ITC Holdings Corp

S&P Capital IQ Recommendation BUY ★★★★★
S&P Capital IQ Equity Analyst C. Muir

Price	**12-Mo. Target Price**	**Report Currency**	**Investment Style**
$36.23 (as of Apr 10, 2015 4:00 PM ET)	$44.00	USD	Mid-Cap Blend

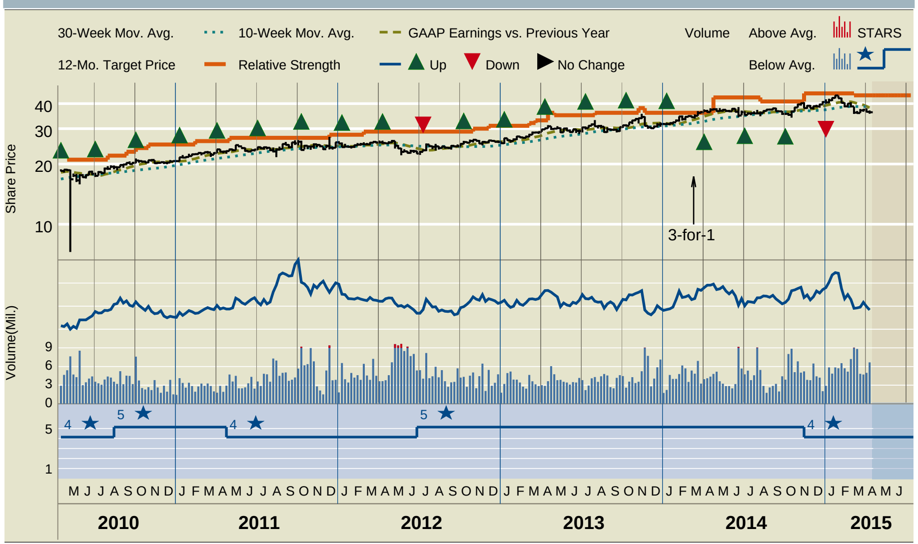
GICS Sector Utilities
Sub-Industry Electric Utilities

Summary This electricity transmission company operates a high-voltage system serving primarily Michigan and Iowa. Also, it has received utility status in Kansas and Oklahoma.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	$44.00– 34.05	S&P Oper. EPS 2015**E**	2.04	Market Capitalization(B)	$5.576	Beta	0.17
Trailing 12-Month EPS	$1.54	S&P Oper. EPS 2016**E**	2.25	Yield (%)	1.79	S&P 3-Yr. Proj. EPS CAGR(%)	10
Trailing 12-Month P/E	23.5	P/E on S&P Oper. EPS 2015**E**	17.8	Dividend Rate/Share	$0.65	S&P Quality Ranking	A+
$10K Invested 5 Yrs Ago	$21,548	Common Shares Outstg. (M)	153.9	Institutional Ownership (%)	91		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **C. Muir** on Mar 06, 2015 07:02 AM, when the stock traded at **$37.53**.

Highlights

- ITC is likely to report revenue increases of 11% in 2015 and 8.4% in 2016 versus 8.7% in 2014, we expect. A growing rate base and new projects entering service, supplemented by higher revenue requirements in 2015, is likely in our view, partly offset by negative true-up adjustments. The formula-based rate-setting mechanism generally benefits the company when maintenance spending is high. In 2016, we see several projects entering service and higher rates.
- EBIT totaled $670 million in 2014, $551 million in 2013 and $471 million in 2012, with corresponding EBIT margins of 65.5%, 55.2% and 56.7%. EBIT margins will fall in 2015 and 2016, we expect, to about 59.5% in 2016. We see higher depreciation expense and operations and maintenance costs in both years. Interest expense will increase by more than 10% in both 2015 and 2016, we believe, driven by ITC's capital expenditures.
- Our 2015 recurring EPS estimate is $2.04, up 10% from 2014's $1.85, which excluded $0.31 of net nonrecurring charges. We estimate 2016 EPS of $2.25, also a 10% rise.

Investment Rationale/Risk

- ITC will benefit from an increasing rate base through maintenance investments, we believe, leading to higher rates in ITC's Iowa service territory. Also, ITC is building new projects in the upper Midwest and in the Plains states that should boost EPS growth, we think. ITC raised its dividend by 14% in August 2014, and we see another double digit increase this summer. A recent ruling on ITC's transmission rate structure in New England indicates that the Federal Energy Regulatory Commission (FERC) will not reduce rates by as much as the complainants want.
- Risks to our recommendation and target price include a challenge to the current rate structure, slower-than-expected economic growth, milder-than-normal weather and higher interest rates.
- Recently, ITC traded at 18.4X our 2015 EPS estimate, a 13% premium to its electric utility peers. Our 12-month target price of $44 is 21.6X our estimate, or a 24% premium to electric utility peers. We think this is warranted by what we expect to be significantly faster-than-peers EPS and dividend growth.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment reflects ITC's geographic diversification and favorable regulatory and business environment, and the need for its products, while noting its relatively small capitalization.

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2014	258.6	263.2	270.1	231.1	1,023
2013	217.3	229.8	238.8	255.4	941.3
2012	196.7	197.4	214.8	221.7	830.5
2011	179.4	185.1	191.3	201.6	757.4
2010	161.3	168.5	178.0	189.1	696.8
2009	155.9	157.2	151.3	156.5	621.0

Earnings Per Share ($)

	1Q	2Q	3Q	4Q	Year
2014	0.43	0.34	0.47	0.30	1.54
2013	0.32	0.30	0.37	0.48	1.47
2012	0.29	0.27	0.33	0.31	1.20
2011	0.27	0.28	0.28	0.27	1.10
2010	0.22	0.24	0.25	0.24	0.95
2009	0.19	0.20	0.25	0.22	0.86

Fiscal year ended Dec. 31. Next earnings report expected: Early May. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.143	May 21	May 29	Jun 2	Jun 16 '14
0.163	Aug 13	Aug 28	Sep 2	Sep 15 '14
0.163	Nov 6	Nov 26	Dec 1	Dec 15 '14
0.163	Feb 3	Feb 26	Mar 2	Mar 16 '15

Dividends have been paid since 2005. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

ITC Holdings Corp

Business Summary March 05, 2015

CORPORATE OVERVIEW. ITC Holdings is the first independently owned and operated electricity transmission company in the U.S. with a fully regulated, high-voltage system that transmits electricity to local distribution facilities from generating stations in Michigan, Iowa and other areas. ITC's subsidiaries (ITC Transmission, METC, ITC Midwest, and ITC Great Plains), as independent transmission companies, are subject to rate regulation only by the Federal Energy Regulatory Commission (FERC). ITC's primary operations include scheduling outages to allow for maintenance and construction, balancing electricity generation and demand, and monitoring flows over transmission lines to ensure safety. As of December 31, 2013, the company owned 15,390 circuit miles of transmission lines.

IMPACT OF MAJOR DEVELOPMENTS. On December 5, 2011, ITC announced plans to acquire Entergy's (ETR 61, Hold) transmission assets, totaling 15,400 miles in Arkansas, Louisiana, Mississippi and Texas. The cancelled deal would have given ETR shareholders 50.1% of the merged company in a stock-for-stock exchange. In addition, immediately prior to closing, ITC would have paid a $700 million, or about $13.50 per share, debt-funded special dividend. The deal was cancelled on December 13, 2013 due to disapproval from Mississippi regulators.

ITC plans to construct and operate two sections or 120 miles, of the "V-plan," a 200-mile, 345 kilovolt (kV) transmission line that will run through portions of southern Kansas. ITC will also construct and own new substations. The $300 million project is expected to be completed in late 2014, with ITC having spent $179 million as of December 2013. ITC's KETA project is a 225-mile, 345 kV transmission line that runs from southern Kansas into southern Nebraska. ITC owns 174 miles of the $175 million line that was placed into service in 2012. The Hugo to Valliant project is a $37 million, 18-mile, 345 kV project in Oklahoma that was completed in 2012. The Michigan Thumb Loop is a 140-mile, double-circuit 345 kV project with four substations that will connect with wind projects. At a cost of about $510 million, the project is expected to be completed by 2015, with a first phase that entered service in September 2013. Construction began on June 29, 2012. In eastern Iowa, ITC completed an 81-mile, 345 kV line from Salem to Hazleton. ITC placed the $120 million project into service in April 2013. We believe that ITC will announce several more new projects in the next few years.

PRIMARY BUSINESS DYNAMICS. ITC's customers include utilities, municipalities, co-operatives, power marketers and alternative energy suppliers. ITC's strengths, in our view, include: a supportive regulatory environment and rate-setting formula; smaller weather and commodity-related risks than power generators; and a lack of competition. Network revenues from DTE Energy and CMS Energy generate a substantial portion of the company's revenues. We believe FERC's policy of promoting investment in transmission infrastructure will create opportunities for ITC to add other transmission systems to its holdings.

LEGAL/REGULATORY ISSUES. ITC's rates are established by FERC on a cost-of-service model, which allows for the recovery of expenses and income taxes and a return on invested capital. The rate mechanism approved by FERC allows ITC Transmission to earn a return of 13.88%, METC to earn 13.38%, ITC Midwest to earn 12.38%, and ITC Great Plains to earn 12.16% return on equity.

In November 2013, FERC received a complaint against the Midcontinent Independent System Operator (MISO) and various MISO transmission owners, including ITCT, METC, and ITC Midwest. The complainants are seeking a FERC order reducing the 12.38% base return on equity to 9.15%, among other things. In our view, the outcome of this case will hinge on the outcome of a similar case that was filed in New England in September 2011. In August 2013, an administrative law judge (ALJ) found that the base ROE was not reasonable under the standard application of FERC methodology; however, the ALJ left policy considerations and additional adjustments to the commission. In October 2014, the FERC issued a decision lowering the ROE in that case to 10.57% from 11.14% and changed its DCF methodology to match that used for pipelines. We believe a similar outcome is likely in ITC's case.

ITC's subsidiaries are authorized to use a forward-looking test period in the fall of each year for rates commencing January 1 of the next year through December 31 of that same year. True-up mechanisms correct for any differences between the actual rate and the rate that should have been charged. ITC Transmission's rates are $2.31/kW month for 2014, compared with $2.15, $2.19, $2.50 and $2.82 in 2013, 2012, 2011 and 2010, respectively. METC's 2014 rates are $2.78/kW month compared with $2.53, $2.41, $2.33 and $2.37 in 2013, 2012, 2011 and 2010, respectively. ITC Midwest's 2014 rates are $8.80/kW month compared with $7.81, $6.80, $6.69 and $6.88 in 2013, 2012, 2011 and 2010, respectively. There are other upgrade and rebuild projects throughout ITC's system. We expect rates to continue rising during periods of capital expansion and increasing rate bases.

FINANCIAL TRENDS. ITC's capital expenditures totaled $822 million in 2013, $807 million in 2012, and $555 million in 2011. It plans to spend $4.5 billion between 2014 and 2018. ITC's debt-to-capital ratio improved to 69% in 2012, from 80% at year-end 2007, but was higher than the 68% last year. While ITC's dividend has historically grown by about 5% annually, ITC has signaled that it intends to accelerate its dividend growth. We believe it will boost its dividend by about 14% next year, following last year's 16% increase. On April 15, 2014, ITC said it expects to grow EPS by 11% to 13% annually and to grow its dividend by 10% to 15% annually.

Corporate Information

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General Counsel
C.M. Soneral

SVP, CFO & Treas
R.P. Hayes

Board Members
A. Ernst
E. G. Jepsen
W. J. Museler
T. G. Stephens
G. B. Stewart, III
C. H. Franklin
D. R. Lopez
H. R. O'Leary
L. C. Stewart
J. L. Welch

Domicile
Michigan

Founded
2002

Employees
587

Stockholders
703

ITC Holdings Corp

Quantitative Evaluations

S&P Capital IQ Fair Value Rank — 3+

1	2	3	4	5

LOWEST — HIGHEST

Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation — $36.90

Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that ITC is fairly valued

Investability Quotient Percentile — 92

LOWEST = 1 — HIGHEST = 100

ITC scored higher than 92% of all companies for which an S&P Capital IQ Report is available.

Volatility — LOW | AVERAGE | HIGH

Technical Evaluation — BEARISH

Since February, 2015, the technical indicators for ITC have been BEARISH.

Insider Activity — NA — UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2014	2013	2012	2011
Price/Sales	6.20	5.33	4.77	5.12
Price/Tangible Book Value	9.27	8.12	9.55	14.68
Price/Pretax Income	16.08	14.23	13.37	14.55
P/E Ratio	25.98	21.48	21.11	22.58
Avg. Diluted Shares Outstg (M)	156.8	157.0	154.7	153.2

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Revenue	8.69	10.82	10.49	18.91
Net Income	4.53	13.58	14.11	25.43
Ratio Analysis (Annual Avg.)				
Net Margin (%)	23.86	23.76	22.97	20.63
% LT Debt to Capitalization	68.05	66.58	67.33	69.81

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

Company Financials Fiscal Year Ended Dec. 31

Per Share Data ($)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tangible Book Value	4.36	3.93	2.68	1.72	0.77	0.06	NM	NM	NM	0.84
Earnings	1.54	1.47	1.20	1.10	0.95	0.86	0.73	0.56	0.31	0.35
S&P Capital IQ Core Earnings	1.55	1.48	1.22	1.11	0.96	0.88	0.73	0.56	0.31	0.36
Dividends	0.61	0.54	0.49	0.46	0.44	0.42	0.40	0.38	0.36	0.18
Payout Ratio	40%	37%	41%	42%	46%	48%	54%	67%	117%	50%
Prices:High	42.01	35.58	26.58	27.30	21.30	17.59	20.00	19.53	13.74	10.10
Prices:Low	31.18	25.54	22.10	20.59	7.27	10.75	10.78	12.63	8.17	7.67
P/E Ratio:High	27	24	22	25	23	20	27	35	45	29
P/E Ratio:Low	20	17	18	19	8	13	15	23	27	22
Income Statement Analysis (Million $)										
Revenue	1,023	941	831	757	697	621	618	426	224	205
Depreciation	122	112	100	88.8	87.0	86.0	94.8	67.9	40.2	33.2
Maintenance	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fixed Charges Coverage	NA	3.09	2.90	2.81	2.60	2.61	2.34	2.48	2.04	2.81
Construction Credits	NA	30.2	23.0	16.7	13.4	13.2	11.6	8.15	3.98	2.79
Effective Tax Rate	38.1%	33.7%	36.6%	35.6%	36.1%	37.2%	38.1%	33.3%	29.2%	35.3%
Net Income	244	234	188	172	146	131	109	73.3	33.2	34.7
S&P Capital IQ Core Earnings	244	233	189	170	145	131	109	73.8	34.0	35.1
Balance Sheet & Other Financial Data (Million $)										
Gross Property	NA	6,177	5,404	4,609	4,002	3,593	3,230	2,840	1,807	1,018
Capital Expenditures	733	822	803	557	388	405	402	287	167	119
Net Property	NA	4,847	4,135	3,416	2,872	2,542	2,304	1,960	1,198	604
Capitalization:Long Term Debt	NA	3,412	2,495	2,645	2,497	2,434	2,248	2,243	1,262	517
Capitalization:% Long Term Debt	68.1	67.9	63.8	67.8	69.1	70.7	70.8	79.9	70.3	66.2
Capitalization:Preferred	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Capitalization:% Preferred	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Capitalization:Common	1,670	1,614	1,415	1,259	1,117	1,012	929	563	532	264
Capitalization:% Common	NA	32.1	36.2	32.2	30.9	29.4	29.2	20.1	29.7	33.8
Total Capital	5,773	5,126	4,362	3,904	3,614	3,446	3,322	2,897	1,795	802
% Operating Ratio	NA	60.1	61.3	60.1	60.6	60.0	64.5	66.0	68.0	68.0
% Earned on Net Property	NA	11.0	11.4	12.6	13.2	13.5	13.4	11.5	9.6	13.9
% Return on Revenue	23.9	24.8	22.6	22.7	20.9	21.1	17.7	17.2	14.8	16.9
% Return on Invested Capital	NA	8.5	8.3	8.5	8.2	7.9	7.4	6.2	6.1	9.4
% Return on Common Equity	14.8	15.3	13.9	14.2	13.7	13.5	14.6	13.4	8.3	15.0

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

ITC Holdings Corp

Sub-Industry Outlook

Our fundamental outlook for electric utilities is neutral. Fundamentally, we believe the electric distribution utilities will benefit from still low fuel and purchased power costs and new rate increases, partly offset by higher O&M costs. We expect more normal summer weather to aid utility growth in 2015 following cool summer weather in 2014. We also look for a continued slow recovery in industrial sales to benefit electric utilities. However, we expect wholesale power operators to continue to remain challenged by lower-margin power contracts.

In the aftermath of the nuclear crisis in Japan, companies have faced intense scrutiny regarding the safety of their nuclear plants and in obtaining license extensions of existing plants, and/or the possible development of new facilities. For a variety of safety and economic reasons, several nuclear plants have been retired, and we expect that more will be. Additionally, we see a significant amount of coal generation being retired as well due to recent EPA regulations that would require costly retrofits to the plants. These retirements are being replaced predominantly with natural gas fired generation, but is being supplemented with new wind and solar plants.

While the repeal of the Public Utility Holding Company Act (PUHCA) in 2005 was expected to lead to further industry consolidation, the termination of several planned mergers in 2006 made companies cautious about investing the time and money required in the regulatory approval process. Over the past few years, however, there have been several large mergers that were completed. While a recent electric transmission merger was scuttled by regulatory opposition, we believe that deal activity is beginning to increase with two major mergers announced in 2014.

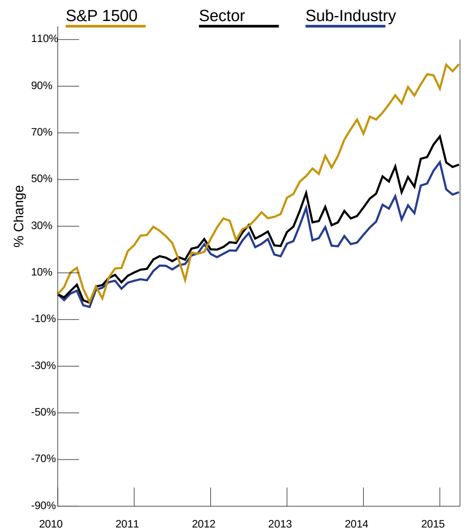
The S&P Electric Utilities Index was up 25.2% in 2014, compared to a 22.9% increase for the S&P 500 Utilities Index and a 10.9% rise in the S&P 1500 Composite Index. This follows a 5.1% increase in 2013, versus a 10.7% increase for the S&P 500 Utilities Index and a 30.1% gain for the S&P 1500.

--Christopher Muir

Industry Performance

GICS Sector: Utilities
Sub-Industry: Electric Utilities

Based on S&P 1500 Indexes
Five-Year market price performance through Apr 11, 2015



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Electric Utilities Peer Group*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
ITC Holdings	**ITC**	**5,576**	**36.23**	**44.00/34.05**	**0.17**	**1.8**	**24**	**36.90**	**A+**	**92**	**23.9**	**68.0**
Brookfield Infrastr Ptnrs L.P.	BIP	6,723	44.73	46.95/36.66	0.77	4.7	93	NA	NR	79	12.3	51.5
Centrais Eletr Brasileiras SA ADR	EBR	2,624	1.94	3.91/1.49	1.48	7.1	NM	NA	NR	19	NM	36.4
Comp En Minas Gerais-CEMIG Com ADS	CIG.C	4,494	4.67	8.98/3.46	1.08	21.2	2	NA		8	23.1	32.1
Comp Paranaense Energia'B'ADR	ELP	3,144	11.49	18.29/9.72	1.10	7.8	6	NA	NR	28	9.6	24.1
Emera Inc	EMA.C	4,795	33.35	34.77/30.26	0.93	4.8	12	NA	A	NA	15.2	49.1
Empresa Dist y Comercial Norte ADS	EDN	385	17.43	18.97/7.95	2.10	Nil	NM	NA	NR	10	NM	79.2
Fortis Inc	FTS.C	8,666	31.36	35.22/28.88	0.75	4.3	22	NA	A-	NA	7.1	52.2
NRG Yield Cl'A'	NYLD	1,773	51.25	55.64/39.63	NA	3.0	90	NA	NR	26	2.7	64.7
NextEra Energy Corp Unit	EE.PO	857	65.91	70.97/58.60	NA	4.5	NM	NA	NR	NA	NA	NA
OGE Energy	OGE	6,397	32.07	39.29/30.82	0.66	3.1	16	30.10	A-	90	16.1	45.9
Otter Tail	OTTR	1,192	31.90	33.44/26.53	1.01	3.9	20	NA	B	61	7.1	46.5
PNM Resources	PNM	2,277	28.59	31.60/24.26	0.55	2.8	20	25.00	B	76	8.1	43.4
Pampa Energia SA ADR	PAM	957	18.20	19.78/6.00	1.12	Nil	12	NA	NR	12	8.5	45.9
Portland General Electric	POR	2,862	36.59	41.04/31.41	0.46	3.1	17	37.00	NR	46	9.2	48.2

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Capital IQ Analyst Research Notes and other Company News

March 5, 2015
04:32 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF ITC HOLDINGS (ITC 37.62****): We are trimming our '15 EPS estimate by $0.03 to $2.04 and starting '16's at $2.25. We are also lowering our 12-month target price by $1 to $44, reflecting a slight drop in our EPS growth forecast. Our target price is 21.6X our '15 EPS estimate, or a 19% premium to our peer target that we think is warranted by our projection of a higher-than-peers three-year EPS growth rate. We think high capital spending levels will continue to lead to higher rates, supporting EPS and dividend growth. Q4 EPS of $0.48, vs. $0.44, misses our estimate and the Capital IQ consensus, both at $0.50. /C. Muir

November 12, 2014
11:12 am ET ... S&P CAPITAL IQ LOWERS OPINION ON SHARES OF ITC HOLDINGS TO BUY FROM STRONG BUY (ITC 39.72****): We are trimming our '14 EPS estimate by $0.03 to $1.87 and '15's by $0.02 to $2.07. We are lifting our 12-month target by $4 to $45 helped by higher peer valuations and reduced risk surrounding rate complaints. Our target price is 21.7X our '15 EPS estimate, or a 33% premium to our peer target that we think is warranted by three-year EPS and dividend growth rates that are more than twice its peers. We believe that substantial capital spending will help to drive EPS growth. Q3 recurring EPS of $0.47, vs. $0.42, misses our $0.49 estimate, but matches the Capital IQ consensus. /C. Muir

August 21, 2014
ITC Holdings Corp. has named Rejji P. Hayes as a SVP and the company's permanent CFO. Hayes will also continue in the role of treasurer. ITC also announced the appointment of Albert Ernst and Dave Lopez to its board of directors. As CFO, Rejji P. Hayes is responsible for the company's accounting, internal audit, investor relations, treasury, financial planning and analysis, management reporting, and risk management and insurance functions of the company. Hayes will report to Joseph L. Welch, chairman, president and CEO of ITC. ITC noted that Hayes joined it in February 2012 as its VP of finance and treasurer. Previously, he was assistant treasurer and director, Corporate Finance and Financial Strategy at Exelon Corp. Albert Ernst is a retired partner at Dykema Gossett PLLC, where he served as director of Dykema's Energy Industry Group.

August 19, 2014
On August 13, 2014, the Board of Directors of ITC Holdings Corp. voted to expand the size of the Board from eight to ten directors and appointed Albert Ernst and Dave R. Lopez as directors of the company. There are no understandings or arrangements between Messrs. Ernst or Lopez and any other person pursuant to which Messrs. Ernst or Lopez was selected as a director of the company.

August 14, 2014
ITC Holdings Corp. announced that Rejji P. Hayes has been named as a senior vice president and the company's permanent chief financial officer, effective immediately. Mr. Hayes will also continue in the role of treasurer. ITC also announced the appointment of Albert Ernst and Dave Lopez to its board of directors, effective immediately. As CFO, Rejji P. Hayes is responsible for the company's accounting, internal audit, investor relations, treasury, financial planning and analysis, management reporting, and risk management and insurance functions of the company. Mr. Hayes will report to Joseph L. Welch, chairman, president and CEO of ITC. Mr. Hayes joined ITC in February 2012 as its vice president of finance and treasurer. Previously, he was assistant treasurer and director, Corporate Finance and Financial Strategy at Exelon Corporation in Chicago. Albert Ernst is a retired partner at Dykema Gossett PLLC, where he served as director of Dykema's Energy Industry Group. Dave Lopez recently concluded his role as interim superintendent of Oklahoma City Public Schools, after having served as Oklahoma's Secretary of Commerce.

August 6, 2014
10:51 am ET ... S&P CAPITAL IQ MAINTAINS STRONG BUY OPINION ON SHARES OF ITC HOLDINGS (ITC 35.1*****): We are keeping our '14 EPS estimate at $1.90 and our '15 estimate at $2.09. However, we are lowering our target price by $2 to $41 due to lower peer valuations. Our target price is 19.6X our '15 EPS estimate, or a 24% premium to our peer target that we think is warranted by our expectations for a three year EPS growth rate that is higher than peers. A recent regulatory ruling on a New England return on equity challenge indicates only a slight decline in allowed returns. Q2 recurring EPS of $0.46, vs. $0.40, misses our $0.47 estimate, but beats the $0.45 Capital IQ consensus. /C. Muir

June 20, 2014
06:45 am ET ... ITC HOLDINGS CORP. (ITC 35.8) UNCHANGED, CREDIT SUISSE DOWNGRADES ITC HOLDINGS CORP. TO UNDERPERFORM... Credit Suisse downgrades ITC Holdings Corp. (NYSE: ITC) fromNeutral to Underperform. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

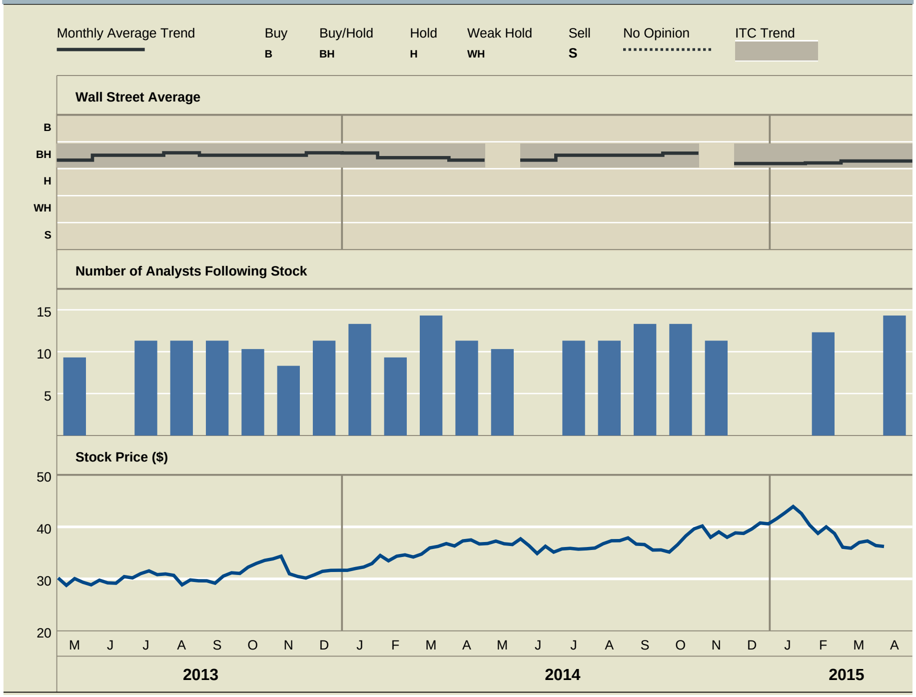
June 18, 2014
09:42 am ET ... ITC HOLDINGS CORP. (ITC 36.74) UNCHANGED, MORGAN STANLEY EXPECTS ROE POLICY CLARITY FOR ITC HOLDINGS... In a report published Wednesday, Morgan Stanley analyst RajeevLalwani reiterated an Overweight rating and $44.00 price target on ITC Holdings (NYSE: ITC). In the report, Morgan Stanley noted, "The forum through which FERC addresses the ROE question remains unknown, but between both written orders and likely Commissioner statements, we believe investors will gain insight on the process for evaluating future rate and return issues. For the key New England ROE complaint case, using FERC precedent, we estimate the new base level to be

May 23, 2014
ITC Holdings Corp. announced that Daniel J. Oginsky has been promoted to executive vice president and general counsel. He previously served as senior vice president and general counsel. Mr. Oginsky is responsible for the legal affairs of the company and oversees ITC's Legal Department, which includes the legal, corporate secretary, real estate, contract administration and corporate compliance functions. Prior to joining ITC in 2004, Mr. Oginsky served in private practice in Washington, D.C. and Lansing, Michigan, with a primary focus on energy matters. While in private practice, Mr. Oginsky advised and advocated for clients on regulatory, administrative litigation, legislative, transactional, property tax and other matters.

May 22, 2014
ITC Holdings Corp. announced that Cameron M. Bready, executive vice president and CFO, will resign from the company effective June 20, 2014 to accept a senior leadership position with a technology firm based in Atlanta, Ga. Rejji P. Hayes, the current vice president of Finance and Treasurer of ITC, has been named the company's interim CFO. Mr. Hayes is currently responsible for all treasury and cash management activities, financial planning and analysis, management reporting, and risk management and insurance functions of the company and will provide continued financial leadership. Terry S. Harvill, Ph.D., who is vice president of ITC Grid Development, will continue to oversee the company's grid development activities. During this time of transition, both Mr. Hayes and Mr. Harvill will report to Joseph L. Welch, chairman, president and CEO of the company.

ITC Holdings Corp

Analysts' Recommendations



Of the total 14 companies following ITC, 14 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	4	29	0	0
Buy/Hold	3	21	0	0
Hold	7	50	0	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	**14**	**100**	**0**	**0**

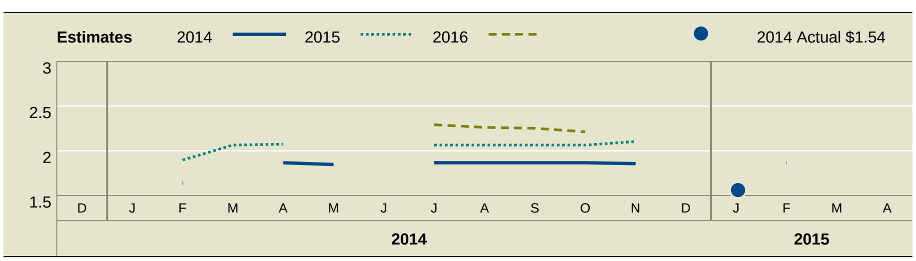
Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Argus Research Company
Barclays
Credit Suisse
Deutsche Bank
Evercore ISI
Gabelli & Company, Inc.
JP Morgan
Morgan Stanley
Morningstar Inc.
U.S. Capital Advisors LLC
UBS Investment Bank
Wells Fargo Securities, LLC
Wolfe Research, LLC.
Wunderlich Securities Inc.

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2016	2.19	2.45	1.95	13	16.5
2015	2.07	2.16	1.85	14	17.5
2016 vs. 2015	**▲ 6%**	**▲ 13%**	**▲ 5%**	**▼ -7%**	**▼ -6%**
Q1'16	NA	NA	NA	0	NM
Q1'15	0.50	0.53	0.45	5	72.5
Q1'16 vs. Q1'15	**NA**	**NA**	**NA**	**▼ -100%**	**▼ -100%**

Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that ITC will earn US$ 2.07. For fiscal year 2016, analysts estimate that ITC's earnings per share will grow by 6% to US$ 2.19.

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Glossary

S&P Capital IQ STARS
Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking
(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

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S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

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S&P Capital IQ 12-Month Target Price
The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

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Abbreviations Used in S&P Capital IQ Equity Research Reports
CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment
Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:
★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.
★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.
★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.
★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.
★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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S&P Capital IQ Global STARS Distribution as of December 31, 2014

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Hold	51.6%	48.4%	45.0%	50.4%
Sell	10.7%	26.2%	21.2%	14.4%
Total	100%	100%	100%	100%

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