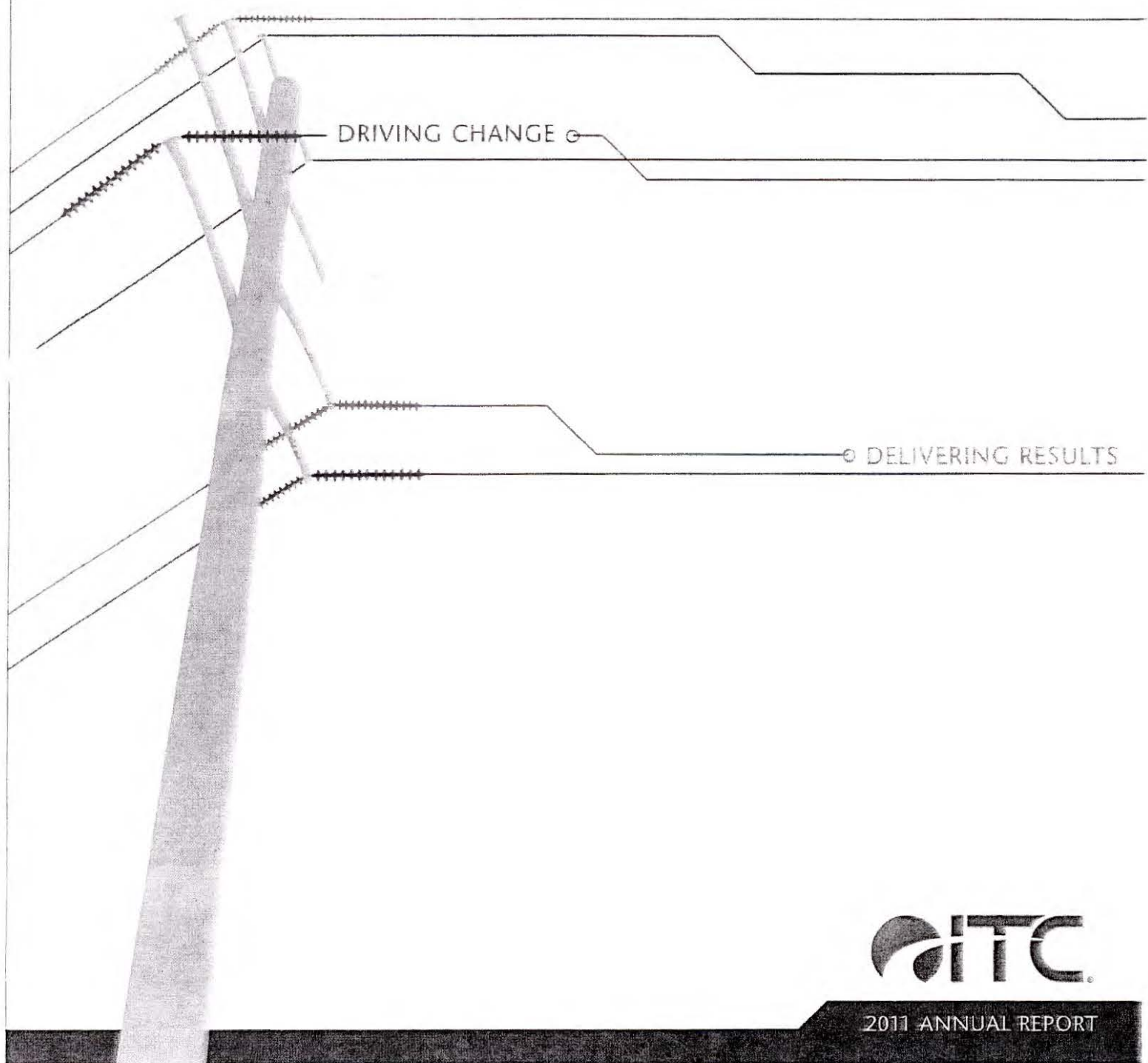


**BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION**

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

EXHIBIT CMB - 7A

ITC 2011 Annual Report to Shareholders





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

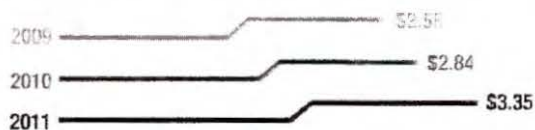
|   | 2011     | 2010     | 2009     |
|---|----------|----------|----------|
| <b>OPERATING RESULTS</b> <i>(in millions, except dividends per share)</i> |          |          |          |
| Operating Revenues  | \$ 757   | \$ 697   | \$ 621   |
| Net Income  | 172      | 146      | 131      |
| Operating Earnings*   | 174      | 146      | 131      |
| Cash Flows from Operations  | 381      | 423      | 266      |
| Investments in Property, Plant & Equipment                                | 633      | 455      | 362      |
| Dividends Paid Per Share  | 1.375    | 1.310    | 1.250    |
| <b>EARNINGS PER SHARE</b>   |          |          |          |
| Basic Earnings Per Share  | \$ 3.36  | \$ 2.89  | \$ 2.62  |
| Diluted Earnings Per Share  | 3.31     | 2.84     | 2.58     |
| Operating Diluted Earnings Per Share*                                     | 3.35     | 2.84     | 2.58     |
| <b>BALANCE SHEET</b> <i>(in millions)</i>                                 |          |          |          |
| Property, Plant & Equipment (Net of Depreciation)                         | \$ 3,416 | \$ 2,872 | \$ 2,542 |
| Total Assets  | 4,823    | 4,308    | 4,030    |
| Total Debt  | 2,645    | 2,497    | 2,434    |
| Total Equity  | 1,259    | 1,117    | 1,012    |

## Three-Year Results

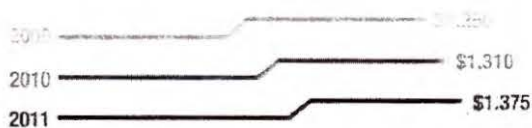
### NET PROPERTY, PLANT & EQUIPMENT *(in millions)*



### OPERATING DILUTED EARNINGS PER SHARE\*

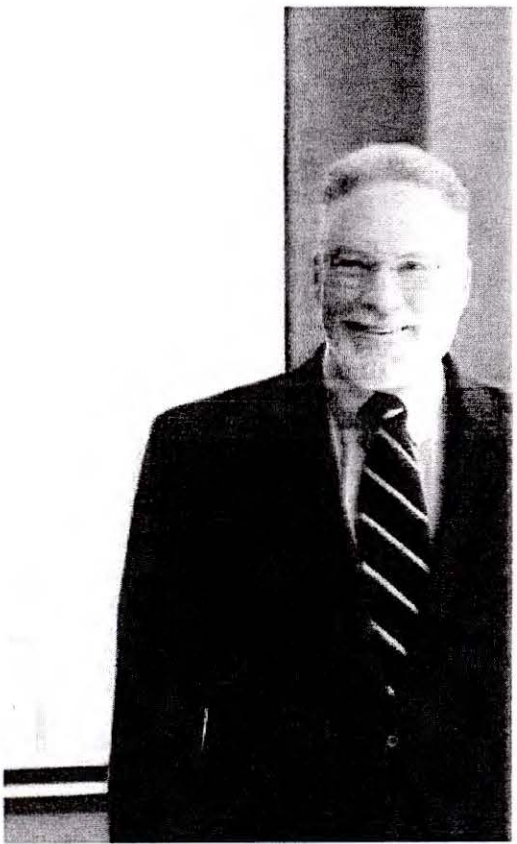


### DIVIDENDS PER SHARE



\*Based on non-GAAP financial measures. See page 16 for GAAP reconciliations.

## To Our Shareholders



Joseph L. Weich – Chairman, President and  
Chief Executive Officer

The theme of driving change and delivering results seems quite appropriate given our performance in 2011, which proved to be a pivotal year in advancing our strategy on all fronts. We accomplished many critical objectives in 2011 and achieved significant milestones in the evolution of our company. In doing so, we have continued our strong track record of consistent execution and delivering on the commitments that we have made to our customers and shareholders, while also positioning the company well for ongoing growth and success.

### DRIVING CHANGE

Since our formation in 2003, we have focused on promoting regulatory reforms necessary to eliminate impediments to transmission infrastructure investment with the goal of developing a 21st century transmission system to more effectively support the needs of our energy-intensive economy. Our relentless and ongoing advocacy for modernizing planning and cost allocation principles to support needed transmission expansion continues to reshape the environment in which we operate in ways that we believe to be favorable to our business strategy. While we have continued to see the benefits of policy reforms in the regional transmission organizations in which we operate, namely Southwest Power Pool (SPP) and Midwest Independent Transmission System Operator (MISO), the Federal Energy Regulatory Commission's (FERC) issuance of Order 1000 during 2011 will further promote long-term planning and cost allocation policy reforms in all regions of the country. As transmission regulation continues to evolve, we remain at the forefront of promoting policies supportive of transmission and transmission investments while also demonstrating the critical need and effectiveness of these investments.

Our December 2011 announcement regarding the agreement we reached with Entergy Corporation, whereby Entergy will separate its transmission business and merge it into a subsidiary of ITC, also serves as a prime example of our efforts to drive change. This compelling strategic transaction is transformational for our company and potentially the industry as well. By combining these businesses, we will significantly enhance the scale of our operations and financial resources as we continue to invest in electric transmission infrastructure for the benefit of customers. The transaction also will strengthen our existing transmission platform through the addition of sizable new service territories, thus enhancing our ability to deliver long-term sustainable growth.

Not only will this transaction position ITC as one of the largest transmission-owning utilities in the United States, it also will serve to promote and underscore the benefits of our independent model and provide another opportunity for us to demonstrate how it delivers value to customers in the markets we serve.

Our efforts around driving change in transmission policies to advance our strategic plans continue to support our solid performance, both operationally and financially.

#### DELIVERING RESULTS

In 2011, ITC successfully completed its largest capital investment plan ever undertaken, totaling \$633 million. These capital investments serve to further our goal of achieving and maintaining best-in-class system performance for our operating companies, which provides significant benefits to our customers. Accomplishing our investment objectives for the year was especially important because they included for the first time the advancement and construction of multiple large-scale, regional projects which are expected to deliver various benefits to the regions where they are located. These types of large-scale projects will play an increasing role in our growth objectives as we move forward.

This also was the first year we made significant investments in our development projects in the SPF region. Five years after we entered this market and established ITC Great Plains, we are now well underway in constructing three regional projects. This is a tangible example of our ability to be successful in advancing our development initiatives in a manner that benefits both customers and shareholders.

We also had strong achievements in our operational performance in 2011. While this performance is positively impacted by the investments we have made in our transmission systems over the course of the past several years, it also is a testament to the effectiveness of our operating and maintenance protocols.

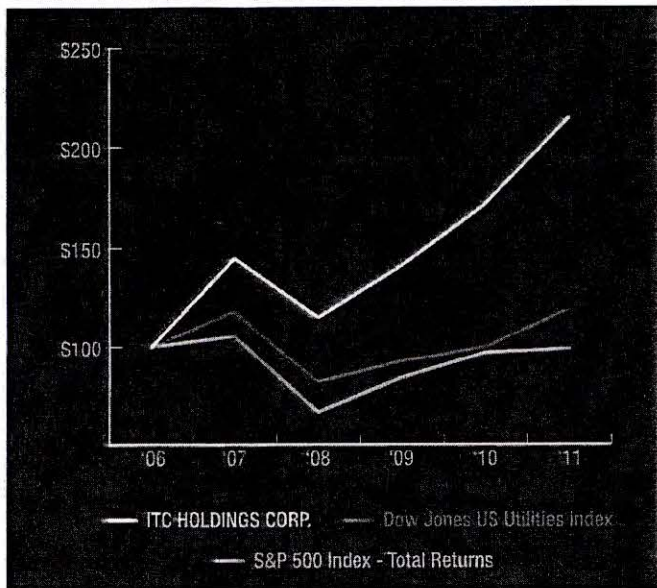
In 2011, we successfully completed the most active maintenance plan in the company's history while ensuring exceptional system performance under stressed conditions, including last summer's heat wave and several severe storms.

From a reliability perspective, both ITC *Transmission* and METC recorded sustained outage levels that should be excellent compared to the industry. We also experienced significant operational improvement for ITC Midwest, with the fewest sustained outages recorded since ITC has owned the system. In addition to the reliability improvements at ITC Midwest, our network upgrade investments to support new generator interconnections continue to reduce generation curtailments on the system. Curtailment reductions and the resulting increases in capacity benefit customers within this region by allowing for a more efficient market.

Our ability to deliver solid operational results for our systems also translated into strong financial performance in 2011, with operating earnings of \$174.0<sup>1</sup> million and operating diluted EPS of \$2.35.<sup>2</sup> These results continue to demonstrate our consistent ability to execute on our financial commitments. Since our initial public offering, we have produced compound annual growth in earnings of approximately 21%.

While continuing to deliver strong annual earnings growth, we have also remained committed to growing our dividend. In August 2011, we once again increased our dividend by approximately 5.2%, resulting in an annualized dividend amount of \$1.41 per share. This increase represented the sixth consecutive year that we increased our dividend since becoming a public company in 2005. Our steadfast approach to dividend growth has produced an aggregate increase in our dividend of approximately 34.3% since 2005, or approximately 5.0% on a compounded annual basis. As a further testament to our disciplined execution, we have been able to achieve this consistent growth in earnings and dividends while also improving the overall credit quality of the business and strengthening our financial flexibility.

<sup>1</sup> Based on trailing 12-month operating results. <sup>2</sup> See also ITC for Q4AP reconciliations.



**COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN**

*(Assumes initial investment of \$100 and reinvestment of dividends)*

|                              |                      | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
|------------------------------|----------------------|--------|--------|--------|--------|--------|--------|
| ITC Holdings Corp.           | Return %             | -      | 44.94  | -20.74 | 22.79  | 21.77  | 24.77  |
|                              | Cum \$               | 100.00 | 144.94 | 114.88 | 141.06 | 171.77 | 214.32 |
| S&P 500 Index                | Return %             | -      | 5.50   | -30.96 | 26.45  | 15.07  | 2.12   |
|                              | Total Returns Cum \$ | 100.00 | 105.50 | 66.48  | 84.06  | 96.78  | 98.77  |
| Dow Jones US Utilities Index | Return %             | -      | 17.75  | -30.25 | 12.61  | 7.80   | 19.15  |
|                              | Cum \$               | 100.00 | 117.75 | 82.13  | 92.48  | 99.70  | 118.79 |

In December 2011, on the date of the announcement of the proposed transaction with Entergy, S&P upgraded ITC Holdings Corp. and all of its subsidiaries as a result of improved business and financial risk profiles along with the anticipation that the Entergy transaction will preserve the credit quality of the pro forma business.

ITC's stock once again outperformed the broader market for the year. Our total return for the year was 24.8% compared to total return for the S&P 500 of approximately 2.1% and the Dow Jones Utility index of approximately 19.2%. The stock's performance in 2011 brings the total shareholder return over the past five years to approximately 114.3%.

Looking forward, we remain very encouraged by the future prospects for our business. We recently updated our stand-alone five year plan for the period 2012 through 2016, which forecasts capital investment opportunities of approximately \$4.2 billion. These investments are expected to support a compound annual growth rate in earnings per share of approximately 15-17% over this period. We also remain confident in our ability to complete our transaction with Entergy and successfully integrate this transmission business. Our current

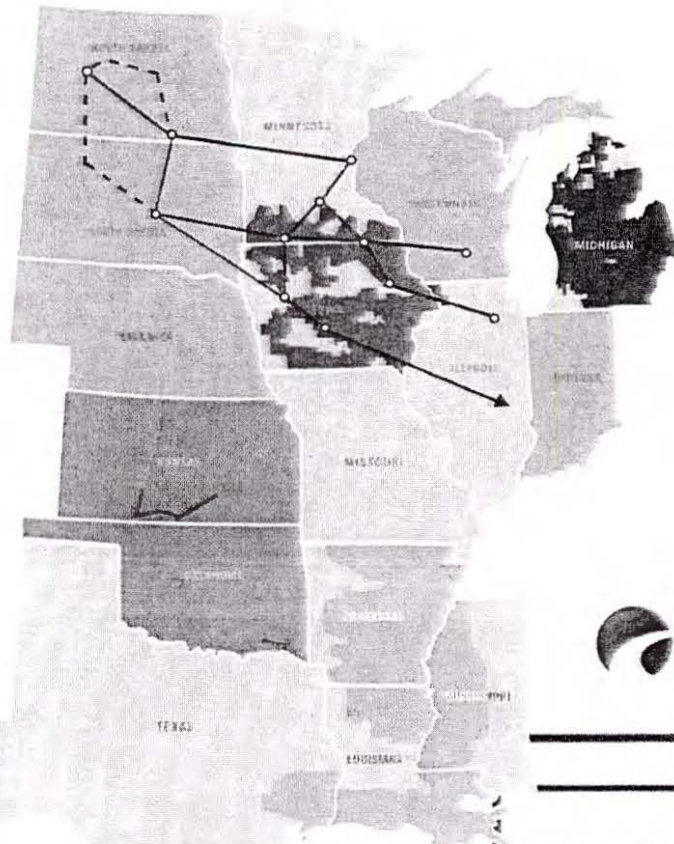
stand-alone plan does not reflect our expectations for the pro forma business post-closing of the Entergy transaction, but we strongly believe that this transaction provides the potential to produce incremental value above and beyond what we can deliver on a stand-alone basis.

Our strategic, operational and financial performance in 2011 serves to demonstrate the effectiveness of our business model and supportive regulatory construct. By aligning the interests of all of our constituents including customers, stakeholders and shareholders, and promoting transmission investments that serve to benefit customers, advance public policies and facilitate more efficient energy markets, our model provides an ideal platform to continue our success going forward.

We once again would like to thank our shareholders for the ongoing support and confidence you have placed in our company. We remain focused on delivering the performance you have come to expect from us.

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

# Driving Change: Entergy to merge its transmission business into ITC



- ITC Transmission
- METC
- ITC Midwest
- ITC Great Plains
- Entergy Transmission Operating Subsidiaries
- Green Power Express (conceptual)
- KETA Project
- Kansas V-Plan
- Hugo to Valliant



| MERGER BENEFITS                            |  |
|--|--|
| <b>Strategically compelling</b>            | <ul style="list-style-type: none"> <li>• System with identified need for capital investments</li> <li>• Large footprint enhances development platform</li> <li>• Transformational to size and scale</li> </ul> |
| <b>Value enhancing to stand-alone plan</b> | <ul style="list-style-type: none"> <li>• Immediately and sustainably value accretive to ITC shareholders</li> <li>• Increases flexibility in capital deployment and expands growth prospects</li> </ul>        |
| <b>Maintains credit quality</b>            | <ul style="list-style-type: none"> <li>• Credit-quality enhancing through geographic diversification and increased scale</li> <li>• Credit metrics neutral to start-up ITC</li> </ul>                          |



## DRIVING CHANGE



### WIDE-REACHING INVESTMENTS

*ITC continues to invest in electric transmission infrastructure for the public good, resulting in improved reliability, reduced system congestion and greater access to competitive energy markets.*

## 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.

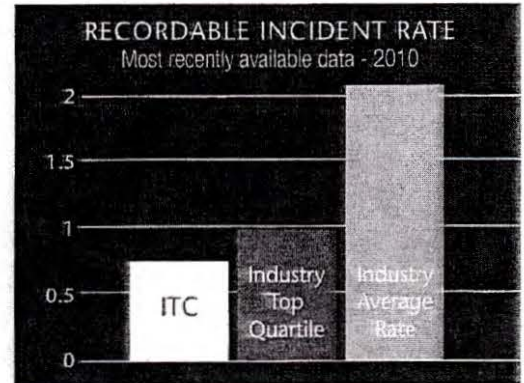
We also saw some significant improvements in system performance and restoration at ITC Midwest in 2011, with the fewest sustained outages recorded since we have owned the system. Trending data shows that the longer we own a system, the better its performance.

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.

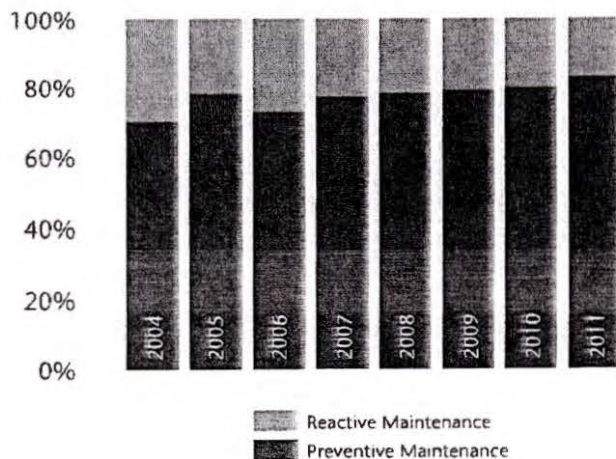
**3. ITC Great Plains:** ITC Great Plains, a subsidiary of ITC Grid Development, is a transmission-only utility that seeks to provide non-discriminatory access to reliable, competitive and low-cost energy throughout the Southwest Power Pool region. Based in Topeka, Kansas, ITC Great Plains has three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



### EXCELLENCE IN SAFETY

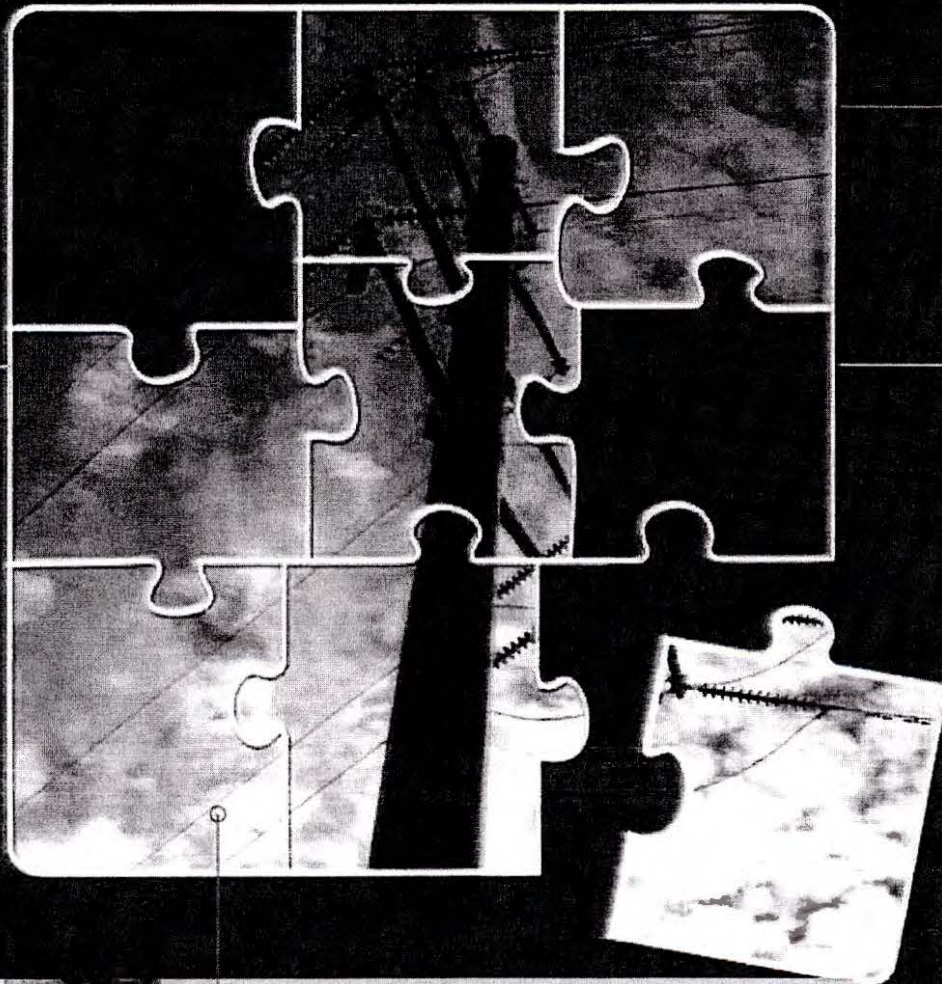
Safety is integral to ITC's culture of operational excellence. Applying this discipline to our maintenance practices, we consistently provide a safe work environment for our employees and contractors. The most recent available data from the Edison Electrical Institute (EEI) Safety Survey (released 2011) (2010 survey) has ranked our safety record as the top in the power utility industry.

### PREVENTIVE VS. REACTIVE MAINTENANCE



### INTERCONNECTIONS

Whether the industry relies more on nuclear, coal, renewables or other energy sources, a robust transmission grid that integrates these resources at their origin facilitates the most efficient use of energy for customers. ITC provides open and non-discriminatory access to the transmission grid for the benefit of all.



### 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 TEC 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

ITC promotes regional transmission planning, and we involve federal and state regulators, customers, utilities and other stakeholders in the process.

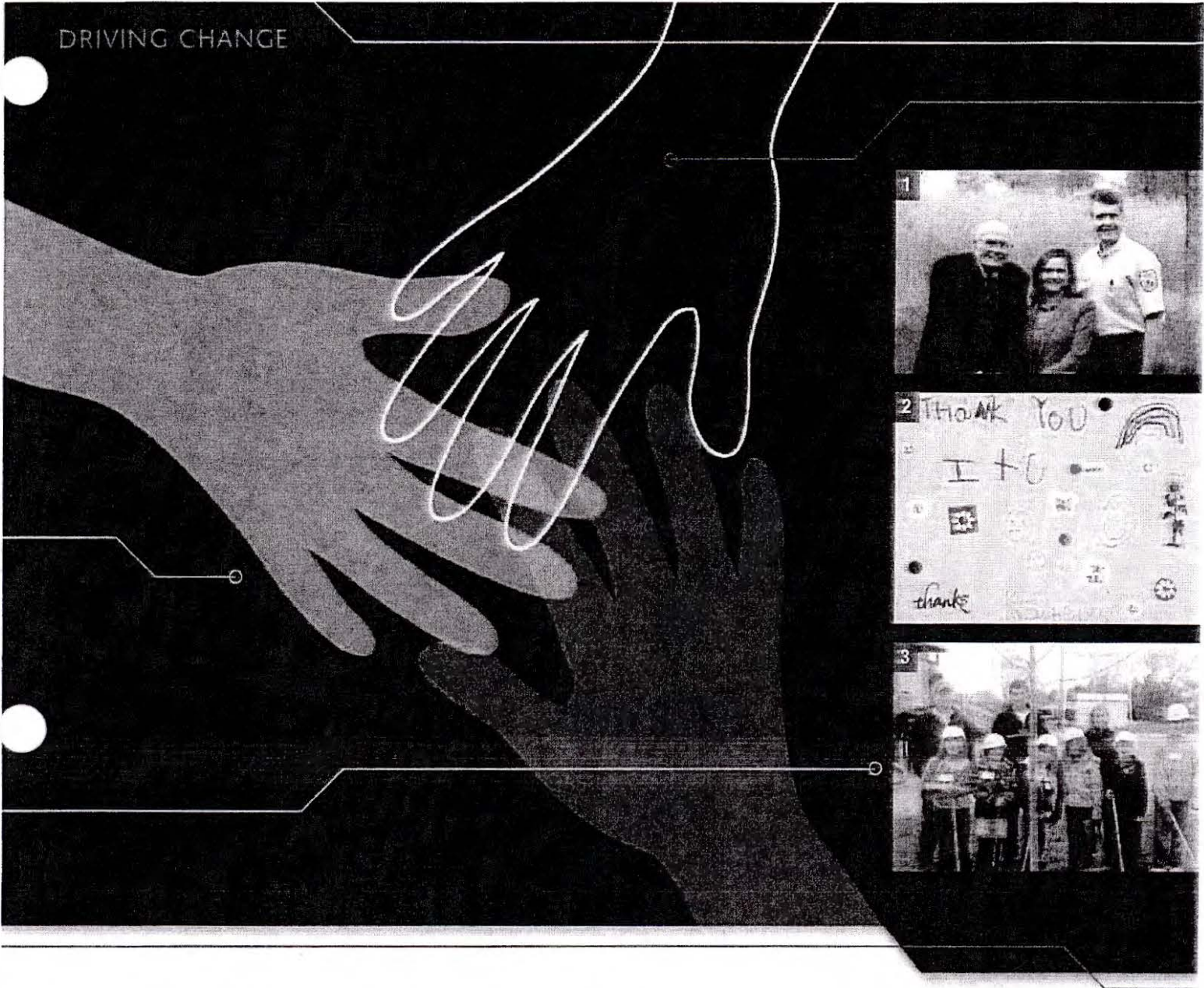
The planning process is routed through regional transmission organizations (RTOs) – in our case the Midwest Independent Transmission System Operator (MISO) and the Southwest Power Pool (SPP). This brings further transparency to the process of building new transmission infrastructure and promotes input and decision-making from a broader, regional perspective.

Following an extensive stakeholder process, MISO in 2011 approved a group of Multi-Value Projects (MVPs) totaling \$5.1 billion, of which ITC will construct portions of four. ITC also is constructing the Thumb-Loon project, approved in 2010. The MVP projects will give the average residential customer \$25 a year in benefits from lowered delivered energy costs for about \$11 a year in investment.

4. Linda Blair, Executive VP and Chief Business Officer, is a member of the Editorial Advisory Board of AOL Energy and contributes commentary articles to the website. AOL Energy provides access to news, analysis, thought leadership and discussions about the top stories in the electricity sector today. Its five-member advisory board is comprised 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 includes regular internal 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.

Ongoing partnerships and a few of the many organizations we supported in 2011

1. *Michigan Wildlife Federation*

2. *Michigan Wildlife Federation*

3. *Michigan Wildlife Federation*

4. *Michigan Wildlife Federation*

5. *Michigan Wildlife Federation*

6. *Michigan Wildlife Federation*

7. *Michigan Wildlife Federation*

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11. *Michigan Wildlife Federation*

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13. *Michigan Wildlife Federation*

14. *Michigan Wildlife Federation*

15. *Michigan Wildlife Federation*

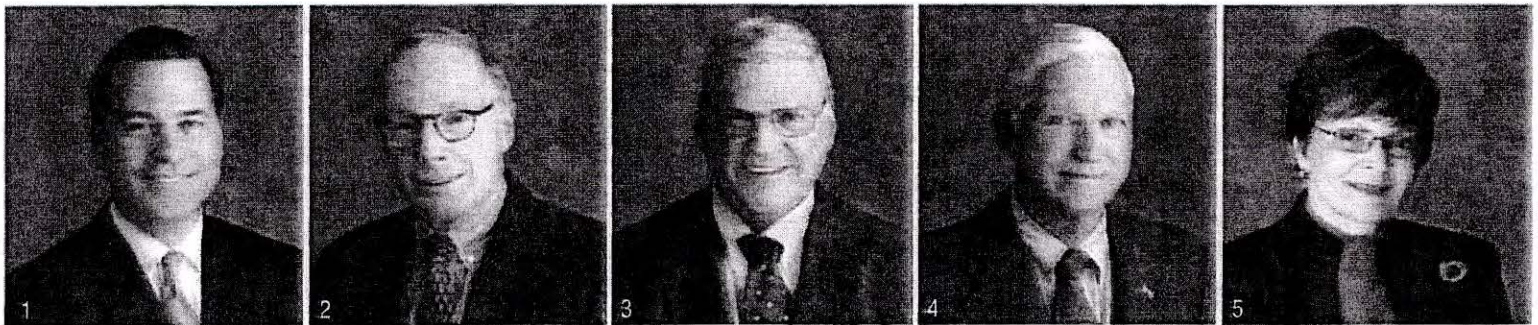
16. *Michigan Wildlife Federation*

## 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



### 1. Christopher H. Franklin ▲■

Mr. Franklin became a Director of ITC in August 2011 and brings significant experience in the utility industry and public affairs. Mr. Franklin currently serves as President and Chief Operating Officer, Regulated Operations of Aqua America, Inc., a water and wastewater utility holding company.

### 2. Edward G. Jepsen ▲\*

Mr. Jepsen became a Director of ITC in July 2005 and offers expansive financial and accounting experience to the Board. Since December 2010, Mr. Jepsen has served as the Chairman and CEO of Coburn Technologies, Inc., a privately held manufacturer and service of ophthalmic lens processing equipment.

### 3. Richard D. McLellan ♦■

Mr. McLellan was selected as a Director of ITC in November 2007, drawing on his knowledge of public policy as well as his experience in the practice of law. Mr. McLellan retired in April 2007 after 25 years as the director of the government policy department for Dykema Gossett PLLC. He continues to provide limited legal services to select clients under the name McLellan Law Offices.

### 4. William J. Museler ♦■

Mr. Museler is an independent energy consultant with a distinguished career in the utility industry and invaluable experience with electric reliability matters. Mr. Museler became a Director of ITC in November 2008 after serving as president and CEO of the New York Independent System Operator from 1999 to 2005.

### 5. Hazel R. O'Leary ♦\*

Ms. O'Leary became a Director of ITC in July 2007 and offers the Board a unique combination of experience in government and the utility industry. Since 2004, Ms. O'Leary has served as the President of Fisk University in Nashville, Tennessee.

### COMMITTEES

- ▲ Audit & Finance
- ♦ Compensation
- \* Nominating/Corporate Governance
- Security, Safety, Environmental, Health and Reliability



**6. M. Michael Rounds** ♦

Mr. Rounds became a Director of ITC in August 2011 and currently serves as the President and Chief Executive Officer of Fischer, Rounds & Associates, an insurance and real estate business in South Dakota. The former governor of South Dakota, Mr. Rounds brings extensive experience in government and familiarity with the Midwestern and Great Plains states.

**7. G. Bennett Stewart III** ▲

Mr. Stewart became a Director of ITC in July 2006 and offers the Board vast experience with executive compensation valuation and corporate governance matters. Mr. Stewart currently serves as Chief Executive Officer of EVA Dimensions, a valuation modeling and investment research firm.

**8. Lee C. Stewart** ▲ ■

Mr. Stewart, an independent financial consultant, became a Director of ITC in August 2005. Mr. Stewart currently serves as a director of PH. Glattfelder Company and AEF Industries, Inc. Previously, Mr. Stewart was Executive Vice President, and Chief Financial Officer of Foamex International, Inc.

**9. J.C. Watts, Jr.** ♦ \*

Mr. Watts became a Director of ITC in August 2011 after a distinguished career in the U.S. House of Representatives and private sector. Currently, Mr. Watts is Chairman and Founder of J.C. Watts Companies, a multi-industry company headquartered in Washington, D.C. with operations in Texas and Oklahoma.

**10. Joseph L. Welch**

Mr. Welch has served as President and CEO of ITC since it began operations in 2003 and has been Chairman of the Board since May 2006. Mr. Welch has had overall responsibility for ITC's vision, foundation and transformation into the nation's first independently owned and operated electric transmission company.



## Management Team



**1. Joseph L. Welch** – Chairman, President and Chief Executive Officer

Mr. Welch is responsible for the strategic vision and overall business operation of ITC Holdings and its subsidiaries.

**2. Linda H. Blair** – Executive Vice President and Chief Business Officer

Ms. Blair oversees ITC's operating companies and business functions, including regulatory strategy, legislative affairs, community and government affairs, human resources, marketing and communications.

**3. Cameron M. Bready** – Executive Vice President and Chief Financial Officer

Mr. Bready is responsible for the company's accounting, finance, treasury and development and related financial functions.

**4. Jon E. Jipping** – Executive Vice President and Chief Operating Officer

Mr. Jipping is responsible for transmission system planning, system operations, engineering, supply chain, field construction and maintenance, information technology, facilities and security.

**5. Daniel J. Oginsky** – Senior Vice President and General Counsel

Mr. Oginsky is responsible for legal affairs, overseeing ITC's Legal Department including legal, corporate secretary, real estate, contract, administration and corporate compliance functions.



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

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

8. Terry S. Harvill, Ph.D.  
Vice President, Grid Development

9. Reiji R. Hayes\*  
Vice President, Finance and Treasurer

10. Elizabeth A. Howell  
Vice President, Operations

11. Gregory Ioannidis  
Vice President, ITC Holdings Corp.  
and President, ITC Michigan

12. Christine Kujawa  
Vice President, Human Resources

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

14. Nina Plaushin  
Vice President, Federal Affairs

15. Brian Stocum  
Vice President, Engineering

16. Christine Mason Samsel  
Vice President and General Counsel,  
Utility Operations

17. Fred Stibor  
Vice President and Controller

18. Thomas W. Vitez  
Vice President, Planning

19. Simon Whitelocke  
Vice President, Regulatory and External Affairs

(in millions, except per share data)

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

|   | 2011   | 2010   | 2009   |
|---|--------|--------|--------|
| Reported Net Income                               | \$ 172 | \$ 136 | \$ 131 |
| Pre-Tax Energy Transaction Expenses               | 8.6    | N/A    | N/A    |
| One-Time Michigan Corporate Income Tax Adjustment | (4.7)  | N/A    | N/A    |
| Income Taxes on Adjustments                       | (1.6)  | N/A    | N/A    |
| Operating Earnings                                | \$ 174 | \$ 136 | \$ 131 |

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

|   | 2011    | 2010    | 2009    |
|---|---------|---------|---------|
| Reported Diluted EPS                              | \$ 3.31 | \$ 2.84 | \$ 2.58 |
| Pre-Tax Energy Transaction Expenses               | 0.16    | N/A     | N/A     |
| One-Time Michigan Corporate Income Tax Adjustment | (0.09)  | N/A     | N/A     |
| Income Taxes on Adjustments                       | (0.03)  | N/A     | N/A     |
| Operating Diluted EPS                             | \$ 3.35 | \$ 2.84 | \$ 2.58 |

# Corporate Information

**CORPORATE HEADQUARTERS** 27175 Energy Way  
Novi, Michigan 48377  
Phone: (248) 946-3000

**INTERNET** [www.itc-holdings.com](http://www.itc-holdings.com)  
[www.itctransco.com](http://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. Oginski  
Senior Vice President and General Counsel  
Phone: (248) 946-3563

#### TRANSFER AGENT

Computershare Trust Company, N.A.  
P.O. Box 43076  
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 "anticipate," "believe," "intend," "estimate," "expect," "project" 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.

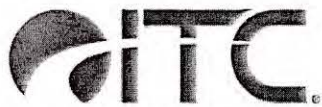
The statements are reflective as of the date made, and can be affected by assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in our discussion in this report will be important in determining future results. Consequently, we cannot assure you that our expectations 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 transaction. 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 transaction. The proxy statement, prospectus and/or information statement, and other documents relating to the proposed transaction (when they are available) can be obtained free of charge from the SEC's website at [www.sec.gov](http://www.sec.gov). The documents, when available, can also be obtained free of charge from Entergy upon written request to Entergy Corporation, Investor Relations, P.O. Box 61000 New Orleans, LA 70161 or by calling Entergy's Investor Relations information line at 1-808-ENTERGY (368-3742), or from ITC upon written request to ITC Holdings Corp., Investor Relations, 27175 Energy Way, Novi, MI 48377 or by calling 248-946-3000.

This report is not a solicitation of a proxy from any security holder of ITC. However, Entergy, ITC and certain of their respective directors and executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from shareholders of ITC in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Entergy may be found in its 2011 Annual Report on Form 10-K filed with the SEC on February 28, 2012, and its definitive proxy statement relating to its 2012 Annual Meeting of Shareholders. Information about the directors and executive officers of ITC may be found in its 2011 Annual Report on Form 10-K filed with the SEC on February 22, 2012, and its definitive proxy statement relating to its 2012 Annual Meeting of Shareholders.



**ITC HOLDINGS CORP.**

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Novi, Michigan 48377  
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