

ITC Holdings Corp.  
Form 424B3  
February 27, 2013  
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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-184073

### MERGER PROPOSED YOUR VOTE IS IMPORTANT

Dear Fellow Shareholders:

As previously announced, the board of directors of ITC Holdings Corp. ( "ITC" ) has approved a merger that will combine ITC with the transmission business of Entergy Corporation ( "Entergy" ). To facilitate this merger, Entergy will cause specific assets and liabilities of its transmission business in Louisiana, Arkansas, Mississippi, Missouri and Texas to be transferred to Mid South TransCo LLC ( "TransCo" ), a newly formed subsidiary of Entergy, and distribute the limited liability interests of TransCo to Entergy's shareholders. ITC Midsouth LLC (formerly known as Ibis Transaction Subsidiary LLC), which is a wholly-owned subsidiary of ITC, will be merged with and into TransCo, with TransCo surviving such merger as a wholly-owned subsidiary of ITC.

The merger will result in ITC acquiring Entergy's transmission business, which includes approximately 15,400 circuit miles of transmission lines operated at 69kV to 500kV and approximately 1,400 substations, as well as the employees and assets used to plan, operate and maintain that system. Following the merger, the combined company will continue to operate under the ITC name and its common stock will continue to be listed on the New York Stock Exchange under the ticker symbol "ITC". ITC's current management team will manage the combined company after the merger, but will be supplemented with certain key management personnel from Entergy's transmission business. In addition, the board of directors of ITC will continue to govern the combined business after the close of the merger. At the effective time of the merger, ITC's board of directors will cause two vacancies on the board to exist (either through resignations of existing directors, by increasing the size of the board or a combination thereof), which vacancies will be filled immediately following the merger with two new independent directors nominated by ITC's nominating/corporate governance committee. Among other qualifications, these new directors are expected to have transmission industry knowledge and familiarity with the region in which Entergy operates.

Pursuant to the merger agreement, ITC will issue an aggregate number of shares of its common stock to Entergy shareholders which will result in Entergy shareholders (and, if applicable, the exchange trust) owning approximately 50.1% of the shares of ITC common stock outstanding on a fully diluted basis upon the closing of the merger. The number of shares to be issued to Entergy shareholders is based on the exchange ratio set forth in the merger agreement multiplied by the number of shares of ITC common stock on a fully diluted basis. In addition, ITC will also assume approximately \$1.775 billion of debt from TransCo and its subsidiaries and issue approximately \$740 million of debt in support of the recapitalization it is expected to undertake prior to the merger.

In addition, assuming the merger is consummated, prior to closing ITC will effectuate a \$700 million recapitalization, which will take the form of a one-time special dividend to pre-merger ITC shareholders, a share repurchase or a combination thereof. The decision regarding the form of the recapitalization remains in the sole discretion of the ITC board of directors and will be made closer to the closing of the merger.

Based on the number of outstanding shares and the closing price on the New York Stock Exchange of ITC common stock on December 4, 2011, and assuming the consummation of the recapitalization referred to above as a one-time special dividend and the assumption of debt referred to above, as of December 4, 2011, the consideration in the merger agreement implies an enterprise value for Entergy's Transmission Business of approximately \$5 billion. You are cordially invited to attend the ITC Holdings Corp. Special Meeting of Shareholders at 9:00 a.m. local time, on April 16, 2013 at our corporate headquarters located at 27175 Energy Way, Novi, Michigan 48377.

At the special meeting, among other matters, we will ask you to consider and vote on the merger related proposals, including approving the merger agreement, approving an amendment to the ITC Holdings Corp. Articles of Incorporation to increase the number of authorized shares, and approving the issuance of ITC Holdings Corp. common stock pursuant to the merger agreement. A notice of the special meeting and proxy statement follow.

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Your board of directors believes that the merger should enhance shareholder value by reinforcing our core strategy, validating the merits of the independent transmission model, strengthening our leading transmission platform, increasing our size and scale, enhancing our overall credit quality, diversifying our capital investment profile, and providing long-term sustainable growth, while providing tangible benefits to the customers and stakeholders of the Entergy transmission business. Your board of directors recommends that you vote FOR each proposal.

Your vote is very important. We cannot complete the merger unless all of the merger related proposals are approved by ITC shareholders at the special meeting. Please vote by completing, signing and dating the enclosed proxy card for the special meeting and mailing the proxy card to us, whether or not you plan on attending the special meeting. If you sign, date and mail your proxy card without indicating how you would like to vote, your proxy will be counted as a FOR each of the proposals presented at the special meeting. You can also vote your shares in person, or by phone or Internet. If you do not return your card, or vote in person or by phone or Internet or if you do not specifically instruct your broker how to vote any shares held for you in street name, your shares will not be voted on the proposals relating to the merger at the special meeting.

This document is a proxy statement by ITC for use in soliciting proxies for the special meeting. This document answers questions about the proposed merger and the special meeting and includes a summary description of the merger. We urge you to review this entire document carefully. In particular, you should also consider the matters discussed under Risk Factors beginning on page 53.

We are very excited about the opportunities offered by the proposed transaction, and we thank you for consideration and ongoing support.

Sincerely,

Joseph L. Welch

Chairman, President & CEO

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger and the other transactions contemplated by the merger agreement or the separation agreement or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.**

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This document is dated February 27, 2013 and is first being mailed to ITC shareholders on or about February 28, 2013.

**ADDITIONAL INFORMATION**

The accompanying proxy statement/prospectus incorporates by reference important business and financial information about ITC Holdings Corp. ( ITC ) from documents that are not included in or delivered with the proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the proxy statement/prospectus from the SEC's website at <http://www.sec.gov> or from ITC's website at [www.itc-holdings.com](http://www.itc-holdings.com) or by requesting them in writing or by telephone from ITC at the following address and telephone number:

**ITC Holdings Corp.**

27175 Energy Way

Novi, Michigan 48377

Attention: Investor Relations

Telephone: (248) 946-3000

In addition, if you have questions about the merger agreement, the merger and related transactions and agreements or the special meeting of ITC shareholders, or if you need to obtain copies of the accompanying proxy statement/prospectus, proxy cards, or other documents incorporated by reference in the proxy statement/prospectus, you may contact ITC's proxy solicitor, at the address and telephone number listed below. You will not be charged for any of the documents you request.

199 Water Street, 26<sup>th</sup> Floor

New York, NY 10038-3560

Banks and Brokers Call (212) 440-9800

All Others Call Toll-Free (800) 561-2871

**If you would like to request documents, please do so by April 9, 2013 in order to receive them before the special meeting of ITC shareholders.**

For a more detailed description of the information incorporated by reference in the accompanying proxy statement/prospectus and how you may obtain it, please see the section entitled "Where You Can Find More Information; Incorporation By Reference" beginning on page 241 of the accompanying proxy statement/prospectus.

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27175 ENERGY WAY

NOVI, MICHIGAN 48377

(248) 946-3000

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON APRIL 16, 2013**

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of ITC Holdings Corp. ( ITC ) will be held at our corporate headquarters located at 27175 Energy Way, Novi, Michigan 48377, on April 16, 2013, at 9:00 a.m., local time, for the following purposes:

(1) *Merger Proposal*. To consider and vote upon a proposal to approve the Merger Agreement, dated as of December 4, 2011, as amended by Amendment No. 1, dated September 21, 2012, and by Amendment No. 2, dated January 28, 2013, among Entergy Corporation, Mid South TransCo LLC ( TransCo ), ITC and ITC Midsouth LLC (formerly known as Ibis Transaction Subsidiary LLC) ( Merger Sub ) (as the same may be amended from time to time, the merger agreement ), as required under Sections 703a and 754 of the Business Corporation Act of the State of Michigan, as amended, pursuant to which Merger Sub will merge with and into TransCo, with TransCo surviving as a wholly owned subsidiary of ITC;

(2) *Amendment of Articles of Incorporation Proposal*. To consider and vote upon a proposal to amend the Amended and Restated Articles of Incorporation of ITC to increase the number of authorized shares of ITC common stock from 100,000,000 to 300,000,000;

(3) *Stock Issuance Proposal*. To consider and vote upon a proposal to approve the issuance of ITC common stock pursuant to the merger agreement. The exact number of shares to be issued is calculated based on a formula in the merger agreement, described on page 113 of the proxy statement/prospectus. We currently expect, based on the number of outstanding shares of ITC common stock as of February 22, 2013 and assuming the ITC recapitalization takes the form of a one-time special dividend, that ITC will issue to Entergy shareholders approximately 52,953,261 shares of ITC common stock as a result of the transactions, although the precise number of shares will not be known until closer to the closing date of the merger and could be significantly impacted by the form of the ITC recapitalization;

(4) *Merger-Related Executive Compensation Proposal*. To consider and vote upon a proposal to approve, by non-binding advisory vote, certain compensation arrangements for ITC s named executive officers in connection with the merger contemplated by the merger agreement; and

(5) *Adjournment Proposal*. To consider and vote upon a proposal to adjourn the special meeting if necessary or appropriate to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve proposals (1), (2) and (3).

Proposals (1) through (3) above are collectively referred to as the merger proposals.

The ITC board of directors has fixed the close of business on February 26, 2013 as the record date for the special meeting. Accordingly, only shareholders of record on the record date are entitled to notice of and to vote at the special meeting or at any adjournment of the special meeting. The list of shareholders entitled to vote at the special meeting will be available for review at the special meeting by any ITC shareholder entitled to vote at the special meeting.

**THE ITC BOARD OF DIRECTORS HAS APPROVED THE MERGER AGREEMENT, THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT AND RECOMMENDS THAT ITC SHAREHOLDERS VOTE FOR EACH PROPOSAL. SHAREHOLDER APPROVAL OF EACH MERGER PROPOSAL IS NECESSARY TO EFFECT THE MERGER. THE APPROVAL OF EACH MERGER PROPOSAL IS CONDITIONED UPON THE APPROVAL OF EACH OF THE OTHER MERGER PROPOSALS.**

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By Order of the Board of Directors,

/s/ Wendy A. McIntyre \_\_\_\_\_

Wendy A. McIntyre

Corporate Secretary

Novi, Michigan

February 27, 2013

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**YOUR VOTE IS IMPORTANT**

**YOUR VOTE IS IMPORTANT. PLEASE VOTE ON THE ENCLOSED PROXY CARD NOW EVEN IF YOU PLAN TO ATTEND THE SPECIAL MEETING. YOU CAN VOTE BY SIGNING, DATING AND RETURNING YOUR PROXY CARD BY MAIL IN THE ENCLOSED RETURN ENVELOPE, WHICH REQUIRES NO ADDITIONAL POSTAGE IF MAILED IN THE UNITED STATES, OR BY TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD. IF YOU DO ATTEND THE SPECIAL MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE IN PERSON IF YOU ARE A SHAREHOLDER OF RECORD OR HAVE A LEGAL PROXY FROM A SHAREHOLDER OF RECORD.**

The accompanying proxy statement/prospectus provides a detailed description of the merger agreement, the merger, the merger proposals and related agreements and transactions. We urge you to read the accompanying proxy statement/prospectus, including any documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger, the merger proposals, the other proposals or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need help voting your shares, please contact ITC's proxy solicitor at the address and telephone number listed below:

199 Water Street, 26<sup>th</sup> Floor

New York, NY 10038-3560

Banks and Brokers Call (212) 440-9800

All Others Call Toll-Free (800) 561-2871

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**HELPFUL INFORMATION**

Certain abbreviations and terms used in the text and notes are defined below:

<b>Abbreviation/Term</b>	<b>Description</b>
APSC	Arkansas Public Service Commission
City Council	City Council for the City of New Orleans
Code	The Internal Revenue Code of 1986, as amended
The debt exchange	The planned exchange by Entergy of the TransCo debt securities previously issued to Entergy in full or partial satisfaction of the Entergy exchangeable debt. In the debt exchange (should the debt exchange occur), the unrelated creditor or creditors that hold the Entergy exchangeable debt will receive the TransCo debt securities and Entergy will receive the Entergy exchangeable debt.
DGCL	General Corporation Law of the State of Delaware
The distribution	The distribution by Entergy, pursuant to the merger agreement, of 100% of the TransCo common units (excluding any TransCo common units to be contributed to the exchange trust in the event Entergy makes the exchange trust election) to Entergy's shareholders through a spin-off, a split-off exchange offer or a combination of the two.
E-RSC	Entergy Regional State Committee
Entergy	Entergy Corporation
Entergy Arkansas	Entergy Arkansas, Inc.
The Entergy exchangeable debt	New debt issued by Entergy to one or more unrelated creditors or existing Entergy debt held by one or more unrelated creditors that is expected to be tendered in the debt exchange.
Entergy Gulf States Louisiana	Entergy Gulf States Louisiana, L.L.C.
Entergy Louisiana	Entergy Louisiana, LLC
Entergy Mississippi	Entergy Mississippi, Inc.
Entergy New Orleans	Entergy New Orleans, Inc.
Entergy Texas	Entergy Texas, Inc.
Entergy's Transmission Business (or Transmission Business of Entergy Corporation and Subsidiaries)	The transmission business currently held indirectly by Entergy. Entergy's Transmission Business consists of the Entergy transmission system, which is comprised of approximately 15,400 circuit miles of transmission lines operated at 69kV to 500kV and approximately 1,400 substations, as well as the employees and assets used to plan, operate and maintain that system. The Entergy transmission system spans portions of Arkansas, Louisiana, Mississippi, Missouri and Texas covering 114,000 square miles. Under the terms of the separation agreement, specified assets and liabilities used in Entergy's transmission business as described in this proxy statement/prospectus would transfer to ITC in connection with the separation, distribution and merger.

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ESI	Entergy Services, Inc., which is a service company that provides services to the Utility Operating Companies and which also owns certain assets related to the operation of Entergy's Transmission Business
The exchange trust	An irrevocable trust to be formed in the event that Entergy makes the exchange trust election under Delaware law into which Entergy will transfer the retained TransCo common units
The exchange trust election	Entergy's exercisable right to, at least thirty (30) business days prior to the closing of the merger, retain up to the number of TransCo common units that would convert in the merger into up to 4.9999% of the total number of shares of ITC common stock outstanding on a fully diluted basis immediately following the consummation of the merger that otherwise would have been distributed in the distribution.
FERC	Federal Energy Regulatory Commission
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended
ICT	Independent coordinator of transmission
IRS	Internal Revenue Service
IRS rulings	Private letter rulings from the IRS with respect to the anticipated non-taxable nature of the transactions
ITC	ITC Holdings Corp.
ISO	Independent system operator that coordinates, controls and monitors the operation of large parts of the transmission system, usually within a single state, but sometimes across multiple states
kV or Kilovolt(s)	A common measure of electric potential, which equals one thousand volts
LPSC	Louisiana Public Service Commission
MBCA	The Business Corporation Act of the State of Michigan
The merger	The merger of Merger Sub with and into TransCo, with TransCo surviving the merger as a wholly owned subsidiary of ITC, as contemplated by the merger agreement
The merger agreement	The Merger Agreement, dated as of December 4, 2011, as amended by Amendment No. 1, dated September 21, 2012, and by Amendment No. 2, dated January 28, 2013, among Entergy, TransCo, ITC and Merger Sub (as the same may be amended from time to time)
Merger Sub	ITC Midsouth LLC (formerly known as Ibis Transaction Subsidiary LLC), which is a wholly owned subsidiary of ITC
MISO	Midwest Independent Transmission System Operator, Inc., a regional transmission organization
MPSC	Mississippi Public Service Commission

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MW or Megawatt(s)	A common measure of electric power, which equals one thousand kilowatts
NYSE	The New York Stock Exchange
OATT	Open Access Transmission Tariff, which is a pricing schedule required by FERC to prevent undue discrimination or preference in the transmission of electricity in interstate commerce
PUCT	Public Utility Commission of Texas
RTOs	Regional transmission organizations that administer the transmission grid on a regional basis throughout North America
The separation	The internal restructuring to separate and consolidate specified assets and liabilities used in Entergy's Transmission Business under TransCo pursuant to the separation agreement
The separation agreement	The Separation Agreement, dated as of December 4, 2011, as amended by Amendment No. 1, dated September 24, 2012, by and among Entergy, ITC, TransCo, each of the Utility Operating Companies and ESI (as the same may be amended from time to time)
SPP	Southwest Power Pool
The transactions	The separation, the distribution and the merger and related transactions
TransCo	Mid South TransCo LLC, which is currently a wholly-owned subsidiary of Entergy Corporation
TransCo common units	Limited liability company membership interests in TransCo
TransCo debt securities	Senior securities of TransCo issued to Entergy in partial consideration for the contribution of equity interests of the TransCo Subs to TransCo
TransCo Subs	The following newly formed subsidiaries of Entergy's Utility Operating Companies, the equity interests of which are to be transferred to TransCo pursuant to the separation: Transmission Company Arkansas, LLC; Transmission Company Louisiana I, LLC; Transmission Company Louisiana II, LLC; Transmission Company Mississippi, LLC; Transmission Company New Orleans, LLC and Transmission Company Texas, LLC.
TransCo Subs Financing	Bridge facility of the TransCo Subs, the proceeds of which will be distributed to Utility Operating Companies in connection with the contribution of each Utility Operating Company's transmission business to its respective TransCo Sub
U.S. GAAP	United States generally accepted accounting principles
Utility Operating Company (or Utility Operating Companies)	The following six companies that, prior to consummation of the transactions described in this proxy statement/prospectus, own the Entergy transmission system assets that are located in their respective service areas: Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc.

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**QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS AND THE SPECIAL MEETING**

**Q: What are ITC shareholders being asked to vote on at the special meeting?**

A: In order to implement the merger, ITC shareholders are being asked to consider and vote on a proposal to approve the merger agreement, a proposal to amend ITC's amended and restated articles of incorporation to increase the number of authorized shares of ITC common stock to effectuate the merger and a proposal to approve the issuance of ITC common stock pursuant to the merger agreement (these proposals are collectively referred to as the merger proposals). Approval of each of the merger proposals by ITC shareholders is required for the completion of the merger. The approval of each of the merger proposals is conditioned upon the approval of each of the other merger proposals, and the merger will not occur unless all of the merger proposals are approved. ITC shareholders are also being asked to consider and vote on a proposal to approve, by non-binding advisory vote, certain compensation arrangements for ITC's named executive officers in connection with the merger contemplated by the merger agreement and to vote on the adjournment proposal.

The exact number of shares of ITC common stock to be issued to Entergy shareholders in connection with the merger is calculated based on a formula in the merger agreement, described on page 113 of this proxy statement/prospectus. We currently expect, based on the number of outstanding shares of ITC common stock as of February 22, 2013 and assuming the ITC recapitalization takes the form of a one-time special dividend, that ITC will issue to Entergy shareholders approximately 52,953,261 shares of ITC common stock as a result of the transactions, although the precise number of shares will not be known until closer to the closing date of the merger and could be significantly impacted by the form of the ITC recapitalization.

**Q: When and where is the special meeting of ITC shareholders?**

A: The special meeting of ITC shareholders will be held at 9:00 a.m., local time, on April 16, 2013, at ITC corporate headquarters located at 27175 Energy Way, Novi, Michigan 48377.

**Q: Who can vote at the special meeting of ITC shareholders?**

A: Holders of ITC common stock can vote their shares at the special meeting if they are holders of record of those shares at the close of business on February 26, 2013, the record date for the special meeting.

**Q: What vote is required to approve each proposal?**

A: The proposal to approve the merger agreement and the proposal to amend ITC's amended and restated articles of incorporation to increase the number of authorized shares of ITC common stock each require the affirmative vote of holders of a majority of the outstanding shares of ITC common stock entitled to vote at the meeting. The proposal to approve the issuance of ITC common stock pursuant to the merger agreement requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting. However, the approval of each of the merger proposals is conditioned upon the approval of each of the other merger proposals, and the merger will not occur unless all of the merger proposals are approved. The proposal to approve, by non-binding advisory vote, certain compensation arrangements for ITC's named executive officers in connection with the merger and the proposal to approve the adjournment proposal requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting.

**Q: How do ITC shareholders vote?**

A: ITC shareholders may submit a proxy to vote before the special meeting in one of the following ways:

calling the toll-free number shown on the proxy card to submit a proxy by telephone;

visiting the website shown on the proxy card to submit a proxy via the Internet; or

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completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope. ITC shareholders may also vote in person by attending the special meeting and voting their shares.

**Q: If an ITC shareholder is not going to attend the special meeting, should that shareholder return his or her proxy card or otherwise vote his or her shares?**

A: Yes. Completing, signing, dating and returning the proxy card by mail or submitting a proxy by calling the toll-free number shown on the proxy card or submitting a proxy by visiting the website shown on the proxy card ensures that the shareholder's shares will be represented and voted at the special meeting, even if the shareholder is unable to or does not attend.

**Q: If an ITC shareholder's shares are held in street name by his or her broker, will the broker vote the shares for the ITC shareholder?**

A: A broker will vote a shareholder's shares only if the shareholder provides instructions to the broker on how to vote. ITC shareholders should follow the directions provided by their brokers regarding how to instruct the broker to vote their shares. Without instructions, the shares will not be voted, which will have the effect of a vote against the approval of the merger agreement, the amendment of ITC's amended and restated articles of incorporation to increase the number of authorized shares of ITC common stock and the approval, by non-binding advisory vote, of certain compensation arrangements for ITC's named executive officers in connection with the merger (though it will have no effect on the vote to approve the issuance of ITC common stock pursuant to the merger agreement or the adjournment proposal), and may result in the failure to establish a quorum for the special meeting.

**Q: Can ITC shareholders change their vote?**

A: Yes. Holders of record of ITC common stock who have properly completed and submitted their proxy card or proxy by telephone or Internet can change their vote in any of the following ways:

sending a written notice to the ITC Corporate Secretary that is received prior to the special meeting stating that the ITC shareholder revokes his or her proxy;

properly completing, signing and dating a new proxy card bearing a later date and properly submitting it so that it is received prior to the special meeting;

visiting the website shown on the proxy card and submitting a new proxy in the same manner that the shareholder would to submit his or her proxy via the Internet or by calling the toll-free number shown on the proxy card to submit a new proxy by telephone; or

attending the special meeting in person and voting their shares.  
Simply attending the special meeting will not revoke a proxy.

An ITC shareholder whose shares are held in street name by his or her broker and who has directed that person to vote his or her shares should instruct that person in order to change his or her vote.

**Q: What if ITC shareholders do not vote or abstain from voting?**

A: If a holder of ITC common stock fails to submit his or her proxy or vote his or her shares or fails to instruct his or her broker or other nominee how to vote on the proposals to approve the merger agreement and to amend ITC's amended and restated articles of incorporation to increase the number of authorized shares of ITC common stock, that failure will have the same effect as a vote against those proposals. If a holder of ITC common stock



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fails to submit his or her proxy or vote his or her shares or fails to instruct his or her broker or other nominee how to vote on the proposal to issue shares of ITC common stock pursuant to the merger agreement, the proposal to approve, by non-binding advisory vote, certain compensation arrangements for ITC's named executive officers in connection with the merger or the adjournment proposal, that failure will have no effect on those proposals, assuming a quorum is present at the special meeting.

Holders of ITC common stock who submit proxy cards but do not indicate how they want to vote on a particular proposal will have their proxies counted as votes in favor of that proposal.

### **Q: Does the ITC board of directors support the merger?**

A: Yes. The ITC board of directors has approved the merger agreement and the merger and recommends that ITC shareholders vote FOR the merger proposals.

### **Q: What should ITC shareholders do now?**

A: After carefully reading and considering the information contained in this proxy statement/prospectus, ITC shareholders should submit a proxy by mail, via the Internet or by telephone to vote their shares as soon as possible so that their shares will be represented and voted at the special meeting. ITC shareholders should follow the instructions set forth on the enclosed proxy card or on the voting instruction form provided by the record holder if their shares are held in the name of a broker or other nominee.

### **Q: What are the transactions described in this proxy statement/prospectus?**

A: The transactions are designed to effect the transfer of Entergy's Transmission Business to ITC. References to the transactions are to the separation, distribution, merger and related transactions to be entered into by Entergy, ITC, Merger Sub and TransCo, including their respective affiliates, as described under "The Transactions" and elsewhere in this proxy statement/prospectus.

### **Q: What will happen in the separation?**

A: Prior to the merger, certain subsidiaries of Entergy will undergo an internal restructuring to separate and consolidate Entergy's Transmission Business under TransCo pursuant to the separation agreement by and among Entergy, ITC, TransCo, each of Entergy's Utility Operating Companies and Entergy Services, Inc. (ESI), a service company that provides services to the Utility Operating Companies. Entergy's transmission assets and liabilities are currently owned by Entergy's Utility Operating Companies and ESI. In the separation, each Utility Operating Company will transfer its respective specified transmission assets and liabilities to a newly formed subsidiary of such Utility Operating Company (such newly formed subsidiaries are referred to as the TransCo Subs) and ESI will transfer its specified transmission assets to TransCo or one or more TransCo Subs. Immediately thereafter, the Utility Operating Companies and certain other intermediate holding companies of Entergy will distribute the equity interests of the TransCo Subs so that Entergy will be the direct holder of the equity interests of each TransCo Sub. Entergy will then contribute the equity interests in each TransCo Sub to TransCo in exchange for TransCo common units and TransCo debt securities. See "The Transactions Overview" beginning on page 108 and "The Transactions The Separation and Distribution" beginning on page 112.

### **Q: What will happen in the distribution that occurs prior to the merger?**

A: After the Utility Operating Companies and ESI transfer their respective specified assets and liabilities related to Entergy's Transmission Business to TransCo and its subsidiaries, Entergy will distribute 100% of the TransCo common units (excluding any TransCo common units to be contributed to an exchange trust in the event Entergy makes the exchange trust election as described below and elsewhere in this proxy statement/prospectus) to Entergy's shareholders through a spin-off, a split-off exchange offer or a combination of both. The distribution

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agent will hold such shares for the benefit of Entergy shareholders that are entitled to the TransCo common units. In accordance with the terms of the merger agreement, the TransCo common units delivered to the distribution agent will be converted into ITC common stock at the effective time of the merger. Accordingly, in lieu of delivering TransCo common units to Entergy shareholders that are entitled to the TransCo common units in the distribution, the distribution agent will distribute to Entergy shareholders shares of ITC common stock into which the TransCo common units will have converted at the time of the merger and cash in lieu of fractional shares (if any). Entergy currently intends to effectuate the distribution through a spin-off but, pursuant to the merger agreement, will advise ITC of the final form of the distribution no later than 30 business days prior to the closing. See [The Transactions Overview](#) beginning on page 108 and [The Transactions The Separation and Distribution](#) beginning on page 112.

**Q: What are the exchange trust and the exchange trust election as referenced in the preceding question?**

A: Pursuant to the terms of the merger agreement, Entergy may elect, at least thirty (30) business days prior to the closing of the merger, to retain up to the number of TransCo common units that would convert in the merger into up to 4.9999% of the total number of shares of ITC common stock outstanding on a fully diluted basis immediately following the consummation of the merger that otherwise would have been distributed in the distribution. Such election is referred to as the exchange trust election. If Entergy makes the exchange trust election, Entergy will transfer the retained TransCo common units to an irrevocable trust, referred to as the exchange trust. The TransCo common units transferred to the exchange trust will not be distributed to the distribution agent on behalf of Entergy shareholders in the distribution. At the closing of the merger, the TransCo common units transferred to the trust will convert to ITC common stock. The trustee of the exchange trust will own and hold legal title to the TransCo common units or ITC common stock for the benefit of Entergy and Entergy shareholders; provided, however, in no event will the ITC common stock held by the exchange trust be transferred to Entergy. Upon delivery of notice by Entergy, the trustee of the exchange trust will conduct an exchange offer (referred to as the exchange trust exchange offer) pursuant to which Entergy shareholders may exchange Entergy common stock for the ITC common stock held by the exchange trust pursuant to irrevocable terms contained in the trust agreement at the time it is entered into. Any ITC common stock remaining in the exchange trust after six months following the completion of the merger will be distributed to Entergy shareholders *pro rata* (this distribution is referred to as a mandatory trust distribution). The purpose of the exchange trust is to permit an exchange offer with Entergy shareholders to occur during a period after the closing, when the trading market for the combined company's common stock has settled following the merger. This delayed exchange offer, if elected by Entergy, is an option to help Entergy efficiently manage its post-transaction capital structure and improve cash flow and credit metrics. Upon the consummation of a successful exchange offer by the trust, there would be fewer outstanding shares of Entergy common stock, as those shares would have been exchanged for the shares of ITC common stock held by the trust. Consequently, a successful delayed exchange offer would permit Entergy to reduce its common shares outstanding and aggregate cash dividends paid and as a result could improve Entergy's available cash flow and credit metrics. See [The Transactions Exchange Trust](#) beginning on page 117 and [Additional Material Agreements Agreements Related to the Exchange Trust and Exchange Offer Exchange Trust Agreement](#) beginning on page 201.

**Q: What will happen in the merger?**

A: In accordance with the terms of the merger agreement, Merger Sub, a wholly owned subsidiary of ITC, will be merged with and into TransCo with TransCo surviving the merger as a wholly owned subsidiary of ITC. Pursuant to the merger, the TransCo common units held by the distribution agent (and, if applicable, the exchange trust) will be converted into the number of shares of ITC common stock such that immediately after the merger Entergy shareholders (and, if applicable, the exchange trust) will collectively own approximately 50.1% of ITC common stock on a fully diluted basis, and ITC shareholders will collectively own approximately 49.9% of ITC common stock on a fully diluted basis (subject to adjustment in limited circumstances as provided in the merger agreement and excluding any ITC equity awards issued to employees of Entergy's).



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Transmission Business who become employees of TransCo). In no event will Entergy shareholders (and, if applicable, the exchange trust) hold less than 50.1% of the outstanding common stock of ITC immediately after the merger. See The Transactions The Merger beginning on page 113 and The Transactions Calculation of the Merger Consideration beginning on page 113.

**Q: Why will the post-merger ownership of ITC between Entergy shareholders and pre-merger ITC shareholders be approximately 50.1% and 49.9%, respectively?**

A: Immediately after the merger, Entergy shareholders (and, if applicable, the exchange trust) will collectively own approximately 50.1% of ITC common stock on a fully diluted basis, and ITC shareholders will collectively own approximately 49.9% of ITC common stock on a fully diluted basis (subject to adjustment in limited circumstances as provided in the merger agreement and excluding any ITC equity awards issued to employees of Entergy's Transmission Business who become employees of TransCo). In no event will Entergy shareholders (and, if applicable, the exchange trust) hold less than 50.1% of the outstanding common stock of ITC immediately after the merger. The post-merger ownership of ITC was the result of a negotiated value exchange between Entergy and ITC, which was based upon each party's independent valuations of pre-merger ITC and Entergy's Transmission Business, the size of the ITC recapitalization in connection with the proposed transaction and tax requirements for a Reverse Morris Trust transaction structure. The proposed transaction is a Reverse Morris Trust acquisition structure, which allows a parent company (here, Entergy) to distribute a subsidiary or a business (here, TransCo and Entergy's Transmission Business) in a tax-efficient manner. The first step of such a transaction is the tax-free distribution through a dividend (a spin-off), exchange (a split-off) or a combination of a spin-off and split-off of the subsidiary stock to or with the parent company shareholders under Section 355 of the Code. The distributed subsidiary then merges with the acquiring third party (here, Merger Sub, a wholly owned subsidiary of ITC) in a tax-free reorganization under Section 368 of the Code. Such a transaction can qualify as tax-free for U.S. federal income tax purposes for the parent company, its shareholders and the acquiring third party's shareholders if the transaction structure meets all applicable requirements, including that the parent company shareholders own more than 50% of the stock of the combined entity immediately after the merger. Therefore, in order to meet all applicable requirements of the Code, Entergy shareholders must own more than 50% of the ITC common stock outstanding immediately following the merger.

**Q: What will be the indebtedness of ITC and the former transmission business of Entergy, referred to as the combined company, following completion of the transactions?**

A: By virtue of the transactions, TransCo is expected to incur a maximum of \$1.775 billion of indebtedness, as may be adjusted pursuant to the merger agreement and the separation agreement. This indebtedness is expected to consist of \$575 million of senior debt securities of TransCo (i.e., the TransCo debt securities) and \$1.2 billion in the form of a 366-day bridge facility (i.e., the TransCo Subs Financing). It is expected that after the merger the TransCo Subs will issue first mortgage bonds to replace the bridge facility. The senior debt securities will be issued by TransCo to Entergy in partial consideration for the equity interests of the TransCo Subs contributed by Entergy to TransCo. Neither TransCo nor any of the TransCo Subs will retain any net proceeds from the TransCo debt securities or the TransCo Subs Financing. Entergy will use the net proceeds from the financings, plus approximately \$100 million from general corporate sources, to redeem approximately \$300 million of the Utility Operating Companies' outstanding preferred equity interests and to repay approximately \$1.577 billion of historic debt of Entergy or of the Utility Operating Companies. At the request of ITC, Entergy will use its reasonable best efforts to cause TransCo to arrange a working capital revolving credit facility in a principal amount mutually determined by ITC and Entergy, which TransCo will not draw upon without the consent of ITC. Furthermore, ITC expects to issue approximately \$740 million of new indebtedness to fund the \$700 million one-time special dividend and/or share repurchase it will complete in connection with the merger, with the remaining approximately \$40 million to be used for general corporate purposes and payment of transaction-related costs. The combined company will also retain the obligation of ITC's indebtedness existing prior to the merger. After giving effect to the merger and the assumption and incurrence of debt related thereto, ITC would have had total outstanding consolidated debt on its balance sheet of approximately \$5.6 billion as of September 30, 2012. See The Financings beginning on page 162.

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**Q: Why has Entergy decided to separate its Transmission Business?**

A: Entergy's board of directors believes that the transactions will accomplish a number of important business objectives and benefits. Certain of these objectives and benefits as they relate to TransCo include enhancing transparency to customers from independent planning and operation of the transmission system; strengthening and improving overall system performance; achieving the optimal structure for the transmission system as an independent transmission company that is a member of an RTO, such as the proposed membership in the Midwest ISO; improving access to capital; and utilizing ITC's experience, track record of safe and reliable operations, and unique position as an independent transmission company. See *The Transactions Entergy's Reasons for the Separation, Distribution and the Merger* beginning on page 147.

**Q: What will ITC shareholders receive in the merger?**

A: Immediately after the merger, ITC shareholders will continue to own shares in ITC, which will then include the specified assets and liabilities from Entergy's Transmission Business (including \$1.775 billion of debt expected to be incurred by TransCo and/or the TransCo Subs in connection with the transactions). However, pre-merger ITC shareholders will collectively hold approximately 49.9% of ITC common stock on a fully diluted basis after the merger (subject to adjustment in limited circumstances as provided in the merger agreement and excluding any ITC equity awards issued to employees of Entergy's Transmission Business who become employees of TransCo). In no event will Entergy shareholders (and, if applicable, the exchange trust) hold less than 50.1% of the outstanding common stock of ITC following the merger. In addition, under the terms of the merger agreement, prior to closing the merger, ITC may, in ITC's sole discretion, elect to (i) pay a \$700 million one-time special dividend to its pre-merger shareholders, (ii) repurchase \$700 million of ITC common stock or (iii) undertake a combination of both (not to exceed \$700 million in the aggregate). See *The Transactions The Merger* beginning on page 113, *The Transactions ITC's Dividend Policy and \$700 Million Recapitalization* beginning on page 160 and *Risk Factors* beginning on page 53.

**Q: What will Entergy shareholders receive in the transactions?**

A: Each Entergy shareholder (other than certain holders of Entergy restricted common stock) will ultimately receive shares of ITC common stock in the merger. A holder of restricted Entergy common stock will not be entitled to any TransCo common units in any distribution in respect of his or her Entergy restricted common stock. However, Entergy restricted common stock held by employees who will be transferred to TransCo will be converted into similarly restricted shares of ITC common stock. Entergy shareholders will not be required to pay for the TransCo common units distributed in the distribution or the shares of ITC common stock issued in the merger. Entergy shareholders will receive cash from the distribution agent in lieu of any fractional shares of ITC common stock to which such shareholders would otherwise be entitled. All shares of ITC common stock issued in the merger will be issued in book entry form. Calculated based on the number of outstanding shares and the closing price on the NYSE of ITC common stock as of February 22, 2013 and assuming the ITC recapitalization takes the form of a one-time special dividend, the shares of ITC common stock that ITC expects to issue to Entergy shareholders as a result of the transactions would have had a market value of approximately \$3,638.9 million in the aggregate (the actual value will not be known until the closing date). For more information, see *The Transactions The Merger* beginning on page 113 and *The Transactions Calculation of the Merger Consideration* beginning on page 113.

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**Q: Will Entergy shareholders who sell their shares of Entergy common stock shortly before the completion of the distribution and merger still be entitled to receive shares of ITC common stock with respect to the shares of Entergy common stock that were sold?**

A: Entergy common stock is currently listed on the NYSE and CHX under the ticker symbol ETR. In the event the distribution is effectuated as a spin-off, it is currently expected that beginning not earlier than two (2) business days before the record date to be established for the distribution, and continuing through the closing date of the merger, there will be two markets in Entergy common stock on the NYSE and CHX: a regular way market and an ex-distribution market.

If an Entergy shareholder sells shares of Entergy common stock in the regular way market under the symbol ETR during this time period, that Entergy shareholder will be selling both his or her shares of Entergy common stock and the right to receive TransCo common units that will be converted into shares of ITC common stock, and cash in lieu of fractional shares (if any), at the closing of the merger. Entergy shareholders should consult their brokers before selling their shares of Entergy common stock in the regular way market during this time period to be sure they understand the effect of the NYSE and CHX due-bill procedures.

If an Entergy shareholder sells shares of Entergy common stock in the ex-distribution market during this time period, that Entergy shareholder will be selling only his or her shares of Entergy common stock, and will retain the right to receive TransCo common units that will be converted into shares of ITC common stock, and cash in lieu of fractional shares (if any), at the closing of the merger.

After the closing date of the merger, shares of Entergy common stock will no longer trade in the ex-distribution market, and shares of Entergy common stock that are sold in the regular way market will no longer reflect the right to receive TransCo common units that will be converted into shares of ITC common stock, and cash in lieu of fractional shares (if any), at the closing of the merger. See The Transactions Trading Markets beginning on page 116.

**Q: In what ways will being a shareholder of both Entergy and ITC differ from being an Entergy shareholder?**

A: Following the separation, distribution and merger, Entergy shareholders will continue to own all of their shares of Entergy common stock. Their rights as Entergy shareholders will not change, except that their shares of Entergy common stock will represent an interest in Entergy that no longer indirectly owns or operates Entergy's Transmission Business. Entergy shareholders will also separately own stock of ITC as owner and operator of the former transmission business of Entergy and the currently owned transmission business of ITC (referred to in this proxy statement/prospectus as the combined company). For more information, see Comparison of Rights of Shareholders Before and After the Merger beginning on page 217.

For a more complete description of the characteristics of the combined company's business, see Business of the Combined Company beginning on page 94.

**Q: Will the separation, distribution or merger affect employees and former employees of Entergy who hold Entergy restricted common stock?**

A: Yes. Entergy has agreed that restricted stock held by an Entergy employee who transfers employment to TransCo will be converted into a number of similarly restricted shares of ITC common stock based on the ratio of the closing per share trading price of Entergy common stock in the regular way trading market on the day before the distribution date which price should reflect the entitlement to receive TransCo common units in the distribution to the closing per share trading price of ITC common stock on the closing date. Accordingly, a holder of restricted Entergy common stock whose employment is transferred to TransCo will not be entitled to any TransCo common units in any spin-off distribution in respect of his or her restricted Entergy common stock. As of the date of this proxy statement/prospectus, the Entergy compensation committee has not made a

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determination regarding the nature of the adjustment to be made to restricted Entergy common stock held by any employee not transferring employment to TransCo. The Entergy equity incentive compensation plans generally prohibit the holder of any Entergy restricted common stock from transferring such stock before the applicable forfeiture restrictions lapse. If Entergy elects to effectuate the distribution with a split-off exchange offer, any holder of Entergy restricted common stock would be precluded from participating in such split-off exchange offer with respect to his or her restricted common stock. See *The Transactions Effects of the Distribution and the Merger on Entergy Equity-Based Awards/Plans* beginning on page 151.

**Q: Will the separation, distribution or merger affect employees and former employees of Entergy who hold other Entergy equity-based awards?**

A: Yes. Certain employees of Entergy hold options to purchase its common stock and units that may be settled in, or whose value is otherwise determined by reference to the value of, Entergy common stock. Each Entergy stock option held by an Entergy employee who transfers employment to TransCo will be converted into an option to purchase a number of shares of ITC common stock equal to the number of shares of Entergy common stock subject to the option multiplied by the same ratio used to convert restricted Entergy common stock (rounded down to the nearest number of whole shares) at an exercise price per share equal to the per-share exercise price under the Entergy option divided by such ratio (rounded up to the nearest cent), all subject to the same terms and conditions (including those related to vesting and post-employment exercise provisions) as were applicable under the Entergy option. In addition, each Entergy stock unit will be converted into a number of ITC restricted stock and/or ITC restricted stock units units that may be settled in, or whose value is otherwise determined by reference to the value of, ITC common stock equal to such ratio, all subject to restrictions and other terms and conditions substantially identical to those that applied to the corresponding Entergy units immediately before the closing. As of the date of this proxy statement/prospectus, the Entergy compensation committee has not made a determination regarding the nature of the adjustment to be made to Entergy stock options and units held by any employee not transferring employment to TransCo.

**Q: Has Entergy set a record date for the distribution of the TransCo common units?**

A: No. Entergy will publicly announce the record date for the distribution when the record date has been determined. This announcement will be made prior to the completion of the distribution and the merger.

**Q: What are the material United States federal income tax consequences to ITC shareholders and Entergy shareholders resulting from the separation, distribution, merger, exchange trust exchange offer, and mandatory trust distribution?**

A: Entergy shareholders are not expected to recognize any gain or loss for U.S. federal income tax purposes as a result of the separation, distribution, merger, exchange trust exchange offer, and mandatory trust distribution except for any gain or loss attributable to the receipt of cash in lieu of a fractional share of ITC common stock in the merger, exchange trust exchange offer, or mandatory trust distribution or cash, if any, received by an Entergy shareholder in addition to the shares of ITC common stock in an exchange trust exchange offer or mandatory trust distribution (other than cash received instead of fractional shares). ITC shareholders will not receive any stock or other consideration in respect of their ITC common stock pursuant to the aforementioned transactions and accordingly are not expected to realize any gain or loss as a result of such transactions (excluding any effects of the ITC \$700 million recapitalization in the form of a one-time special dividend and/or share repurchase). The material U.S. federal income tax consequences of the separation, distribution, merger, exchange trust exchange offer, and mandatory trust distribution are described in more detail under *Material United States Federal Income Tax Consequences of the Transactions*.

**Q: Are Entergy shareholders required to do anything?**

A: No. Entergy shareholders are not required to take any action in connection with the separation, distribution, or merger, and no action by Entergy shareholders is required to participate in these transactions. However,

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Entergy shareholders should carefully read this proxy statement/prospectus, which contains important information about the transactions, Entergy, ITC and TransCo.

ENERGY SHAREHOLDERS WILL NOT BE REQUIRED TO SURRENDER THEIR SHARES OF ENTERGY COMMON STOCK IN THE DISTRIBUTION OR THE MERGER, AND THEY SHOULD NOT RETURN THEIR ENTERGY STOCK CERTIFICATES. THE SEPARATION, DISTRIBUTION AND MERGER WILL NOT RESULT IN ANY CHANGE IN ENTERGY SHAREHOLDERS OWNERSHIP OF ENTERGY COMMON STOCK FOLLOWING THE MERGER (OTHER THAN WITH RESPECT TO SOME OR ALL HOLDERS OF ENTERGY RESTRICTED COMMON STOCK).

**Q: Are there risks associated with the merger?**

A: Yes. ITC may not realize the expected benefits of the merger because of the risks and uncertainties discussed in the section entitled Risk Factors beginning on page 53 and the section entitled Cautionary Statement Concerning Forward-Looking Statements beginning on page 66. Those risks include, among others, risks relating to the uncertainty that the merger will close, the uncertainty that ITC will be able to integrate the transmission assets and liabilities received in the merger successfully.

**Q: Will the instruments that govern the rights of ITC and Entergy shareholders with respect to their shares of ITC common stock after the merger be different from those that govern the rights of current ITC shareholders?**

A: No. The rights of ITC shareholders with respect to their shares of ITC common stock after the merger will continue to be governed by applicable laws and ITC's current governing documents, including:

the Business Corporation Act of the State of Michigan, as amended (the MBCA );

ITC's articles of incorporation (as amended in connection with the merger); and

ITC's bylaws.

**Q: Who will serve on the ITC board of directors following completion of the merger?**

A: The directors of ITC immediately prior to the closing of the merger are expected to be the directors of ITC immediately following the closing of the merger, except that at the effective time of the merger, ITC has agreed that there will be at least two vacancies on the ITC board of directors (either through resignations of existing directors, by increasing the size of the board or a combination thereof) pursuant to the merger agreement, which vacancies will be filled immediately after the effective time of the merger with two independent directors nominated by ITC's nominating/corporate governance committee. Among other qualifications, nominees are expected to have transmission industry knowledge and familiarity with the region in which Entergy operates. Entergy will be entitled to offer to ITC's nominating/corporate governance committee suggestions on candidates to fill such vacancies in connection with the search process. Any decision with respect to Entergy's candidates, however, will be made solely by ITC's nominating/corporate governance committee.

**Q: Will ITC's current senior management team manage the business of ITC after the transactions?**

A: Yes. It is expected that ITC's management team will remain intact for the combined business and the executive officers of ITC immediately prior to the closing of the merger are expected to be the executive officers of ITC immediately following the closing of the merger. The merger agreement provides that ITC and TransCo will take all necessary action to appoint certain specified individuals to management positions at ITC or TransCo as of the effective time of the merger.

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**Q: Does ITC have to pay anything to Entergy if the merger agreement is not approved by the ITC shareholders or if the merger agreement is otherwise terminated?**

A: Depending on the reasons for termination of the merger agreement prior to the closing date, ITC may have to pay Entergy a termination fee of \$113,570,800 in specified limited circumstances. For a discussion of the circumstances under which the termination fee is payable by ITC to Entergy, see *The Merger Agreement* beginning on page 164.

**Q: Why is ITC proposing to amend its articles of incorporation to increase the number of authorized shares of ITC common stock from 100,000,000 to 300,000,000?**

A: In connection with the merger, ITC will issue approximately 52,953,261 shares of ITC common stock (based on the number of outstanding shares of ITC common stock on February 22, 2013 and assuming the ITC recapitalization takes the form of a one-time special dividend) to Entergy shareholders. ITC does not have sufficient authorized and unissued shares of ITC common stock to complete that issuance, and accordingly needs to increase the number of authorized shares of ITC common stock in its articles of incorporation to complete this transaction. Although the ITC board of directors could have selected a different number of authorized shares for the ITC shareholders to approve in order to have a sufficient amount to issue to Entergy shareholders in connection with the merger, the ITC board of directors selected 300,000,000 because the ITC board of directors believes that such amount leaves enough shares authorized but unissued following the merger for other corporate purposes as the ITC board of directors may determine in the future in its discretion, including, without limitation, for future acquisitions, stock splits, stock dividends and future financings. Other than the issuance of shares of ITC common stock in connection with the merger, the ITC board of directors has no plans, proposals, or arrangements, written or otherwise, at this time to issue any of the newly available authorized shares of ITC common stock if the ITC shareholders approve the amendment of articles of incorporation proposal.

**Q: Can Entergy or ITC shareholders demand appraisal rights of their shares?**

A: Entergy shareholders do not have appraisal rights under Delaware law in connection with the distribution or the merger. ITC shareholders do not have appraisal rights under the MBCA in connection with the merger.

**Q: What is the current relationship between TransCo and ITC?**

A: TransCo is currently a wholly owned subsidiary of Entergy and was formed as a Delaware limited liability corporation in December 2011 to effectuate the separation, distribution and merger. Other than in connection with the transactions, there is no relationship between TransCo and ITC.

**Q: When will the merger be completed?**

A: ITC and Entergy are working to complete the merger as quickly as possible after receipt of applicable regulatory approvals, the last of which is currently expected to be received in 2013. In addition to regulatory approvals, and assuming that the merger proposals are approved by the ITC shareholders at the special meeting, other important conditions to the closing of the separation and merger exist, including, among other things, the completion of the financings, the internal restructuring necessary to separate Entergy's transmission assets and liabilities from Entergy's other business, and the receipt of the IRS rulings and tax opinions regarding the tax-free treatment of certain aspects of the transactions. However, it is possible that factors outside ITC's and Entergy's control could require Entergy to complete the separation and distribution and ITC and Entergy to complete the merger at a later time or not complete them at all. For a discussion of the conditions to the separation and the merger, see *The Transactions Regulatory Approvals* beginning on page 155, *The Merger Agreement Conditions to the Merger* beginning on page 180, and *The Separation Agreement Conditions to the Separation* beginning on page 194.

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**Q: Who can answer my questions?**

A: If you are an ITC shareholder and you have any questions about the merger, please contact ITC's proxy solicitor:

199 Water Street, 26<sup>th</sup> Floor

New York, NY 10038-3560

Banks and Brokers Call (212) 440-9800

All Others Call Toll-Free (800) 561-2871

If you are an Entergy shareholder and you have any questions about the separation, distribution or merger or you would like to request additional documents, including copies of this proxy statement/prospectus, please contact Entergy's Investor Relations information line at 1-888-ENTERGY (368-3749) or Entergy Corporation, Investor Relations, P.O. Box 61000, New Orleans, LA 70161.

**Q: Who is the transfer agent for ITC common stock and the distribution agent for the distribution?**

A: Computershare Trust Company, N.A. is the transfer agent for ITC common stock. Wells Fargo Bank, N.A. is the distribution agent for the distribution.

**Q: Where can I find more information about Entergy, ITC, TransCo and the transactions?**

A: You can find out more information about Entergy, ITC, TransCo and the transactions by reading this proxy statement/prospectus and, with respect to Entergy and ITC, from various sources described in Where You Can Find More Information; Incorporation By Reference beginning on page 241.

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**SUMMARY**

This summary, together with the section titled "Questions and Answers About the Transactions and the Special Meeting" immediately preceding this summary, provides a summary of the material terms of the separation, distribution and merger. These sections highlight selected information contained in this proxy statement/prospectus and may not include all the information that is important to you. To better understand the proposed separation, distribution and merger, and the risks related to these transactions, you should read this entire proxy statement/prospectus carefully, including the annexes, as well as those additional documents to which this proxy statement/prospectus refers you. See also "Where You Can Find More Information; Incorporation By Reference."

**Information on ITC** (page 73)

ITC Holdings Corp.

27175 Energy Way

Novi, Michigan 48377

(248) 946-3000

ITC Holdings Corp., referred to as ITC, and its subsidiaries are engaged in the transmission of electricity in the United States. ITC's current operating subsidiaries include International Transmission Company ("ITC Transmission"), Michigan Electric Transmission Company, LLC ("METC"), ITC Midwest LLC ("ITC Midwest") and ITC Great Plains, LLC ("ITC Great Plains"). ITC Transmission, METC, ITC Midwest and ITC Great Plains are collectively referred to as ITC's regulated operating subsidiaries. Through ITC's regulated operating subsidiaries, ITC operates high-voltage systems in Michigan's Lower Peninsula and portions of Iowa, Minnesota, Illinois, Missouri, Oklahoma and Kansas that transmit electricity from generating stations to local distribution facilities connected to ITC's systems. ITC's business strategy is to operate, maintain and invest in transmission infrastructure in order to enhance system integrity and reliability, to reduce transmission constraints and to allow new generating resources to interconnect to ITC's transmission systems. ITC also is pursuing development projects not within ITC's existing systems, which are intended to improve overall grid reliability, lower electricity congestion and facilitate interconnections of new generating resources, as well as to enhance competitive wholesale electricity markets. For more information on ITC, see "Information on ITC."

ITC Midsouth LLC

c/o ITC Holdings Corp.

27175 Energy Way

Novi, Michigan 48377

(248) 946-3000

ITC Midsouth LLC (formerly known as Ibis Transaction Sub LLC), referred to as Merger Sub, is a wholly owned subsidiary of ITC. Merger Sub was organized on December 1, 2011 for the purposes of merging with and into TransCo in the merger. Merger Sub has not carried on any activities other than in connection with the merger agreement and the transactions and approvals contemplated therein.

**Information on Entergy** (page 80)

Entergy Corporation

639 Loyola Avenue

New Orleans, Louisiana 70113

(504) 576-4000





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Entergy Corporation, referred to as Entergy, is an integrated energy company engaged primarily in the electric power production and retail distribution operations. Entergy, through its subsidiaries, owns and operates power plants with approximately 30,000 megawatts of electric generating capacity, including more than 10,000 megawatts of nuclear power, making it one of the nation's leading nuclear generators. Entergy delivers electricity to 2.8 million utility customers in Arkansas, Louisiana, Mississippi and Texas. Entergy has annual revenues of more than \$11 billion and approximately 15,000 employees. Entergy operates its business in two segments: the utility business segment and the Entergy wholesale commodities businesses segment. For more information on Entergy, see Information on Entergy.

Mid South TransCo LLC

c/o Entergy Corporation

639 Loyola Avenue

New Orleans, Louisiana 70113

(504) 576-4000

Mid South TransCo LLC, referred to as TransCo, was organized on December 2, 2011 and is currently a wholly owned subsidiary of Entergy. In connection with the separation and distribution, Entergy will cause specified assets and liabilities used in Entergy's Transmission Business to be transferred to TransCo and then distribute all of the limited liability company interests in TransCo, referred to as the TransCo common units, to Entergy shareholders (excluding any TransCo common units to be contributed to the exchange trust in the event Entergy makes the exchange trust election, as further described below under The Exchange Trust ).

The Entergy transmission business, referred to as Entergy's Transmission Business, consists of the Entergy transmission system, which is comprised of approximately 15,400 circuit miles of transmission lines operated at 69kV to 500kV and approximately 1,400 substations, as well as the employees and assets used to plan, operate and maintain that system. The Entergy transmission system spans portions of Arkansas, Louisiana, Mississippi, Missouri and Texas covering 114,000 square miles. The Entergy transmission system moves high voltage bulk electric power from generating plants of the Utility Operating Companies and other third parties across an interconnected system of transmission lines and substations to distribution points for delivery to wholesale customers such as municipalities and cooperatives, as well as to the approximately 2.8 million retail customers of the Utility Operating Companies. For more information on Entergy's Transmission Business, see Information on Entergy's Transmission Business.

**The Transactions** (See The Transactions beginning on page 108).

On December 4, 2011, ITC and Entergy agreed to enter into transactions to effect the transfer of Entergy's Transmission Business to ITC. These transactions provide for the separation of Entergy's Transmission Business into TransCo, the distribution of TransCo and the subsequent merger of Merger Sub with and into TransCo, with TransCo surviving as a wholly owned subsidiary of ITC. As a result of and immediately following these transactions, Entergy shareholders (and, if applicable, the exchange trust) will collectively own approximately 50.1% of ITC common stock on a fully diluted basis, and existing ITC shareholders will collectively own approximately 49.9% of ITC common stock on a fully diluted basis (subject to adjustment in limited circumstances as provided in the merger agreement and excluding any ITC equity awards issued to employees of Entergy's Transmission Business who become employees of TransCo). In no event will Entergy shareholders (and, if applicable, the exchange trust) hold less than 50.1% of the outstanding common stock of ITC immediately after the merger. Entergy shareholders will retain their shares of Entergy common stock.

In order to effect the separation, distribution and merger, ITC, Merger Sub, Entergy and TransCo entered into the merger agreement; Entergy, ITC, TransCo, each of Entergy's Utility Operating Companies and ESI entered into the separation agreement and Entergy, ITC and TransCo entered into the employee matters agreement. In addition, ITC, Entergy, TransCo or their respective affiliates will also enter into a series of

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ancillary agreements in connection with the transactions. These agreements, which are described in greater detail in this proxy statement/prospectus, will govern the relationship among ITC, Entergy, TransCo and their respective affiliates after the separation and distribution. For a more complete discussion of the transaction agreements, see The Merger Agreement, The Separation Agreement, and Additional Agreements.

**Transaction Timeline** (See The Transactions Transaction Timeline beginning on page 108).

Below is a step-by-step list illustrating the material events relating to the separation, distribution and merger:

**Step #1 *Entergy Exchangeable Debt.*** At least fourteen (14) days prior to the debt exchange, Entergy will issue or unrelated creditors will purchase Entergy exchangeable debt (as described below under The Financings ). The amount of Entergy exchangeable debt to be issued or purchased is expected to be \$575 million, but in any case will be of equal aggregate principal amount as the TransCo debt securities.

**Step #2 *ITC Financing, ITC Special Dividend and/or Share Repurchase.*** Prior to the merger, ITC may, in its sole discretion, elect to (i) declare a one-time special dividend payable to pre-merger ITC shareholders, (ii) effect a share repurchase of ITC common stock or (iii) undertake a combination of a one-time special dividend and share repurchase of ITC common stock. The aggregate amount payable to ITC shareholders in connection with a one-time special dividend or share repurchase or a combination of both will not exceed \$700 million. Prior to the merger, ITC expects to enter into debt financings to fund any such transactions.

**Step #3 *Entergy Corporate Reorganization.*** On or prior to the separation date, Entergy, the Utility Operating Companies and other Entergy affiliates will effectuate a series of restructuring transactions. Such restructuring transactions will include (i) each Utility Operating Company redeeming its outstanding preferred equity interests, if any, and (ii) each Utility Operating Company merging with and into a newly formed, directly or indirectly, wholly owned limited liability company of Entergy with such limited liability company surviving.

**Step #4 *TransCo Subs Financing; Utility Operating Companies Contribution of Transmission Assets.*** The TransCo Subs will effectuate the TransCo Subs Financing (as described below under The Financings ). The aggregate amount of the TransCo Subs Financing is expected to be \$1.2 billion. Simultaneously with or immediately after the TransCo Subs Financing, each Utility Operating Company (now in limited liability company form) will transfer its respective specified transmission assets and liabilities to its respective TransCo Sub and, as part of the consideration for such transfer, each Utility Operating Company will receive its respective portion of the net proceeds of the TransCo Sub Financing.

**Step #5 *Distribution of TransCo Subs to Entergy.*** All of the equity interests in each respective TransCo Sub will be distributed to Entergy.

**Step #6 *Entergy Contribution.*** Entergy will contribute to TransCo all of the equity interests of each TransCo Sub and cash in exchange for (i) the number of TransCo common units determined pursuant to the merger agreement and (ii) the TransCo debt securities (as described below under The Financings ).

**Step #7 *Transfer of ESI Assets to TransCo or one or more TransCo Subs.*** Using the cash received in Step #6, TransCo or one or more TransCo Subs will purchase certain assets owned by ESI.

**Step #8 *The Distribution.*** Entergy will effect the distribution of the TransCo common units to the Entergy shareholders through a spin-off, split-off exchange offer or a combination of a spin-off and split-off exchange offer. At the closing of the distribution, the TransCo common units will be delivered to the distribution agent, who will hold such shares for the benefit of Entergy shareholders. In the event Entergy makes the exchange trust election, Entergy will contribute the TransCo common units to be held by the exchange trust at or prior to the distribution.

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Step #9 *The Debt Exchange*. At the time of the separation, it is expected that Entergy will effect an exchange of the TransCo debt securities for the Entergy exchangeable debt.

Step #10 *The Merger*. Merger Sub will be merged with and into TransCo with TransCo surviving the merger as a wholly owned subsidiary of ITC. In the merger, the TransCo common units held by the distribution agent will be converted into the number of shares of ITC common stock such that immediately after the merger, Entergy shareholders (and, if applicable, the exchange trust) will collectively own approximately 50.1% of ITC common stock on a fully diluted basis, and existing ITC shareholders will collectively own approximately 49.9% of ITC common stock on a fully diluted basis (subject to adjustment in limited circumstances as provided in the merger agreement and excluding any ITC equity awards issued to employees of Entergy's Transmission Business who become employees of TransCo). In no event will Entergy shareholders (and, if applicable, the exchange trust) hold less than 50.1% of the outstanding common stock of ITC immediately after the merger.

Step #11 *Distribution of ITC Common Stock to Entergy Shareholders*. The distribution agent will distribute shares of ITC common stock and cash in lieu of fractional share interests to Entergy shareholders on a *pro rata* (with certain limited exceptions) basis in accordance with the terms of the merger agreement (assuming Entergy elects to effectuate the distribution through a spin-off).

***The Separation and Distribution*** (See *The Transactions* *The Separation and Distribution* beginning on page 112).

Prior to the merger of Merger Sub with and into TransCo, Entergy will undergo an internal restructuring to separate and consolidate Entergy's Transmission Business under TransCo pursuant to the terms of the separation agreement.

On or prior to the separation date, Entergy, the Utility Operating Companies and other Entergy affiliates will effectuate a series of restructuring transactions. Such restructuring transactions will include (i) each Utility Operating Company redeeming its outstanding preferred equity interests, if any, and (ii) each Utility Operating Company merging with and into a newly formed, directly or indirectly, wholly-owned limited liability company of Entergy with such limited liability company surviving.

Simultaneously with or immediately after the TransCo Subs Financing, each Utility Operating Company will transfer its respective specified transmission assets and liabilities to its respective TransCo Sub, referred to as the Utility Operating Companies contributions. In consideration of the Utility Operating Companies contributions, each Utility Operating Company will receive the net proceeds of the respective TransCo Sub Financing.

Immediately thereafter, the Utility Operating Companies and certain other intermediate holding companies of Entergy will distribute the equity interests of the TransCo Subs so that Entergy will be the direct holder of the equity interests of each TransCo Sub. Immediately thereafter, Entergy will contribute cash to certain TransCo Subs, and such TransCo Subs will purchase certain assets of ESI.

Immediately thereafter, Entergy will contribute all the equity interests in each TransCo Sub to TransCo in exchange for (i) a number of TransCo common units not to be less than the number which will be necessary for the Entergy shareholders (and, if applicable, the exchange trust) immediately prior to the merger to constitute the holders of at least 50.1% of the outstanding ITC common stock immediately following the merger and (ii) TransCo debt securities.

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Pursuant to the merger agreement and prior to the merger, Entergy will distribute 100% of the TransCo common units (excluding any TransCo common units to be contributed to the exchange trust in the event Entergy makes the exchange trust election) to Entergy's shareholders through a spin-off, a split-off exchange offer or a combination of the two, referred to as the distribution.

If the distribution includes a spin-off, each record holder of Entergy common stock (other than restricted Entergy common stock) will be entitled to receive its *pro rata* share of TransCo common units subject to the spin-off.

If the distribution includes a split-off exchange offer of TransCo common units for currently outstanding shares of Entergy common stock, in the event that there are unsubscribed TransCo common units resulting from such split-off exchange offer, Entergy will distribute them to Entergy shareholders, a transaction referred to as the clean-up spin-off. In a clean-up spin-off, each record holder of Entergy common stock (other than Entergy restricted common stock) will be entitled to receive its *pro rata* share of TransCo common units subject to the clean-up spin-off.

***Conditions to the Separation*** (See The Separation Agreement Conditions to the Separation beginning on page 194).

The obligations of Entergy to effect the separation pursuant to the separation agreement are subject to fulfillment (or waiver by Entergy) at or prior to the separation date of the conditions that:

each of the conditions to Entergy's obligation to effect the closing of the transactions contemplated by the merger agreement (as more fully described below in Conditions to the Merger and in The Merger Agreement Conditions to the Merger), have been satisfied or waived (other than conditions that, by their nature, are to be satisfied between the separation time and closing or contemporaneously with closing);

ITC shall have irrevocably confirmed to Entergy that each condition to ITC's obligation to effect the closing of the transactions contemplated by the merger agreement (as more fully described below in Conditions to the Merger and in The Merger Agreement Conditions to the Merger) have been satisfied or waived (other than conditions that, by their nature, are to be satisfied between the separation time and closing or contemporaneously with closing); and

the financings will have been completed in accordance with and subject to the terms of the separation agreement, and the sum of the principal amount of the TransCo debt securities issued to Entergy and the TransCo Subs Financing principal amount is at least equal to \$1.775 billion, subject to specified adjustments pursuant to the merger agreement.

***The Merger; Merger Consideration*** (See The Transactions The Merger beginning on page 113 and The Transactions Calculation of the Merger Consideration beginning on page 113).

In accordance with the merger agreement and Delaware law, immediately following the distribution, Merger Sub will merge with and into TransCo. As a result of the merger, the separate corporate existence of Merger Sub will cease and TransCo will continue as the surviving entity and will become a wholly-owned direct subsidiary of ITC. Following the merger, ITC will continue the combined business operations of TransCo and ITC.

The merger agreement provides that each TransCo common unit issued and outstanding immediately before the effective time of the merger (which calculation is described below) will automatically convert at the effective time of the merger into the right to receive one fully paid and nonassessable share of ITC common stock. However, each TransCo common unit that is owned, directly or indirectly, by ITC or Merger Sub or held by TransCo, immediately prior to the effective time of the merger, will be automatically cancelled at the effective

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time of the merger. Holders of Entergy common stock (who following the distribution will have become holders of TransCo common units) will not be required to pay for the shares of ITC common stock they receive and will also retain all of their Entergy common stock. Existing shares of ITC common stock will remain outstanding.

No fractional shares of ITC common stock will be issued in the merger to holders of fractional TransCo common units. Instead, within 30 business days following the effective time of the merger, the exchange agent will aggregate all fractional shares of ITC common stock and sell them on behalf of those Entergy shareholders who otherwise would be entitled to receive a fractional share of ITC common stock. Those Entergy shareholders will then receive a cash payment in an amount equal to their *pro rata* share of the total net proceeds of those sales. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient shareholders as described in Material United States Federal Income Tax Consequences of the Transactions.

As further described above under The Separation and Distribution and under The Merger Agreement, in the separation, TransCo will issue to Entergy a number of TransCo common units equal to the sum of:

the number obtained by multiplying (i) 1.00400801603206 by (ii) the number of ITC shares of common stock on a fully diluted basis (calculated as detailed in the merger agreement and as summarized below), on the estimation date (as defined below), less the number of common units of TransCo outstanding immediately prior to such calculation (which are estimated to be approximately 1,000); plus

the number obtained by dividing the aggregate disqualified share number (as defined below) by 49.9% (provided that such number will not exceed an amount that would reduce, as calculated in the merger agreement, the transaction maximum principal amount of indebtedness of \$1.775 billion to be incurred by TransCo by the issuance of TransCo debt securities and the TransCo Subs in the TransCo Subs Financing by more than \$100 million).

The term fully diluted basis means Entergy and ITC's estimate of the number of shares of ITC common stock that will be outstanding on the closing date of the merger, together with the estimated amount of shares of ITC common stock that will be issuable on the closing date of the merger upon the exercise of any options, rights or units based on the treasury stock method (other than the shares of ITC common stock issued or to be issued in the merger, including pursuant to the employee matters agreement) as further detailed in the merger agreement.

The estimation date will be the nearest reasonably practicable date prior to the last trading day that ends at least 20 trading days prior to the date the distribution will be expected to occur, as mutually agreed by Entergy and ITC.

The aggregate disqualified share number means ITC's and Entergy's best estimate of the number of shares of ITC common stock issuable upon the conversion of Entergy stock options and restricted shares to ITC stock options and restricted shares that are reasonably likely to be treated as being issued as part of a plan or series of related events for U.S. federal income tax purposes that would cause the distribution to be treated as a taxable event.

The merger agreement also provides that the number of TransCo common units to be issued to Entergy will in no event be less than that number which will be necessary for the Entergy shareholders (and, if applicable, the exchange trust) immediately prior to the merger to constitute the holders of at least 50.1% of the outstanding common stock immediately following the merger, as determined under U.S. federal income tax rules to ensure that the spin-off or split-off exchange offer is not taxable to Entergy.

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*Conditions to the Merger* (See The Merger Agreement Conditions to the Merger beginning on page 180).

As more fully described in this proxy statement/prospectus, the obligations of each of the parties to effect the closing of the merger are subject to the satisfaction or waiver of a number of conditions, including those described below.

*Mutual Conditions.* The obligations of Entergy, TransCo, Merger Sub and ITC to effect the merger are subject to the satisfaction (or waiver by all parties) of the following conditions:

the absence of any temporary restraining orders or injunctions that would prevent the consummation of the merger or the transactions;

the occurrence of the transfer of Entergy's Transmission Business to TransCo and the distribution in accordance with the terms of the separation agreement;

the approval of the merger proposals by ITC shareholders at the special meeting;

the authorization for listing on the NYSE of the ITC common stock to be issued pursuant to the merger agreement;

the effectiveness of the registration statement of which this proxy statement/prospectus is part and any registration statements filed by TransCo, as applicable;

the expiration of any offer period or notice period related to a split-off exchange offer or spin-off, as the case may be;

the absence of any temporary restraining order, injunction or other order issued in connection with any of the required regulatory approvals that would impose an ITC burdensome condition;

the receipt by Entergy of all necessary approvals from state and federal regulatory authorities to allow Entergy's Transmission Business to become a member of an acceptable RTO; and

the completion of the financings pursuant to the separation agreement.

*ITC Conditions.* The obligation of each of ITC and Merger Sub to effect the merger is further subject to the satisfaction of the following conditions (each of which is for the exclusive benefit of ITC and Merger Sub and may be waived by ITC):

performance by Entergy and TransCo, in all material respects, of their respective obligations and compliance with all covenants required by the merger agreement and the other transaction agreements to be performed on or before the closing;

the accuracy of Entergy's representations and warranties set forth in the merger agreement, generally both when made and at the time of the closing, subject to certain specified materiality standards;

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the absence of any Transmission Business MAE (as defined in the section entitled "The Merger Agreement") having occurred from the date of the merger agreement through the closing date;

Entergy will have delivered to ITC an officer's certificate to the effect that each of the conditions set forth in the three bullet points immediately above are satisfied;

the receipt of a written tax opinion from Simpson Thacher & Bartlett LLP, stating that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

the receipt of IRS rulings, requested by Entergy, regarding the tax-free treatment of certain aspects of the transactions;

the absence of any changes in, revocation of, or amendment to the IRS rulings or change in law that, in the reasonable judgment of ITC, has a materially adverse impact on ITC or TransCo, and the tax opinion from counsel to be obtained by Entergy regarding the tax-free nature of certain aspects of the transactions being in form and substance reasonably acceptable to ITC;



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the receipt of the required regulatory approvals, including approval of the FERC, the Arkansas Public Service Commission, the Louisiana Public Service Commission, the Mississippi Public Service Commission, the Public Utility Commission of Texas, the Missouri Public Service Commission and the Council for the City of New Orleans, as well as the expiration of the applicable waiting period under the HSR Act, and such approvals will have become final orders which do not impose terms or conditions that, individually or in the aggregate, would reasonably be expected to have an ITC burdensome condition;

the completion of the ITC financing and the one-time special dividend, share repurchase or both, as the case may be, pursuant to the terms of the merger agreement;

in the event that the integration of the Utility Operating Companies into an acceptable RTO has not been fully completed as of the closing date, arrangements reasonably acceptable to ITC will have been made such that neither ITC nor any of its affiliates (including TransCo and the TransCo Subs) would be responsible for performing generator dispatch, for economics or market operations, following the consummation of the merger; and

the execution by Entergy, TransCo or any affiliate of Entergy who is a party to the ancillary agreements of each of the ancillary agreements.

*Entergy Conditions.* The obligation of each of Entergy and TransCo to effect the merger is further subject to the satisfaction of the following conditions (each of which is for the exclusive benefit of Entergy and TransCo and may be waived by Entergy):

performance of ITC and Merger Sub in all material respects, of their respective obligations and compliance with all covenants required by the merger agreement and the other transaction agreements to be performed on or before the closing;

the accuracy of the representations and warranties of ITC set forth in the merger agreement, generally both when made and at the time of the closing, subject to certain specified materiality standards;

the absence of any ITC MAE (as defined in the section entitled "The Merger Agreement") having occurred from the date of the merger agreement through the closing date;

ITC will have delivered to Entergy an officer's certificate to the effect that each of the conditions set forth in the three bullet points immediately above are satisfied;

the Entergy board of directors will have received an opinion from a nationally recognized solvency valuation firm, that, after giving effect to the transactions (including the anticipated financings), the transactions will not leave TransCo insolvent or otherwise unable to pay its obligations as they come due;

Entergy will have received the IRS rulings to be requested by Entergy regarding the tax-free treatment of certain aspects of the transactions and tax opinions from counsel; provided that Entergy will not be permitted to avoid closing as a result of any failure of Entergy to receive favorable IRS rulings or tax opinion with respect to the tax-free treatment of its debt exchange or the exchange trust arrangements;

the absence of any change in, revocation of, or amendment to the IRS rulings or change in law that could, in the reasonable judgment of counsel to Entergy, affect the validity of the IRS rulings in a manner that is materially adverse to Entergy;

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the receipt of the required regulatory approvals, including approval of the FERC, the Nuclear Regulatory Commission, the Arkansas Public Service Commission, the Louisiana Public Service Commission, the Mississippi Public Service Commission, the Public Utility Commission of Texas, the Missouri Public Service Commission and the Council for the City of New Orleans, as well as the

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expiration of the applicable waiting period under the HSR Act, and such approvals will have become final orders which do not impose terms or conditions that, individually or in the aggregate, would reasonably be expected to have an Entergy burdensome condition or an ITC burdensome condition; and

the execution by ITC of each of the ancillary agreements to which it is a party.

***The Exchange Trust*** (See *The Transactions Exchange Trust* beginning on page 117).

Pursuant to the terms of the merger agreement, Entergy may elect, at least 30 business days prior to the closing of the merger to retain up to the number of TransCo common units that would convert in the merger to up to 4.9999% of the total number of shares of ITC common stock outstanding immediately following the consummation of the merger that otherwise would have been distributed in the distribution, such election is referred to as the exchange trust election. If Entergy makes an exchange trust election, and subject to the conditions in the merger agreement, Entergy, TransCo, ITC and a trustee will enter into a trust agreement, referred to as the exchange trust agreement. Under the terms of the exchange trust agreement, at the time of the distribution, Entergy will transfer such TransCo common units to an irrevocable Delaware trust, referred to as the exchange trust. The TransCo common units transferred to the exchange trust will not be distributed to Entergy shareholders in the distribution and, at the closing of the merger, will subsequently be converted into ITC common stock in the merger. The trustee of the trust will own and hold legal title to the TransCo common units or ITC common stock. Pursuant to the exchange trust agreement, the exchange trust will hold the shares for the benefit of Entergy and Entergy shareholders; provided, however, in no event will the ITC common stock held by the exchange trust be transferred to Entergy. Upon delivery of notice by Entergy, the trustee will conduct an exchange offer whereby Entergy shareholders may exchange Entergy common stock for the ITC common stock held by the exchange trust pursuant to irrevocable terms contained in the trust agreement at the time it is entered into, referred to as the exchange trust exchange offer. Pursuant to the exchange trust agreement, any ITC common stock remaining in the exchange trust after six months following the completion of the merger will be distributed to Entergy shareholders *pro rata*. If Entergy makes an exchange trust election, Entergy, ITC and the trustee of the exchange trust will also enter into a registration rights agreement whereby ITC will provide the trustee and Entergy certain registration rights with respect to the retained equity. The purpose of the exchange trust is to permit an exchange offer with Entergy shareholders to occur when the trading market for the combined company's common stock has settled following the merger. This delayed exchange offer, if elected by Entergy, is an option to help Entergy efficiently manage its post-transaction capital structure and improve cash flow and credit metrics. Upon the consummation of a successful exchange offer by the trust, there would be fewer outstanding shares of Entergy common stock, as those shares would have been exchanged for the shares of ITC common stock held by the trust. Consequently, a successful delayed exchange offer would permit Entergy to reduce its common shares outstanding and aggregate cash dividends paid and as a result could improve Entergy's available cash flow and credit metrics.

For additional information on the exchange trust agreement and the registration rights agreement, see *Additional Agreements Exchange Trust Agreement* and *Additional Agreements Registration Rights Agreement*.

***Opinions of ITC's Financial Advisors*** (See *The Transactions Opinion of J.P. Morgan* beginning on page 133 and *The Transactions Opinion of Barclays* beginning on page 141).

Opinion of J.P. Morgan

In deciding to approve the merger, the merger agreement, the separation agreement, the employee matters agreement and the other transactions contemplated thereby, the ITC board of directors considered the opinion delivered to it on December 4, 2011 by J.P. Morgan Securities LLC, its financial advisor, which we refer to herein as J.P. Morgan, that, as of the date of the opinion, and based upon and subject to the various factors,

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procedures, assumptions, limitations and qualifications set forth in its opinion, the aggregate consideration (consisting of the issuance of one share of ITC common stock in exchange for each TransCo common unit, plus the payment of cash in lieu of any fractional shares) to be paid by ITC in the proposed transactions was fair, from a financial point of view, to ITC. **The full text of the written opinion of J.P. Morgan, dated December 4, 2011, which sets forth the assumptions made, matters considered and qualifications and limitations on the opinion and the review undertaken by J.P. Morgan is attached as Annex D to this proxy statement/prospectus and is incorporated by reference herein in its entirety. You are encouraged to read the opinion and the description included in this proxy statement/prospectus carefully in their entirety. The summary and the description of the opinion are qualified in their entirety by reference to the full text of the opinion. J.P. Morgan's opinion is limited to the fairness, from a financial point of view, to ITC of the aggregate consideration to be paid by ITC in the proposed transactions and J.P. Morgan expressed no opinion as to any other matter. The opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote with respect to the proposed transactions or any other matter. See The Transactions Opinion of J.P. Morgan.**

## Opinion of Barclays

In deciding to approve the merger, the merger agreement, the separation agreement, the employee matters agreement and the other transactions contemplated thereby, the ITC board of directors considered the opinion, dated December 4, 2011, of Barclays Capital Inc., referred to herein as Barclays, as to the fairness, from a financial point of view and as of the date of such opinion and subject to the qualifications, limitations and assumptions stated in such opinion, to ITC of the exchange ratio in the merger, which means the right, pursuant to the merger, of holders of TransCo units to receive one share of ITC common stock in exchange for each TransCo common unit they hold. The full text of Barclays' written opinion is attached as Annex E to this proxy statement/prospectus and is incorporated herein by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Barclays in rendering its opinion. This summary of Barclays' written opinion is qualified in its entirety by reference to the full text of the opinion. **Barclays' opinion, the issuance of which was approved by Barclays' fairness opinion committee, was addressed to the ITC board of directors for its use and benefit in connection with its evaluation of the exchange ratio and related only to the fairness, from a financial point of view, to ITC of the exchange ratio in the merger. Barclays was not requested to opine as to, and its opinion did not in any manner address, ITC's underlying business decision to proceed with or effect the transactions or the likelihood of consummation of the transactions. The opinion was not intended to be and does not constitute a recommendation to any shareholder of ITC as to how such shareholder should vote or act with respect to the transactions or any related matter.** See the section entitled The Transactions Opinion of Barclays.

***Board of Directors and Management of ITC Following the Merger*** (See Information on ITC Directors and Executive Officers of ITC Before and After the Merger beginning on page 74 and The Transactions Board of Directors and Management of ITC Following the Merger beginning on page 150).

The directors of ITC immediately prior to the closing of the merger are expected to be the directors of ITC immediately following the closing of the merger, except that at the effective time of the merger, ITC has agreed that there will be at least two vacancies on the ITC board of directors (either through resignations of existing directors, by increasing the size of the board or a combination thereof) pursuant to the merger agreement, which vacancies will be filled immediately after the effective time of the merger with two independent directors nominated by ITC's nominating/corporate governance committee. Among other qualifications, nominees are expected to have transmission industry knowledge and familiarity with the region in which Entergy operates. Entergy will be entitled to offer to ITC's nominating/corporate governance committee suggestions on candidates to fill such vacancies in connection with the search process. Any decision with respect to Entergy's candidates, however, will be made solely by ITC's nominating/corporate governance committee.

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The executive officers of ITC immediately prior to the closing of the merger are expected to be the executive officers of ITC immediately following the closing of the merger. The merger agreement provides that ITC and TransCo will take all necessary action to appoint certain specified individuals to management positions at ITC or TransCo as of the effective time of the merger.

*Interests of Certain Persons in the Merger* (See *The Transactions Interests of Certain Persons in the Merger* beginning on page 151).

In considering the ITC board of directors' determination to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement and to recommend that ITC shareholders vote in favor of the merger proposals, ITC shareholders should be aware that certain officers and directors of ITC may have certain interests in the merger and related transactions that are different from, or in addition to, the interests of ITC shareholders, see *The Transactions Interests of Certain Persons in the Merger*. The ITC board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the acceleration of certain vesting terms under ITC's 2006 Long Term Incentive Plan.

Except with respect to the treatment of Entergy restricted common stock, the directors and officers of Entergy and TransCo will receive no extra or special benefit that is not shared on a *pro rata* basis by all other Entergy shareholders in connection with the transactions. For more information on the treatment of Entergy restricted common stock, see *The Transactions Effects of the Distribution and the Merger on Entergy Equity Awards/Plans*.

*Regulatory Approvals* (See *The Transactions Regulatory Approvals* beginning on page 155, *The Merger Agreement Antitrust Matters* beginning on page 175 and *The Merger Agreement Efforts to Close* beginning on page 175).

As further described in this proxy statement/prospectus, to complete the separation, the distribution and the merger, there are certain filings, notices and waiting periods required in order for ITC and Entergy to obtain required authorizations, approvals and/or consents from a number of federal and state public utilities, antitrust and other regulatory authorities, including the FERC, the Nuclear Regulatory Commission, the Arkansas Public Service Commission, the Louisiana Public Service Commission, the Mississippi Public Service Commission, the Public Utility Commission of Texas, the City Council for the City of New Orleans, and the Nuclear Regulatory Commission (the "NRC"), as well as the expiration of the applicable waiting period under the HSR Act. For additional information, see *The Transactions Regulatory Approvals*.

As further described in this proxy statement/prospectus, the merger agreement generally provides that Entergy and ITC will file all required notifications under the HSR Act with the Federal Trade Commission (the "FTC") and the Department of Justice (the "DOJ"). The parties made such filings on December 14, 2012. Each party has agreed, subject to certain limitations, to use its reasonable best efforts to obtain early termination of any waiting period under the HSR Act and supply each other, the FTC and the DOJ with any information reasonably required in connection with such filings. The waiting period under the HSR Act expired on January 14, 2013. In addition, the merger agreement generally provides that Entergy and ITC will use their respective reasonable best efforts (as specified in the merger agreement and subject to certain exceptions specified therein) to consummate the transactions, including using reasonable best efforts to file any applications, notices, registrations, filings, reports, petitions and other documents required to be filed with any governmental authority necessary or advisable to consummate the transactions, obtain each required approval, consent, ratification, permission and waiver of authorization from governmental authorities and parties to any material contractual obligations, cooperate with and provide notice to each other and lift any restraint, injunction or other legal bar to the transactions. For additional information, see *The Merger Agreement Antitrust Matters* and *The Merger Agreement Efforts to Close*.

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***No Dissenters Rights*** (See The Transactions No Dissenters Rights beginning on page 160).

ITC shareholders will not be entitled to dissenters rights under the MBCA in connection with the merger.

***The Financings*** (See The Financings beginning on page 162 and The Separation Agreement The Financings beginning on page 192).

***Entergy Exchangeable Debt.*** At least fourteen days prior to the debt exchange, Entergy will issue debt to one or more unrelated creditors or one or more unrelated creditors will purchase existing Entergy corporate debt, in each case, such debt is referred to as Entergy exchangeable debt. As described below, assuming that the desired private letter ruling from the IRS with respect to the financings is obtained, the amount of Entergy exchangeable debt to be issued or purchased is expected to be \$575 million, but in any case will be of equal aggregate principal amount as the TransCo debt securities.

***Issuance of TransCo Debt Securities.*** In partial consideration for the equity interests of the TransCo Subs contributed by Entergy to TransCo in the Entergy contribution, TransCo will issue to Entergy debt of TransCo, referred to as TransCo debt securities, in an aggregate principal amount, when combined with the TransCo Subs Financing, of \$1.775 billion (as may be adjusted pursuant to the merger agreement), referred to as the transaction maximum principal amount. It is currently expected that the aggregate principal amount of the TransCo debt securities will be \$575 million, but in any case will be of equal aggregate principal amount as the Entergy exchangeable debt.

***The Debt Exchange.*** At the time of the separation, it is expected that Entergy will effect an exchange with the holders of the Entergy exchangeable debt for the TransCo debt securities previously issued to Entergy. In the exchange (should the exchange occur), the unrelated creditor or creditors that hold the Entergy exchangeable debt will receive the TransCo debt securities and Entergy will receive the Entergy exchangeable debt. TransCo will not receive any proceeds from the issuance of the TransCo debt securities or the debt exchange.

***Working Capital Facility.*** At the request of ITC, Entergy will use its reasonable best efforts to cause TransCo to arrange a working capital revolving credit facility in a principal amount mutually determined by ITC and Entergy. TransCo will not draw down on the working capital facility without the consent of ITC.

***TransCo Subs Financing.*** Entergy will use its reasonable best efforts to cause the TransCo Subs to arrange a 366-day bridge facility, referred to as the TransCo Subs Financing, based on a targeted capital structure for each TransCo Sub of 40% debt and 60% equity (provided that if the desired private letter ruling from the Internal Revenue Service with respect to the financings cannot be obtained without adjusting the principal amount of the TransCo Subs Financing, then the parties will have the right to increase or decrease the principal amount of the TransCo Subs Financing to an amount equal to the aggregate tax basis of the transmission assets). It is expected that after the merger the TransCo subs will issue first mortgage bonds to refinance the bridge facility. Assuming the desired private letter ruling from the IRS with respect to the financings is obtained, the aggregate amount of the TransCo Subs Financing is expected to be \$1.2 billion. No TransCo Sub will retain any proceeds from the TransCo Subs Financing.

For more information on the contractual obligations of Entergy, TransCo and ITC with respect to the financings, see The Separation Agreement Financings.

***ITC Recapitalization.*** Prior to the merger, ITC may, in its sole discretion, elect to (i) declare a one-time special dividend payable to pre-merger ITC shareholders, (ii) effect a share repurchase of ITC common stock, or (iii) undertake a combination of a one-time special dividend and share repurchase of ITC common stock. The aggregate amount payable to ITC shareholders in connection with a one-time special dividend or share

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repurchase or a combination of both will not exceed \$700 million. Such transactions are expected to be funded by debt securities to be issued by ITC prior to the merger. The decision regarding the form of the recapitalization remains in the sole discretion of the ITC board of directors and will be made closer to the closing of the merger.

**Termination** (See The Merger Agreement Termination of the Merger Agreement beginning on page 182).

The merger agreement may be terminated at any time prior to the closing date of the merger by the mutual written consent of ITC and Entergy. In addition, either Entergy or ITC may terminate the merger agreement prior to the closing date of the merger if:

the merger has not been completed by June 30, 2013, referred to as the outside date, which date may be extended up to six months by Entergy or ITC in circumstances where all the closing conditions except specified closing conditions have been satisfied (or are capable of being satisfied by such date);

the transactions are enjoined or prohibited, or if a final non-appealable order has been entered into that prohibits any material component of the transactions or would impose an ITC burdensome condition, unless the action is due to the failure of the party seeking to terminate pursuant to this provision to perform the covenants described under The Merger Agreement Efforts to Close; Antitrust Clearance ;

the ITC shareholder meeting regarding the merger proposals has been concluded and the ITC shareholders did not approve the merger proposals; or

upon breach or failure to perform by the other party in any material respect of any of its representations, warranties, covenants or other agreements contained in the merger agreement or the separation agreement, which gives rise to the failure of a joint condition or a condition of the other party in the merger agreement or a condition in the separation agreement and such breach or failure to perform cannot be or has not been cured prior to the earlier of 60 days after written notice of such breach or failure to perform or the outside date.

In addition, ITC may terminate the merger agreement if:

at any time prior to obtaining the ITC shareholder approval of the merger proposals, in order to enter into a written definitive agreement for an ITC superior proposal, if ITC has complied with its obligations in the merger agreement regarding an ITC change of recommendation and ITC pays to Entergy the termination fee described below; or

Entergy takes any action, without the prior written consent of ITC, with respect to any proposal, condition or limitation that arises in a proceeding with a governmental authority in connection with obtaining the necessary regulatory approvals to effect the migration of Entergy's Transmission Business to an acceptable RTO, that could reasonably be expected to have a material and adverse financial or operational impact on TransCo or its subsidiaries or ITC or any of its other affiliates after the closing and which impact was not expressly contemplated in Entergy's disclosure letter.

In addition, Entergy may terminate the agreement if:

ITC or any of its subsidiaries, representatives or affiliates willfully breaches in any material respect any of their non-solicitation obligations described under The Merger Agreement No Solicitation by ITC and Change of ITC Board Recommendation and such breach cannot or has not been cured prior to the earlier of 10 days after written notice of such breach and the outside date;

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if there has been an ITC change of recommendation; or

any law makes the completion of the transactions illegal or otherwise prohibited (other than those having only an immaterial effect and that do not impose criminal liability or penalties) or any



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governmental authority takes any action permanently restraining, enjoining or otherwise prohibiting any material component of the transactions or imposing an Entergy burdensome condition and such action becomes final and non-appealable, unless the action is due to the failure of Entergy to perform the covenants described under The Merger Agreement Efforts to Close; Antitrust Clearance.

**Termination Fees** (See The Merger Agreement Termination Fee beginning on page 183).

ITC has agreed to pay Entergy a termination fee of \$113,570,800 in the event that the merger agreement is terminated:

by Entergy if there has been an ITC change of recommendation;

by ITC, at any time prior to obtaining the ITC shareholder approval of the merger proposals, in order to enter into a written definitive agreement for an ITC superior proposal, if ITC has complied with its obligations in the merger agreement regarding an ITC change of recommendation; or

by Entergy if ITC or any of its subsidiaries, representatives or affiliates willfully breach in any material respect any of their non-solicitation obligations described under The Merger Agreement No Solicitation by ITC and Change of ITC Board of Directors Recommendation, or by ITC or Entergy if the ITC shareholder meeting regarding the merger proposals has been concluded and the ITC shareholders did not approve the merger proposals; and, in either case, prior to any such termination any third party has made an ITC takeover proposal which has been publicly announced or disclosed and not publicly withdrawn or abandoned by such third party at least five business days prior to the ITC shareholders meeting and ITC has entered into an agreement to consummate or has consummated an ITC takeover transaction within 12 months of any such termination. For purposes of this provision only, ITC takeover transaction has the same meaning as defined under The Merger Agreement No Solicitation by ITC and Change of ITC Board of Directors Recommendation, except that 15% or more is changed to more than 50% .

**Required Vote** (See The Special Meeting of ITC Shareholders Required Vote beginning on page 69).

The affirmative vote of a majority of the outstanding shares of ITC common stock entitled to vote at the special meeting is required to approve the merger agreement. The affirmative vote of a majority of the outstanding shares of ITC common stock entitled to vote at the special meeting is required to approve the proposal to amend the amended and restated articles of incorporation of ITC to increase the number of authorized shares of ITC common stock. The affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting by holders of shares of ITC common stock is required to approve the proposal to issue shares of ITC common stock pursuant to the merger agreement. In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act ), ITC is providing its shareholders with the opportunity to approve, by non-binding, advisory vote, certain compensation payments for ITC s named executive officers in connection with the merger, as reported in the section of this proxy statement/prospectus entitled Advisory Vote on Merger-Related Compensation for ITC s Named Executive Officers. The affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting by holders of shares of ITC common stock is required to approve this merger-related executive compensation proposal. The affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting by holders of shares of ITC common stock is required to approve the proposal to permit adjournment of the special meeting.

The approval of each of the merger proposals (which are the proposal to approve the merger agreement, the amendment of the articles of incorporation proposal and the stock issuance proposal) is conditioned upon the approval of each of the other merger proposals, and the merger will not occur unless all of the merger proposals are approved.

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No vote of Entergy shareholders is required or being sought in connection with either the spin-off or the split-off exchange offer, the merger or the other transactions described in this proxy statement/prospectus.

**Voting by ITC Executive Officers and Directors** (See The Special Meeting of ITC Shareholders Certain Ownership of ITC Common Stock beginning on page 72).

As of February 22, 2013, ITC's executive officers and directors beneficially owned 1,571,571 shares of ITC common stock, representing approximately 3.01% of the shares outstanding as of such date. ITC currently expects that each of its directors and executive officers will vote their shares of ITC common stock in favor of all proposals, although none of them has entered into an agreement requiring them to do so.

**Material United States Federal Income Tax Consequences of the Transactions** (See Material United States Federal Income Tax Consequences of the Transactions beginning on page 230).

Entergy shareholders are not expected to recognize any gain or loss for U.S. federal income tax purposes as a result of the separation, distribution, merger, exchange trust exchange offer and mandatory trust distribution except for any gain or loss attributable to the receipt of cash in lieu of a fractional share of ITC common stock in the merger, exchange trust exchange offer, or mandatory trust distribution or cash, if any, received by an Entergy shareholder in addition to the shares of ITC common stock in an exchange trust exchange offer or mandatory trust distribution (other than cash received instead of fractional shares). ITC shareholders will not receive any stock or other consideration in respect of their ITC common stock pursuant to the aforementioned transactions and accordingly are not expected to realize any gain or loss as a result of such transactions (excluding any effects of the ITC \$700 million recapitalization in the form of a one-time special dividend and/or share repurchase).

**Risk Factors** (See Risk Factors beginning on page 53).

ITC and Entergy shareholders should carefully consider the matters described in the section Risk Factors, as well as other information included in this proxy statement/prospectus and the other documents to which they have been referred.

**Table of Contents****SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA**

The following summary historical combined financial data of Entergy's Transmission Business, summary historical consolidated financial data of ITC, summary unaudited condensed combined pro forma financial data of ITC and comparative historical and pro forma per share data of ITC are being provided to help you in your analysis of the financial aspects of the transaction. You should read this information in conjunction with the financial information included elsewhere and incorporated by reference in this document. See [Where You Can Find More Information](#); [Incorporation By Reference](#), [Information on ITC](#), [Information on Entergy's Transmission Business](#) and [Selected Financial Statements Data](#).

**Summary of Historical Combined Financial Data of Entergy's Transmission Business**

Entergy's Transmission Business combined statement of income data for the three years ended December 31, 2011, 2010 and 2009 and the combined balance sheet data as of December 31, 2011 and 2010 have been derived from Entergy's Transmission Business audited combined financial statements, included elsewhere in this document. The summary combined financial data below is not necessarily indicative of the results that may be expected for any future period. This information is only a summary and should be read in conjunction with the financial statements of Entergy's Transmission Business and the accompanying notes and the related [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) for Entergy's Transmission Business thereto included elsewhere in the document.

The financial information of Entergy's Transmission Business included in this document has been derived from the consolidated financial statements and accounting records of Entergy and reflects assumptions and allocations made by Entergy. The financial position, results of operations and cash flows of Entergy's Transmission Business presented may be different from those that would have resulted had Entergy's Transmission Business been operated as a stand-alone company. Additionally, the financial position, results of operations and cash flows of Entergy's Transmission Business presented reflects its existing state and local jurisdictional rate regulation as a component of the Utility Operating Companies as compared to the FERC rate regulation expected for Entergy's Transmission Business under ITC's ownership. As a result, the historical financial information of Entergy's Transmission Business is not a reliable indicator of future results. See [Risk Factors](#).

	<b>Entergy's Transmission Business</b>		
	<b>Year Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>(In thousands)</b>			
<b>Statement of Income Data:</b>			
Operating revenues	\$ 652,792	\$ 631,742	\$ 582,847
Operating expenses	396,982	381,903	335,374
Operating income	255,810	249,839	247,473
Other expenses (income) net	46,526	72,112	68,842
Income before income taxes	209,284	177,727	178,631
Income taxes	74,460	67,166	68,205
Net income	\$ 134,824	\$ 110,561	\$ 110,426

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(In thousands)	Entergy's Transmission Business		
	2011	As of December 31, 2010	2009 (unaudited)
<b>Balance Sheet Data:</b>			
Total assets	\$ 4,015,404	\$ 3,669,588	\$ 3,450,333
Long-term debt			
Total equity	2,862,465	2,551,097	2,340,668

(In thousands)	Entergy's Transmission Business		
	2011	Year Ended December 31, 2010	2009
<b>Statement of Cash Flows Data:</b>			
Cash provided by (used in):			
Operating activities	\$ 238,244	\$ 278,662	\$ 288,600
Investing activities	(415,621)	(377,781)	(268,316)
Financing activities	177,385	99,421	(20,624)
Depreciation and amortization expense	132,302	127,738	110,294
Expenditures for property, plant and equipment	(415,621)	(377,781)	(268,316)

**Summary of Historical Consolidated Financial Data of ITC**

ITC's summary historical consolidated financial data presented below have been derived from, and should be read in conjunction with ITC's consolidated financial statements and the accompanying notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations sections in ITC's Annual Report on Form 10-K, as amended by the Annual Report on Form 10-K/A, for the year ended December 31, 2011 (which is incorporated herein by reference). The data shown below is not necessarily indicative of results to be expected for any future period. To find where you can obtain copies of ITC's documents that have been incorporated by reference, see [Where You Can Find More Information; Incorporation By Reference](#).

(In thousands)	ITC		
	2011	Year Ended December 31, 2010	2009
<b>Statement of Operations Data:</b>			
Operating revenues	\$ 757,397	\$ 696,843	\$ 621,015
Operating expenses (a) (b) (c) (d)	359,645	339,522	294,148
Operating income	397,752	357,321	326,867
Other expenses (income) net	131,318	129,389	118,395
Income before income taxes	266,434	227,932	208,472
Income tax provision	94,749	82,254	77,572
Net income	\$ 171,685	\$ 145,678	\$ 130,900

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(In thousands)	ITC		
	2011	As of December 31, 2010	2009
<b>Balance Sheet Data:</b>			
Total assets	\$ 4,823,366	\$ 4,307,873	\$ 4,029,716
Long-term debt	2,645,022	2,496,896	2,434,398
Total stockholders' equity	1,258,892	1,117,433	1,011,523

(In thousands)	ITC		
	2011	Year Ended December 31, 2010	2009
<b>Statement of Cash Flows Data:</b>			
Cash provided by (used in):			
Operating activities	\$ 380,916	\$ 423,333	\$ 267,935
Investing activities	(560,195)	(388,861)	(408,962)
Financing activities	142,514	(14,216)	157,770
Depreciation and amortization expense	94,981	86,976	85,949
Expenditures for property, plant and equipment	(556,931)	(388,401)	(404,514)

- (a) The reduction in expenses for 2009 was due, in part to efforts to achieve short-term reductions in operation and maintenance expenses and general and administrative expenses to offset the impact of lower network load on cash flows and any potential revenue accrual relating to 2009.
- (b) During 2011 and 2009, we recognized \$2.0 million and \$10.0 million, respectively, of regulatory assets associated with the development activities of ITC Great Plains as well as certain pre-construction costs for the Kansas V-Plan and Kansas Electric Transmission Authority ( KETA ) projects. Upon initial establishment of these regulatory assets in 2011 and 2009, \$1.9 million and \$8.0 million, respectively, of general and administrative expenses were reversed of which \$1.4 million and \$5.9 million were incurred in periods prior to 2011 and 2009, respectively. No initial establishment of regulatory assets occurred in 2010 that resulted in reversal of expenses.
- (c) During 2011, we expensed external legal, advisory and financial services fees of \$7.0 million relating to the Entergy transaction recorded within general and administrative expenses of which certain amounts are not expected to be deductible for income tax purposes.
- (d) In 2009, the FERC accepted the depreciation studies filed by ITCTransmission and METC that revised their depreciation rates. In 2010, the FERC accepted a depreciation study filed by ITC Midwest which revised its depreciation rates. These changes in accounting estimates resulted in lower composite depreciation rates for ITCTransmission, METC and ITC Midwest primarily due to the revision of asset service lives and cost of removal values. The revised estimate of annual depreciation expense was reflected in 2009 for ITCTransmission and METC and in 2010 for ITC Midwest.

**Summary Unaudited Condensed Combined Pro Forma Financial Data**

The summary unaudited condensed combined pro forma financial data presented below have been prepared by ITC and are being provided for illustrative purposes only and are not necessarily indicative of what the operating results or financial position of ITC or Entergy's Transmission Business would have been had the transaction been completed at the beginning of the periods or on the dates indicated, nor are they necessarily indicative of any future operating results or financial position. The results of operations and cash flows of the acquired business reflect its existing state and local jurisdictional rate regulation as a component of the Utility Operating Companies, as compared to the FERC rate regulation expected for Entergy's Transmission Business under ITC's ownership. The pro forma financial statements do not reflect the impact of transitioning Entergy's

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Transmission Business to FERC rate regulation under ITC ownership. The selected unaudited pro forma combined consolidated financial information has been derived from, and should be read in conjunction with, the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements and related notes beginning on page 41 of this proxy statement/prospectus.

	<b>For the Nine-Months Ended September 30, 2012 for Pro Forma Combined Entergy's Transmission Business and ITC</b>	<b>For the Year Ended December 31, 2011 for Pro Forma Combined Entergy's Transmission Business and ITC</b>
<b>(In thousands, except per share data)</b>		
<b>Statement of Operations Data:</b>		
Operating revenues	\$ 1,113,898	\$ 1,410,189
Operating income	537,543	677,163
Net income	231,456	291,158
<b>Other Data (a):</b>		
Net income per share of common stock, basic	\$ 2.22	\$ 2.81
Net income per share of common stock, diluted	2.21	2.79
Weighted-average shares of common stock outstanding, basic	104,040,021	103,581,669
Weighted-average shares of common stock outstanding, diluted	104,805,739	104,376,826
<b>Balance Sheet Data (at period end):</b>		
Cash and cash equivalents	\$ 70,026	
Total assets	11,983,209	
Long-term debt	4,921,674	
Total stockholders' equity	4,252,261	

- (a) The share and per share information is based on the \$700 million recapitalization taking the form of a one-time special dividend to ITC's pre-merger shareholders. Refer to The Financings ITC Recapitalization for more information regarding the recapitalization and Note 6, Common Stock Shares Outstanding within the Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements for the share and per share impact of the \$700 million recapitalization in the form of a share repurchase of ITC common stock from its shareholders.

**Comparative Historical and Pro Forma Per Share Data**

The following tables set forth historical and pro forma per share data of ITC. The ITC historical data have been derived from, and should be read in conjunction with, the audited consolidated financial statements of ITC and the related notes thereto included in ITC's Annual Report on Form 10-K, as amended by the Annual Report on Form 10-K/A, for the year ended December 31, 2011 and the unaudited financial statements of ITC and related notes thereto included in ITC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, each of which is incorporated by reference into this document.

This summary of comparative historical and pro forma per share data is being provided for illustrative purposes only and is not necessarily indicative of the results that would have been achieved had the transaction been completed during the period presented, nor are they necessarily indicative of any future results. ITC and Entergy's Transmission Business may have performed differently had the transaction occurred prior to the period presented. The results of operations and cash flows of the acquired business reflect its existing state and local jurisdictional rate regulation as a component of the Utility Operating Companies, as compared to the FERC rate regulation expected for Entergy's Transmission Business under ITC's ownership. The pro forma financial

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statements do not reflect the impact of transitioning Entergy's Transmission Business to FERC rate regulation under ITC ownership. You should not rely on the pro forma per share data presented as being indicative of the results that would have been achieved had ITC and Entergy's Transmission Business been combined during the period presented or of the future results of ITC following the transaction.

The following table presents certain historical and pro forma per share data for ITC:

	As of and for the Nine Months Ended September 30, 2012		As of and for the Year Ended December 31, 2011	
	Historical	Pro Forma (a)	Historical	Pro Forma (a)
	(unaudited)		(unaudited)	
<b>ITC:</b>				
<b>Earnings Per Share Data:</b>				
Basic	\$ 2.72	\$ 2.22	\$ 3.36	\$ 2.81
Diluted	\$ 2.68	\$ 2.21	\$ 3.31	\$ 2.79
<b>Weighted-average common stock outstanding:</b>				
Basic	50,748,257	104,040,021	50,289,905	103,581,669
Diluted	51,502,694	104,805,739	51,078,823	104,376,826
Book value per share of common stock	\$ 26.59	\$ 40.87	\$ 25.03	
Cash dividends declared per share of common stock	\$ 1.0825	\$ 1.0825	\$ 1.375	\$ 1.375

- (a) The share and per share information is based on the \$700 million recapitalization taking the form of a one-time special dividend to ITC's pre-merger shareholders. Refer to "The Financings ITC Recapitalization" for more information regarding the recapitalization and Note 6, "Common Stock Shares Outstanding" within the Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements for the share and per share impact of the \$700 million recapitalization in the form of a share repurchase of ITC common stock from its shareholders.

**Table of Contents****HISTORICAL MARKET PRICE DATA AND DIVIDEND INFORMATION****Historical Market Price Data**

Historical market price data for TransCo has not been presented because TransCo is currently a wholly-owned subsidiary of Entergy and its equity interests are not publicly traded.

ITC common stock is listed and traded on the NYSE under the symbol ITC. The following table sets forth, for the periods indicated, the high and low sales prices per share of ITC common stock, as reported on the NYSE. In addition, the table also sets forth the quarterly cash dividends per share declared by ITC with respect to its common stock. On February 22, 2013, the last practicable trading day prior to the date of this proxy statement/prospectus, there were 52,272,168 shares of ITC common stock outstanding.

	ITC		Dividends Declared
	High	Low	
<b>Calendar Year Ended December 31, 2010</b>			
First Quarter	\$ 56.04	\$ 50.75	\$ 0.3200
Second Quarter	\$ 56.66	\$ 21.80(a)	\$ 0.3200
Third Quarter	\$ 63.89	\$ 51.65	\$ 0.3350
Fourth Quarter	\$ 63.17	\$ 59.77	\$ 0.3350
<b>Calendar Year Ended December 31, 2011</b>			
First Quarter	\$ 70.28	\$ 61.76	\$ 0.3350
Second Quarter	\$ 74.67	\$ 67.46	\$ 0.3350
Third Quarter	\$ 78.89	\$ 64.88	\$ 0.3525
Fourth Quarter	\$ 81.90	\$ 70.00	\$ 0.3525
<b>Calendar Year Ended December 31, 2012</b>			
First Quarter	\$ 78.51	\$ 71.65	\$ 0.3525
Second Quarter	\$ 78.86	\$ 66.30	\$ 0.3525
Third Quarter	\$ 75.87	\$ 69.10	\$ 0.3775
Fourth Quarter	\$ 79.62	\$ 74.95	\$ 0.3775
<b>Calendar Year Ended December 31, 2013</b>			
First Quarter (through February 22, 2013)	\$ 82.56	\$ 76.72	\$ 0.3775

- (a) The low sales price per share for the quarter ended June 30, 2010 occurred on May 6, 2010, the day when security prices on the NYSE experienced an intraday decline of over 1,000 points within a few minutes before partially recovering. Excluding the sales price per share that occurred on May 6, 2010, the lowest sales price per share for the quarter ended June 30, 2010 was \$47.45.

The following table presents the last reported sale price of a share of ITC common stock, as reported on the NYSE on December 2, 2011, the last full trading day prior to the public announcement of the proposed transactions, and on February 22, 2013, the last practicable trading day prior to the date of this proxy statement/prospectus:

	ITC
December 2, 2011	\$ 73.78
February 22, 2013	\$ 82.11

**Dividend Policy**

The declaration and payment of dividends is subject to the discretion of the ITC board of directors and depends on various factors, including ITC's net income, financial condition, cash requirements, future prospects and other factors deemed relevant by the ITC board of directors. The debt agreements to which ITC is a party





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contain financial covenants that could limit ITC's ability to pay dividends, as well as covenants that prohibit ITC from paying dividends if ITC is in default under its revolving credit facilities. The ITC board of directors intends to adjust the dividend rate from time to time, subject to prevailing business conditions, applicable restrictions on dividend payments, the availability of capital resources and ITC's investment opportunities.

In connection with the transactions, prior to closing the merger, ITC expects to effectuate a \$700 million recapitalization, which may take the form of a one-time special dividend to ITC's pre-merger shareholders, a repurchase of ITC common stock from the ITC shareholders, or a combination of a one-time special dividend and a share repurchase. The decision regarding the form of the recapitalization remains in the sole discretion of the ITC board of directors and will be made closer to the closing of the merger.

Following the date of the merger agreement and prior to the effective time of the merger, ITC will not pay any dividends with respect to any shares of its capital stock other than (i) quarterly cash dividends not to exceed the amounts set forth on ITC's confidential disclosure letter, declared and paid in the ordinary course and with record dates and payment dates consistent with past practice, (ii) dividends payable by a wholly owned subsidiary of ITC to ITC or another wholly owned subsidiary and (iii) if elected, a one-time special dividend to ITC's pre-merger shareholders in accordance with the merger agreement.

For more information on ITC's dividend policy, see [The Transactions](#), [ITC's Dividend Policy](#) and [\\$700 Million Recapitalization](#).

**Table of Contents****SELECTED FINANCIAL STATEMENT DATA****Selected Historical Combined Financial Data of Entergy's Transmission Business**

Entergy's Transmission Business selected combined statement of income data for the three years ended December 31, 2011, 2010 and 2009 and combined balance sheet data as of December 31, 2011 and 2010 have been derived from Entergy's Transmission Business audited combined financial statements, included elsewhere in this proxy statement/prospectus. Entergy's Transmission Business selected combined balance sheet data as of December 31, 2009, 2008, and 2007 and its selected statements of income data presented below for the years ended December 31, 2008 and 2007 have been derived from Entergy's Transmission Business historical accounting records, which are unaudited and are not included in this proxy statement/prospectus. Entergy's Transmission Business selected combined statement of income data for the nine months ended September 30, 2012 and 2011 and selected combined balance sheet data as of September 30, 2012 have been derived from Entergy's Transmission Business unaudited condensed combined financial statements, included elsewhere in this proxy statement/prospectus. The selected historical combined financial data below is not necessarily indicative of the results that may be expected for any future period. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations for Entergy's Transmission Business and the financial statements of Entergy's Transmission Business and the notes thereto included elsewhere in this proxy statement/prospectus.

The financial information of Entergy's Transmission Business included in this proxy statement/prospectus has been derived from the financial statements and accounting records of Entergy and reflects assumptions and allocations made by Entergy. The financial position, results of operations and cash flows of Entergy's Transmission Business presented may be different from those that would have resulted had Entergy's Transmission Business been operated as a stand-alone company. Additionally, the financial position, results of operations and cash flows of Entergy's Transmission Business presented reflect its existing state and local jurisdictional rate regulation as a component of the Utility Operating Companies, as compared to the FERC rate regulation expected for Entergy's Transmission Business under ITC's ownership. As a result, the historical financial information of Entergy's Transmission Business is not a reliable indicator of future results. See Risk Factors.

(In thousands)	Entergy's Transmission Business						
	Nine Months Ended September 30,		Year Ended December 31,				
	2012 (unaudited)	2011	2011	2010	2009	2008 (unaudited)	2007 (unaudited)
<b>Statement of Income Data:</b>							
<b>Operating revenues</b>	\$ 498,942	\$ 505,721	\$ 652,792	\$ 631,742	\$ 582,847	\$ 569,507	\$ 569,998
<b>Operating expenses</b>							
Operation and maintenance	167,226	159,727	218,929	212,113	186,734	189,959	168,151
Depreciation and amortization	108,286	97,966	132,302	127,738	110,294	97,287	94,908
Taxes other than income taxes	37,670	34,148	45,751	42,052	38,346	36,473	33,668
Total operating expenses	313,182	291,841	396,982	381,903	335,374	323,719	296,727
<b>Operating income</b>	185,760	213,880	255,810	249,839	247,473	245,788	273,271
<b>Other expenses (income)</b>							
Interest expense	59,959	47,003	63,247	79,041	79,734	70,782	59,415
Allowance for equity funds used during construction	(8,112)	(7,714)	(15,122)	(8,388)	(6,195)	(8,439)	(11,894)
Other expense (income)	(1,069)	(1,907)	(1,599)	1,459	(4,697)	(12,921)	(2,608)
Total other expenses (income)	50,778	37,382	46,526	72,112	68,842	49,422	44,913
<b>Income before income taxes</b>	134,982	176,498	209,284	177,727	178,631	196,366	228,358
<b>Income taxes</b>	41,007	65,593	74,460	67,166	68,205	72,265	84,362
<b>Net income</b>	\$ 93,975	\$ 110,905	\$ 134,824	\$ 110,561	\$ 110,426	\$ 124,101	\$ 143,996



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	Entergy's Transmission Business					
	As of September 30, 2012 (unaudited)	2011	2010	As of December 31, 2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
<b>Balance Sheet Data:</b>						
Property, plant and equipment net	\$ 3,885,501	\$ 3,666,387	\$ 3,369,025	\$ 3,134,123	\$ 2,981,331	\$ 2,825,203
Total assets	\$ 4,250,604	\$ 4,015,404	\$ 3,669,588	\$ 3,450,333	\$ 3,308,492	\$ 3,160,214
Long-term debt						

**Selected Consolidated Historical Financial Data of ITC**

The selected consolidated financial data presented below have been derived from, and should be read together with, ITC's consolidated financial statements and the accompanying notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations and Selected Financial Data sections included in ITC's Annual Report on Form 10-K, as amended by the Annual Report on Form 10-K/A, for the year ended December 31, 2011 and in ITC's Quarterly Report on Form 10-Q for the nine months ended September 30, 2012, which are incorporated by reference into this proxy statement/prospectus. The summary consolidated financial data below is not necessarily indicative of the results that may be expected for any future period. To find out where you can obtain copies of ITC's documents that have been incorporated by reference, see Where You Can Find More Information; Incorporation By Reference.

	ITC (a)						
	Nine Months Ended September 30, 2012 (unaudited)		2011	Year Ended December 31,			2007
(In thousands)	2012	2011	2011	2010	2009	2008	2007
<b>Statement of Operations Data:</b>							
<b>Operating revenues</b>	\$ 608,889	\$ 555,787	\$ 757,397	\$ 696,843	\$ 621,015	\$ 617,877	\$ 426,249
<b>Operating expenses</b>							
Operation and maintenance (b)	90,314	92,486	129,288	126,528	95,730	113,818	81,406
General and administrative (b) (c) (d)	78,791	54,915	82,790	78,120	69,231	81,296	62,089
Depreciation and amortization (e)	78,453	70,338	94,981	86,976	85,949	94,769	67,928
Taxes other than income taxes (f)	44,186	39,620	53,430	48,195	43,905	41,180	33,340
Other operating income and expense net	(586)	(611)	(844)	(297)	(667)	(809)	(688)
Total operating expenses	291,158	256,748	359,645	339,522	294,148	330,254	244,075
<b>Operating income</b>	317,731	299,039	397,752	357,321	326,867	287,623	182,174
<b>Other expenses (income)</b>							
Interest expense	116,918	110,002	146,936	142,553	130,209	122,234	81,863
Allowance for equity funds used during construction	(15,800)	(12,078)	(16,699)	(13,412)	(13,203)	(11,610)	(8,145)
Loss on extinguishment of debt					1,263		349
Other income	(2,171)	(2,136)	(2,881)	(2,340)	(2,792)	(3,415)	(3,457)
Other expense	2,473	3,063	3,962	2,588	2,918		