In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	))))))))	File No. EO-2013-0396

EXHIBIT CMB - 6

Rating Agency Reports for ITC from 2011 and 2012 From Moody's and S&P

Moody's
INVESTORS SERVICE

Announcement: Moody's affirms ITC's Baa2 unsecured rating on modestly credit positive announcement of acquisition of Entergy's transmission assets; other ITC subsidiaries' ratings and outlook unchanged

Global Credit Research - 05 Dec 2011

New York, December 05, 2011 -- Moody's Investors Service today affirmed ITC Holdings Corp.'s (ITC) Baa2 unsecured rating following the announcement that ITC has reached an agreement to merge with the transmission business of Entergy Corp. (Entergy: Baa3 senior unsecured, stable outlook). The transaction requires multiple state and federal regulatory approvals and could be completed by mid to late 2013.

RATINGS RATIONALE

"The affirmation reflects ITC's efforts to grow its FERC-regulated transmission system and we observe one of the central benefits to the transaction is the ability to unlock transmission investments from state regulation and place them under more credit supportive federal regulation. We also think the transaction is modestly credit positive for ITC, allowing the company to grow materially and to diversify its service territory." said Moody's Analyst Mitchell Moss. "However, due to the number of regulatory approvals required, we believe there is significant uncertainty about whether the transaction will ultimately be completed."

ITC and Entergy announced that Entergy agreed to separate its transmission business into a new holding company named Mid South TransCo LLC (Mid South) and merge it with ITC in an all-stock transaction. As part of the transaction (and shortly before closing), Mid South expects to issue about $1.8 billion of debt, including about $600 million of unsecured debt at the holding company and about $1.2 billion of first mortgage debt at Mid South's operating subsidiaries. Upon completion of the merger, ITC will assume Mid South's debt. In addition, ITC plans to issue $700 million of new debt at the parent and to return approximately $700 million to existing shareholders anticipated to be through a special dividend. Upon completion of the acquisition, Entergy shareholders will own slightly more than 50% of ITC's shares outstanding. On a proforma basis, we expect ITC's cash flow to debt to average around 13-14% and cash flow interest coverage to average around 3.2-3.4x, which is comparable or modestly weaker than historic metrics.

The transaction will require approvals of ITC's shareholders, the FERC, the state regulatory commissions of Arkansas, Louisiana, Mississippi and Texas and the New Orleans City Council, in addition to Hart-Scott Rodino approval.

ITC Holdings' Baa2 senior unsecured debt is driven by the relatively stable and predictable cash flows provided by its operating subsidiaries, which are supported by a broad based FERC policy that encourages independent transmission ownership and promotes a tariff framework that allows timely recovery of operating expenses and a return of and on invested capital. The Baa2 rating is constrained by the significant amount of debt incurred and maintained at the parent level primarily to fund the acquisition of its operating transmission systems and by somewhat weak credit metrics which would not be strong enough to support its rating without the more favorable FERC regulatory framework. The rating also considers the significant capital expenditure program currently being undertaken at ITC Holdings' operating subsidiaries. The ratings and outlook of ITC's other rated operating subsidiaries are unchanged.

Due to the high level of holding company debt, substantial capital expenditure program, and the integration of this transaction, an upgrade appears unlikely over the medium-term. An upgrade could occur if credit metrics improved to mid-Baa levels according to the Moody's Regulated Electric and Gas Utilities Methodology including cash flow to debt above 15% on a sustainable basis.

Should the transaction result in weakening of credit metrics below Baa levels, then ITC's rating could be downgraded. In addition, should the existing FERC-regulatory framework become less supportive or should ITC make new investments outside the FERC-regulatory framework, the rating of ITC would likely be downgraded.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

Although this credit rating has been issued in a non-EU country which has not been recognized as endorsable at this date, this credit rating is deemed "EU qualified by extension" and may still be used by financial institutions for regulatory purposes until 31 January 2012. ESMA may extend the use of credit ratings for regulatory purposes in the European Community for three additional months, until 30 April 2012, if ESMA decides that exceptional circumstances arise that may imply potential market disruption or financial instability. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moodys.com for further information on the meaning of each rating category and the definition of default and recovery.

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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Moody's
INVESTORS SERVICE

Credit Opinion: ITC Holdings Corp.

Global Credit Research - 20 Apr 2012

Novi, Michigan, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa2
International Transmission Company	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
ITC Midwest LLC	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Michigan Electric Transmission Company, LLC	
Outlook	Stable
Issuer Rating	A3
Senior Secured	A1
ITC Great Plains LLC	
Outlook	Stable
Sr Unsec Bank Credit Facility	Baa1

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Key Indicators

ITC Holdings Corp.

ACTUALS [1]	**2011**	**2010**	**2009**	**2008**
(CFO Pre-W/C + Interest) / Interest Expense	**3.2x**	**4.0x**	**3.3x**	**2.5x**
(CFO Pre-W/C) / Debt	**12%**	**17%**	**12%**	**8%**
(CFO Pre-W/C - Dividends) / Debt	**9%**	**15%**	**10%**	**6%**
Debt / Book Capitalization	**62%**	**64%**	**66%**	**68%**

[1] All ratios are calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Federal regulatory framework much more supportive than states

High parent leverage impacts family credit quality

Adequate financial profile

Credit positive acquisition expected to offer new investment opportunities

Corporate Profile

ITC Holdings Corp. (ITC Holdings) is a holding company whose operating subsidiaries are electric transmission companies with approximately 15,100 line-miles in the Midwest and central states. ITC's primary subsidiaries include International Transmission Company, Michigan Electric Transmission Company LLC, ITC Midwest LLC, and ITC Great Plains LLC. In December 2011, ITC announced an agreement to acquire Entergy Corp.'s transmission assets, representing approximately 15,700 line-miles; the acquisition could close in 2013.

SUMMARY RATING RATIONALE

ITC's Baa2 unsecured rating reflects its supportive federal regulatory framework, consolidated credit metrics that are weak for the rating, and significant holding company debt.

DETAILED RATING CONSIDERATIONS

Federal regulatory framework provides stable and predictable cash flows with limited regulatory lag

ITC Holdings' rating is underpinned by the credit supportive regulatory environment and formula-based rate making utilized by its subsidiaries. ITC Holdings' principal subsidiaries are each independent transmission companies subject to rate regulation only by the Federal Energy Regulatory Commission (FERC). The FERC allows the transmission subsidiaries favorable ROE's in the 12-14% range and a 60% equity ratio, which are moderately higher ratios than those generally allowed for state-regulated electric utilities, along with a formulaic, forward-looking rate setting mechanism. These favorable features generally allow the transmission subsidiaries to recover their allowed costs and returns within a two year period. Investments and expenses have been challenged by intervenors, though to date, the challenges have not resulted in any rate changes or refunds.

Entergy acquisition increases geographic diversity and offers growth opportunities

ITC Holdings' planned acquisition of Entergy's transmission system is a credit positive since it will allow the company to expand into Arkansas, Mississippi, Louisiana and Texas and would result in ITC Holdings roughly doubling its size. The acquisition also allows ITC Holdings significant new investment opportunities to upgrade the Entergy system similar to its spending on its other transmission systems when they were acquired from their native utilities. We believe there is a risk of a delay in the acquisition closing due to the number of state regulatory bodies that must approve the acquisition along with some integration concerns including storm restoration efforts.

High parent leverage lowers family credit quality

ITC Holdings has historically issued debt at the parent to finance equity infusions at its transmission subsidiaries. As a result, ITC Holdings' debt to capitalization was approximately 62% while the subsidiaries' debt to capitalization was around 25-30% as of year-end 2011. Parent debt represented approximately 55% of consolidated debt. ITC Holdings has indicated it expects to continue funding the equity portion of its subsidiary capital expenditure plans with internal cash and debt issued at the parent and does not plan to issue public equity over the next few years. The significant level of debt at the parent constrains the ratings of ITC Holdings' subsidiaries and leads to the added notching between its rating and the ratings of its subsidiaries.

Credit metrics modestly weak for rating

ITC Holdings' credit metrics are moderately weaker than other holding companies with a Baa2 rating; however, the stronger regulatory environment offsets this weakness. We expect cash flow pre-working capital changes (cash flow) to debt to remain above 15% and cash flow interest coverage to remain above 3.5x over the next two years. After the Entergy transmission acquisition closes, we expect ITC Holdings' credit metrics may weaken moderately as debt is expected to be issued to finance rising capital expenditures. Cash flow to debt may decline about 100 basis points lower than current levels but still remain appropriate for the rating.

Liquidity

ITC Holdings' liquidity position, driven by its subsidiary dividends, is considered adequate. In 2011, parent-level interest expense was about $89 million and we expect it to rise moderately as additional parent debt is issued. ITC Holdings paid dividends of $70 million reflecting a payout ratio of just 40%. We expect dividends to grow with earnings. ITC Holdings has indicated it does not plan on issuing new equity to fund its subsidiaries' capital expenditure plans over the next few years and we expect ITC Holdings to regularly issue public debt at the parent level to finance periodic subsidiary equity infusions in a manner that maintains their existing capital structures.

ITC Holdings has a $200 million parent only unsecured revolving credit facility expiring May 2016. As of December 31, 2011, ITC Holdings had no amounts drawn on its revolver and $49 million of cash on hand. The facility's financial covenant limits debt to 75% of total capitalization. As of December 31, 2011, ITC Holdings' debt to capitalization ratio as defined in the agreement was approximately 68%. ITC Holdings has $267 million of unsecured notes due July 2013.

Rating Outlook

The stable outlook reflects our expectation that ITC Holdings' subsidiaries will continue to operate under the supportive FERC regulatory framework and that consolidated credit metrics will not significantly change.

What Could Change the Rating - Up

An upgrade could occur if ITC Holdings were to significantly reduce its parent level debt to below approximately 30% of consolidated debt.

What Could Change the Rating - Down

The ratings for ITC Holdings and its subsidiaries could be downgraded if the FERC regulatory framework were to become less credit supportive for ITC Holdings' subsidiaries, if consolidated metrics weakened further than anticipated including cash flow pre-working capital changes to debt below 12%, or if ITC Holdings significantly increased the proportion of parent company debt to consolidated debt.

Rating Factors

ITC Holdings Corp.

Regulated Electric and Gas Utilities Industry [1][2]	**Current FYE 2011**			**Moody's 12-18 Month Forward View As of April 20, 2012**	
Factor 1: Regulatory Framework (25%)	**Measure**	**Score**		**Measure**	**Score**
a) Regulatory Framework		Aa			Aa
Factor 2: Ability To Recover Costs And Earn Returns (25%)					
a) Ability To Recover Costs And Earn Returns		A			A
Factor 3: Diversification (10%)					
a) Market Position (10%)		Baa			Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)					
a) Liquidity (10%)		Baa			Baa
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	3.5x	Baa		3.4x-3.7x	Baa

c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	14%	Baa		13-16%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	11%	Baa		10-13%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	64%	Ba		60-63%	Ba
Rating:					
a) Indicated Rating from Grid		A3			A3
b) Actual Rating Assigned		Baa2			Baa2

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/11; Source: Moody's Financial Metrics

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January 10, 2011

ITC Holdings Outlook Revised To Positive From Stable On Expected Longer-Term Improved Financial Measures

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- We expect that U.S.-based power transmission company ITC Holdings Corp. (Holdings) will maintain its improved financial measure over the intermediate term despite its increasing capital spending.
- We revised the outlook on ITC Holdings Co. and its subsidiaries International Transmission Co. (ITCT), Michigan Electric Transmission Co (METC), and ITC Midwest LLC (ITCM) to positive from stable.
- We affirmed all of the long-term ratings, including the 'BBB' corporate credit rating.
- We've maintained the business and financial risk profiles on Holdings as excellent and aggressive, respectively.

NEW YORK (Standard & Poor's) Jan. 10, 2011--Standard & Poor's Ratings Services revised the outlook on Holdings, ITCT, METC, and ITCM to positive form stable. At the same time, we affirmed all of the ratings on Holdings and its subsidiaries, including the 'BBB' corporate credit rating.

The positive outlook reflects our view that there is at least a one-in-three probability that Holdings will maintain its improved consolidated cash flow measures over the intermediate term despite its increased capital spending program. The company has been able to improve its cash flow measures primarily by expanding its rate base while benefiting from the Federal Energy Regulatory Commission's constructive regulation. Also, we view Holdings' acquisition of another electric transmission system, which could have depressed its financial measures, as less likely over the intermediate period, because of higher competition within the electric transmission sector.

Significant risks to our forecast include the possibility that development costs are materially higher or significant delays to the major capital expenditures that result in a lower-than-expected cash flow. An upgrade would be based on consistent cash flows that meet our baseline forecast and that the company is able to demonstrate its competency of expanding electric transmission system outside of its historical service territory. We could revise the outlook to stable if cash-flow expectations do not materialize or the company enters into a large acquisition that weakens its cash flow measures.

RELATED CRITERIA AND RESEARCH

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009.
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008.

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

STANDARD &POOR'S

Global Credit Portal

RatingsDirect

December 5, 2011

Research Update:

ITC Holdings Corp.'s And Subs' Rating Raised To 'BBB+' On Improved Business And Financial Profiles; Outlook Stable

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Research Update:

ITC Holdings Corp.'s And Subs' Rating Raised To 'BBB+' On Improved Business And Financial Profiles; Outlook Stable

Overview

- U.S.-based electric transmission company ITC Holdings' business and financial risk profiles have improved to a level that is commensurate with the 'BBB+' rating.
- We expect that the Entergy transaction will enhance ITC Holdings' business risk profile in terms of size and geographic diversity.
- We are raising the corporate credit rating on ITC Holdings and its subsidiaries International Transmission Co., Michigan Electric Transmission Co., ITC Midwest LLC, and ITC Great Plains to 'BBB+' from 'BBB'.
- The stable outlook reflects our expectation that FFO/debt will remain above 10% in the near term. We've maintained Holdings business and financial risk profiles as excellent and aggressive, respectively.

Rating Action

On Dec. 5, 2011, Standard & Poor's Rating Services raised its corporate credit rating on ITC Holdings Corp. (Holdings) and its subsidiaries International Transmission Co. (ITCT), Michigan Electric Transmission Co. (METC), ITC Midwest LLC (ITCM), and ITC Great Plains LLC (ITCGP) to 'BBB+' from 'BBB'. At the same time, we also raised the senior secured ratings on ITCT, METC, and ITCM to 'A' from 'A-'. We affirmed their '1+' recovery rating, indicating our expectations of full (100%) recovery of principal and accrued interest if a payment default occurs. We also raised Holdings' senior unsecured rating at Holdings to 'BBB' from 'BBB-'.

The upgrade reflects our view that ITC has improved its business and financial risk profiles to a level that is commensurate with a 'BBB+' rating. The upgrade also reflects our expectations that the announced Entergy transaction, which has credit-enhancing elements, will ultimately close in a manner that preserves credit quality. Specifically, we expect that adjusted funds from operations (FFO)/debt to remain above 10% in the near term. Furthermore, as Holdings continues to make capital investments and grows its rate base, its cash flow measures will gradually improve over the intermediate term so that adjusted FFO/debt returns to its present 13% to 15% level.

Rationale

The ratings on Holdings reflect its consolidated credit profile, including its major electric transmission subsidiaries: ITCT, METC, ITCM, and ITCGP. The ratings also reflect Holdings' excellent business risk profile and its aggressive financial risk profile.

The recently announced Entergy transaction in which Holdings will acquire all of Entergy's transmission assets will double Holdings' size, diversify its cash flow, and broaden its customer base. These credit-enhancements will improve Holdings' excellent business risk profile. However, partially offsetting that is our expectation that Holdings' cash flow measures will weaken at the completion of this transaction. Because Holdings' present cash flow measures have improved, providing it with some cushion, we expect that the company will close the acquisition so that FFO/debt remains above 10% on a pro forma basis and will gradually improve over the intermediate term to its present 13% to 15% level. The transaction requires multiple regulatory approvals and is expected to close in 2013.

The excellent business risk profile reflects Holdings' lower operating risk pure electric transmission business and its effective management of regulatory risk.

We view Holdings' regulated, electric transmission business as a relatively lower technological and operational risk compared with other electric utility businesses that often include the higher-risk generation component. Further mitigating Holdings' business risk is the Midwest Independent Transmission System Operator Inc. (MISO), which controls the operations of the electric transmission assets, while Holdings is responsible for maintenance and capital improvements. MISO also serves as the billing agent for Holdings and implements strict credit policies for all of its members, including collateral requirements, when necessary.

Holdings has been able to effectively manage its regulatory risk through the Federal Energy Regulatory Commission's constructive regulation. Holdings can recover its costs and return on investments on a forward-looking basis, earn a healthy return on equity at each of its operating businesses, and has an actual operating capital structure targeted at 60% equity.

While Holdings' cash flow measures have gradually improved as its rate base has increased, its aggressive financial profile continues to reflect its strategy to maintain adjusted debt to total capital at about 70%. For the 12 months ended Sept. 30, 2011, adjusted debt to total capital improved to 68.5% from 69.7% at the end of 2010. In addition, adjusted consolidated FFO to total debt dropped to 15.6% from 16.4%, and adjusted debt to EBITDA improved to 5.2x from 5.5x at the end of 2010.

We expect Holdings' stand-alone cash flow measures (even absent the Entergy acquisition) to slightly weaken over the intermediate term and its discretionary cash flow to remain negative as the company increases its annual capital spending to about $700 million from its more recent historical annual average of $400 million. We further expect that over the intermediate term, due to the large capital spending, Holdings' rate base will increase by more than 60% to more than $4 billion from its current $2.6 billion, resulting in a 25% improvement to FFO.

Liquidity

We view Holding's liquidity as adequate and recognize that it can more than cover its needs for the future, even if FFO declines. (For more on liquidity, see "Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers," published July 2, 2010.)

We base our liquidity assessment on the following factors and assumptions:

- We expect the company's liquidity sources (including cash, FFO, and credit facility availability) over the next 12 months to exceed its uses by more than 1.3x.
- Has no long-term debt maturities coming due in 2012.
- Even if FFO declines by more than 20%, we believe net sources would still be more than 1.2x of cash requirements.
- The company has good relationships with its banks, in our assessment, and has a good standing in the credit markets, having successfully issued debt during the 2009 credit crisis.

In our analysis, we assumed liquidity of about $1.1 billion over the next 12 months, primarily consisting of cash, FFO, and availability under the credit facilities. We estimate the company will use about $800 million over the same period for maintenance capital spending, debt maturities, working capital needs, and shareholder dividends.

Holding's credit agreement includes a financial covenant requiring a consolidated ratio of total debt to total capital of no more than 75%. As of Sept. 30, 2011, the company had adequate cushion against this covenant and could increase its total debt by more than 20% without violating it.

Outlook

The stable outlook reflects our baseline forecast that FFO/debt will remain above 10% on a pro forma basis in the near term. Over the intermediate term, we expect that FFO/debt to gradually improve to the 13% to 15% level after the Entergy transaction closes. Significant risks to our forecast include the outcome of the many regulatory approvals needed to complete the Entergy transaction. We could lower the rating if the Entergy transaction closes in a manner that hurts credit quality so that FFO to debt drops below 10%. We don't currently foresee another ratings upgrade given ITC's liberal use of debt leverage.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009.
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008.

Ratings List

Ratings Raised

	To	From
ITC Holdings Corp.		
Michigan Electric Transmission Co.		
International Transmission Co.		
ITC Midwest LLC		
ITC Great Plains LLC		
Corp. Credit Rating	BBB+/Stable/--	BBB/Positive/--

Ratings Affirmed

ITC Holdings Corp.		
Senior Unsecured	BBB	BBB-
ITC Midwest LLC		
Senior Secured	A	A-
Recovery Rating	1+	1+
International Transmission Co.		
Senior Secured	A	A-
Recovery Rating	1+	1+
Michigan Electric Transmission Co.		
Senior Secured	A	A-
Recovery Rating	1+	1+

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MOODY'S
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Credit Opinion: ITC Midwest LLC

Global Credit Research - 20 Apr 2012

Novi, Michigan, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Parent: ITC Holdings Corp.	
Outlook	Stable
Senior Unsecured	Baa2

Contacts

Analyst	Phone
Mitchell Moss/New York City	212.553.4478
William L. Hess/New York City	212.553.3837

Key Indicators

ITC Midwest LLC

ACTUALS [1]	**2011**	**2010**	**2009**	**2008**
(CFO Pre-W/C + Interest) / Interest Expense	**7.4x**	**8.7x**	**5.6x**	**2.9x**
(CFO Pre-W/C) / Debt	**33%**	**44%**	**27%**	**9%**
(CFO Pre-W/C - Dividends) / Debt	**14%**	**29%**	**17%**	**1%**
Debt / Book Capitalization	**29%**	**28%**	**27%**	**28%**

[1] All ratios are calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Federal regulatory framework much more supportive than states

Strong financial profile

Significant capital expenditure plan

Highly levered parent increases credit risk of transmission subsidiaries

Corporate Profile

ITC Midwest LLC (ITC Midwest) operates a high-voltage electric transmission system in Iowa and in portions of Minnesota, Illinois and Missouri primarily within the service territory of Interstate Power & Light (IPL: A3 senior unsecured). ITC Midwest is a subsidiary of ITC Holdings Corp (ITC Holdings: Baa2 senior unsecured) which also owns several other electric transmission utilities.

SUMMARY RATING RATIONALE

In terms of stand-alone credit quality, ITC Midwest's supportive federal regulatory framework provides a robust set of recovery mechanisms and healthy returns resulting in strong credit metrics. However, ITC Holdings' significant holding company leverage increases ITC Midwest's credit risk which constrains the rating at A3.

DETAILED RATING CONSIDERATIONS

Federal regulatory framework provides stable and predictable cash flows with limited regulatory lag

ITC Midwest's credit supportive regulatory environment and formula-based rate making significantly drive its credit quality. As an independent transmission company, ITC Midwest's rates are regulated only by the FERC. The FERC allows ITC Midwest to set rates based on a 12.38% ROE and 60% equity ratio, which are moderately higher ratios than those generally allowed for state-regulated electric utilities. ITC Midwest's rates are established using a formulaic, forward-looking rate setting mechanism known as Attachment O, which is recalculated annually allowing for the recovery of actual expenses and a return on invested capital. This differs from state regulations that can have prolonged, contested rate case proceedings. The formula also adjusts for changes in network load, as a result of weather or other factors impacting demand, including economic conditions. These features are intended to ensure that the company recovers its allowed costs and returns within a two year period.

Credit metrics strong for rating

ITC Midwest's credit metrics continue to be stronger than other electric utilities with an A3 Issuer Rating. We expect cash flow pre-working capital changes (cash flow) to debt to remain above 30% and cash flow interest coverage to remain above 6.2x going forward; however, credit metrics vary modestly year-to-year due to recoveries for Attachment O revenue true-ups.

Capital expenditures and operating costs have been challenged

Capital expenditures at ITC Holdings' subsidiaries have created modest rate pressure for customers as rates are adjusted annually for increased spending. Although the FERC has allowed recovery of ITC Midwest's invested capital, the amount of actual capital and operating expenditures is still subject to challenge by interested parties via a Section 206 Complaint filing at the FERC. If the Complaint succeeds, the FERC can make prospective adjustments to rates or can disallow ITC Midwest's inclusion of certain components in the rate setting formula. This could result in lowered rates or refunds.

A February 2012 FERC audit related to ITC Midwest's acquisition of its transmission system determined that ITC Midwest improperly passed $18 million of the tax effect of goodwill through its formula rate in 2009 and 2010 and that this was inconsistent with ITC's commitment to not seek recovery of any acquisition premium in rates. ITC has agreed to change its accounting practices and Iowa regulators have also requested that FERC order ITC Midwest to make refunds to customers. The final outcome or timing of this matter is still uncertain. While the dollar value of the audit refund is not considered a significant credit concern, further rate reviews that result in more significant refunds or changes in returns and recoveries could negatively impact ITC Midwest's rating.

Highly levered parent increases subsidiary credit risk

ITC Midwest's rating is constrained by the high consolidated leverage of the ITC Holdings corporate family. ITC Holdings issues debt at the parent to financeperiodic equity infusions at its transmission subsidiaries which have a much higher equity ratio. As of December 31, 2011, parent level debt represented approximately 55% of ITC Holdings' consolidated debt.

Liquidity

ITC Midwest's liquidity position, driven by its stable cash flows, adequately supports its capital expenditures and dividends. In 2012, we expect ITC Midwest's capital expenditures to be approximately $300 million, declining to about $200 million annually over the medium-term. Capital expenditures and dividends are generally projected to exceed cash from operations and we expect these cash shortfalls will be funded with equity investments from ITC Holdings and proceeds from short and long-term debt financing, in a manner that maintains ITC Midwest's 60% regulated equity ratio.

ITC Midwest has two unsecured revolving credit facilities: $41 million expiring January 2013 and $75 million expiring February 2013. As of December 31, 2011, ITC Midwest had approximately $92 million drawn on its revolvers and $2 million of cash on hand. The facility's financial covenant limits debt to 65% of total capitalization. As of December 31, 2011, ITC Midwest's debt to capitalization ratio as defined in the agreement was approximately 31%. ITC Midwest has indicated it is in the process of entering a new multi-year credit facility with its bank syndicate.

The liquidity methodology component is currently lowered to Ba (see grid below) due to the expiring credit facilities within twelve months though we would expect the component score to improve once the new facility becomes available.

Rating Outlook

ITC Midwest's stable outlook reflects our expectation for a continued supportive FERC regulatory framework and credit metrics remaining strong for its rating.

What Could Change the Rating - Up

An upgrade is unlikely unless ITC Holdings significantly reduces its holding company debt and its Baa2 unsecured rating is upgraded.

What Could Change the Rating - Down

The rating could be downgraded if ITC Midwest does not finalize its credit agreement well in advance of the existing facility expirations. In addition, a downgrade would occur if the FERC regulatory framework were to become less credit supportive including changes to the Attachment O rate-setting mechanism and increased lag in investment recovery. In addition, should ITC Holdings significantly increase the level of parent company debt, we would expect rating downgrades for ITC Midwest and ITC Holdings' other transmission subsidiaries.

Rating Factors

ITC Midwest LLC

Regulated Electric and Gas Utilities Industry [1][2]	Current FYE 2011		Moody's 12-18 Month Forward View As of April 20, 2012	
Factor 1: Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Regulatory Framework		Aa		Aa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		A		A
Factor 3: Diversification (10%)				
a) Market Position (10%)		Baa		Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Ba		Ba
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	7.2x	Aa	6.0x-7.0x	Aa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	35%	Aa	28-33%	A
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	20%	A	13-15%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	28%	Aa	28-31%	Aa
Rating:				

a) Indicated Rating from Grid		A1		A2
b) Actual Rating Assigned		A3		A3

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[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/11; Source: Moody's Financial Metrics

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MOODY'S
INVESTORS SERVICE

Credit Opinion: International Transmission Company

Global Credit Research - 20 Apr 2012

Novi, Michigan, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Parent: ITC Holdings Corp.	
Outlook	Stable
Senior Unsecured	Baa2

Contacts

Analyst	Phone
Mitchell Moss/New York City	212.553.4478
William L. Hess/New York City	212.553.3837

Key Indicators

International Transmission Company

ACTUALS [1]	2011	2010	2009	2008
(CFO Pre-W/C + Interest) / Interest Expense	7.7x	9.0x	8.0x	7.7x
(CFO Pre-W/C) / Debt	37%	43%	37%	35%
(CFO Pre-W/C - Dividends) / Debt	1%	13%	12%	25%
Debt / Book Capitalization	31%	32%	32%	33%

[1] All ratios are calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Federal regulatory framework much more supportive than states

Strong financial profile

Significant capital expenditure plan

Highly levered parent increases credit risk of transmission subsidiaries

Corporate Profile

International Transmission Company (ITCTransmission) operates a high-voltage electric transmission system primarily located within Detroit Edison Company's (Baa1 senior unsecured) service territory. ITCTransmission is regulated by the Federal Energy Regulatory Commission (FERC). ITCTransmission is a subsidiary of ITC Holdings Corp (ITC Holdings: Baa2 senior unsecured) which also owns several other electric transmission utilities.

SUMMARY RATING RATIONALE

In terms of stand-alone credit quality, ITCTransmission's supportive federal regulatory framework provides a robust set of recovery mechanisms and healthy returns resulting in strong credit metrics. However, ITC Holdings' significant holding company leverage increases ITCTransmission's credit risk which constrains the ratingat A3.

DETAILED RATING CONSIDERATIONS

Federal regulatory framework provides stable and predictable cash flows with limited regulatory lag

ITCTransmission's credit supportive regulatory environment and formula-based rate making significantly drive its credit quality. As an independent transmission company, ITCTransmission's rates are regulated only by the FERC. The FERC allows ITCTransmission to set rates based on a 13.88% ROE and 60% equity ratio, which are higher ratios than those generally allowed for state-regulated electric utilities. ITCTransmission's rates are established using a formulaic, forward-looking rate setting mechanism known as Attachment O, which is recalculated annually allowing for the recovery of actual expenses and a return on invested capital. This differs from state regulations that can have prolonged, contested rate case proceedings. The formula also adjusts for changes in network load, as a result of weather or other factors impacting demand, including economic conditions. These features are intended to ensure that the company recovers its allowed costs and returns within a two year period.

Credit metrics strong for rating

ITCTransmission's credit metrics continue to be stronger than other electric utilities with an A3 Issuer Rating though they may weaken a bit going forward as we expect increased debt issuance to finance rising capital expenditures. We expect cash flow pre-working capital changes (cash flow) to debt to remain above 34% and cash flow interest coverage to remain above 6.6x going forward; however, credit metrics may vary modestly year-to-year due to recoveries for Attachment O revenue true-ups.

Capital expenditures and operating costs could be challenged

Capital expenditures at ITC Holdings' subsidiaries have created modest rate pressure for customers as rates are adjusted annually for increased spending. Although the FERC has allowed recovery of ITCTransmission's invested capital, the amount of actual capital and operating expenditures is still subject to challenge by interested parties via a Section 206 Complaint filing at the FERC. If the Complaint succeeds, the FERC can make prospective adjustments to rates or can disallow ITCTransmission's inclusion of certain components in the rate setting formula. This could result in lowered rates or refunds.

Highly levered parent increases subsidiary credit risk

ITCTransmission's rating is constrained by the high consolidated leverage of the ITC Holdings corporate family. ITC Holdings issues debt at the parent to finance periodic equity infusions at its transmission subsidiaries which have a much higher equity ratio. As of December 31, 2011, parent level debt represented approximately 55% of ITC Holdings' consolidated debt.

Liquidity

ITCTransmission's liquidity position, driven by its stable cash flows, adequately supports its capital expenditures and dividends. In 2012 and over the next few years, we expect ITCTransmission's capital expenditures to be approximately $210 million annually which is about twice the level of the 2011 expenditures. Capital expenditures and dividends are generally projected to exceed cash from operations and we expect these cash shortfalls will be funded with equity investments from ITC Holdings and proceeds from short and long-term debt financing, in a manner that maintains ITCTransmission's 60% regulated equity ratio.

ITCTransmission has a $100 million unsecured revolving expiring in May 2016. As of December 31, 2011, ITCTransmission had approximately $18 million drawn on its revolver and minimal cash on hand. The facility's financial covenant limits debt to 65% of total capitalization. As of December 31, 2011, ITCTransmission's debt to capitalization ratio as defined in the agreement was approximately 35%. The company has $185 million of first mortgage bonds maturing July 2013.

Rating Outlook

ITCTransmission's stable outlook reflects our expectation for a continued supportive FERC regulatory framework and credit metrics remaining strong for its rating.

What Could Change the Rating - Up

An upgrade is unlikely unless ITC Holdings significantly reduces its holding company debt and its Baa2 unsecured rating is upgraded.

What Could Change the Rating - Down

The rating would be downgraded if the FERC regulatory framework were to become less credit supportive including changes to the Attachment O rate-setting mechanism resulting in increased lag in investment recovery. In addition, should ITC Holdings significantly increase the level of parent company debt, we would expect rating downgrades for ITCTransmission and ITC Holdings' other transmission subsidiaries.

Rating Factors

International Transmission Company

Regulated Electric and Gas Utilities Industry [1][2]	**Current FYE 2011**		**Moody's 12-18 Month Forward View As of April 20, 2012**	
Factor 1: Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Regulatory Framework		Aa		Aa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		A		A
Factor 3: Diversification (10%)				
a) Market Position (10%)		Baa		Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		A		Ba
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	8.2x	Aaa	7x-8x	Aa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	39%	Aa	34-37%	Aa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	9%	Ba	17-22%	A
e) Debt/Capitalization (3 Year Avg) (7.5%)	31%	Aa	30-32%	Aa
Rating:				
a) Indicated Rating from Grid		A1		A1
b) Actual Rating Assigned		A3		A3

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/11; Source: Moody's Financial Metrics

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MOODY'S
INVESTORS SERVICE

Credit Opinion: Michigan Electric Transmission Company, LLC

Global Credit Research - 20 Apr 2012

Michigan, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A3
Senior Secured	A1
Parent: ITC Holdings Corp.	
Outlook	Stable
Senior Unsecured	Baa2

Contacts

Analyst	Phone
Mitchell Moss/New York City	212.553.4478
William L. Hess/New York City	212.553.3837

Key Indicators

Michigan Electric Transmission Company, LLC

ACTUALS [1]	2011	2010	2009	2008
(CFO Pre-W/C + Interest) / Interest Expense	7.6x	8.8x	9.4x	8.0x
(CFO Pre-W/C) / Debt	39%	46%	45%	31%
(CFO Pre-W/C - Dividends) / Debt	7%	26%	23%	22%
Debt / Book Capitalization	23%	22%	22%	22%

[1] All ratios are calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Federal regulatory framework much more supportive than states

Strong financial profile

Significant capital expenditure plan

Highly levered parent increases credit risk of transmission subsidiaries

Corporate Profile

Michigan Electric Transmission Company, LLC (METC) operates a high-voltage electric transmission system in approximately two-thirds of Michigan's Lower Peninsula, primarily within Consumers Energy Company's (A3 senior secured) service territory. METC is a subsidiary of ITC Holdings Corp (ITC Holdings: Baa2 senior unsecured) which also owns several other electric transmission utilities.

SUMMARY RATING RATIONALE

In terms of stand-alone credit quality, METC's supportive federal regulatory framework provides a robust set of recovery mechanisms and healthy returns resulting in strong credit metrics. However, ITC Holdings' significant holding company leverage increases METC's credit risk which constrains the rating at A3.

DETAILED RATING CONSIDERATIONS

Federal regulatory framework provides stable and predictable cash flows with limited regulatory lag

METC's credit supportive regulatory environment and formula-based rate making significantly drive its credit quality. As an independent transmission company, METC's rates are regulated only by the FERC. The FERC allows METC to set rates based on a 13.38% ROE and 60% equity ratio, which are higher ratios than those generally allowed for state-regulated electric utilities. METC's rates are established using a formulaic, forward-looking rate setting mechanism known as Attachment O, which is recalculated annually allowing for the recovery of actual expenses and a return on invested capital. This differs from state regulations that can have prolonged, contested rate case proceedings. The formula also adjusts for changes in network load, as a result of weather or other factors impacting demand, including economic conditions. These features are intended to ensure that the company recovers its allowed costs and returns within a two year period.

Credit metrics strong for rating

METC's credit metrics continue to be stronger than other electric utilities with an A3 Issuer Rating though they may weaken a bit going forward as debt increases to finance planned capital expenditures. We expect cash flow pre-working capital changes (cash flow) to debt to remain above 33% and cash flow interest coverage to remain above 6.6x going forward; however, credit metrics may vary modestly year-to-year due to recoveries for Attachment O revenue true-ups.

Capital expenditures and operating costs could be challenged

Capital expenditures at ITC Holdings' subsidiaries have created modest rate pressure for customers as rates are adjusted annually for increased spending. Although the FERC has allowed recovery of METC's invested capital, the amount of actual capital and operating expenditures is still subject to challenge by interested parties via a Section 206 Complaint filing at the FERC. If the Complaint succeeds, the FERC can make prospective adjustments to rates or can disallow METC's inclusion of certain components in the rate setting formula. This could result in lowered rates or refunds.

Highly levered parent increases subsidiary credit risk

METC's rating is constrained by the high consolidated leverage of the ITC Holdings corporate family. ITC Holdings issues debt at the parent to finance periodic equity infusions at its transmission subsidiaries which have a much higher equity ratio. As of December 31, 2011, parent level debt represented approximately 55% of ITC Holdings' consolidated debt.

Liquidity

METC's liquidity position, driven by its stable cash flows, adequately supports its capital expenditures and dividends. In 2012, we expect METC's capital expenditures to be approximately $180 million, moderately above its 2011 capital expenditure level. Capital expenditures are likely to vary significantly year-to-year as new projects develop but are currently expected to decline about $40 million annually after 2013. Capital expenditures and dividends are generally projected to exceed cash from operations and we expect these cash shortfalls will be funded with equity investments from ITC Holdings and proceeds from short and long-term debt financing, in a manner that maintains METC's 60% regulated equity ratio.

METC has a $100 million unsecured revolving expiring in May 2016. As of December 31, 2011, METC had approximately $38 million drawn on its revolver and $3.8 million of cash on hand. The facility's financial covenant limits debt to 65% of total capitalization. As of December 31, 2011, METC's debt to capitalization ratio as defined in the agreement was approximately 25%. The company has $50 million of first mortgage bonds maturing December 2014.

Rating Outlook

METC's stable outlook reflects our expectation for a continued supportive FERC regulatory framework and credit metrics remaining strong for its rating.

What Could Change the Rating - Up

An upgrade is unlikely unless ITC Holdings significantly reduces its holding company debt and its Baa2 unsecured rating is upgraded.

What Could Change the Rating - Down

The rating would be downgraded if the FERC regulatory framework were to become less supportive including changes to the Attachment O rate-setting mechanism resulting in increased lag in investment recovery. In addition, should ITC Holdings significantly increase the level of parent company debt, we would expect rating downgrades for METC and ITC Holdings' other transmission subsidiaries.

Rating Factors

Michigan Electric Transmission Company, LLC

Regulated Electric and Gas Utilities Industry [1][2]	**Current FYE 2011**		**Moody's 12-18 Month Forward View As of April 20, 2012**	
Factor 1: Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Regulatory Framework		Aa		Aa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		A		A
Factor 3: Diversification (10%)				
a) Market Position (10%)		Baa		Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		A		A
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	8.6x	Aaa	6.8x-7.3x	Aa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	43%	Aaa	33-37%	Aa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	19%	A	13-17%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	22%	Aaa	23-25%	Aaa
Rating:				
a) Indicated Rating from Grid		A1		A1
b) Actual Rating Assigned		A3		A3

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/11; Source: Moody's Financial Metrics