



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
--	--	--	--	--	1.37	2.06	1.76	3.31	4.15	4.13	4.58	4.92	5.30	5.98	6.59	7.70	8.10	Revenues per sh	11.00
--	--	--	--	--	.35	.68	.58	1.10	1.37	1.44	1.53	1.73	1.88	2.24	2.40	3.00	3.15	"Cash Flow" per sh	4.25
--	--	--	--	--	.03	.35	.31	.56	.73	.86	.95	1.10	1.20	1.47	1.54	2.00	2.05	Earnings per sh ^A	2.75
--	--	--	--	--	--	.18	.36	.38	.40	.42	.44	.46	.49	.54	.61	.69	.78	Div'd Decl'd per sh ^B †	1.10
--	--	--	--	--	.83	1.19	1.32	2.23	2.70	2.69	2.55	3.62	5.12	5.22	4.73	5.25	6.55	Cap'l Spending per sh	6.50
--	--	--	--	--	2.14	2.64	4.18	4.37	6.24	6.73	7.34	8.18	9.03	10.25	10.76	11.65	13.00	Book Value per sh ^C	17.75
--	--	--	--	--	92.04	99.69	127.19	128.75	148.96	150.25	152.15	153.97	156.75	157.50	155.14	152.00	153.00	Common Shs Outst'g ^D	156.00
--	--	--	--	--	26.3	33.0	27.6	23.2	17.1	20.0	21.4	20.7	20.4	23.8				Avg Ann'l P/E Ratio	20.0
--	--	--	--	--	1.40	1.78	1.47	1.40	1.14	1.27	1.34	1.32	1.15	1.25				Relative P/E Ratio	1.25
--	--	--	--	--	1.9%	3.5%	2.4%	2.3%	2.8%	2.3%	1.9%	2.0%	1.8%	1.7%				Avg Ann'l Div'd Yield	2.0%

CAPITAL STRUCTURE as of 3/31/15				2013	2014	3/31/15	2013	2014	3/31/15	2013	2014	3/31/15	2013	2014	3/31/15	2013	2014	3/31/15	2013	2014	3/31/15
Total Debt \$4231.1 mill. Due in 5 Yrs \$1490.5 mill.				205.3	223.6	426.2	617.9	621.0	696.8	757.4	830.5	941.3	1170	1240	Revenues (\$mill)	1700					
LT Debt \$4056.1 mill. LT Interest \$181.1 mill. (LT interest earned: 3.0x)				34.7	33.2	73.3	109.2	130.9	145.7	171.7	187.9	233.5	244.1	315	320	Net Profit (\$mill)	440				
Pension Assets-12/14 \$56.4 mill. Oblig. \$95.7 mill.				35.3%	29.2%	33.3%	38.1%	37.2%	36.1%	35.6%	36.6%	33.7%	38.1%	38.0%	Income Tax Rate	38.0%					
Pfd Stock None				10.1%	15.0%	14.7%	13.8%	13.1%	11.9%	12.5%	16.0%	16.3%	10.6%	11.0%	AFUDC % to Net Profit	9.0%					
Common Stock 155,210,615 shs. as of 4/24/15				66.3%	70.3%	72.4%	70.8%	70.6%	69.1%	67.8%	63.8%	67.9%	70.2%	69.0%	Long-Term Debt Ratio	63.0%					
MARKET CAP: \$5.1 billion (Large Cap)				33.7%	29.7%	27.6%	29.2%	29.4%	30.9%	32.2%	36.2%	32.1%	29.8%	31.0%	Common Equity Ratio	37.0%					
CURRENT POSITION (\$MILL.)				780.6	1794.5	2041.5	3177.3	3445.9	3614.3	3903.9	3910.2	5025.8	5598.1	5740	6205	Total Capital (\$mill)	7475				
Cash Assets				603.6	1197.9	1960.4	2304.4	2542.1	2872.3	3415.8	4134.6	4846.5	5496.9	6145	6985	Net Plant (\$mill)	9400				
Receivables				6.2%	3.0%	5.7%	5.4%	5.7%	6.1%	6.3%	6.7%	6.2%	6.0%	7.0%	Return on Total Cap'l	7.5%					
Inventory (FIFO)				13.2%	6.2%	13.0%	11.8%	12.9%	13.0%	13.6%	13.3%	14.5%	14.6%	17.5%	Return on Shr. Equity	16.0%					
Other				13.2%	6.2%	13.0%	11.8%	12.9%	13.0%	13.6%	13.3%	14.5%	14.6%	17.5%	Return on Com Equity ^E	16.0%					
Current Assets				6.5%	NMF	4.5%	5.4%	6.8%	7.1%	8.0%	8.0%	9.3%	8.9%	11.5%	Retained to Com Eq	9.5%					
Accts Payable				50%	115%	66%	54%	48%	45%	41%	40%	36%	39%	34%	All Div'ds to Net Prof	39%					
Debt Due				BUSINESS: ITC Holdings Corp. engages in the transmission of electricity in the United States. The company operates primarily as a conduit, moving power from generators to local distribution systems either through its own system or in conjunction with neighboring transmission systems. Acquired Michigan Electric Transmission Company 10/06; Interstate Power & Light's transmission assets 12/07. Has assets in Michigan, Iowa, Minnesota, Illinois, Missouri, and Kansas. Operations are regulated by the Federal Energy Regulatory Commission (FERC). '14 reported depreciation rate: 2.1%. Has about 600 employees. Chairman, President & CEO: Joseph L. Welch, Inc.: Michigan. Address: 27175 Energy Way, Novi, Michigan 48377. Tel.: 248-946-3000. Internet: www.itctransco.com.																	

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	196.7	197.4	214.8	221.6	830.5
2013	217.3	229.8	238.8	255.4	941.3
2014	258.6	263.2	270.1	231.1	1023.0
2015	272.5	287.5	300	310	1170
2016	300	305	315	320	1240

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.29	.27	.33	.31	1.20
2013	.32	.30	.37	.48	1.47
2014	.43	.34	.47	.30	1.54
2015	.43	.52	.53	.52	2.00
2016	.46	.52	.54	.53	2.05

Cal-endar	QUARTERLY DIVIDENDS PAID ^B †				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.1125	.1125	.1175	.1175	.46
2012	.1175	.1175	.126	.126	.49
2013	.126	.126	.1425	.1425	.54
2014	.1425	.1425	.1625	.1625	.61
2015	.1625	.1625			

ITC Holdings has taken another reserve for a possible refund of previously collected revenues, and this might not be the last one. Transmission users in ITC's region filed a complaint with the Federal Energy Regulatory Commission (FERC) contending that allowed returns on equity for transmission owners are too high. This followed a similar complaint by transmission customers in New England, where FERC wound up cutting the allowed ROEs for transmission owners. Because refunds of previously collected revenues are probable, ITC took charges in the fourth quarter of 2014 (\$0.18 a share) and the first period of 2015 (\$0.03 a share). What's more, the company states that additional reserves of up to \$0.20 a share might be taken. We include these items in our earnings presentation, even though ITC excludes them from its earnings guidance, which is \$2.00-\$2.15 a share for 2015. Our \$2.00 estimate does not reflect any additional reserves, but it does reflect our assumption that the remainder (\$120 million) of a stock-buyback authorization will be completed, since the share price has been weak this year.

We estimate just a slight earnings increase in 2016. The complaint before FERC probably won't be resolved until then. It almost certainly means a lower allowed ROE. We figure that this will lower ITC's annual earning power by \$0.25 a share.

Beyond 2016, we think profit growth will resume at a low double-digit level. Even a reduced allowed ROE would probably be high enough to remain attractive for investment. ITC benefits from a formula rate plan that allows it to earn a return on current capital spending and recover most kinds of expenses.

We expect a dividend hike in the third quarter. This has been the pattern in recent years. We estimate that the board will raise the quarterly disbursement by two cents a share (12.3%). Still, unlike most utility stocks, ITC has a dividend yield that is only about average.

This stock has appeal for both the year ahead and the 3- to 5-year period. It is ranked favorably for Timeliness, and offers attractive long-term total return potential.

Paul E. Debbas, CFA June 19, 2015