



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	6.60	7.60	8.00	Revenues per sh	10.75
--	--	--	--	--	.35	.68	.58	1.10	1.37	1.44	1.53	1.73	1.88	2.24	2.40	2.95	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 <sup>A</sup>	2.75
--	--	--	--	--	--	.18	.36	.38	.40	.42	.44	.46	.49	.54	.61	.69	.78	Div'd Decl'd per sh <sup>B</sup> + †	1.10
--	--	--	--	--	.83	1.19	1.32	2.23	2.70	2.69	2.55	3.62	5.12	5.22	4.75	5.10	6.40	Cap'l Spending per sh	6.25
--	--	--	--	--	2.14	2.64	4.18	4.37	6.24	6.73	7.34	8.18	9.03	10.25	10.75	12.20	13.50	Book Value per sh <sup>C</sup>	18.50
--	--	--	--	--	92.04	99.69	127.19	128.75	148.96	150.25	152.15	153.97	156.75	157.50	155.10	155.50	156.50	Common Shs Outst'g <sup>D</sup>	159.50
--	--	--	--	--	26.3	33.0	27.6	23.2	17.1	20.0	21.4	20.7	20.4	23.8	23.8	23.8	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	1.26	1.26	1.26	1.26	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%	1.7%	1.7%	1.7%	Avg Ann'l Div'd Yield	2.0%

CAPITAL STRUCTURE as of 9/30/14				2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Revenues (\$mill)	1700				
Total Debt \$4040.1 mill. Due in 5 Yrs \$1616.2 mill.				205.3	223.6	426.2	617.9	621.0	696.8	757.4	830.5	941.3	1023.1	1185	1250	1185	1250				
LT Debt \$3840.1 mill. LT Interest \$178.6 mill.				34.7	33.2	73.3	109.2	130.9	145.7	171.7	187.9	233.5	244.1	315	330	315	330				
(LT interest earned: 3.2x)				35.3%	29.2%	33.3%	38.1%	37.2%	36.1%	35.6%	36.6%	33.7%	38.1%	38.0%	38.0%	38.0%	38.0%				
Pension Assets-12/13 \$48.9 mill.				10.1%	15.0%	14.7%	13.8%	13.1%	11.9%	12.5%	16.0%	16.3%	11.0%	11.0%	12.0%	11.0%	12.0%	Income Tax Rate	38.0%		
Pfd Stock None				66.3%	70.3%	72.4%	70.8%	70.6%	69.1%	67.8%	63.8%	67.9%	70.0%	67.5%	67.5%	67.5%	67.5%	67.5%	Long-Term Debt Ratio	61.5%	
Common Stock 155,734,925 shs. as of 10/24/14				33.7%	29.7%	27.6%	29.2%	29.4%	30.9%	32.2%	36.2%	32.1%	30.0%	32.5%	33.5%	33.5%	33.5%	33.5%	Common Equity Ratio	38.5%	
MARKET CAP: \$5.7 billion (Large Cap)				780.6	1794.5	2041.5	3177.3	3445.9	3614.3	3903.9	3910.2	5025.8	5600	5860	6330	6330	6330	6330	Total Capital (\$mill)	7650	
CURRENT POSITION (SMILL.)				603.6	1197.9	1960.4	2304.4	2542.1	2872.3	3415.8	4134.6	4846.5	5496.9	6145	6985	6985	6985	6985	6985	Net Plant (\$mill)	9400
Cash Assets				6.2%	3.0%	5.7%	5.4%	5.7%	6.1%	6.3%	6.7%	6.2%	6.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	Return on Total Cap'l	7.5%
Receivables				13.2%	6.2%	13.0%	11.8%	12.9%	13.0%	13.6%	13.3%	14.5%	14.5%	16.5%	15.5%	15.5%	15.5%	15.5%	15.5%	Return on Shr. Equity	15.5%
Inventory (FIFO)				13.2%	6.2%	13.0%	11.8%	12.9%	13.0%	13.6%	13.3%	14.5%	14.5%	16.5%	15.5%	15.5%	15.5%	15.5%	15.5%	Return on Com Equity <sup>E</sup>	15.5%
Other				6.5%	NMF	4.5%	5.4%	6.8%	7.1%	8.0%	8.0%	9.3%	9.0%	11.0%	10.0%	10.0%	10.0%	10.0%	Retained to Com Eq	9.5%	
Current Assets				50%	115%	66%	54%	48%	45%	41%	40%	36%	39%	34%	34%	34%	34%	34%	34%	All Div'ds to Net Prof	38%
Accts Payable				<b>BUSINESS:</b> 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																	
Debt Due				12/07. Has assets in Michigan, Iowa, Minnesota, Illinois, Missouri, and Kansas. Operations are regulated by the Federal Energy Regulatory Commission (FERC). '13 reported depreciation rate: 2.2%. Has about 500 employees. Chairman, President & CEO: Joseph L. Welch, Inc.: Michigan. Address: 27175 Energy Way, Novi, Michigan 48377. Tel.: 248-946-3000. Internet: www.itctransco.com.																	
Other																					
Current Liab.																					
Fix Chg. Cov.																					

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	285	290	300	310	1185
2016	305	310	315	320	1250

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				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	.48	.50	.52	.50	2.00
2016	.49	.51	.53	.52	2.05

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup> + †				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.112	.112	.118	.118	.46
2012	.117	.117	.126	.126	.49
2013	.126	.126	.1425	.1425	.54
2014	.1425	.1425	.1625	.1625	.61
2015	.1625				

**Our 2014 earnings presentation for ITC Holdings requires an explanation.** In the fourth quarter, the company took a reserve of \$28.9 million after taxes (\$0.18 a share) for a possible refund of transmission revenues. This also affected revenues by \$46.9 million. Transmission users in ITC's region have complained to the Federal Energy Regulatory Commission (FERC) that transmission companies' allowed returns on equity are too high. FERC's ruling isn't expected until 2016, but, based on what it did in New England, it appears probable that allowed ROEs will be reduced. We aren't assuming any additional charges in our estimates and projections, but these cannot be ruled out. Separately, ITC took a \$0.12-a-share charge in the second quarter for the early retirement of debt, and our presentation includes this item, as well.

**The possibility of lower allowed ROEs has not hurt the stock much in 2015.** The share price is down 6% year to date, but this is hardly noteworthy in what has been a weak year for electric utility equities. The risk to allowed transmission ROEs did not come as a surprise—it has

been anticipated for a few years, at least. **Assuming no additional charges, earnings should amount to at least \$2.00 a share this year.** ITC has several projects under way, and operates under a formula rate plan that enables it to earn a current return on capital investment and recover expected increases in most kinds of expenses. Our earnings estimate is at the low end of the company's targeted range of \$2.00-\$2.15 a share, which is based on currently allowed ROEs. Note that we have not included an additional share repurchase in our estimate, although ITC has \$120 million remaining (through yearend) from a \$250 million board authorization. **We forecast just modest profit growth in 2016.** We are now assuming a reduction in the company's allowed ROEs, effective next year, that would reduce ITC's annual earning power by \$0.25 a share. Still... **ITC has solid growth potential through 2018-2020.** The stock has decent total return prospects over that time frame. Income-oriented investors should note that, unlike most utility stocks, ITC does not offer an above-average yield.

*Paul E. Debbas, CFA* *March 20, 2015*

(A) Diluted earnings. Next earnings report due late April. (B) Dividends historically paid in early March, June, Sept., and Dec. † Dividend reinvestment plan available. † Shareholder investment plan available. (C) Includes intangibles. In '13: \$1.2 billion, \$7.65/sh. (D) In millions, adjusted for stock split. (E) Rates allowed on common equity: 12.16%-13.88%. Earned on avg. com. eq., '13: 15.2%. Regulatory Climate: Above Average.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	90
Earnings Predictability	100