

ITC Holdings Corp

S&P Capital IQ Recommendation
S&P Capital IQ Equity Analyst Christopher Muir

BUY ★★★★★

Price
 \$31.46 (as of Nov 17, 2015 4:00 PM ET)

12-Mo. Target Price
 \$36.00

Report Currency
 USD

Investment Style
 Mid-Cap Blend

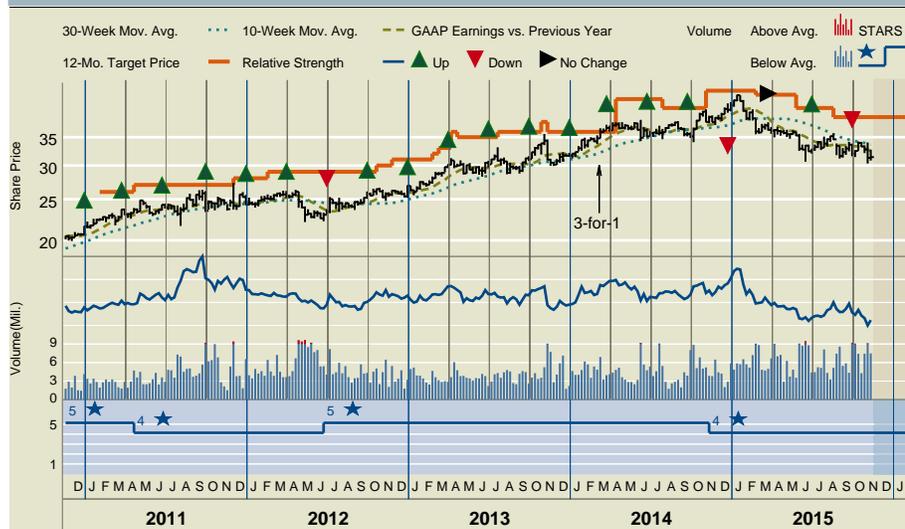
GICS Sector Utilities
Sub-Industry Electric Utilities

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	\$44.00–30.33	S&P Oper. EPS 2015E	2.07	Market Capitalization(B)	\$4.871	Beta	0.12
Trailing 12-Month EPS	\$1.60	S&P Oper. EPS 2016E	2.10	Yield (%)	2.38	S&P 3-Yr. Proj. EPS CAGR(%)	7
Trailing 12-Month P/E	19.7	P/E on S&P Oper. EPS 2015E	15.2	Dividend Rate/Share	\$0.75	S&P Quality Ranking	A+
\$10K Invested 5 Yrs Ago	\$17,098	Common Shares Outstg. (M)	154.8	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 **Christopher Muir** on Aug 19, 2015 03:16 PM, when the stock traded at **\$35.26**.

Highlights

- The 12-month target price for ITC has recently been changed to \$36.00 from \$39.00. The Highlights section of this Stock Report will be updated accordingly.

Investment Rationale/Risk

- The Investment Rationale/Risk section of this Stock Report will be updated shortly. For the latest News story on ITC from MarketScope, see below.
- 11/16/15 02:40 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF ITC (ITC 31.50****): We lower our 12-month target price by \$3 to \$36, reflecting lower peer valuations. We trim our '15 EPS estimate by \$0.02 to \$2.07 and '15's by \$0.05 to \$2.10. Our 12-month target price is 17.1X our '16 EPS estimate, or a 9% premium to our peer target that we think is warranted by our projection of a three-year EPS growth rate that is higher than its peers. We have a positive view of ITC's capital spending program that focuses on both maintenance and new project spending. ITC posted Q3 EPS of \$0.53, vs. \$0.47, below our \$0.54 estimate and even with the Capital IQ consensus. /C. Muir

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
2015	272.5	275.1	273.2	--	--
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

Earnings Per Share (\$)

	1Q	2Q	3Q	4Q	Year
2015	0.43	0.46	0.42	E0.55	E2.07
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

Fiscal year ended Dec. 31. Next earnings report expected: Late February. 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
0.163	Nov 6	Nov 26	Dec 1	Dec 15 '14
0.163	Feb 3	Feb 26	Mar 2	Mar 16 '15
0.163	May 20	May 28	Jun 1	Jun 15 '15
0.188	Aug 19	Aug 28	Sep 1	Sep 15 '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.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

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ITC Holdings Corp

Business Summary August 19, 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, 2014, the company owned 15,640 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.

The Michigan Thumb Loop is a 140-mile, double-circuit 345 kV project with four substations that connects with wind projects. At a cost of about \$510 million, the project was completed on May 13, 2015, with a first phase that entered service in September 2013. ITC recently constructed and now operates 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 was completed in late 2014, with ITC having spent \$315 million. 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. 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 in the New England case 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 \$2.41/kW month for 2015, compared with \$2.31, \$2.15, \$2.19 and \$2.50 in 2014, 2013, 2012 and 2011, respectively. METC's 2014 rates are \$2.72/kW month compared with \$2.78, \$2.53, \$2.41 and \$2.33 in 2014, 2013, 2012 and 2011, respectively. ITC Midwest's 2014 rates are \$9.27/kW month compared with \$8.80, \$7.81, \$6.80 and \$6.69 in 2014, 2013, 2012 and 2011, 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 \$794 million in 2014, \$822 million in 2013, and \$807 million in 2012. It plans to spend \$4.5 billion between 2014 and 2018. ITC's debt-to-capital ratio was 71% at the end of 2014, down from 80% at year-end 2007, but higher than the 69% last year. While ITC's dividend has historically grown by about 5% annually, ITC has recently accelerated its dividend growth. We believe it will boost its dividend by about 12% this year, following last year's 14% increase. In May 2015, ITC said it expects to grow EPS by 11% to 13% annually and to grow its dividend by 10% to 15% annually.

Corporate Information

Investor Contact

P. Wenzel (248-946-3570)

Office

27175 Energy Way, Novi, MI 48377.

Telephone

248-946-3000.

Fax

248-374-7140.

Website

<http://www.itc-holdings.com>

Officers

Chrmn, CEO & Pres

J.L. Welch

SVP & General Counsel

C.M. Soneral

COO & EVP

J.E. Jipping

Secy

W.A. McIntyre

SVP, CFO & Treas

R.P. Hayes

Board Members

A. Ernst

C. H. Franklin

E. G. Jepsen

D. R. Lopez

H. R. O'Leary

T. G. Stephens

L. C. Stewart

G. B. Stewart, III

J. L. Welch

Domicile

Michigan

Founded

2002

Employees

587

Stockholders

703

ITC Holdings Corp

Quantitative Evaluations

S&P Capital IQ Fair Value Rank	4+	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 **\$36.20** Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that ITC is slightly undervalued by \$4.74 or 15.1%.

Investability Quotient Percentile	93
	LOWEST = 1 HIGHEST = 100

ITC scored higher than 93% of all companies for which an S&P Capital IQ Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation **BEARISH** Since November, 2015, the technical indicators for ITC have been BEARISH.

Insider Activity	NA	UNFAVORABLE	NEUTRAL	FAVORABLE
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For further clarification on the terms used in this report, please visit www.spcapitaliq.com/stockreportguide

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	70.18	67.29	67.75	70.05

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									
Fixed Charges Coverage	3.27	3.09	2.90	2.81	2.60	2.61	2.34	2.48	2.04	2.81
Construction Credits	20.8	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	6,885	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	5,497	4,847	4,135	3,416	2,872	2,542	2,304	1,960	1,198	604
Capitalization:Long Term Debt	3,929	3,412	2,495	2,645	2,497	2,434	2,248	2,243	1,262	517
Capitalization:% Long Term Debt	70.2	67.9	63.8	67.8	69.1	70.7	70.8	79.9	70.3	66.2
Capitalization:Preferred	Nil									
Capitalization:% Preferred	Nil									
Capitalization:Common	1,670	1,614	1,415	1,259	1,117	1,012	929	563	532	264
Capitalization:% Common	29.8	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	56.8	60.1	61.3	60.1	60.6	60.0	64.5	66.0	68.0	68.0
% Earned on Net Property	11.4	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	8.4	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 and later 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.

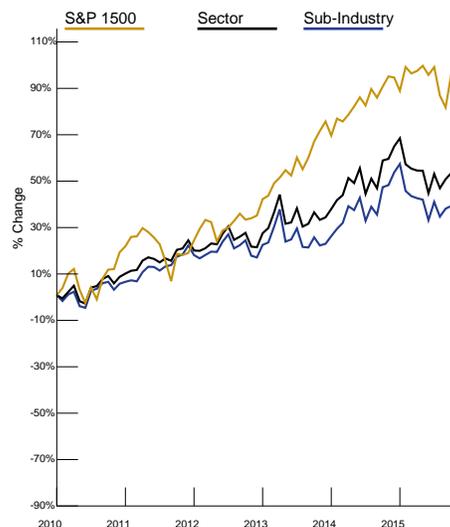
Year-to-date through September 30, 2015, the S&P Electric Utilities Index was down 10.2%, compared to a 8.6% decrease for the S&P 500 Utilities Sector Index and a 6.6% drop in the S&P Composite 1500 Index. This follows a 25.2% increase in 2014, versus a 22.9% increase for the S&P 500 Utilities Sector Index and a 10.9% gain for the S&P Composite 1500.

--Christopher Muir

Industry Performance

GICS Sector: Utilities
Sub-Industry: Electric Utilities

Based on S&P 1500 Indexes
Five-Year market price performance through Nov 17, 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	4,871	31.46	44.00/30.33	0.12	2.4	20	36.20	A+	93	23.9	68.0
Brookfield Infrastr Ptnrs L.P.	BIP	6,742	41.55	46.95/36.66	0.77	5.1	32	NA	NR	78	12.3	51.5
Centrais Eletr Brasileiras SA ADR	EBR	2,042	1.51	2.96/1.12	1.48	Nil	NM	NA	NR	20	NM	36.4
Comp En Minas Gerais-CEMIG Com ADS	CIG.C	1,684	1.75	5.92/1.65	1.09	9.0	1	NA		10	23.1	32.1
Comp Paranaense Energia B ADR	ELP	2,148	7.85	14.49/7.14	1.15	10.4	6	NA	NR	29	9.6	24.1
Emera Inc	EMA.C	4,605	31.81	35.25/31.24	0.87	6.0	13	NA	A	NA	15.2	49.1
Empresa Dist y Comercial Norte ADS	EDN	424	19.16	20.50/8.66	2.22	Nil	5	NA	NR	10	NM	79.2
Fortis Inc	FTS.C	7,928	28.29	2862/26.09	0.61	5.3	11	NA	A-	NA	7.1	52.2
Interconexion Electrica SA ADS	IESFY	2,452	55.35	101.93/41.31	0.77	1.5	11	NA	NR	NA	23.7	38.5
NextEra Energy Equity Unit	Pr Q	735	52.48	54.80/50.61	NA	6.1	NM	NA	NR	NA	NA	NA
OGE Energy	OGE	5,170	25.89	37.31/25.66	0.60	4.2	17	29.90	A-	89	16.1	45.9
Otter Tail	OTTR	976	25.85	33.44/24.82	1.01	4.8	17	NA	B	58	7.1	46.5
PNM Resources	PNM	2,224	27.92	31.60/24.42	0.49	2.9	18	25.40	B	76	8.1	43.4
Pampa Energia SA ADR	PAM	1,313	24.97	26.03/8.80	1.07	Nil	9	NA	NR	13	8.5	45.9
Portland General Electric	POR	3,132	35.28	41.04/33.04	0.41	3.4	18	36.70	NR	40	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.

ITC Holdings Corp**S&P Capital IQ Analyst Research Notes and other Company News****November 16, 2015**

02:40 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF ITC (ITC 31.50****): We lower our 12-month target price by \$3 to \$36, reflecting lower peer valuations. We trim our '15 EPS estimate by \$0.02 to \$2.07 and '15's by \$0.05 to \$2.10. Our 12-month target price is 17.1X our '16 EPS estimate, or a 9% premium to our peer target that we think is warranted by our projection of a three-year EPS growth rate that is higher than its peers. We have a positive view of ITC's capital spending program that focuses on both maintenance and new project spending. ITC posted Q3 EPS of \$0.53, vs. \$0.47, below our \$0.54 estimate and even with the Capital IQ consensus. /C. Muir

August 19, 2015

02:42 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF ITC HOLDINGS (ITC 35.25****): We are lowering our 12-month target price by \$2 to \$39, hurt by lower peer valuations. We are lifting our '15 EPS estimate by \$0.04 to \$2.09, but trimming '16's by \$0.05 to \$2.15. Our target price is 18.1X our '16 EPS estimate, or a 19% premium to our peer target that we think is warranted by a three-year EPS growth rate that is higher than its peers. We see several transmission capital projects entering service over the next several years, helping to drive EPS growth. ITC posts Q2 EPS of \$0.52, vs. \$0.46, even with both our estimate and the S&P Capital IQ consensus. /C. Muir

May 26, 2015

02:42 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF ITC HOLDINGS (ITC 35.88****): We are lifting our '15 EPS estimate by \$0.01 to \$2.05, but lowering '16's by \$0.05 to \$2.20. We are also reducing our 12-month target price by \$3 to \$41, reflecting lower peer valuations. Our target price is 21.5X our '15 EPS estimate, or a 29% premium to our peer target that we think is warranted by our projection of a three-year EPS growth rate that is much higher than its peers. We see strong capital spending on both maintenance and new projects that should help to drive EPS growth. Q1 EPS of \$0.47, vs. \$0.44, misses our \$0.48 EPS estimate and the \$0.49 Capital IQ consensus. /C. Muir

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.

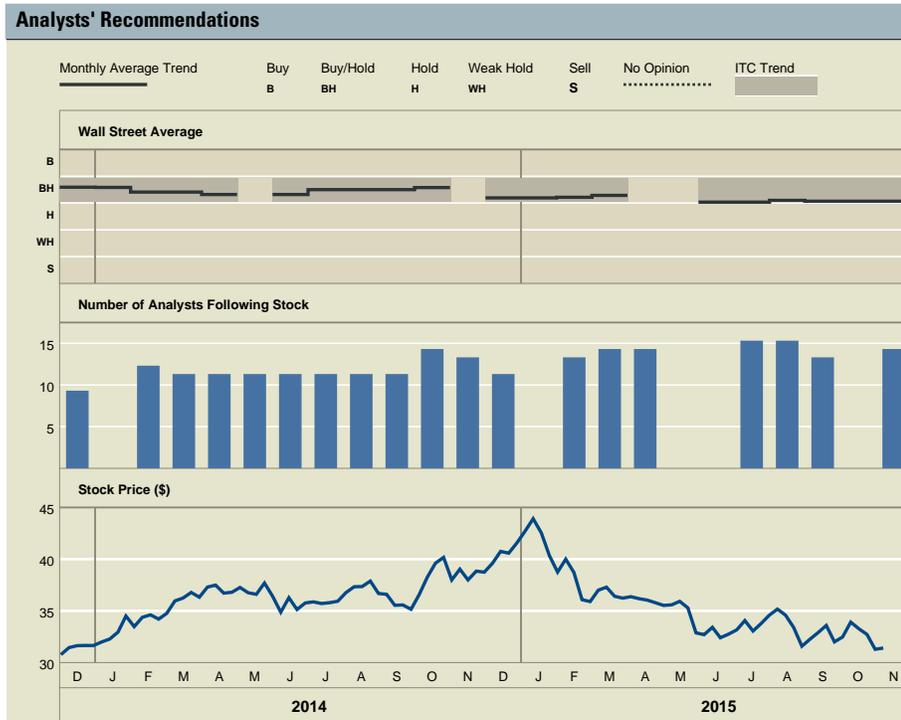
August 6, 2014

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) from Neutral to Underperform. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved. Acquire Media

ITC Holdings Corp



Wall Street Consensus Opinion

BUY/HOLD

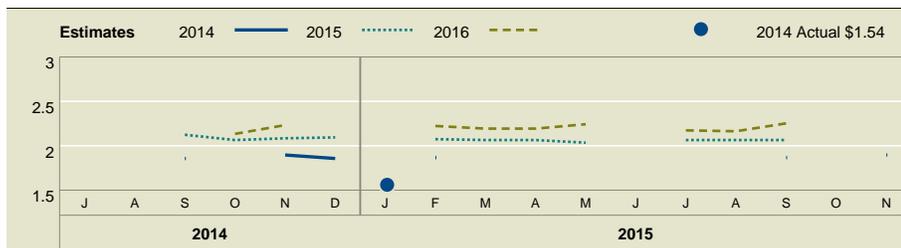
Companies Offering Coverage

- 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.

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	4	4
Buy/Hold	2	14	2	2
Hold	7	50	7	8
Weak Hold	0	0	0	1
Sell	1	7	1	0
No Opinion	0	0	0	0
Total	14	100	14	15

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2016	2.12	2.38	1.90	14	14.8
2015	2.05	2.16	1.85	14	15.3
2016 vs. 2015	▲ 3%	▲ 10%	▲ 3%	0%	▼ -3%
Q4'16	0.52	0.52	0.52	1	60.5
Q4'15	0.55	0.57	0.54	6	57.2
Q4'16 vs. Q4'15	▼ -5%	▼ -9%	▼ -4%	▼ -83%	▲ 6%

Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that ITC will earn US\$ 2.05. For the 3rd quarter of fiscal year 2015, ITC announced earnings per share of US\$ 0.42, representing 20% of the total annual estimate. For fiscal year 2016, analysts estimate that ITC's earnings per share will grow by 3% to US\$ 2.12.

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 encapsulate 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	

S&P Capital IQ EPS Estimates

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.

S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

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.

S&P Capital IQ Equity Research

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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 Depositary Receipts (ADRs) and American Depositary 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.

ITC Holdings Corp

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STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of September 30, 2015

Ranking	North America	Europe	Asia	Global
Buy	42.1%	37.2%	46.0%	41.9%
Hold	44.2%	44.2%	40.5%	43.7%
Sell	13.7%	18.6%	13.5%	14.4%
Total	100%	100%	100%	100%

Quantitative Stock Reports:

The rankings for Quantitative reports have a fixed distribution based on relative weightings as described in the Glossary section of the report.

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ITC Holdings Corp

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