

envisioning the future





envisioning the future

As the most energy-intensive country in the world, it is imperative that we make investments in transmission infrastructure in order to preserve and improve the reliability of our nation's aging and strained grid. While uncertainty still exists around a definitive national energy policy designed to further energy independence and develop cleaner, more sustainable resources, it is clear that a change in our nation's primary energy resources is forthcoming. Regardless of how these changes ultimately materialize, the resulting transformation of our nation's generation portfolio will require investment in new transmission infrastructure. No company in our industry is better positioned to serve as a leader in the development and build-out of this transmission infrastructure than ITC.

Transmission is evolutionary. Development is ongoing. Our vision is within reach.

2010 financial highlights

	2010	2009	2008
OPERATING RESULTS <i>(in millions, except dividends per share)</i>			
Operating Revenues	\$ 697	\$ 621	\$ 618
Net Income	146	131	109
Cash Flows from Operations	423	268	195
Investments in Property, Plant & Equipment	455	362	399
Dividends Paid Per Share	1.31	1.25	1.19
EARNINGS PER SHARE			
Basic Earnings Per Share	\$ 2.89	\$ 2.62	\$ 2.22
Diluted Earnings Per Share	2.84	2.58	2.18
BALANCE SHEET <i>(in millions)</i>			
Property, Plant & Equipment (Net of Depreciation)	\$ 2,872	\$ 2,542	\$ 2,304
Total Assets	4,308	4,030	3,715
Total Debt	2,497	2,434	2,248
Total Equity	1,117	1,012	929

NET PROPERTY, PLANT & EQUIPMENT *(in millions)*



Compound Annual Growth Rate:

+12%

DILUTED EARNINGS PER SHARE



+14%

DIVIDENDS PER SHARE



+5%



Joseph L. Welch, Chairman, President and Chief Executive Officer

to our shareholders

ITC's vision of a 21st century energy superhighway is within reach.

As the only independent transmission company in the nation, ITC serves as a thought leader and facilitator in advancing the policies necessary to support the expansion of the transmission grid to meet ongoing reliability demands, relieve congestion and provide access to lower-cost generation through the interconnection of new generating resources which are critical to long-term energy independence. The year 2010 marked significant progress in advancing transmission policies that remove certain impediments to the ultimate build-out of a regional transmission grid, both at the regional transmission organizations (RTOs) in areas where ITC operates – Midwest Independent Transmission System Operator (Midwest ISO) and Southwest Power Pool (SPP) – and at the Federal Energy Regulatory Commission (FERC). These policies primarily include significant enhancements to transmission planning practices and more progressive cost-allocation principles which generally allow for broad-based cost-allocation for regional transmission projects.

ITC remains focused on leading the transformation of the industry through championing necessary policy reforms and planning and developing a 21st century transmission grid that is reliable, adaptable and capable of meeting our nation's energy needs and policies, however they may evolve.

Our performance in 2010 was a testament to our ability to deliver on our near-term financial and operational objectives, while also providing the foundation for successful execution of our long-term strategic plans. With each successful year, we advance the fulfillment of our core goals of best-in-class operations and industry-leading development of critical transmission infrastructure within the U.S.

DELIVERING FINANCIAL RESULTS – ITC once again demonstrated strong financial performance in 2010, with net income of approximately \$146 million and diluted earnings per share of \$2.84. Since our initial public offering in 2005, our compound annual growth rate in earnings per share has been approximately 22%.

In August of 2010, we increased our dividend to an annualized amount of \$1.34 from the previous annualized level of \$1.28, or approximately 4.7%. This increase represents the fifth consecutive year that we have increased our dividend resulting in a total increase of 28% since 2005. We continue to view our dividend as an important component of total return to shareholders and remain committed to growing it in the future.

22%
compound annual
growth rate in earnings
per share since 2005

Our history of consistent and predictable financial results and year-over-year growth is a reflection of our supportive regulatory construct and the resiliency of our business model.

INVESTING IN TRANSMISSION INFRASTRUCTURE – Our 2010 financial results are largely driven by the continued successful execution of our capital investment plan, which totaled approximately \$455 million in 2010, including \$67 million, \$138 million, \$233 million and \$17 million at ITC*Transmission*, METC, ITC Midwest and ITC Great Plains, respectively.

Since our inception in 2003, ITC has invested over \$1.9 billion in transmission infrastructure to replace aging infrastructure, improve reliability and efficiency, lower the cost of delivered energy and allow for non-discriminatory access to all generation resources.

ACHIEVING AND MAINTAINING OPERATIONAL EXCELLENCE – Our capital investments and maintenance program directly support our goal of achieving and maintaining operational excellence for all of our transmission systems. We have seen significant improvements in the performance of our systems since we first acquired them. In 2010, both ITC*Transmission* and METC ranked as top performers in reliability while ITC Midwest continued to show improvement.

Operational excellence spans across all aspects of our operations, most importantly in the safety of our employees and contractors. Our commitment to safety is core to our corporate culture and is evident from our safety performance, with ITC delivering among the highest safety performance of all Edison Electric Institute member companies. In fact, ITC*Transmission* met the ultimate safety standard of zero lost-day work cases and zero recordable injuries in 2010.

ADVANCING REGIONAL TRANSMISSION PROJECTS – Successful execution of our core operations serves as a fundamental building block as we continue to pursue opportunities to expand our business.

In November 2010, we broke ground on our first major development endeavor, the KETA project in Kansas, and we remain on track to meet the targeted in-service dates for both phases of the project. We also continue on schedule with our Hugo to Valliant and Kansas V-Plan projects in the south central region.

The Michigan Thumb Loop project also continues to advance as a result of favorable rulings by both the Midwest ISO and Michigan Public Service Commission in August 2010 and February 2011, respectively. In addition, the transmission policy reforms undertaken within the Midwest ISO region in 2010 around transmission planning and cost allocation now provide for a planning-approval process and cost-allocation methodology for segments of the Green Power Express to begin to move forward. These reforms result in a shift from the Green Power Express serving as a catalyst to remove regional transmission impediments into execution around the build-out of the project.

POSITIONING THE COMPANY FOR FUTURE GROWTH – We continue to strengthen our position in executing our strategic plans, both through a favorable and improving landscape for transmission investment and our performance and growth as a company.

The year 2010 proved to be a pivotal year for regulatory policy reform, which further solidifies the consistent and increasing need to invest in our nation’s transmission grid. In June, the FERC moved forward with critical transmission policy reform through its Notice of Proposed Rulemaking (NOPR) with the goal of enhancing planning processes around regional transmission and providing cost allocation on a regional basis for these same projects. Further, FERC approved regional transmission planning and cost allocation policies for Midwest ISO and SPP which should provide the necessary regulatory framework for large, regional projects to advance.

Since 2003, ITC has
invested over

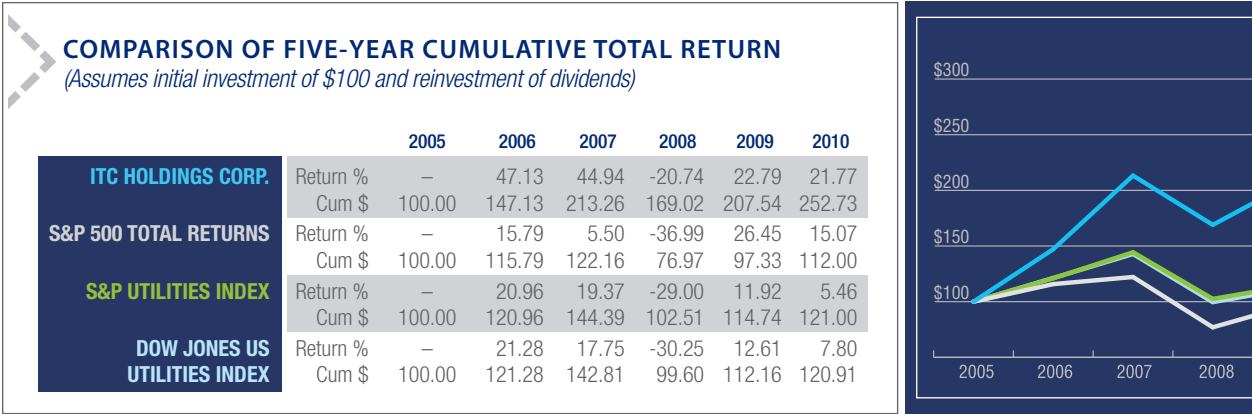
\$1.9

billion in
transmission
infrastructure

As a company, ITC continues to strengthen its positioning from within. In January of 2011, we implemented organizational changes focused on building on our strengths and enhancing our performance to ensure we have the right structure and resources in place to support our long-term growth. These changes will allow for elevated focus on each business unit, better position our development initiatives for success and address issues such as succession planning and employee development and sustainability.

CREATING SHAREHOLDER VALUE – The transmission investment landscape, coupled with ITC’s consistent track record of successful execution on all fronts, provides a strong foundation for us to deliver on our five-year capital plan, which is composed of approximately \$3.9 billion of capital investments in new transmission infrastructure. These investments are expected to result in a compound annual growth rate of approximately 14% in rate base and a compound annual growth rate in earnings per share of approximately 15% to 17% over the five-year period. Importantly, while providing a platform for long-term sustainable growth in our business, these investments also will support the development of a 21st century transmission system in the U.S. that is reliable, adaptable and efficient, and serves to reduce the true cost drivers of delivered energy to end-use customers.

ITC’s stock outperformed the broad markets in 2010 and significantly outperformed our regulated utility peer group. Our total return for the year was approximately 21.8% compared to the total return for the the S&P 500 of approximately 15.1%, the S&P 500 Utilities Index of approximately 5.5% and the Dow Jones Utility Average of approximately 7.8%. Our performance in 2010 brings our total return over the past five years to approximately 153%.



I would like to extend a thank you to our shareholders for your past and ongoing support. As always, we appreciate the confidence that you have placed in us and continue to work diligently to reward that confidence through our performance.

Joseph L. Welch
Chairman, President and Chief Executive Officer
ITC Holdings Corp.



envisioning a bright energy future

Operational excellence is critical to the realization of our vision. ITC makes operational excellence a priority through disciplined planning and execution – vigilantly improving and protecting the reliability of our systems. As a transmission-only company, our best-in-class performance serves as a differentiating factor for ITC and provides a fundamental building block in our ability to continue our expansion and growth.

through operational excellence

RELIABILITY – Our capital projects support and enhance the flexibility and availability of our systems by increasing capacity and replacing aging equipment. Our focus on preventive maintenance further enhances the resiliency of our systems by reducing unplanned outages. This resiliency was demonstrated through the outstanding performance of our systems under stressed conditions in the summer months of 2010 during periods of extreme heat in Michigan, driving electrical demand to the highest levels since 2007, and severe storms throughout the Midwest region.

SAFETY – For our employees and contractors, safety remains an integral part of our culture and day-to-day operational performance. Our prioritization of safety is evident at our annual Safety Summit, which was attended by over 1,500 employees and contractors in 2010, and through our quarterly safety meetings which serve as a critical tool in ingraining safety into our corporate culture.

EFFICIENCY – Through the use of advanced technology, we are able to efficiently manage our transmission systems which span multiple states. Our state-of-the-art operations center allows for direct monitoring and control of our systems 24 hours a day, seven days a week. System operators employ a variety of situational awareness tools to quickly identify and resolve operational issues on the grid.

ITC Transmission and METC continue to perform well with fewer sustained outages than

90%

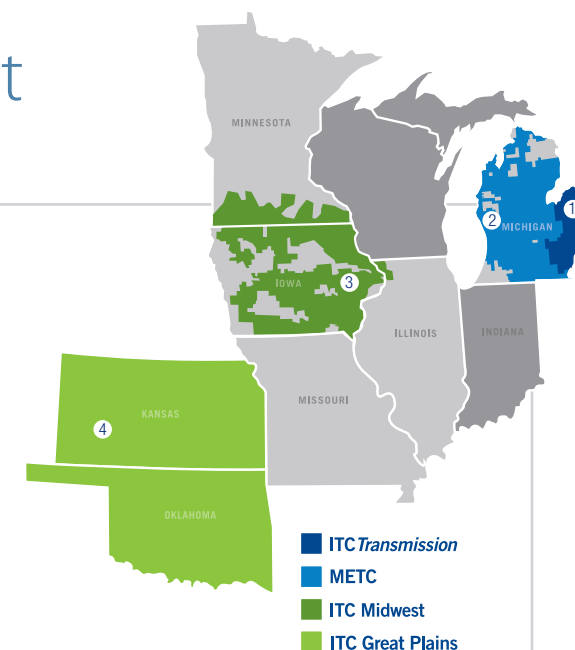
of companies that participated in the 2010 SGS Statistical Services Transmission Benchmark Study

envisioning

a 21st century infrastructure

through the advancement of key projects

Envisioning the future starts by executing today. Midwest ISO and SPP have identified billions of dollars in transmission investment needs, and ITC has made significant progress advancing projects in both regions. Our vision is to create the transmission backbone needed to improve efficiency, lower the cost of delivered energy and interconnect new generating resources.



1) ITC TRANSMISSION / THUMB LOOP – The Thumb Loop project is a 140-mile 345kV line approved by the Midwest ISO in August of 2010 as a multi-value project, which will allow for regional cost allocation of the project. ITC Transmission also received siting approval for the project from the Michigan Public Service Commission in February 2011. The project will serve as the backbone of a transmission system designed to deliver wind power from Michigan's "Thumb" region to areas where it is needed.

2) METC / COBB SWAMP – In 2010, METC continued with system upgrades to improve reliability and reduce congestion, including the replacement of five 138kV lines and deteriorated wood H-frame poles with double-circuit steel monopoles. This project, which traverses 4.5 miles through a wetland area, required extensive permitting and careful engineering and construction, including rebuilding an old access road and placing three temporary bridges over streams to provide the necessary access.

3) ITC MIDWEST / BEVERLY – 6TH STREET – In Iowa, ITC Midwest continued with system upgrades to improve reliability in the region. ITC rebuilt and upgraded a six-mile transmission line in Cedar Rapids from 34.5kV to 161kV in order to increase capacity and deliver needed energy to industries that provide hundreds of jobs and millions of dollars in tax base in an area that has experienced significant growth in population and energy demands.

4) ITC GREAT PLAINS / KETA – ITC Great Plains took another significant step toward delivering the vision of increased efficiency and reliability to the energy grid in Kansas. In November 2010, ITC Great Plains collaborated with local utility partners, business leaders and elected officials to break ground on the KETA project – a 345kV transmission line that will run approximately 225 miles from Spearville, Kansas, to Axtell, Nebraska.

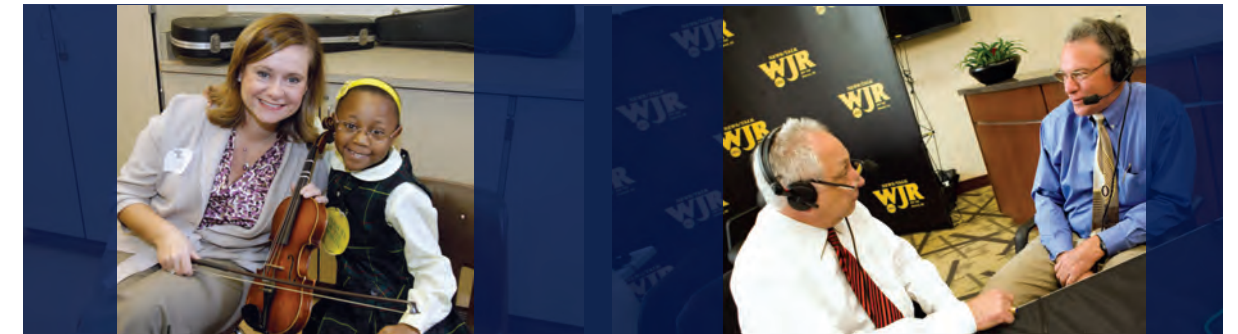


Kansas Governor Mark Parkinson congratulates Joe Welch during the groundbreaking ceremony for the KETA project, November 2010.



envisioning
thriving communities

As a regional transmission company, ITC understands the importance of corporate social responsibility and takes seriously our role in bringing positive change to the communities we serve. Throughout our footprint, ITC partners with businesses and community organizations to provide investment and economic development opportunities that fund and promote forward-looking programs. This commitment extends to environmental stewardship and practices that are reflected not only in our culture but in our operating philosophy.



Ranging from Casual for the Cause days to direct program support for Habitat for Humanity, The American Heart Association, Salvation Army, Cornerstone Schools and The Henry Ford, ITC takes pride in our voluntary employee programs that encourage a “giving back” philosophy.

Our Green Team proactively looks for new ways to initiate environmentally-sustainable practices at ITC locations across the country. The team, made up of executives and employees from various departments in the company, works in tandem with ITC’s facilities management team to reduce waste and use company resources more efficiently.

In Michigan, ITC collaborated with News/Talk 760 WJR radio personality Paul W. Smith to develop the “Energize Michigan!” radio show, co-hosted by Joe Welch, which features guest interviews and analysis on issues impacting the state of Michigan and the region. In Iowa, our community leadership is demonstrated through ongoing investment to organizations that directly impact flood recovery programs.

ITC also works directly with local citizens and business leaders to identify sustainable programs, such as those that invest in the workforce of tomorrow by offering apprenticeship programs and partnering with community colleges and unions to educate and train utility workers.

through partnerships

envisioning growth

through solid leadership

Building the right organization that keeps pace with ITC's change and growth is reflected in our dedicated and experienced management team along with our employee base of some of the best and the brightest as we continue to chart the course for operational excellence and sustainable long-term growth.

Our leadership team has instilled a philosophy that embraces cross-functional teamwork across all areas of the company, operating entities and work groups – creating a disciplined approach to maximize performance and recognize the strength of our employees. From planning, budgeting, and civic engagement to corporate responsibility and our diligent focus on our five-year plan, ITC has developed practices to promote positive change within the company, the industry and the communities we serve. The depth of our leadership team extends throughout the organization, providing a solid framework for growth, employee development and succession planning. As ITC continues to expand as a multi-state organization, we are positioned to leverage our leadership strength, driving consistency across the organization while recognizing the uniqueness of each region.

This leadership extends beyond the organization itself as ITC continues to be recognized as a leader in the industry. From regulatory and policy issues to the importance of an interconnected energy grid, ITC is playing a key role in our country's energy future. ITC executives are leading the public policy debate along with other respected industry thought-leaders. ITC's leadership team serves on national industry and community boards and has earned accolades ranging from statewide leadership awards to Governor-appointed positions designed to drive economic growth and development throughout the regions where we operate.



top: Fox Reporter in Grand Rapids, Michigan, interviewed ITC Planning Vice President Tom Vitez near the Argenta substation for an energy related feature story.

middle: Linda Blair, Executive Vice President & CBO, discusses ITC's sponsorship of The Heat and Warmth Fund's annual fundraiser.

bottom: Denis DesRosiers, Vice President Information Technology & CIO, was selected as one of Corp! Magazine's Top Executives.

board of directors



Edward G. Jepsen
Chairman and CEO
Coburn Technologies, Inc.
■ ■ ■



Richard D. McLellan
Independent Policy Consultant
■ ■



William J. Museler
Independent Energy Consultant
■ ■



Hazel R. O'Leary
President — Fisk University
■ ■



G. Bennett Stewart III
Co-Founder — Stern Stewart & Co.;
CEO — EVA Dimensions, LLC
■ ■ ■



Lee C. Stewart
Independent Financial Consultant
■ ■

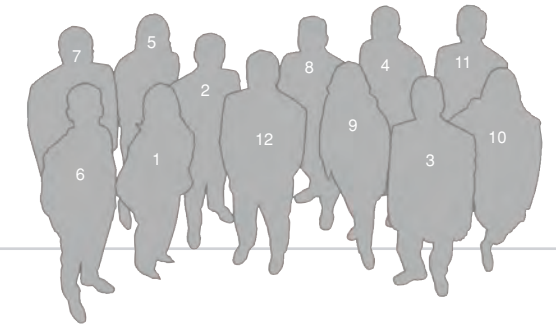


Joseph L. Welch
Chairman, President and CEO —
ITC Holdings Corp.
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COMMITTEES

- Audit and Finance
- Compensation
- Nominating / Corporate Governance
- Security, Safety, Environmental, Health and Reliability

management team



¹ Linda H. Blair
Executive Vice President and Chief Business Officer

² Cameron M. Bready*
Executive Vice President, Treasurer and
Chief Financial Officer

³ Denis Y. DesRosiers*
Vice President, Information Technology and
Chief Information Officer

⁴ Terry S. Harvill, Ph.D.*
Vice President, Grid Development

⁵ Elizabeth A. Howell
Vice President, Operations

⁶ Gregory Ioanidis*
Vice President, ITC Holdings Corp. and
President, ITC Michigan

⁷ Jon E. Jipping
Executive Vice President and Chief Operating Officer

⁸ Daniel J. Oginsky
Senior Vice President and General Counsel

⁹ Nina Plaushin
Vice President, Federal Affairs

¹⁰ Christine Mason Soneral
Vice President and General Counsel, Utility Operations

¹¹ Thomas W. Vitez
Vice President, Planning

¹² Joseph L. Welch
Chairman, President and Chief Executive Officer

New Appointments (effective Jan 27, 2011 - not pictured)

Doug Collins
Vice President, ITC Holdings Corp. and
President, ITC Midwest

Christine Kujawa
Vice President, Human Resources

Wendy A. McIntyre
Vice President and General Counsel,
Enterprise Operations and Secretary

Brian Slocum
Vice President, Engineering

Fred Stibor
Vice President and Controller

Simon Whitelocke
Vice President, Regulatory and External Affairs



* New title effective Jan. 27, 2011

corporate information

CORPORATE HEADQUARTERS	27175 Energy Way Novi, Michigan 48377 Phone: (248) 946-3000
INTERNET	www.itc-holdings.com www.itctransco.com
COMMON STOCK LISTING	New York Stock Exchange Symbol: ITC
COMPANY CONTACTS	For additional information about the company, please contact: INVESTOR RELATIONS Gretchen L. Holloway Director, Finance Special Projects & Investor Relations Phone: (248) 946-3595 LEGAL COUNSEL Daniel J. Oginsky Senior Vice President and General Counsel Phone: (248) 946-3563 TRANSFER AGENT Computershare Trust Company, N.A. P.O. Box 43078 Providence, Rhode Island 02940-3078 Phone: (781) 575-3100 The transfer agent is responsible for handling shareholder questions regarding lost certificates, address changes, changes of ownership or name in which shares are held. INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Deloitte & Touche LLP 600 Renaissance Center, Suite 900 Detroit, Michigan 48243-1895 Phone: (313) 396-3000
ANNUAL MEETING	The annual meeting of shareholders will be held at 9:00 a.m. EDT on Thursday, May 26, 2011, at the ITC corporate headquarters, 27175 Energy Way, Novi, Michigan 48377.
CERTIFICATIONS	The most recent certifications by our chief executive and chief financial officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, regarding the quality of our public disclosures, are filed as exhibits to our Form 10-K for 2010. Our chief executive officer's most recent certification to the New York Stock Exchange, regarding compliance with the Exchange's corporate governance listing standards, was submitted June 14, 2010.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 This report contains certain statements that describe our management's beliefs concerning future business conditions and prospects, growth opportunities and the outlook for our 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, we have 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 our management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties which could cause our actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, among other things the risks and uncertainties disclosed in our annual reports on Form 10-K and our quarterly reports on Form 10-Q filed with the Securities and Exchange Commission from time to time.

Because our forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different and any or all of our forward-looking statements may turn out to be wrong.

The statements are reflective as of the date made and can be affected by assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in our discussion in this report will be important in determining future results. Consequently, we cannot assure you that our expectations or forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as required by law, we undertake no obligation to publicly update any of our forward-looking or other statements, whether as a result of new information, future events, or otherwise, unless required by law.

DESIGN **ciel** cieldesignpartners.com Royal Oak, Michigan
PHOTOGRAPHY **Michelle Andonian** Detroit, Michigan
Jody Warner South Haven, Michigan
Rob Widdis Detroit, Michigan
Doug Wollin Madison, Wisconsin



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