



Conjunction Receives Funding to Upgrade New York Power Grid

Empire Connection Will Improve Reliability and Save New Yorkers More Than \$600 Million Annually

New York, NY, Ann Arbor, MI and Albany, NY, Ann Arbor, MI and Albany, NY, September 9, 2003 - ITC Holdings Corp. has agreed to make an investment in Conjunction LLC, to facilitate the construction of Conjunction's Empire Connection project. Kohlberg Kravis Roberts & Co. (KKR) and Trimaran Capital Partners, through a limited partnership, will be the primary equity sources for the project. Empire Connection will carry up to 2,300 megawatts of low-cost power from upstate New York, New England and Canada to the energy-hungry New York City metropolitan area.

The investment will help fund and bring the project to fruition, and leverage ITC Holdings' experience, expertise and resources in the electric transmission industry. ITC Holdings is the parent of International Transmission Company, a leading independent transmission company based in Michigan. KKR and Trimaran Capital Partners are the principal equity investors in ITC Holdings.

With the creation of independent transmission companies, transmission super-highways like Empire Connection can now move forward to rebuild this country's power grid. The recent blackout in the Northeast and Midwest, affecting 50 million electric customers in New York, Ohio, Michigan and Canada, is evidence such projects are critical and long overdue. "ITC Holdings brings vital management resources to the project, while KKR and Trimaran provide the financial sponsorship to give us the wherewithal to complete Empire Connection," said Steve Mitnick, CEO of Conjunction.

"This opportunity to participate in the Empire Connection project is exactly what we're about," said Joseph Welch, CEO of ITC Holdings. "It reflects our focus on investments in infrastructure and engineering solutions that result in greater efficiency in the flow of electricity, better system reliability and lower overall energy costs."

The approximate \$700 million Empire Connection project is comprised of two circuits along railroad and highway rights-of-way some 130 miles from upstate New York to New York City. Conjunction is already considering a possible third circuit of 1,150 megawatts to further bridge the transmission bottlenecks in New York State.

Conjunction estimates Empire Connection will save New York City and Westchester County residents and businesses more than \$600 million per year in electric costs starting in 2006, when the project comes online. Empire Connection makes the power supply for downstate more secure and provides environmental benefits, including a reduction in power plant emissions. Riverkeeper and Natural Resources Defense Council have recently endorsed the project.

Federal Energy Regulatory Commission approval is needed as a condition to closing of the investment by ITC Holdings. Conjunction will soon submit its application to the New York Public Service Commission to obtain approval necessary for construction of the Empire Connection project.

Conjunction LLC, based in Albany, New York, is dedicated to building transmission super-highways to bridge transmission bottlenecks with low-cost, clean and reliable power using direct current cable principally.

Over the last 15 months, Conjunction has worked closely with the state government of New York and the New York power industry to finalize the construction plan for Empire Connection. For additional information, please visit www.conjunctionllc.com and www.empireconnection.com.

ITC Holdings is a stand alone, independent electric transmission company focused on identifying, building and maintaining high voltage electric transmission facilities to bring greater efficiency and lower overall delivered cost of energy to customers. ITC Holdings' principal operating subsidiary, International Transmission Company, is responsible for operating and maintaining over 2,500 miles of overhead and underground high voltage transmission facilities in Southeast Michigan.

KKR is a private investment firm headquartered in New York; Menlo Park, Calif.; and London. Since its founding in 1976, KKR has completed more than 100 transactions involving more than \$100 billion of total financing. For more information, visit www.kkr.com.

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