



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
--	--	--	--	1.37	2.06	1.76	3.31	4.15	4.13	4.58	4.92	5.30	5.98	6.59	6.84	<b>7.80</b>	<b>8.85</b>	Revenues per sh	11.75
--	--	--	--	.35	.68	.58	1.10	1.37	1.44	1.53	1.73	1.88	2.24	2.40	2.54	<b>2.95</b>	<b>3.35</b>	"Cash Flow" per sh	4.50
--	--	--	--	.03	.35	.31	.56	.73	.86	.95	1.10	1.20	1.47	1.54	1.56	<b>1.85</b>	<b>2.15</b>	Earnings per sh <sup>A</sup>	2.75
--	--	--	--	--	.18	.36	.38	.40	.42	.44	.46	.49	.54	.61	.70	<b>.81</b>	<b>.93</b>	Div'd Decl'd per sh <sup>B</sup> †	1.30
--	--	--	--	.83	1.19	1.32	2.23	2.70	2.69	2.55	3.62	5.12	5.22	4.73	4.48	<b>6.50</b>	<b>6.70</b>	Cap'l Spending per sh	6.75
--	--	--	--	2.14	2.64	4.18	4.37	6.24	6.73	7.34	8.18	9.03	10.25	10.76	11.19	<b>12.25</b>	<b>13.55</b>	Book Value per sh <sup>C</sup>	18.00
--	--	--	--	92.04	99.69	127.19	128.75	148.96	150.25	152.15	153.97	156.75	157.50	155.14	152.70	<b>154.00</b>	<b>155.00</b>	Common Shs Outst'g <sup>D</sup>	158.00
--	--	--	--	--	26.3	33.0	27.6	23.2	17.1	20.0	21.4	20.7	20.4	23.8	22.8	<b>20.5</b>	<b>20.5</b>	Avg Ann'l P/E Ratio	20.5
--	--	--	--	--	1.40	1.78	1.47	1.40	1.14	1.27	1.34	1.32	1.15	1.25	1.15	<b>1.30</b>	<b>1.30</b>	Relative P/E Ratio	1.30
--	--	--	--	--	1.9%	3.5%	2.4%	2.3%	2.8%	2.3%	1.9%	2.0%	1.8%	1.7%	2.0%	<b>2.3%</b>	<b>2.3%</b>	Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 6/30/16				2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC		19-21
Total Debt \$4598.1 mill. Due in 5 Yrs \$1725.2 mill.				223.6	426.2	617.9	621.0	696.8	757.4	830.5	941.3	1023.0	1044.8	1200	1370	1875	1875	Revenues (\$mill)		1875
LT Debt \$4146.9 mill. LT Interest \$185.0 mill.				33.2	73.3	109.2	130.9	145.7	171.7	187.9	233.5	244.1	242.4	290	335	460	460	Net Profit (\$mill)		460
(LT interest earned: 2.6x)				29.2%	33.3%	38.1%	37.2%	36.1%	35.6%	36.6%	33.7%	38.1%	36.9%	<b>38.0%</b>	<b>38.0%</b>	Income Tax Rate		38.0%		38.0%
Pension Assets-12/15 \$58.1 mill.				15.0%	14.7%	13.8%	13.1%	11.9%	12.5%	16.0%	16.3%	10.6%	14.4%	<b>14.0%</b>	<b>12.0%</b>	AFUDC % to Net Profit		9.0%		9.0%
Oblig \$97.2 mill.				70.3%	72.4%	70.8%	70.6%	69.1%	67.8%	63.8%	67.9%	70.2%	70.4%	<b>69.5%</b>	<b>67.0%</b>	Long-Term Debt Ratio		64.5%		64.5%
Pfd Stock None				29.7%	27.6%	29.2%	29.4%	30.9%	32.2%	36.2%	32.1%	29.8%	29.6%	<b>30.5%</b>	<b>33.0%</b>	Common Equity Ratio		35.5%		35.5%
Common Stock 153,372,055 shs. as of 7/22/16				1794.5	2041.5	3177.3	3445.9	3614.3	3903.9	3910.2	5025.8	5598.1	5770.0	<b>6200</b>	<b>6395</b>	Total Capital (\$mill)		8050		8050
MARKET CAP: \$7.1 billion (Large Cap)				1197.9	1960.4	2304.4	2542.1	2872.3	3415.8	4134.6	4846.5	5496.9	6109.6	<b>6945</b>	<b>7805</b>	Net Plant (\$mill)		10175		10175
CURRENT POSITION (\$MILL.)				3.0%	5.7%	5.4%	5.7%	6.1%	6.3%	6.7%	6.2%	6.0%	5.9%	<b>6.0%</b>	<b>6.0%</b>	Return on Total Cap'l		7.0%		7.0%
Cash Assets				6.2%	13.0%	11.8%	12.9%	13.0%	13.6%	13.3%	14.5%	14.6%	14.2%	<b>15.5%</b>	<b>16.0%</b>	Return on Shr. Equity		16.0%		16.0%
Receivables				6.2%	13.0%	11.8%	12.9%	13.0%	13.6%	13.3%	14.5%	14.6%	14.2%	<b>15.5%</b>	<b>16.0%</b>	Return on Com Equity <sup>E</sup>		16.0%		16.0%
Inventory (FIFO)				NMF	4.5%	5.4%	6.8%	7.1%	8.0%	8.0%	9.3%	8.9%	7.8%	<b>9.0%</b>	<b>9.0%</b>	Retained to Com Eq		9.0%		9.0%
Other				115%	66%	54%	48%	45%	41%	40%	36%	39%	45%	<b>43%</b>	<b>43%</b>	All Div'ds to Net Prof		45%		45%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	217.3	229.8	238.8	255.4	941.3
2014	258.6	263.2	270.1	231.1	1023.0
2015	272.5	275.1	273.2	224.0	1044.8
2016	280.1	298.0	<b>306.9</b>	<b>315</b>	<b>1200</b>
2017	<b>335</b>	<b>340</b>	<b>345</b>	<b>350</b>	<b>1370</b>

  

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.32	.30	.37	.48	1.47
2014	.43	.34	.47	.30	1.54
2015	.43	.46	.42	.24	1.56
2016	.42	.46	<b>.48</b>	<b>.49</b>	<b>1.85</b>
2017	<b>.50</b>	<b>.55</b>	<b>.55</b>	<b>.55</b>	<b>2.15</b>

  

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup> †				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.1175	.1175	.126	.126	.49
2013	.126	.126	.1425	.1425	.54
2014	.1425	.1425	.1625	.1625	.61
2015	.1625	.1625	.1875	.1875	.70
2016	.1875	.1875	.2155		

**The acquisition of ITC Holdings is progressing.** Fortis, a Canadian company with utilities in the U.S., would pay US\$22.57 in cash plus .752 of a Fortis share for each ITC share. The Fortis shares trade on a Canadian exchange, so the value of the deal will fluctuate based not only on the price of Fortis stock, but on the exchange rate between the U.S. and Canadian dollars. The transaction is now valued at almost \$47.00 a share. Each company's stockholders have approved the combination, as have the regulators in Oklahoma and Illinois. The Federal Energy Regulatory Commission (FERC) and the commissions in three other states must still rule on the deal. The companies expect it to be completed by yearend.

**We advise ITC holders to sell their shares on the open market.** The recent price is just 2% below the value of the buyout, so there isn't much upside potential for ITC holders. There is downside risk if the deal fails to win regulatory approval, however. The Timeliness rank of ITC stock is suspended due to the pending acquisition.

**ITC is taking charges associated with**

**the Fortis deal and for the possible refund of previously collected revenues.** Merger-related costs reduced earnings by \$0.14 a share in the first half of 2016. More significantly, over the past several quarters, the company has been taking reserves for the probable refund of previously collected revenues. This lowered profits by \$0.11 a share in the first two quarters of 2016. Transmission users have filed two complaints with FERC against transmission owners in the Midwest, contending that allowed returns on equity are too high and should be reduced. An administrative law judge has recommended cuts in the allowed ROEs, but FERC has yet to rule on either complaint. Each percentage point reduction in ITC's allowed ROE would reduce the company's earning power by \$30 million after taxes.

**The board of directors has raised the dividend.** The increase was \$0.11 a share (14.9%) annually. However, unlike most utilities, ITC's dividend yield is still below the market median. Of course, ITC is not like other utilities, being the sole publicly traded transmission-only company.

*Paul E. Debbas, CFA September 16, 2016*

(A) Diluted earnings. '15 earnings don't add to full-year total due to rounding. Next earnings report due late Oct. (B) Dividends historically paid in early March, June, Sept., and Dec. (C) Dividend reinvestment plan available. † Shareholder investment plan available. (C) Incl. intangibles. In '15: \$1.26 billion, \$8.24/sh. (D) In millions, adjusted for stock split. (E) Rates allowed on common equity: 12.16%-13.88%. Earned on avg. com. eq., '15: 14.2%. Regulatory Climate: Above Average.

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