

ITC Holdings Corp.  
Form DEFR14A  
April 21, 2011

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. 1)**

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

**ITC Holdings Corp.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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(02-02)

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**27175 ENERGY WAY  
NOVI, MICHIGAN 48377**

**April 21, 2011**

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders, which will be held on Thursday, May 26, 2011, at 9:00 a.m. local time at our corporate headquarters located at 27175 Energy Way, Novi, Michigan. After the formal business session, there will be a report to the shareholders on the state of the Company and a question and answer session.

The attached notice and proxy statement describe the items of business to be transacted at the meeting. Your vote is important, regardless of the number of shares you own. I urge you to vote now, even if you plan to attend the Annual Meeting. You can vote your shares in person, or by phone, Internet or mail. Follow the instructions on the enclosed proxy card. If you receive more than one proxy card, please vote each card. Remember, you can always vote in person at the Annual Meeting even if you do so now, provided you are a shareholder of record or have a legal proxy from a shareholder of record.

Sincerely,

ITC HOLDINGS CORP.

Joseph L. Welch  
Chairman, President and Chief Executive Officer

Novi, Michigan  
April 21, 2011

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SECOND AMENDED AND RESTATED  
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**27175 ENERGY WAY  
NOVI, MICHIGAN 48377  
(248) 946-3000**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 26, 2011**

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of ITC Holdings Corp. will be held at our corporate headquarters located at 27175 Energy Way, Novi, Michigan 48377, on May 26, 2011, at 9:00 a.m. Eastern Daylight Time, for the following purposes:

- (1) To elect a Board of Directors to serve until the next annual meeting of shareholders;
- (2) To act upon a non-binding proposal to approve the compensation of the Company's named executive officers;
- (3) To act upon a non-binding proposal to recommend the frequency of shareholder advisory votes on the compensation of the Company's named executive officers;
- (4) To act upon a proposal to approve an amendment and restatement of our Amended and Restated 2006 Long Term Incentive Plan extending the term of the plan for an additional four years and ratifying the performance measures available under the plan;
- (5) To act upon a proposal to approve an amendment to our Employee Stock Purchase Plan to provide for an extension of the term of the plan for an additional four years;
- (6) To act upon a proposal to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accountants for the fiscal year ended December 31, 2011; and
- (7) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on April 12, 2011 are entitled to vote at the Annual Meeting.

**YOUR VOTE IS IMPORTANT. PLEASE VOTE ON THE ENCLOSED PROXY CARD NOW EVEN IF YOU PLAN TO ATTEND THE ANNUAL 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 ANNUAL 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.**

By Order of the Board of Directors,

/s/ Wendy A. McIntyre  
Wendy A. McIntyre

Secretary

Novi, Michigan

April 21, 2011

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**ITC Holdings Corp.  
27175 Energy Way  
Novi, Michigan 48377  
(248) 946-3000**

**April 21, 2011**

**PROXY STATEMENT**

The Board of Directors is furnishing this proxy statement in connection with its solicitation of proxies for use at our 2011 Annual Meeting of Shareholders, and at any and all adjournments and postponements thereof, for the purposes set forth in the accompanying notice. References in this proxy statement to the Company, we, our and us are to ITC Holdings Corp., a Michigan corporation. We intend to begin mailing this proxy statement, the attached Notice of Annual Meeting and the accompanying proxy card to shareholders on or about April 21, 2011. The following are questions and answers that convey important information regarding the Annual Meeting and how to vote your shares.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**1. Q: Who may vote?**

A: Shareholders of our common stock as of the close of business on the record date of April 12, 2011 are entitled to vote at the Annual Meeting. Our common stock is our only class of outstanding voting securities.

**2. Q: What am I voting on?**

A: You are being asked to vote on the election of directors to serve until the 2012 annual meeting of shareholders. You are also being asked to vote on certain other matters listed in the notice of annual meeting.

**3. Q: When and where will the Annual Meeting be held?**

A: The meeting will be held at 9:00 a.m. Eastern Daylight Time on Thursday, May 26, 2011 at our corporate headquarters located at 27175 Energy Way, Novi, Michigan 48377.

**4. Q: What is the difference between a shareholder of record and a beneficial owner?**

A. You are considered a shareholder of record if your shares are registered directly in your name with our transfer agent (Computershare Trust Company, N.A.). The proxy statement, proxy card and annual report are being mailed directly to you. Whether or not you plan to attend the Annual Meeting, we urge you to vote your proxy card to ensure that your vote is counted.

You are considered a beneficial owner if your shares are held in a stock brokerage account or by a bank or other nominee. This is also commonly referred to as holding shares in street name. The proxy statement, annual report and a vote instruction card have been forwarded to you by your broker, bank or nominee who is considered, with respect to your shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the vote instruction card included in the mailing. You are also invited to attend the Annual Meeting. However, since as a beneficial owner you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and

obtain a legal proxy from your bank, broker or other agent or nominee.

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**5. Q: How do I cast my vote?**

A: There are four different ways you may cast your vote this year if you are a shareholder of record. You may vote by:

(1) *Telephone*, using the toll-free number 1-800-652-VOTE (8683), which is also listed on each proxy card. Please follow the instructions on your proxy card. If you vote using the telephone, do not mail in your proxy card.

(2) *Internet*, go to the voting site at [www.investorvote.com](http://www.investorvote.com) and follow the instructions outlined on the secured website using certain information provided on the front of the proxy card. If you vote using the Internet, do not mail in your proxy card.

(3) *Signing, dating and mailing* each proxy card or vote instruction card and returning it in the envelope provided.

(4) *Attending the Annual Meeting* and voting in person if you are a shareholder of record or if you are a beneficial owner and have a legal proxy from the shareholder of record.

If you hold your shares in street name you will need to obtain a vote instruction form from the institution that holds your shares and follow the voting instructions given by that institution.

**6. Q: How do I vote if I attend the Annual Meeting?**

A: If you are a shareholder of record, you can attend the Annual Meeting and vote in person the shares you hold directly in your name. If you choose to do that, please bring a copy of the enclosed proxy card or other proof of identification as a shareholder. If you want to vote in person at our Annual Meeting and you hold our common stock through a bank, broker or other agent or nominee, you must obtain a power of attorney or other proxy authority from that organization and bring it to our Annual Meeting. Follow the instructions from your bank, broker or other agent or nominee included with these proxy materials, or contact your bank, broker or other agent or nominee to request a power of attorney or other proxy authority. If you vote in person at the Annual Meeting, you will revoke any prior proxy you may have submitted.

**7. Q: How do I revoke or change my vote?**

A: You may revoke your proxy and change your vote at any time prior to voting at the Annual Meeting by:

(1) notifying our Corporate Secretary in writing;

(2) voting again by telephone or Internet (prior to May 25, 2011 at 11:59 p.m. Eastern Daylight Time), since only your latest vote will be counted;

(3) signing and returning, prior to the Annual Meeting, another proxy card that is dated after the date of your first proxy card; or

(4) voting in person at the Annual Meeting (if you are a shareholder of record or have a legal proxy from a shareholder of record).

Attendance at the Annual Meeting will not, by itself, revoke your proxy or change your vote. If your shares are held in street name, you must contact your broker or nominee to revoke your proxy.

**8. Q: How many shares can vote at the Annual Meeting?**

A: As of the record date, 51,036,866 shares of our common stock were outstanding. Every shareholder of common stock is entitled to one vote for each share held.

**9. Q: What is a quorum ?**

A: A quorum is the number of shares that must be present, in person or by proxy, in order for business to be transacted at the meeting. The required quorum for the Annual Meeting is a majority of the shares outstanding and entitled to vote as of the record date. There must be a quorum present for the meeting to

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be held. All shares represented at the Annual Meeting in person or by proxy (including those voted by telephone or Internet) will be counted toward the quorum.

**10. Q: Who will count the vote?**

A: A representative from Computershare Trust Company, N.A., our transfer agent, will count the votes and act as inspector of election.

**11. Q: Who can attend the Annual Meeting?**

A: All shareholders who owned shares on April 12, 2011 may attend. Please indicate that you plan to attend by checking the box on your proxy card or vote instruction card, or pressing the appropriate key if voting by telephone or Internet.

**12. Q: How will the voting on any other business be conducted?**

A: If any other business is properly presented at the Annual Meeting, Cameron M. Bready and Daniel J. Oginsky, officers of the Company and the named proxies, generally will have authority to vote your shares voted on our proxy card on such matters in their discretion.

**13. Q: How is my proxy tabulated if I sign and date my proxy card but do not indicate how I want to vote?**

A: If you do not indicate on the proxy card how you want your votes cast, the named proxies (Mr. Bready or Mr. Oginsky, as your representatives) will vote your shares FOR all of the nominees for director listed in the proxy card, FOR a recommendation of three years with regard to the frequency of shareholder advisory votes on the compensation of the named executive officers, FOR the ratification of Deloitte & Touche LLP to act as our independent registered public accountants, FOR the other proposals set forth in this proxy statement and FOR any other matters presented by the Board for action at the Annual Meeting.

**14. Q: Will my shares be voted if I do not sign and return my proxy card or vote by telephone or Internet?**

A: If your shares are held in street name, your brokerage firm may either vote your shares on routine matters (such as ratification of appointment of registered independent public accountants) or leave your shares unvoted. We encourage you to provide instructions to your brokerage firm by completing the vote instruction form that they send to you. This enables your shares to be voted at the meeting as you direct. Your brokerage firm must receive instructions from you in order to vote your shares on the election of directors and all other matters specified for action in this proxy statement other than the ratification of Deloitte & Touche LLP to act as our independent registered public accountants and matters brought before the meeting that are not specified in this proxy statement.

If you are a shareholder of record and do not vote your proxy by telephone, Internet, mail or vote your shares in person at the Annual Meeting, your shares will not be voted.

**15. Q: Who pays the cost of the solicitation of proxies?**

A: The cost of soliciting proxies by our Board, including the preparation, assembly, printing and mailing of this proxy statement and any additional materials furnished to our shareholders, will be borne by the Company. Proxies will be solicited primarily by mail and may also be solicited by directors, officers and other employees of the Company without additional compensation. Copies of solicitation material will be furnished

to banks, brokerage houses and other agents holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to these beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding the solicitation material to the beneficial owners. The Company has requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward all solicitation materials to the beneficial owners of the shares they hold of record.

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDER MEETING TO BE HELD ON MAY 26, 2011**

The proxy statement and annual report to shareholders are available at the following website:  
<http://itc.client.shareholder.com/annuals.cfm>. The means to vote by Internet are available by accessing  
[www.investorvote.com](http://www.investorvote.com) and following the instructions provided on the secure website using certain information  
provided on the front of the proxy card. Directions to attend the meeting in person may be obtained by contacting us at  
(248) 946-3000.

**IMPORTANT NOTICE REGARDING DELIVERY OF  
ANNUAL REPORT AND PROXY STATEMENT**

To reduce the expenses of delivering duplicate materials to our shareholders, we are taking advantage of householding  
rules that permit us to deliver only one set of proxy solicitation materials and our Annual Report for the fiscal year  
ended December 31, 2010 to shareholders who share the same address, unless otherwise requested. Each shareholder  
retains a separate right to vote on all matters presented at the meeting.

If you share an address with another shareholder and have received only one set of materials, you may write or call us  
to request a separate copy of these materials at no cost to you. For future annual meetings, you may request separate  
materials or request that we only send one set of materials to you if you are receiving multiple copies by writing to us  
at ITC Holdings Corp., Attn: Corporate Secretary, 27175 Energy Way, Novi, Michigan 48377, or calling us at  
(248) 946-3000.

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The following table sets forth certain information regarding the ownership of our common stock as of March 1, 2011, except as otherwise indicated, by:

each current director;

each director nominee;

each of the persons named in the Summary Compensation Table under Compensation of Executive Officers and Directors ;

all current directors and executive officers as a group; and

each person who is known by us to own beneficially 5% or more of our 50,766,886 outstanding shares of common stock, each of whom we refer to as a 5% Owner.

The number of shares beneficially owned is determined under rules of the Securities and Exchange Commission, or SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire on March 1, 2011 or within 60 days thereafter through the exercise of any stock option or other right.

Unless otherwise indicated, each holder has sole investment and voting power with respect to the shares set forth in the following table:

| <b>Name of Beneficial Owner</b>  | <b>Number of Shares<br/>Beneficially Owned(1)</b> | <b>Percent of Class</b> |
|--|---|-------------------------|
| Joseph L. Welch  | 1,289,767   | 2.54%                   |
| Cameron M. Bready  | 29,018  | *                       |
| Edward M. Rahill   | 137,126   | *                       |
| Linda H. Blair   | 194,679   | *                       |
| Jon E. Jipping   | 75,786  | *                       |
| Edward G. Jepsen   | 57,616  | *                       |
| Richard D. McLellan  | 5,381   | *                       |
| William J. Museler   | 5,165   | *                       |
| Hazel R. O Leary   | 5,165   | *                       |
| G. Bennett Stewart, III  | 6,529   | *                       |
| Lee C. Stewart   | 7,444   | *                       |
| All current directors and executive officers as a group (12 persons)                       | 1,915,680   | 3.77%                   |
| BlackRock, Inc.(2)   | 3,377,318   | 6.65%                   |
| Baron Capital Group, Inc., BAMCO, Inc., Baron Capital Management, Inc. and Ronald Baron(3) | 4,672,090   | 9.20%                   |
| Neuberger Berman Group LLC and Neuberger Berman LLC(4)                                     | 2,585,387   | 5.09%                   |

\* Less than one percent

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- (1) Includes restricted shares subject to forfeiture to us under certain circumstances, shares that may be acquired upon exercise of options that are currently exercisable or become exercisable prior to April 30, 2011 and shares pledged by the holder as security for loans, as set forth below:

| <b>Name</b>                                     | <b>Restricted<br/>Shares</b> | <b>Option<br/>Shares</b> | <b>Shares Pledged As<br/>Security</b> |
|---|------------------------------|--------------------------|---------------------------------------|
| Joseph L. Welch                                 | 41,867                       | 1,055,138                |                                       |
| Cameron M. Bready                               | 20,134                       | 8,884                    |                                       |
| Edward M. Rahill                                | 10,275                       | 66,475                   | 30,000                                |
| Linda H. Blair                                  | 13,366                       | 149,912                  |                                       |
| Jon E. Jipping                                  | 13,312                       | 62,474                   |                                       |
| Edward G. Jepsen                                | 3,881                        |                          | 3,579                                 |
| Richard D. McLellan                             | 3,881                        |                          |                                       |
| William J. Museler                              | 3,881                        |                          |                                       |
| Hazel R. O Leary                                | 3,881                        |                          |                                       |
| G. Bennett Stewart, III                         | 3,881                        |                          |                                       |
| Lee C. Stewart                                  | 3,881                        |                          |                                       |
| All directors and executive officers as a group | 130,680                      | 1,413,653                | 56,373                                |

- (2) Based on information contained in a Schedule 13G filed on February 2, 2011, with information as of December 31, 2010. The business address of BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.
- (3) Based on information contained in a Schedule 13G/A filed on February 14, 2011, with information as of December 31, 2010, Baron Capital Group, Inc., or BCG, and Ronald Baron are parent holding companies and disclaim beneficial ownership of shares held by their controlled entities to the extent such shares are held by persons other than BCG or Mr. Baron. BAMCO, Inc. and Baron Capital Management, Inc., or BCM, are registered investment advisors and subsidiaries of BCG. Mr. Baron owns a controlling interest in BCG. BCG and Mr. Baron have shared voting power with respect to 4,517,967 shares, as well as shared dispositive power with respect to and beneficial ownership of 4,834,937 shares. BAMCO has shared voting power with respect to 4,361,620 shares, as well as shared dispositive power with respect to and beneficial ownership of 4,672,090 shares. BCM has shared voting power with respect to 156,347 shares, as well as shared dispositive power with respect to and beneficial ownership of 162,847 shares. The business address of BCG, BAMCO, BCM and Mr. Baron is 767 Fifth Avenue, 49th Floor, New York, NY 10153.
- (4) Based on information contained in a Schedule 13G filed on February 14, 2011, with information as of December 31, 2010, Neuberger Berman Group LLC and Neuberger Berman LLC have shared voting power with respect to 2,314,546 shares, as well as shared dispositive power with respect to 2,585,387 shares. The business address of Neuberger Berman Group LLC and Neuberger Berman LLC is 605 Third Avenue, New York, NY 10158.

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**ELECTION OF DIRECTORS**

**Background**

Our Bylaws provide for the election of directors at each annual meeting of shareholders. Each director serves until the next annual meeting and until his or her successor is elected and qualified, or until his or her resignation or removal. Directors are elected by a plurality of the votes cast, so that only votes cast for directors are counted in determining which directors are elected. The size of our Board is currently set at seven directors and there are seven nominees for election. Therefore, the seven directors receiving the most votes for will be elected. Broker non-votes and withheld votes will be treated as shares present for purposes of determining the presence of a quorum but will have no effect on the vote for the election of directors. Information with respect to the seven nominees proposed for election is set forth below.

The Board of Directors recommends a vote FOR each of the director nominees. **The persons named in the accompanying proxy card will vote for the election of the nominees named in this proxy statement unless shareholders specify otherwise in their proxies.** If any nominee at the time of election is unable to serve, or otherwise is unavailable for election, and if other nominees are designated by the Board of Directors, the persons named as proxy holders on the accompanying proxy card intend to vote for such nominees. Management is not aware of the existence of any circumstance which would render the nominees named below unavailable for election. All of the nominees are currently directors of the Company.

**Nominees For Directors**

Set forth below are the names and ages of the nominees. **THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.**

*Edward G. Jepsen, 67.* Mr. Jepsen became a Director of the Company in July 2005. Since December 2010, Mr. Jepsen has served as the Chairman and CEO of Coburn Technologies, Inc, a privately held manufacturer and servicer of ophthalmic lens processing equipment. Mr. Jepsen currently serves as a director and is chair of the audit committee and a member of the compensation committee of the board of directors of Amphenol Corporation, a publicly traded manufacturer of electrical, electronic and fiber optic connectors, interconnect systems and cable. Mr. Jepsen served as Executive Vice President and Chief Financial Officer of Amphenol Corporation from 1989 to 2004. Prior to joining Amphenol Corporation, Mr. Jepsen worked at Price Waterhouse LLP from 1969 to 1988, ultimately attaining the position of partner. The Board selected Mr. Jepsen to serve as a director because of the expansive financial and accounting experience he obtained as a chief financial officer and Certified Public Accountant. Mr. Jepsen is an audit committee financial expert as defined in applicable SEC and NYSE rules.

*Richard D. McLellan, 68.* Mr. McLellan became a Director of the Company in November 2007. Mr. McLellan retired in April 2007 after 25 years as the director of the government policy department for the law firm of Dykema Gossett PLLC. He continues to consult and provide limited legal services to select clients under the name McLellan Law Offices. Mr. McLellan is currently chairman of the Michigan Law Revision Commission, a position he has held since 1986, and Chairman of the Board for the Council for Africa Infrastructure Development. Mr. McLellan has served as an Independent Trustee for Jackson National Life Series Trust, an open-ended variable annuity equity fund launched and managed by Jackson National Asset Management, LLC since December 2003. From June 2007 through December 2010, he was Special Counsel to the Chairman of the Michigan House Appropriations Committee. Mr. McLellan previously served two terms as a member of the Board of Commissioners of the State Bar of Michigan and served on the Board of Trustees of the Michigan State University College of Law. He is a member of the Advisory Board for the Michigan State University James H. and Mary B. Quello Center for Telecommunications

Management and Law and teaches as an adjunct professor at Michigan State University's Department of Advertising, Public Relations and Retailing. The Board selected Mr. McLellan to serve as a director because of his extensive knowledge of public policy matters as well as his decades of experience in the practice of law.

*William J. Museler, 70.* Mr. Museler is an independent energy consultant. He became a Director of the Company in November 2006. Previously, he served as president and CEO of the New York Independent System Operator from 1999 to 2005. Prior to his service at NYISO, Mr. Museler held senior positions at the Tennessee Valley Authority from 1991 to 1999, Long Island Lighting Company from 1973 to 1991 and Brookhaven National Laboratory from 1967 to 1973. He has served as a federal representative for the North American Electric Reliability Council and as chairman of the Southeastern Electric Reliability Council. He was a member of the Secretary of Energy's Energy Advisory Board from 2001 to 2005 and is currently a director of the Independent Electric System

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Operator in Toronto, Ontario, Canada. The Board selected Mr. Museler to serve as a director due to his lifelong career in the utility industry, as well as his invaluable experience with electric reliability matters.

*Hazel R. O Leary, 73.* Ms. O Leary became a Director of the Company in July 2007. Since 2004, Ms. O Leary has served as the President of Fisk University in Nashville, Tennessee and she currently serves on the boards of directors of the Nashville Alliance for Public Education, Nashville Business Community for the Arts, World Wildlife Fund, Arms Control Association and CAMAC Energy Inc. Ms. O Leary served as an assistant attorney general and assistant prosecutor in the state of New Jersey and was appointed to the Federal Energy Administration under President Gerald Ford and to the Department of Energy under President Jimmy Carter. Ms. O Leary worked in the private sector as a principal at the independent public accounting firm of Coopers and Lybrand from 1977 to 1979. In 1981 she was named vice president and general counsel of O Leary and Associates, a company focused on international economics as related to energy issues. She served in that capacity until 1989 and then returned as president from 1997 to 2001. In 1989, she became executive vice president for environmental and public affairs for the Minnesota Northern States Power Company and in 1992 she was promoted to president of the holding company's gas distribution subsidiary. Ms. O Leary served as the Secretary of Energy from 1993 to 1997 and as president and chief operating officer for the investment banking firm Blaylock and Partners in New York from 2000 to 2002. Ms. O Leary also served on the board of directors of UAL Corporation from 1999 to 2005. The Board selected Ms. O Leary to serve as a director due to her unique combination of experience in government and in the utility industry.

*Gordon Bennett Stewart, III, 58.\** Mr. Stewart became a Director of the Company in July 2006. In 1982, he co-founded Stern Stewart & Co., a global management consulting firm, where he served as Senior Partner until March 2006. Since then, Mr. Stewart has served as chief executive officer of EVA Dimensions, a firm he formed to acquire and manage the valuation modeling and investment research and funds management services of Stern Stewart & Co. He also currently serves as a member of the Alumni Advisory Council for Princeton University's Department of Operations Research and Financial Engineering. Mr. Stewart has written and lectured widely in his 30 year professional career on topics such as accounting for value and management incentive plans. The Board selected Mr. Stewart to serve as a director because of his vast experience with executive compensation valuation and his unique insight into corporate governance matters.

*Lee C. Stewart, 62.\** Mr. Stewart, an independent financial consultant, became a Director of the Company in August 2005. Mr. Stewart currently serves as a director, chair of the nominating/corporate governance committee and member of the compensation and finance committees of P.H. Glatfelter Company, as a director, chair of the human resources and compensation committee and member of the audit committee of Marsulex, Inc., and as a director, chair of the compensation committee and member of the audit committee of AEP Industries, Inc. Previously, Mr. Stewart was Executive Vice President and Chief Financial Officer of Foamex International, Inc., a publicly traded manufacturer of flexible polyurethane and advanced polymer foam products, in 2001 and was Vice President responsible for all areas of Treasury at Union Carbide Corp., a chemicals and polymers company, from 1996 to 2001. Prior to that, Mr. Stewart was an investment banker for over 25 years. The Board selected Mr. Stewart to serve as a director due to his extensive knowledge of finance and capital raising through his experience as a treasury officer and an investment banker, which are critical elements in the execution of our business strategy. Mr. Stewart is also an audit committee financial expert as defined in applicable SEC and NYSE rules.

*Joseph L. Welch, 62.* Mr. Welch has been a Director and the President and Chief Executive Officer of the Company since it began operations in 2003 and served as its Treasurer until April 2009. Mr. Welch has also served as Chairman of the Board of Directors of the Company since May 2008. As the founder of ITCTransmission, Mr. Welch has had overall responsibility for the Company's vision, foundation and transformation into the first independently owned and operated electricity transmission company in the United States. Mr. Welch worked for Detroit Edison Company, or Detroit Edison, and subsidiaries of DTE Energy Company, which we refer to collectively as DTE Energy, from 1971 to 2003. During that time, he held positions of increasing responsibility in the electricity transmission, distribution,

rates, load research, marketing and pricing areas, as well as regulatory affairs that included the development and implementation of regulatory strategies. The Board selected Mr. Welch to serve as a director because he is the Company's President and Chief Executive Officer and he possesses unparalleled expertise in the electric transmission business.

\* Gordon Bennett Stewart, III and Lee C. Stewart are not related.

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**CORPORATE GOVERNANCE**

**Director Independence**

Based on the absence of any material relationship between them and us, other than their capacities as directors and shareholders, the Board has determined that Ms. O Leary and Messrs. Jepsen, McLellan, Museler, Bennett Stewart and Lee Stewart are independent under applicable NYSE and SEC rules for board members. In addition, our Board has determined that, as the committees are currently constituted, all of the members of the Audit and Finance Committee, the Compensation Committee and the Nominating/Corporate Governance Committee are independent under applicable NYSE and SEC rules. None of the directors determined to be independent is or ever has been employed by us.

**Meetings and Committees of the Board of Directors**

During 2010, our Board held 8 meetings. Each director attended 75% or more of the total number of meetings of the Board and committees of which he or she was a member in 2010. Mr. Lee Stewart was selected by our Board as Lead Director and to chair its executive sessions. These sessions were held several times throughout the year.

Our policy is that all members of our Board are expected, absent a valid reason, to attend our annual shareholders meetings. All directors who were serving as such at the time of last year's annual shareholders meeting attended the meeting.

Our Board has several standing committees, including but not limited to an Audit and Finance Committee, Compensation Committee, Nominating/Corporate Governance Committee and Security, Safety, Environmental, Health and Reliability Committee. The Board has adopted a written charter for each of these committees. The charters and our corporate governance principles are accessible on our website at [www.itc-holdings.com](http://www.itc-holdings.com) through the Corporate Governance link on the Investors page.

***Audit and Finance Committee***

The Audit and Finance Committee met 6 times during 2010. The members of the Audit and Finance Committee are Messrs. Jepsen, Museler, Bennett Stewart and Lee Stewart, with Mr. Jepsen serving as Chair. The Board has determined that Mr. Jepsen is an audit committee financial expert as that term is defined under SEC rules and that all members of the Audit and Finance Committee satisfy all independence and other qualifications for Audit and Finance Committee members set forth in applicable NYSE and SEC rules. Our Audit and Finance Committee is responsible for, among other things, (1) selecting our independent public accountants, (2) approving the overall scope of the audit, (3) assisting our Board in monitoring the integrity of our financial statements, the independent public accountant's qualifications and independence, the performance of the independent public accountants and our internal audit function and our compliance with legal and regulatory requirements, (4) annually reviewing a report of our independent public accountants describing the firm's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review, of the firm, (5) discussing our annual audited and quarterly unaudited financial statements with management and our independent public accountants, (6) meeting separately and periodically with our management, internal auditors and independent public accountants, (7) reviewing with our independent public accountants any audit problems or difficulties and management's response, (8) setting clear hiring policies for employees or former employees of our independent public accountants, and (9) handling such other matters that are specifically delegated to the Audit and Finance Committee by our Board from time to time, as well as other matters as set forth in the committee's charter.

***Audit and Finance Committee Report***

In accordance with its written charter, the Audit and Finance Committee provides assistance to our Board in fulfilling the Board's responsibility to our shareholders, potential shareholders and investment community relating to independent registered public accounting firm oversight, corporate accounting, reporting practices and the quality and integrity of the financial reports, including our internal controls over financial reporting.

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The Audit and Finance Committee received and reviewed a formal written statement from Deloitte & Touche LLP, our independent registered public accounting firm, describing all relationships between Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates, whom we refer to collectively as Deloitte, and us that might bear on Deloitte's independence consistent with applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, discussed with Deloitte any relationships that may impact their objectivity and independence, and satisfied itself as to Deloitte's independence.

The Audit and Finance Committee discussed with Deloitte the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees" (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and, with and without management present, discussed and reviewed the results of Deloitte's examination of the consolidated financial statements.

The Audit and Finance Committee reviewed and discussed with management and Deloitte our consolidated audited financial statements as of and for the year ended December 31, 2010.

Based on the above-mentioned reviews and discussions with management and Deloitte, the Audit and Finance Committee approved the inclusion of our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the SEC.

EDWARD G. JEPSEN                      WILLIAM J. MUSELER      G. BENNETT STEWART                      LEE C. STEWART

## ***Compensation Committee***

The Compensation Committee met 8 times during 2010. The members of the Compensation Committee are Messrs. Jepsen, McLellan, Bennett Stewart and Lee Stewart, with Mr. Lee Stewart serving as Chair. The Compensation Committee is responsible for (1) reviewing employee compensation policies, plans and programs, (2) reviewing and approving the compensation of our executive officers, (3) reviewing and approving employment contracts and other similar arrangements between us and our executive officers, (4) reviewing and consulting with the chief executive officer on the selection of officers and evaluation of executive performance and other related matters, (5) administration of stock plans and other incentive compensation plans and (6) such other matters that are specifically delegated to the Compensation Committee by our Board from time to time.

## ***Nominating/Corporate Governance Committee***

The Nominating/Corporate Governance Committee met 4 times during 2010. The members of the Nominating/Corporate Governance Committee are Ms. O'Leary, and Messrs. McLellan and Bennett Stewart, with Ms. O'Leary serving as Chair. The Nominating/Corporate Governance Committee is responsible for (1) developing and recommending criteria for selecting new directors, (2) screening and recommending to our Board individuals qualified to become directors, (3) overseeing evaluations of our Board, its members and its committees and (4) handling such other matters that are specifically delegated to it by our Board from time to time. In identifying candidates for director, the Nominating/Corporate Governance Committee considers suggestions from incumbent directors, management or others, including shareholders. The committee also may retain the services of a consultant from time to time to identify qualified candidates for director. The committee reviews all candidates in the same manner without regard to who suggested the candidate. The committee selects candidates to meet with management and conduct an initial interview with the committee. Candidates whom the committee believes would be a valuable addition to the Board are recommended to the full Board for election. Individuals recommended by shareholders for nomination as a director should be submitted to our Corporate Secretary and, if submitted in accordance with the

procedures set forth in our annual proxy statement, will be forwarded to the Nominating/Corporate Governance Committee for consideration.

As stated in the committee's charter, in selecting candidates, the committee will consider all factors it considers appropriate, which may include (1) ensuring that the Board of Directors, as a whole, is diverse and consists of individuals with various and relevant career experience, technical skill, industry knowledge and experience, financial expertise, local or community ties, and (2) minimum individual qualifications, including

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strength of character, mature judgment, familiarity with our business and industry, independence of thought and an ability to work collegially. Although it has no formal policy with regard to diversity, the Nominating/Corporate Governance Committee believes that the Board will function best when its members possess a broad range of backgrounds and expertise so that the Board as a whole reflects diverse but complementary skills and viewpoints.

### ***Security, Safety, Environmental, Health and Reliability Committee***

The Security, Safety, Environmental, Health and Reliability Committee met 2 times during 2010. The members of the Security, Safety, Environmental, Health and Reliability Committee are Ms. O Leary and Messrs. Jepsen, Museler and Welch, with Mr. Museler serving as Chair. The Security, Safety, Environmental, Health and Reliability Committee is responsible for (1) determining whether the Company has appropriate policies and management systems in place with respect to security, safety, environmental, health and reliability matters, (2) ensuring that the policies and their implementation support the Company's overall business objectives and meet the Company's obligations to its shareholders, employees and regulators, (3) monitoring and reviewing compliance with applicable laws, rules, regulations and industry standards, and management's criteria for determining compliance of Company's security, safety, environmental, health and reliability policies and procedures, and reviewing performance against these criteria annually, (4) investigating any matter of interest or concern that the Committee deems appropriate while having sole authority to retain and terminate advisors, outside counsel or other experts for this purpose, (5) overseeing and reviewing issues and concerns which affect or could affect the Company's security, safety, environmental, health and reliability practices, (6) reviewing the scope, effectiveness, cost, objectivity and independence of security, safety, environmental, health and reliability related audits, reviewing any significant findings of internal and external audits and investigations and making recommendations to the Board of Directors as the Committee deems appropriate, (7) monitoring the adequacy of the Company's operational risk management process and reviewing the operational contingency planning process within the Company to ensure all security, safety, environmental, health and reliability risks are identified and that appropriate risk management processes are in place, (8) reviewing actions taken by the Company's management with respect to any security, safety, environmental, health and reliability deficiencies identified or improvements recommended, (9) reviewing periodically reports from the Company's management regarding (i) the Company's performance with respect to security, safety, environmental, health and reliability matters and compliance with applicable laws, (ii) significant risks to, and the physical and cyber security of, the Company's facilities and IT systems, (iii) significant security, safety, environmental, health and reliability related litigation and regulatory proceedings in which the Company is or may become involved and (iv) significant legislation or regulations, judicial decisions or other agreements, public policies or other developments involving security, safety, environmental, health and reliability matters in the electricity transmission sector that will or may have a material effect on the Company's business, (10) reporting regularly to the Board of Directors and (11) carrying out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee.

### **Board Leadership Structure/Role in Risk Oversight and Management**

The Board believes that Mr. Welch, the Company's President and Chief Executive Officer, is best situated to serve as Chairman of the Board because he is ultimately responsible for overseeing the day-to-day operation of the Company, identifying Company priorities and opportunities, and executing the Company's strategic plan. The Board also believes having Mr. Welch as Chairman better promotes the flow of information between management and the Board than would a chairman who was an outside director. The Board further believes that independent oversight of management is an important component of an effective board of directors and is essential to effective governance and has therefore appointed Mr. Lee Stewart as Lead Director of the Board. The Lead Director has the responsibility of presiding over all executive sessions of the Board and acting as a liaison between the independent directors and Mr. Welch, including facilitating organization and communication among the directors.

The Board and its Committees play an active role in overseeing management of the Company's risks. The Audit and Finance Committee reviews financial risks including those related to internal controls and the annual financial audit, financial reporting, credit and liquidity. The Compensation Committee oversees the management of risks associated with the Company's executive compensation plans and arrangements. The Nominating/Corporate Governance Committee reviews and manages risks related to director independence and corporate governance. The

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Security, Safety, Environmental, Health and Reliability Committee oversees the risks associated with reliability compliance obligations, Company security plans, safety programs and environmental regulations. The full Board is regularly informed of and consulted about such risks through quarterly Committee reports as well as quarterly reports provided by members of the Company's senior management team.

The Board believes the combined role of Chairman and Chief Executive Officer, together with an independent Lead Director, is appropriate and in the best interest of shareholders because it provides the appropriate balance between company-specific expertise and independent management and risk oversight.

## ***Shareholder Communications***

*Shareholder Proposals.* Any proposal by a shareholder of the Company to be considered for inclusion in the proxy statement for the 2012 annual meeting must be received by Wendy McIntyre, our Corporate Secretary, by the close of business on December 23, 2011. Such proposals should be addressed to her at our principal executive offices and should satisfy the informational requirements applicable to shareholder proposals contained in the relevant SEC rules. If the date for the 2012 Annual Meeting is significantly different than the first anniversary of the 2011 Annual Meeting, Rule 14a-8 of the SEC provides for an adjustment to the notice period described above.

For shareholder proposals not sought to be included in our proxy statement, Section 4.11 of our Bylaws provides that, in order to be properly brought before the 2012 Annual Meeting, written notice of such proposal, along with the information required by Section 4.11, must be received by our Corporate Secretary at our principal executive offices no earlier than the close of business on January 27, 2012 and no later than February 26, 2012. If the 2012 annual meeting date has been significantly advanced or delayed from the first anniversary of the date of the 2011 annual meeting, then notice of such proposal must be given not earlier than the close of business on the 120th day before the meeting and not later than the 90th day before the meeting or, if later, the 10th day after the first public disclosure of the date of the annual meeting. A proponent must also update the information provided in or with the notice at the times specified in our Bylaws.

Only persons who are shareholders both as of the giving of notice and the date of the shareholder meeting and who are eligible to vote at the shareholder meeting are eligible to propose business to be brought before a shareholder meeting. The proposing shareholder (or his qualified representative) must attend the shareholder meeting in person and present the proposed business in order for the proposed business to be considered.

*Nominees.* Shareholders proposing director nominees at the 2012 annual meeting of shareholders must provide written notice of such intention, along with the other information required by Section 4.11 of our Bylaws, to our Corporate Secretary at our principal executive offices no earlier than the close of business on January 27, 2012 and no later than the close of business on February 26, 2012. If the 2012 annual meeting date has been significantly advanced or delayed from the first anniversary of the date of the 2011 annual meeting, then the notice and information must be given not earlier than the close of business on the 120th day before the meeting and not later than the 90th day before the meeting or, if later, the 10th day after the first public disclosure of the date of the annual meeting. With respect to an election to be held at a special meeting of shareholders, such notice must be given in accordance with the procedures set forth in our Bylaws no earlier than the close of business on the 120th day before and not later than the close of business on the 90th day before the date of such special meeting or, if later, the 10th day after the first public disclosure of the date of such special meeting. Notwithstanding the foregoing, if the number of directors to be elected is increased and there is no public disclosure regarding such increase or naming all of the nominees for director at least 100 days prior to the first anniversary of the prior year's annual meeting, then shareholder notice with regard to nomination of directors shall be considered timely if received by our Corporate Secretary no later than the tenth day following public disclosure of the increase in the number of directors to be elected. A proponent must also update the information provided in or with the notice at the times specified by our Bylaws. Nomination notices which do not

contain the information required by our Bylaws or which are not delivered in compliance with the procedure set forth in our Bylaws will not be considered at the shareholder meeting.

Only persons who are shareholders both as of the giving of notice and the date of the shareholder meeting and who are eligible to vote at the shareholder meeting are eligible to nominate directors. The nominating shareholder

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(or his qualified representative) must attend the shareholder meeting in person and present the proposed nominee in order for the proposed nominee to be considered.

The Nominating/Corporate Governance Committee's policy is to review the qualifications of candidates submitted for nomination by shareholders and evaluate them using the same criteria used to evaluate candidates submitted by the Board for nomination.

***Communications with the Board***

A person who wishes to communicate directly with our Board or with an individual director should send the communication, addressed to the Board or the individual director, to our executive offices at the address shown on the first page of this proxy statement and the communication will be forwarded to the director or directors to whom it is addressed.

**Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, executive officers and directors, including our chief executive officer, chief financial officer and principal accounting officer. The Code of Business Conduct and Ethics, as currently in effect (together with any amendments that may be adopted from time to time), is available on our website at [www.itc-holdi](http://www.itc-holdi)

01/2020 to 06/2020

20,000 \$5.00 - \$6.00

- (1) The future production volumes in the table above will be sold at a price equal to NYMEX less certain fixed differentials depending on the delivery methods specified in the contract. Based on prevailing storage and transportation costs, we estimate a fixed differential of \$5.00 to \$6.00 per barrel below NYMEX.

**Selected Operating and Financial Statistics**

|   | <b>Three Months Ended<br/>June 30,</b> |              | <b>Six Months Ended<br/>June 30,</b> |                |
|---|--|--------------|--------------------------------------|----------------|
|   | <b>2014</b>                            | <b>2013</b>  | <b>2014</b>                          | <b>2013</b>    |
| <b>Selected operating statistics:</b>               |  |              |                                      |                |
| <b>Production</b>                                   |  |              |                                      |                |
| Oil, MBbl   | 8,010                                  | 6,701        | 15,251                               | 12,951         |
| NGLs, MBbl  | 787                                    | 694          | 1,435                                | 1,404          |
| Natural gas, MMcf                                   | 7,150                                  | 6,617        | 13,852                               | 12,988         |
| Oil equivalents, MBOE                               | 9,988                                  | 8,498        | 18,994                               | 16,520         |
| <b>Average prices</b>                               |  |              |                                      |                |
| Oil per Bbl (excludes hedging)                      | \$ 93.03                               | \$ 89.15     | \$ 91.04                             | \$ 88.65       |
| NGLs per Bbl  | \$ 39.30                               | \$ 37.80     | \$ 45.47                             | \$ 40.20       |
| Natural gas per Mcf                                 | \$ 6.95                                | \$ 4.27      | \$ 6.73                              | \$ 4.04        |
| <b>Per BOE data</b>                                 |  |              |                                      |                |
| Sales price (including hedging)                     | \$ 82.16                               | \$ 75.88     | \$ 81.14                             | \$ 75.34       |
| Lease operating                                     | \$ 11.85                               | \$ 12.37     | \$ 12.27                             | \$ 12.41       |
| Production taxes                                    | \$ 6.89                                | \$ 6.33      | \$ 6.79                              | \$ 6.36        |
| Depreciation, depletion and amortization            | \$ 26.88                               | \$ 26.29     | \$ 26.52                             | \$ 25.70       |
| General and administrative                          | \$ 3.56                                | \$ 3.44      | \$ 3.57                              | \$ 3.52        |
| <b>Selected financial data:</b>                     |  |              |                                      |                |
| <i>(In thousands, except per share data)</i>        |  |              |                                      |                |
| Total revenues and other income                     | \$ 835,622                             | \$ 663,569   | \$ 1,575,871                         | \$ 1,276,940   |
| Total costs and expenses                            | \$ 584,279                             | \$ 455,598   | \$ 1,139,116                         | \$ 931,205     |
| Net income available to common shareholders         | \$ 151,444                             | \$ 134,687   | \$ 260,513                           | \$ 220,681     |
| Earnings per common share, basic                    | \$ 1.27                                | \$ 1.14      | \$ 2.19                              | \$ 1.87        |
| Earnings per common share, diluted                  | \$ 1.26                                | \$ 1.14      | \$ 2.17                              | \$ 1.86        |
| Average shares outstanding, basic                   | 118,968                                | 117,930      | 118,946                              | 117,859        |
| Average shares outstanding, diluted                 | 120,027                                | 118,901      | 120,045                              | 118,929        |
| Net cash provided by operating activities           | \$ 567,769                             | \$ 442,617   | \$ 891,666                           | \$ 740,231     |
| Net cash used in investing activities               | \$ (742,568)                           | \$ (574,590) | \$ (1,322,122)                       | \$ (1,203,081) |
| Net cash provided by (used in) financing activities | \$ (4,555)                             | \$ 147,103   | \$ (41,921)                          | \$ 441,362     |

**Selected Financial Data**

For further information and discussion on the selected financial data below, please refer to Whiting Petroleum Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, to be filed with the Securities and Exchange Commission.

**WHITING PETROLEUM CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (unaudited)**

(In thousands)

|   | June 30,<br>2014    | December 31,<br>2013 |
|---|---------------------|----------------------|
| <b>ASSETS</b>   |                     |                      |
| Current assets:   |                     |                      |
| Cash and cash equivalents                                 | \$ 227,083          | \$ 699,460           |
| Accounts receivable trade, net                            | 464,474             | 341,177              |
| Prepaid expenses and other                                | 41,566              | 28,981               |
| Total current assets                                      | 733,123             | 1,069,618            |
| Property and equipment:                                   |                     |                      |
| Oil and gas properties, successful efforts method         | 11,421,570          | 10,065,150           |
| Other property and equipment                              | 234,116             | 206,385              |
| Total property and equipment                              | 11,655,686          | 10,271,535           |
| Less accumulated depreciation, depletion and amortization | (3,158,917)         | (2,676,490)          |
| Total property and equipment, net                         | 8,496,769           | 7,595,045            |
| Debt issuance costs                                       | 47,845              | 48,530               |
| Other long-term assets                                    | 81,231              | 120,277              |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 9,358,968</b> | <b>\$ 8,833,470</b>  |

**WHITING PETROLEUM CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (unaudited)**  
(In thousands, except share and per share data)

|   | June 30,<br>2014    | December 31,<br>2013 |
|---|---------------------|----------------------|
| <b>LIABILITIES AND EQUITY</b>   |                     |                      |
| Current liabilities:  |                     |                      |
| Accounts payable trade  | 144,801             | 107,692              |
| Accrued capital expenditures  | 216,076             | 158,739              |
| Accrued liabilities and other   | 219,525             | 214,109              |
| Revenues and royalties payable  | 214,147             | 198,558              |
| Taxes payable   | 69,505              | 50,052               |
| Accrued interest  | 43,057              | 44,405               |
| Derivative liabilities  | 24,044              | 3,482                |
| Deferred income taxes   | 10,324              | 648                  |
| Total current liabilities   | 941,479             | 777,685              |
| Long-term debt  | 2,653,512           | 2,653,834            |
| Deferred income taxes   | 1,436,447           | 1,278,030            |
| Production Participation Plan liability   |                     | 87,503               |
| Asset retirement obligations  | 157,243             | 116,442              |
| Deferred gain on sale   | 68,852              | 79,065               |
| Other long-term liabilities   | 4,300               | 4,212                |
| Total liabilities   | 5,261,833           | 4,996,771            |
| Commitments and contingencies   |                     |                      |
| Equity:   |                     |                      |
| Common stock, \$0.001 par value, 300,000,000 shares authorized; 120,443,221 issued and 118,981,965 outstanding as of June 30, 2014 and 120,101,555 issued and 118,657,245 outstanding as of December 31, 2013 | 120                 | 120                  |
| Additional paid-in capital  | 1,583,501           | 1,583,542            |
| Retained earnings   | 2,505,418           | 2,244,905            |
| Total Whiting shareholders' equity  | 4,089,039           | 3,828,567            |
| Noncontrolling interest   | 8,096               | 8,132                |
| Total equity  | 4,097,135           | 3,836,699            |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>\$ 9,358,968</b> | <b>\$ 8,833,470</b>  |

**WHITING PETROLEUM CORPORATION****CONSOLIDATED STATEMENTS OF INCOME (unaudited)**

(In thousands, except per share data)

|  | <b>Three Months Ended<br/>June 30,</b> |                | <b>Six Months Ended<br/>June 30,</b> |                |
|--|--|----------------|--------------------------------------|----------------|
|  | <b>2014</b>                            | <b>2013</b>    | <b>2014</b>                          | <b>2013</b>    |
| <b>REVENUES AND OTHER INCOME:</b>                      |  |                |                                      |                |
| Oil, NGL and natural gas sales                         | \$ 825,760                             | \$ 651,868     | \$ 1,547,010                         | \$ 1,256,982   |
| Loss on hedging activities                             |  | (437)          |                                      | (648)          |
| Amortization of deferred gain on sale                  | 7,473                                  | 7,954          | 15,217                               | 15,930         |
| Gain on sale of properties                             | 1,796                                  | 3,387          | 12,355                               | 3,432          |
| Interest income and other                              | 593                                    | 797            | 1,289                                | 1,244          |
| Total revenues and other income                        | 835,622                                | 663,569        | 1,575,871                            | 1,276,940      |
| <b>COSTS AND EXPENSES:</b>                             |  |                |                                      |                |
| Lease operating  | 118,361                                | 105,080        | 233,147                              | 204,958        |
| Production taxes                                       | 68,857                                 | 53,814         | 128,887                              | 105,085        |
| Depreciation, depletion and amortization               | 268,509                                | 223,446        | 503,774                              | 424,605        |
| Exploration and impairment                             | 31,512                                 | 43,393         | 73,619                               | 80,673         |
| General and administrative                             | 35,555                                 | 29,213         | 67,889                               | 58,098         |
| Interest expense                                       | 39,045                                 | 23,121         | 81,189                               | 44,591         |
| Change in Production Participation Plan liability      | (3,636)                                | 7,723          |                                      | 12,130         |
| Commodity derivative (gain) loss, net                  | 26,076                                 | (30,192)       | 50,611                               | 1,065          |
| Total costs and expenses                               | 584,279                                | 455,598        | 1,139,116                            | 931,205        |
| <b>INCOME BEFORE INCOME TAXES</b>                      | <b>251,343</b>                         | <b>207,971</b> | <b>436,755</b>                       | <b>345,735</b> |
| <b>INCOME TAX EXPENSE (BENEFIT):</b>                   |  |                |                                      |                |
| Current  | 7,355                                  | (2,511)        | 8,355                                | (2,089)        |
| Deferred   | 92,562                                 | 75,538         | 167,923                              | 126,636        |
| Total income tax expense                               | 99,917                                 | 73,027         | 176,278                              | 124,547        |
| <b>NET INCOME</b>                                      | <b>151,426</b>                         | <b>134,944</b> | <b>260,477</b>                       | <b>221,188</b> |
| Net loss attributable to noncontrolling interest       | 18                                     | 12             | 36                                   | 31             |
| <b>NET INCOME AVAILABLE TO<br/>SHAREHOLDERS</b>        |  |                |                                      |                |
| Preferred stock dividends                              |  | (269)          |                                      | (538)          |
| <b>NET INCOME AVAILABLE TO COMMON<br/>SHAREHOLDERS</b> |  |                |                                      |                |
|  | \$ 151,444                             | \$ 134,687     | \$ 260,513                           | \$ 220,681     |

**EARNINGS PER COMMON SHARE:**

|         |    |      |    |      |    |      |    |      |
|---------|----|------|----|------|----|------|----|------|
| Basic   | \$ | 1.27 | \$ | 1.14 | \$ | 2.19 | \$ | 1.87 |
| Diluted | \$ | 1.26 | \$ | 1.14 | \$ | 2.17 | \$ | 1.86 |

**WEIGHTED AVERAGE SHARES  
OUTSTANDING:**

|         |         |         |         |         |
|---------|---------|---------|---------|---------|
| Basic   | 118,968 | 117,930 | 118,946 | 117,859 |
| Diluted | 120,027 | 118,901 | 120,045 | 118,929 |

**WHITING PETROLEUM CORPORATION****Reconciliation of Net Income Available to Common Shareholders to****Adjusted Net Income Available to Common Shareholders****(In thousands, except per share data)**

|  | <b>Three Months Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             |
|--|--|-------------|--------------------------------------|-------------|
|  | <b>2014</b>                            | <b>2013</b> | <b>2014</b>                          | <b>2013</b> |
| Net income available to common shareholders                                | \$ 151,444                             | \$ 134,687  | \$ 260,513                           | \$ 220,681  |
| Adjustments net of tax:  |  |             |                                      |             |
| Amortization of deferred gain on sale                                      | (4,708)                                | (5,002)     | (9,587)                              | (10,017)    |
| Gain on sale of properties   | (1,132)                                | (2,130)     | (7,784)                              | (2,158)     |
| Impairment expense   | 11,369                                 | 11,979      | 22,700                               | 23,557      |
| Change in Production Participation Plan liability                          | (2,291)                                | 4,856       |                                      | 7,627       |
| Total measure of derivative (gain) loss reported under U.S. GAAP           | 16,428                                 | (18,710)    | 31,885                               | 1,077       |
| Total net cash settlements paid on commodity derivatives during the period | (3,229)                                | (4,416)     | (3,696)                              | (7,751)     |
| Adjusted net income <sup>(1)</sup>   | \$ 167,881                             | \$ 121,264  | \$ 294,031                           | \$ 233,016  |
| Adjusted net income available to common shareholders per share, basic      | \$ 1.41                                | \$ 1.03     | \$ 2.47                              | \$ 1.98     |
| Adjusted net income available to common shareholders per share, diluted    | \$ 1.40                                | \$ 1.02     | \$ 2.45                              | \$ 1.96     |

- <sup>(1)</sup> Adjusted Net Income Available to Common Shareholders is a non-GAAP financial measure. Management believes it provides useful information to investors for analysis of Whiting's fundamental business on a recurring basis. In addition, management believes that Adjusted Net Income Available to Common Shareholders is widely used by professional research analysts and others in valuation, comparison and investment recommendations of companies in the oil and gas exploration and production industry, and many investors use the published research of industry research analysts in making investment decisions. Adjusted Net Income Available for Common Shareholders should not be considered in isolation or as a substitute for net income, income from operations, net cash provided by operating activities or other income, cash flow or liquidity measures under U.S. GAAP and may not be comparable to other similarly titled measures of other companies.

**WHITING PETROLEUM CORPORATION****Reconciliation of Net Cash Provided by Operating Activities to Discretionary Cash Flow****(In thousands)**

|   | <b>Three Months Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             |
|---|--|-------------|--------------------------------------|-------------|
|   | <b>2014</b>                            | <b>2013</b> | <b>2014</b>                          | <b>2013</b> |
| Net cash provided by operating activities | \$ 567,769                             | \$ 442,617  | \$ 891,666                           | \$ 740,231  |
| Exploration                               | 13,466                                 | 24,343      | 37,588                               | 43,209      |
| Exploratory dry hole costs                | (70)                                   | (11,628)    | (3,622)                              | (11,628)    |
| Changes in working capital                | (24,978)                               | (14,191)    | 112,516                              | 70,668      |
| Preferred stock dividends paid            |  | (269)       |                                      | (538)       |
| Discretionary cash flow <sup>(1)</sup>    | \$ 556,187                             | \$ 440,872  | \$ 1,038,148                         | \$ 841,942  |

- <sup>(1)</sup> Discretionary cash flow is a non-GAAP measure. Discretionary cash flow is presented because management believes it provides useful information to investors for analysis of the Company's ability to internally fund acquisitions, exploration and development. Discretionary cash flow should not be considered in isolation or as a substitute for net income, income from operations, net cash provided by operating activities or other income, cash flow or liquidity measures under U.S. GAAP and may not be comparable to other similarly titled measures of other companies.

### **Conference Call**

The Company's management will host a conference call with investors, analysts and other interested parties on Thursday, July 31, 2014 at 11:00 a.m. EDT (10:00 a.m. CDT, 9:00 a.m. MDT) to discuss Whiting's second quarter 2014 financial and operating results. Please call (877) 415-3182 (U.S./Canada) or (857) 244-7325 (International) to be connected to the call and enter the pass code 58389225. Access to a live internet broadcast will be available at <http://www.whiting.com> by clicking on the button labeled "Kodiak Acquisition" on the home page. Slides for the conference call will be available at the same location beginning at 11:00 a.m. (EDT) on July 31, 2014.

A replay will be available on Friday, August 1, 2014 and continuing through Friday, August 8, 2014. You may access this replay at (888) 286-8010 (U.S./Canada) or (617) 801-6888 (International) and entering the pass code 38451478.

### **About Whiting Petroleum Corporation**

Whiting Petroleum Corporation, a Delaware corporation, is an independent oil and gas company that explores for, develops, acquires and produces crude oil, natural gas and natural gas liquids primarily in the Rocky Mountain and Permian Basin regions of the United States. The Company's largest projects are in the Bakken and Three Forks plays in North Dakota and its Enhanced Oil Recovery field in Texas. The Company trades publicly under the symbol WLL on the New York Stock Exchange. For further information, please visit <http://www.whiting.com>.

### **Forward-Looking Statements**

This news release contains statements that we believe to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements other than historical facts, including, without limitation, statements regarding our future financial position, business strategy, projected revenues, earnings, costs, capital expenditures and debt levels, and plans and objectives of management for future operations, are forward-looking statements. When used in this news release, words such as we "expect," "intend," "plan," "estimate," "anticipate," "believe" or "should" or the negative thereof or variations thereon or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements.

These risks and uncertainties include, but are not limited to: the ability to obtain shareholder, court and regulatory approval of our proposed acquisition (the "Acquisition") of Kodiak Oil & Gas Corp. ("Kodiak"); the ability to complete the proposed Acquisition on anticipated terms and timetable; Whiting's and Kodiak's ability to integrate successfully after the Acquisition and achieve anticipated benefits from the Acquisition; the possibility that various closing conditions for the Acquisition may not be satisfied or waived; declines in oil, NGL or natural gas prices; our level of success in exploration, development and production activities; adverse weather conditions that may negatively impact development or production activities; the timing of our exploration and development expenditures; our ability to obtain sufficient quantities of CO2 necessary to carry out our enhanced oil recovery projects; inaccuracies of our reserve estimates or our assumptions underlying them; revisions to reserve estimates as a result of changes in commodity prices; impacts to financial statements as a result of impairment write downs; risks related to our level of indebtedness and periodic redeterminations of the borrowing base under our credit agreement; our ability to generate sufficient cash flows from operations to meet the internally funded portion of our capital expenditures budget; our ability to obtain external capital to finance exploration and development operations and acquisitions; federal and state initiatives relating to the regulation of hydraulic fracturing; the potential impact of federal debt reduction initiatives and tax reform legislation being considered by the U.S. Federal Government that could have a negative effect on the oil and gas industry; our ability to identify and complete acquisitions and to successfully integrate acquired businesses; unforeseen underperformance of or liabilities associated with acquired properties; our ability to successfully complete potential asset dispositions and the risks related thereto; the impacts of hedging on our results of operations; failure of our properties to yield oil or gas in commercially viable quantities; uninsured or underinsured

losses resulting from our oil and gas operations; our inability to access oil and gas markets due to market conditions or operational impediments; the impact and costs of compliance with laws and regulations governing our oil and gas operations; our ability to replace our oil and natural gas reserves; any loss of our senior management or technical personnel; competition in the oil and gas industry in the regions in which we operate; risks arising out of our hedging transactions; and other risks described under the caption **Risk Factors** in our Annual Report on Form 10-K for the period ended December 31, 2013. We assume no obligation, and disclaim any duty, to update the forward-looking statements in this news release.

### **Important Additional Information and Where to Find It**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of a vote or proxy. The proposed Acquisition anticipates that the Whiting shares to be issued pursuant to the Acquisition will be exempt from registration under the United States Securities Act of 1933, as amended (the Securities Act ), pursuant to Section 3(a)(10) of the Securities Act. Consequently, the Whiting shares will not be registered under the Securities Act or any state securities laws. In connection with the proposed Acquisition, Whiting and Kodiak intend to file relevant materials with the SEC and other governmental or regulatory authorities, including a joint proxy statement and circular. **INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT AND CIRCULAR AND ANY OTHER RELEVANT MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT WHITING, KODIAK AND THE PROPOSED ACQUISITION.** The joint proxy statement and circular and certain other relevant materials (when they become available) and other documents filed by Whiting or Kodiak with the SEC may be obtained free of charge at the SEC's website at <http://www.sec.gov>. In addition, investors may obtain copies of these documents (when they become available) free of charge by written request to Whiting Investor Relations, 1700 Broadway, Suite 2300, Denver, CO 80290-2300 or calling (303) 390-4051 or by written request to Kodiak Investor Relations, 1625 Broadway, Suite 250, Denver, CO 80202 or calling (303) 592-8030.

### **Participants in the Solicitation**

Whiting, Kodiak and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies in connection with the proposed Acquisition. Information about the executive officers and directors of Whiting and the number of shares of Whiting's common stock beneficially owned by such persons is set forth in the proxy statement for Whiting's 2014 Annual Meeting of Stockholders which was filed with the SEC on March 23, 2014, and Whiting's Annual Report on Form 10-K for the period ended December 31, 2013. Information about the executive officers and directors of Kodiak and the number of Kodiak's ordinary shares beneficially owned by such persons is set forth in the proxy statement for Kodiak's 2014 Annual Meeting of Shareholders which was filed with the SEC on May 9, 2014, and Kodiak's Annual Report on Form 10-K for the period ended December 31, 2013. Investors may obtain additional information regarding the direct and indirect interests of Whiting, Kodiak and their respective executive officers and directors in the Acquisition by reading the joint proxy statement and circular regarding the Acquisition when it becomes available.

Contact

Whiting

Eric Hagen

(303) 390-4051

[eric.hagen@whiting.com](mailto:eric.hagen@whiting.com)