

DRIVING CHANGE

DELIVERING RESULTS



2011 ANNUAL REPORT



ITC HOLDINGS CORP. 2011 ANNUAL REPORT

DRIVING CHANGE, DELIVERING RESULTS.

That's been ITC's unwavering focus since our formation in 2003. We continue to reach new milestones while executing our primary commitments – all toward our goal of building an efficient, reliable 21st century transmission system.

2011 Financial Highlights

OPERATING RESULTS

2011

\$ 757
172
174
381
633
1.375

EARNINGS PER SHARE

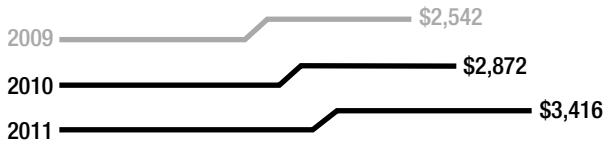
\$ 3.36
3.31
3.35

BALANCE SHEET

\$ 3,416
4,823
2,645
1,259

Three-Year Results

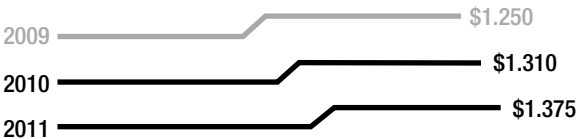
NET PROPERTY, PLANT & EQUIPMENT *(in millions)*



OPERATING DILUTED EARNINGS PER SHARE*



DIVIDENDS PER SHARE

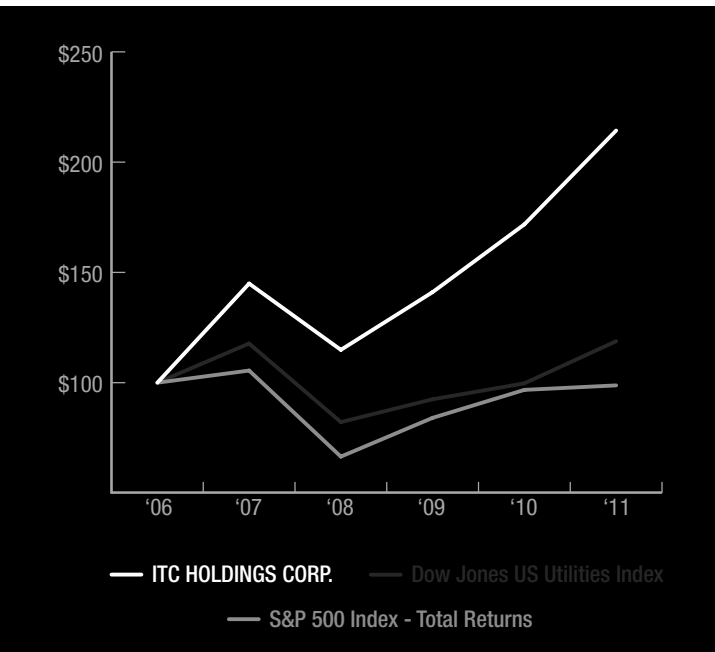


To Our Shareholders



DRIVING CHANGE

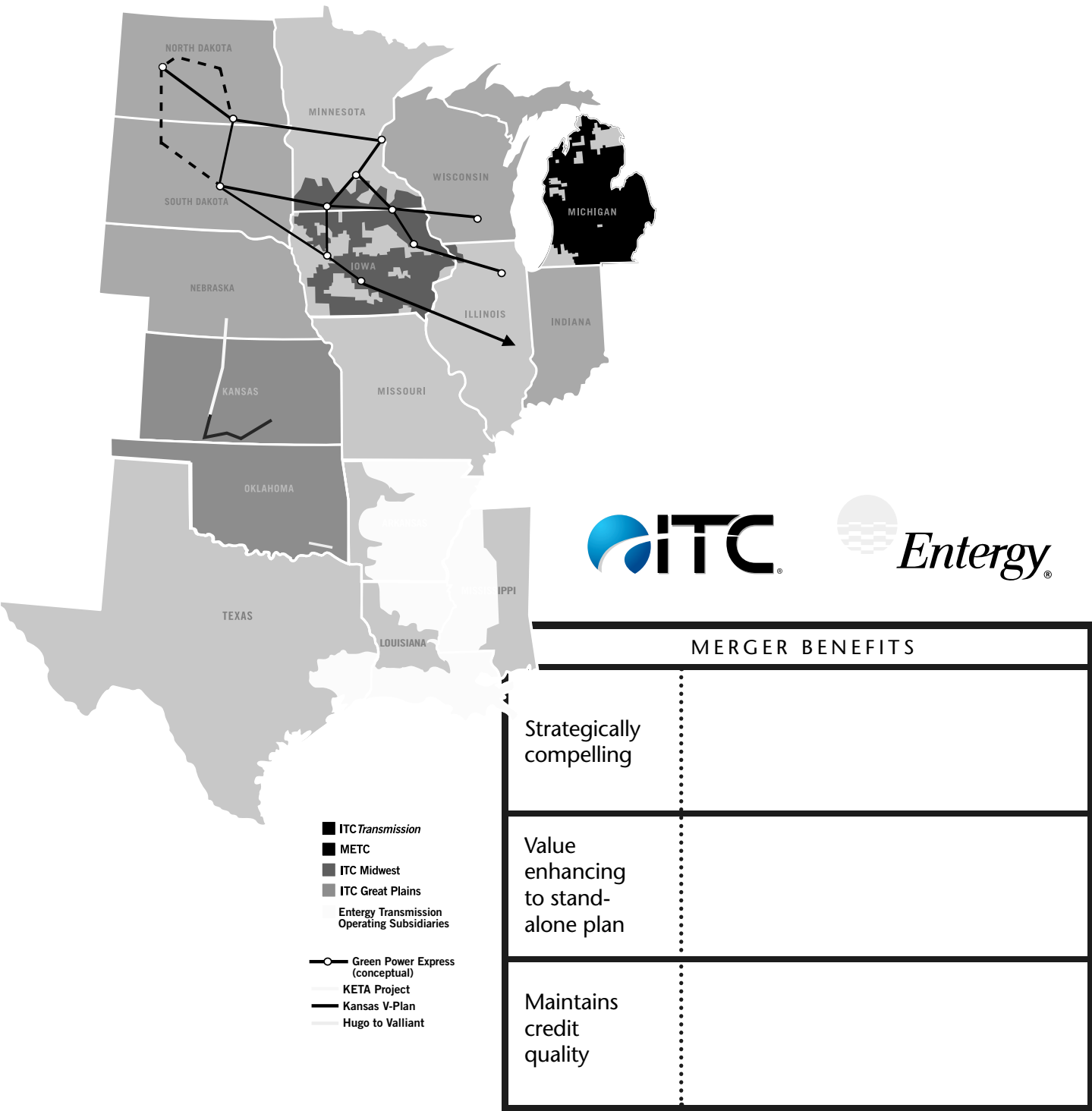
DELIVERING RESULTS

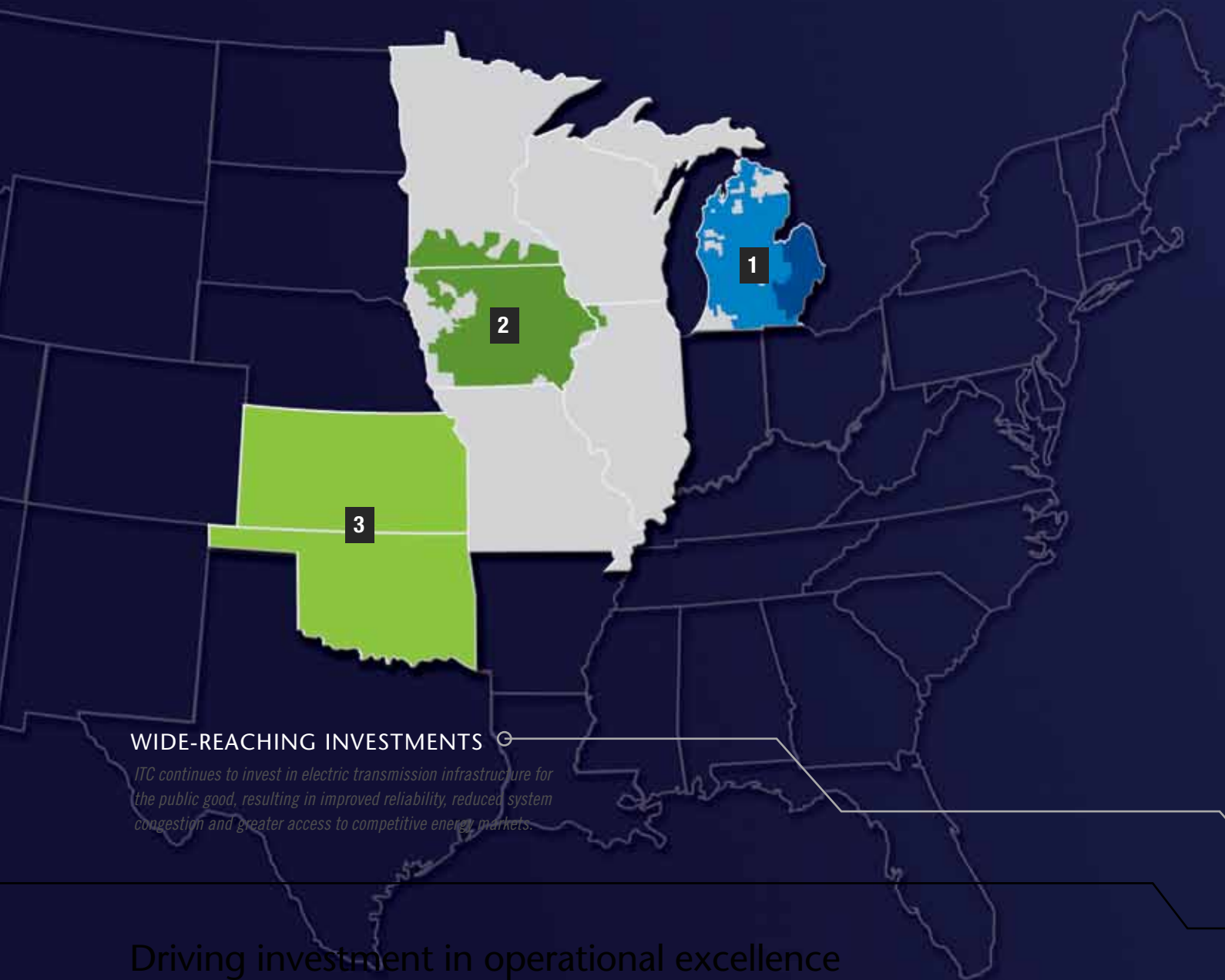


COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN

Joseph Welch

Driving Change: Entergy to merge its transmission business into ITC





Driving investment in operational excellence

ITC's operating practices are rooted in safety and reliability – two pillars of excellence at the foundation of our transmission-only model.

Our independent model provides a singular focus on transmission-system performance, planning and operations. ITC's financial and strategic efforts center on delivering a reliable and efficient electric transmission grid to meet the needs of the customers we serve.

ITC invests in transmission infrastructure to:

- Improve system reliability
- Expand access to energy markets
- Lower the overall cost of delivered energy
- Allow new generating resources to interconnect to the power grid
- Support national energy independence and security

We track our operational performance alongside industry peers through participation in the annual SGS Benchmarking Study. The most recent study showed that our Michigan subsidiaries ranked within the **top 10 percent of best performers** with respect to sustained outages.

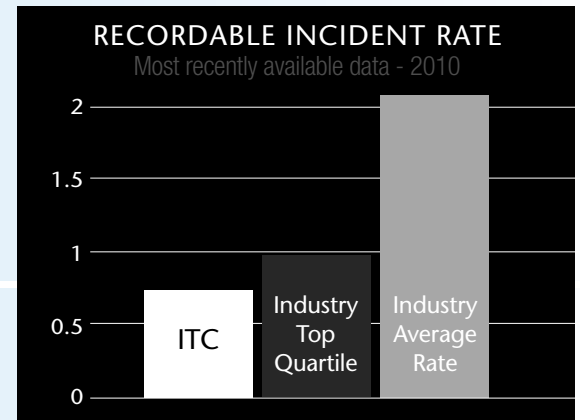
We also saw some significant improvements in system performance and restoration at ITC Midwest in 2011, with the fewest sustained outages recorded since we have owned the system. Trending data shows that the longer we own a system, the better its performance.

Our capital investment and maintenance plans drive this solid performance. The graph at right shows that ITC invests far more in preventive maintenance than in reactive maintenance. Basically, we are fixing things before they can break. This results in improved safety and reliability and supports our operational excellence objectives.

1. ITC Transmission and METC: In Michigan, both ITC Transmission and Michigan Electric Transmission Company (METC) operate as wholly-owned subsidiaries of ITC Holdings Corp. Based in Novi, Mich., these companies own, operate and maintain approximately 8,300 combined circuit miles of transmission lines in southeast Michigan and the western and northern parts of Michigan's Lower Peninsula, serving a population of 10 million.

2. ITC Midwest: ITC Midwest is a wholly-owned subsidiary of ITC Holdings Corp. Based in Cedar Rapids, Iowa, ITC Midwest operates and maintains approximately 7,400 circuit miles of transmission lines in Iowa, Minnesota, Illinois and Missouri. ITC Midwest also maintains operating locations in Dubuque, Iowa City and Perry, Iowa; and Albert Lea and Lakefield, Minnesota.

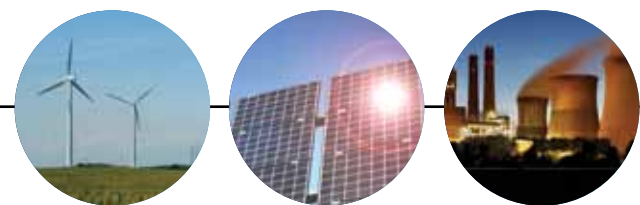
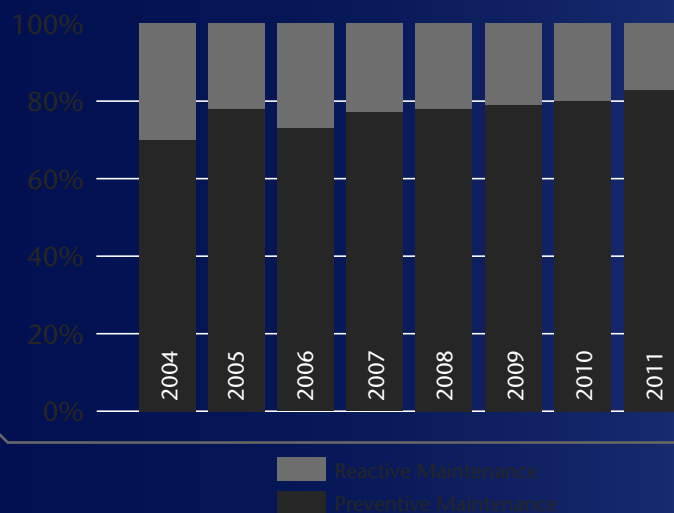
3. ITC Great Plains: ITC Great Plains, a subsidiary of ITC Grid Development, is a transmission-only utility that seeks to provide non-discriminatory access to reliable, competitive and low-cost energy throughout the Southwest Power Pool region. Based in Topeka, Kansas, ITC Great Plains has three active transmission construction projects in Kansas and Oklahoma and is advancing other important development projects in the region.



EXCELLENCE IN SAFETY

Safety is integral to ITC's culture of operational

PREVENTIVE VS. REACTIVE MAINTENANCE



INTERCONNECTIONS



SHAPING THE FUTURE OF TRANSMISSION



1. Joseph Welch, Chairman, President and CEO, testified before the United States House of Representatives Subcommittee on Energy and Power in October on the importance of investing in transmission for our nation's energy future. Mr. Welch detailed the need to set a clear path to energy independence and energy security that includes a robust and efficiently planned electric transmission grid.



2. Cameron Bready, Executive VP and CFO, appeared on Fox Business Network in July amid a record heat wave to discuss the increasing demands on our nation's electric grid. Mr. Bready highlighted the crucial role regional transmission systems play in allowing power to move more freely across markets to ensure reliability and efficient market function.



3. Jon Jipping, Executive VP and COO, was interviewed in July about the nation's power grid and its ability to handle the stress of the summer heat wave. Mr. Jipping explained that transmission operators like ITC invest in and maintain their systems to handle these types of events. Mr. Jipping's comments were featured in an Associated Press article and *Time Magazine*.

Driving energy policy discussion

ITC was instrumental in the discussion that resulted in a step forward for structured transmission policy in 2011. The Federal Energy Regulatory Commission (FERC) in July released its new rule related to regional transmission planning and cost allocation, referred to as Order 1000. The new federal rule signals the continuing evolution of the electric grid and recognition by regulators that the time to modernize the nation's transmission system is now.

Following months of news media outreach, advertising and conference participation on the topic by the company, ITC CEO Joe Welch was called to a Congressional hearing to share his perspective on the FERC order. Mr. Welch appeared before the Energy and Power Subcommittee of the U.S. House of Representatives Energy and Commerce Committee in October.

At the hearing, Mr. Welch reaffirmed ITC's support for two key elements of the FERC order: planning and cost allocation guidelines for the construction of new electric transmission. Order 1000 gives regions tools to assist them in determining the most effective and efficient ways to build the infrastructure they need to meet consumer demand and reliability needs. Order 1000 also directs regions to integrate public policy objectives into their planning activities.

Implementation of Order 1000 promises to accelerate reliable access to power of all types and facilitate more competitive electricity markets.



FACILITATING DIALOGUE ON REGIONAL TRANSMISSION

4. Linda Blair, Executive VP and Chief Business Officer, is a member of the Editorial Advisory Board at AOL Energy and contributes commentary articles to the website. AOL Energy provides access to analysis, thought leadership and discussions about the top stories in the electricity sector today. The five-member advisory board is composed of thought-leaders in the energy industry.

5. Daniel Oginsky, Senior VP and General Counsel, also serves as the company's Chief Compliance Officer. The Corporate Compliance Program ties together all company compliance activities – monitoring and focusing attention on compliance, driving communication on compliance and promoting best practices and education on this critical function.





Driving change in our communities

Electricity is the lifeblood of our economy and our way of life, and this vital fact drives our mission as energy transmission providers. However, there are many factors that contribute to great quality of life, which is why we believe that giving of ourselves to the communities we serve is just as important.

From the employees who maintain our transmission assets and answer calls from our customers, to our management team and the individuals who serve on our Board of Directors, the ITC team is committed to the communities and people we serve. That commitment can be seen throughout the company's footprint, both inside and outside the workplace.

Our operating philosophy in the workplace shows a deep respect for our environment, and we make environmental stewardship a core part of our planning and day-to-day decision-making processes.

Through local government and community relations efforts, we make donations that have an impact, supporting communities with sponsorships and donations. Whether protecting the habitat of a native species or helping a town recover from a natural disaster, we are committed to strong corporate citizenship in the communities we serve.

1. Congressman John D. Dingell (left) visits with Linda Blair, ITC Executive VP and Chief Business Officer, and John Hartig, refuge manager-Detroit River International Wildlife Refuge, at an event to present ITC's gift of \$70,000 for invasive species control in the refuge.

2. ITC employees donated more than \$50,000 to charities in Michigan and Iowa through *Casual for the Cause* days in 2011. We cherish this card from Katelyn, a wish child with The Rainbow Connection, which fulfills the dreams of Michigan children who have terminal and life threatening illnesses.

3. ITC's *Right Tree, Right Place* program educates students and communities about proper tree placement and planting. ITC Midwest Area Manager Lori Broghammer (rear, right) worked with students at Glenville High School FFA and Glenville-Emmons Elementary School in Minnesota to plant trees around the property.

U.S. Fish and Wildlife Service

Wildlife Habitat Council

Arbor Day Foundation

Meals on Wheels

American Heart Association

Cystic Fibrosis Association

American Cancer Society

Paws for Life Rescue

Cedar Valley Humane Society

Make-a-Wish (IA)

Rainbow Connection (MI)

Lighthouse of Oakland County

Doctors Without Borders

Susan G. Komen for the Cure

Toys for Tots

Feeding America Food Banks

CHARITABLE GIVING PROGRAM

The ITC charitable giving program emphasizes contributions that represent the keys to a strong quality of life — investing in our education system, our environment, economically vulnerable families, and the health and wellness of every member of our community.

A sense of partnership is the driving force behind our commitment to support the communities we serve and the organizations that serve them. It's a commitment that will continue through the years ahead.

Board of Directors



COMMITTEES





Management Team





RECONCILIATION OF REPORTED NET INCOME
(GAAP) TO OPERATING EARNINGS (NON-GAAP MEASURE) – UNAUDITED

RECONCILIATION OF REPORTED DILUTED EPS (GAAP)
TO OPERATING DILUTED EPS (NON-GAAP MEASURE) – UNAUDITED

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:

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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
200 Renaissance Center, Suite 3900
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 Wednesday, May 23, 2012, at the ITC corporate headquarters, 27175 Energy Way, Novi, Michigan 48377.

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.

The transaction with Entergy Corporation ("Entergy") 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 assurances as to the terms on which such transactions will be consummated.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

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 shareholders in connection with the proposed 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.



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