISO formula rate protocols remains with FERC; FERC has indicated intent to issue findings by February 2013

As MISO transmission owner, ITC filed a response detailing how our protocols and practices differ from the MISO-wide protocols and alleviate concerns cited by FERC

Order 1000 compliance activities

MISO and SPP scheduled to file their compliance plans soon

Plans

which

will

largely

address

the

elimination

of

the

right

of

first

refusal

(or

ROFR)

around

certain

transmission projects

Continue to monitor New England ISO base ROE complaint proceeding

ITC not a direct party to the case

Established

procedural

schedule

provides

for

initial

decision

in

September

2013

Third Quarter 2012

REGULATORY POLICY DEVELOPMENTS

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* Approvals also required in Missouri due to limited assets in those territories.

Entergy Transaction Update

TRANSACTION APPROVAL TIMELINE

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Authority

Requirement

Timing

Filings made except PUCT,

expect PUCT filing will

occur in Q4
203 / 205 applications filed
in mid-September with
expected decision in 180
days; 204 applications to be
filed in Q4

Expect to file before year-
end

Filed late July, expect final
ruling in first half of 2013

Filed preliminary S4 in late
September, anticipate ITC
shareholder meeting in first
half of 2013

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

Key operating earnings drivers

Higher operating earnings for quarter and year-to-date period due to higher rate base and AFUDC at our operating companies

Year-to-date increase partially offset by lower revenues due to final amortization of the *ITCTransmission* revenue deferral regulatory asset in May 2011

Third Quarter & Year-To-Date Financial Results

EARNINGS & DRIVERS

Reported Diluted EPS

\$ 0.98 \$ 0.85

\$ 0.13

(\$ in Millions except per Share Data)

THREE MONTHS ENDED

SEPTEMBER 30,

2012

2011

NINE MONTHS ENDED

SEPTEMBER 30,

2012

2011

\$ 2.68 \$ 2.49

\$ 0.19

Operating Diluted EPS

\$ 1.07 \$ 0.85

\$ 0.22

\$ 3.05 \$ 2.49

\$ 0.56

Pre-Tax Entergy Transaction Expenses \$ 0.14

N/A

\$ 0.14

FERC Audit Related Refunds

N/A N/A

N/A

\$ 0.25 N/A

\$ 0.25

\$ 0.33 N/A

\$ 0.33

Income Taxes on Adjustments

(\$ 0.05) N/A

(\$ 0.05)

(\$ 0.21) N/A

(\$ 0.21)

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Increase /

(Decrease)

Increase /

(Decrease)

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

CAPITAL
INVESTMENTS

THROUGH
SEPTEMBER
30,
2012

ITC*Transmission*

\$ 173.6

METC

113.6

ITC Midwest

266.1

ITC Great Plains

72.9

TOTAL

\$

626.2

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

Invested \$626.2 million in capital
projects at our operating companies
in the nine months ended September
30, 2012

Year-to-date 2012 capital investment
levels roughly equal to 2011 full year
investment levels and significantly
higher than other previous years

Financial Results

CAPITAL INVESTMENTS

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(\$ in Millions)

Financial Results
2012 GUIDANCE
ITCTransmission
\$ 210 -
\$ 220
METC
150 -
160
ITC Midwest

320 -
335
ITC Great Plains
100 -
110
TOTAL
\$
780 -
\$ 825
2012
GUIDANCE
-
CAPITAL
INVESTMENTS

Increasing 2012 operating EPS guidance to \$4.10 to \$4.15

Updating 2012 capital investment guidance to \$780 to \$825 million
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(\$ in Millions)

Prior range was \$3.95 to \$4.05

Total
Revolver
Capacity
Revolver
Capacity
Outstanding
Undrawn

Revolver
 Capacity
 \$ in Millions
 ITC Holdings
 \$ 200.0
 \$ 4.2
 \$ 195.8
 ITC*Transmission*
 100.0
 57.9
 42.1
 METC
 100.0
 75.4
 24.6
 ITC
 Midwest
 175.0
 89.7
 85.3
 ITC Great Plains
 150.0
 87.1
 62.9
 TOTAL
 \$ 725.0
 \$ 314.3
 \$ 410.7
 Cash on Hand
 30.0
 TOTAL LIQUIDITY
 \$ 440.7

Q3 2012 financing activities

\$200 million term loan at ITC Holdings priced at one month LIBOR plus 100 basis points

2012 financing plan largely complete

One remaining financing at METC in 2012

Shifting focus to 2013 capitalization requirements

2013 stand-alone financing plan is robust
 Debt maturities totaling ~\$650 million at
 ITC Holdings and ITC*Transmission*
 New capital funding requirements at all
 companies

Also focused on preparing for the financings in
2013 required as a part of the Entergy transaction

Liquidity position remains healthy
Well positioned to continue to execute on
strategic plans going forward

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Financial Results

CAPITALIZATION & LIQUIDITY

Financial Results

DIVIDEND INCREASE

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Increased quarterly dividend approximately 7% in August to \$0.3775 per share, or \$1.51 annualized
Increase marks seventh consecutive year that

ITC has raised its quarterly dividend
Slightly higher than our typical historical
annual increases
Consistent with recent dividend policy
commentary
Additional flexibility with respect to
dividend increases going forward while
still preserving sufficient capital in
business

Anticipate continued dividend growth that will
balance efficiently funding reinvestment
requirements in the business with returning
capital to shareholders
Quarterly Dividend

Stand-Alone Five-Year Capital Plan

2012 -

2016

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

Pleased to be able to report strong financial results for the first nine months of 2012

Performance provides a solid foundation for executing on our full year goals and objectives, as well as our stand-alone five-year capital plan

Remain focused on the execution of our stand-alone plan and sustainable growth also continuing to advance the Entergy transaction to a successful close in 2013

Looking Ahead

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Appendix

Reported Net Income
(\$ in Millions except per Share Data)
THREE MONTHS ENDED
SEPTEMBER 30,
2012
2011
Increase /
(Decrease)
NINE MONTHS ENDED

SEPTEMBER 30,
 2012
 2011
 Operating Earnings
 Entergy Transaction Expenses
 Income Taxes on Adjustments
 15
 Non-GAAP Measures
 NET INCOME RECONCILIATION
 Increase /
 (Decrease)
 Acquisition Accounting Adjustment
 7,453
 N/A
 7,453
 N/A
 N/A
 N/A
 (2,662)
 N/A
 (2,662)
 17,454
 17,454
 N/A
 13,048
 13,048
 N/A
 \$ 159,383
 \$ 30,361
 \$ 129,022
 (10,739)
 (10,739)
 N/A
 \$ 139,620
 \$ 10,598
 \$ 129,022
 \$ 7,159
 \$ 44,024
 \$ 51,183
 \$ 55,974
 \$ 11,950
 \$ 44,024