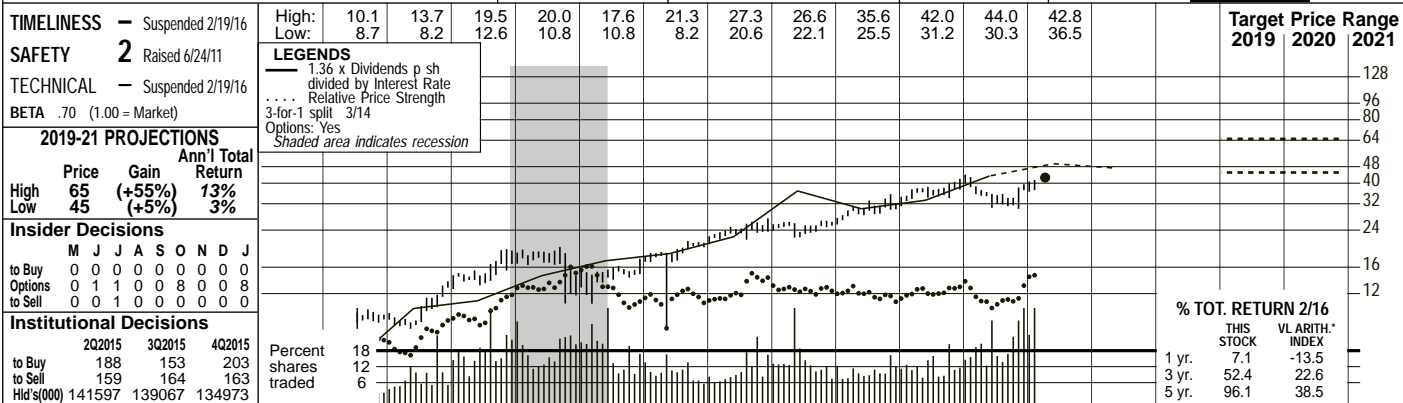


ITC HOLDINGS CORP. NYSE-ITC

RECENT PRICE **42.61** P/E RATIO **25.4** (Trailing: 22.7 Median: 22.0) RELATIVE P/E RATIO **1.44** DIV'D YLD **1.9%** **VALUE LINE**



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
--	--	--	--	1.37	2.06	1.76	3.31	4.15	4.13	4.58	4.92	5.30	5.98	6.59	6.85	8.00	8.95	Revenues per sh	11.75
--	--	--	--	.35	.68	.58	1.10	1.37	1.44	1.53	1.73	1.88	2.24	2.40	2.55	3.05	3.40	"Cash Flow" per sh	4.50
--	--	--	--	.03	.35	.31	.56	.73	.86	.95	1.10	1.20	1.47	1.54	1.56	1.95	2.20	Earnings per sh ^A	2.75
--	--	--	--	--	.18	.36	.38	.40	.42	.44	.46	.49	.54	.61	.70	.80	.90	Div'd Decl'd per sh ^B †	1.20
--	--	--	--	.83	1.19	1.32	2.23	2.70	2.69	2.55	3.62	5.12	5.22	4.73	4.50	6.50	6.70	Cap'l Spending per sh	6.75
--	--	--	--	2.14	2.64	4.18	4.37	6.24	6.73	7.34	8.18	9.03	10.25	10.76	11.20	12.35	13.70	Book Value per sh ^C	18.50
--	--	--	--	92.04	99.69	127.19	128.75	148.96	150.25	152.15	153.97	156.75	157.50	155.14	152.70	154.00	155.00	Common Shs Outst'g ^D	158.00
--	--	--	--	26.3	33.0	27.6	23.2	17.1	20.0	21.4	20.7	20.4	23.8	22.8	Bold figures are Value Line estimates			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	1.16				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%	2.0%				Avg Ann'l Div'd Yield	2.2%

CAPITAL STRUCTURE as of 9/30/15				2013	2014	9/30/15	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.												
Total Debt \$4404.2 mill. Due in 5 Yrs \$1490.5 mill.				223.6	426.2	617.9	<p>ITC Holdings has accepted a takeover offer. Fortis, a Canadian company that already has utility holdings in the United States, has agreed to pay US\$22.57 in cash plus .75¢ of a share for each share of ITC. Because Fortis shares trade on the Toronto Stock Exchange in Canadian dollars, the value of the deal to ITC holders will fluctuate not only depending on Fortis' share price but on the exchange rate between the U.S. and Canadian dollars. The transaction is valued at slightly above \$45 a share. The acquisition needs the approval of the Federal Energy Regulatory Commission (FERC) and the commissions in five states. The companies expect the deal to be completed by yearend. We advise all but the most conservative accounts to retain their shares. ITC stock is trading at a discount of about 5% to the value of the Fortis offer. This reflects the regulatory uncertainty that is inherent in utility deals. (Indeed, ITC's agreement to buy Entergy's transmission assets fell through in late 2013.) There is enough upside potential to appeal to ITC shareholders. The stock's Timeliness rank is suspended due to the buyout agreement.</p> <p>ITC continues to face uncertainty regarding its allowed return on equity. Transmission customers in the Midwest contend that the FERC-authorized ROEs for transmission are too generous and ought to be reduced. One complaint will likely be resolved this year, the other in 2017. Already, due to the probability of cuts in allowed ROEs and refunds of previously collected revenues, ITC has been taking reserves (included in our earnings presentation) in recent quarters. In 2015, these reduced revenues by \$115.1 million and share net by \$0.47. Further reserves are possible, although we have not included any in our estimates. Our 2016 profit estimate reflects costs associated with the Fortis transaction, but our 2017 forecast does not. Clearly, there is more uncertainty than usual in our estimates. ITC's basic business is still healthy. There is a lot of need for transmission spending, to replace aging equipment, strengthen the grid, and connect renewable energy projects. The company should be able to fund its capital needs without issuing equity. <i>Paul E. Debbas, CFA</i> <i>March 18, 2016</i></p>												
LT Debt \$3709.9 mill. LT Interest \$181.2 mill. (LT interest earned: 2.8x)				33.2	73.3	109.2													
Pension Assets-12/14 \$56.4 mill. Oblig. \$95.7 mill.				29.2%	33.3%	38.1%													
Pfd Stock None				15.0%	14.7%	13.8%													
Common Stock 153,418,988 shs. as of 10/30/15				70.3%	72.4%	70.8%													
MARKET CAP: \$6.5 billion (Large Cap)				29.7%	27.6%	29.2%													
CURRENT POSITION (\$MILL.)				1794.5	2041.5	3177.3													
Cash Assets				1197.9	1960.4	2304.4													
Receivables				3.0%	5.7%	5.4%													
Inventory (FIFO)				6.2%	13.0%	11.8%													
Other				6.2%	13.0%	12.9%													
Current Assets				NMF	4.5%	5.4%													
Accts Payable				115%	66%	54%													
Debt Due				4.5%	5.4%	6.8%													
Other				7.1%	8.0%	7.1%													
Current Liab.				8.0%	8.0%	8.0%													
Fix Chg. Cov.				9.3%	8.9%	8.0%													
ANNUAL RATES OF change (per sh)				39%	44%	40%													
Past 10 Yrs.				9.0%	10.0%	10.0%													
Past 5 Yrs.				10.5%	11.0%	10.0%													
Est'd '12-'14 to '19-'21				10.0%	10.0%	10.0%													
Revenues				16.0%	20.0%	16.5%													
"Cash Flow"				20.0%	10.5%	11.0%													
Earnings				48.5%	14.5%	10.0%													
Dividends				-	6.5%	12.0%													
Book Value				16.5%	11.5%	9.0%													

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	275.1	273.2	224.0	1044.8
2016	300	305	310	315	1230
2017	335	345	350	355	1385

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.32	.30	.37	.48	1.47
2014	.43	.34	.47	.30	1.54
2015	.43	.46	.42	.24	1.56
2016	.43	.50	.51	.51	1.95
2017	.50	.56	.57	.57	2.20

Cal-endar	QUARTERLY DIVIDENDS PAID ^B †				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.1175	.1175	.126	.126	.49
2013	.126	.126	.1425	.1425	.54
2014	.1425	.1425	.1625	.1625	.61
2015	.1625	.1625	.1875	.1875	.70
2016	.1875				

(A) Diluted earnings. '15 earnings don't add to full-year total due to rounding. Next earnings report due early May. (B) Dividends historically paid in early March, June, Sept., and Dec. (C) Dividend reinvestment plan available. † Shareholder investment plan available. (C) Includes intangibles. In '14: \$1.25 billion, \$8.08/sh. (D) In millions, adjusted for stock split. (E) Rates allowed on common equity: 12.16%-13.88%. Earned on avg. com. eq., '14: 14.9%. Regulatory Climate: Above Average.

Company's Financial Strength B++
Stock's Price Stability 90
Price Growth Persistence 90
Earnings Predictability 95