LANDAMERICA FINANCIAL GROUP INC
Form 10-K
March 09, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2005

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NO. 1-13990

LANDAMERICA FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Virginia **(State or other jurisdiction of incorporation or organization)**	**54-1589611** **(I.R.S. Employer Identification No.)**
101 Gateway Centre Parkway	**23235-5153**
Richmond, Virginia **(Address of principal executive offices)**	**(Zip Code)**

(804) 267-8000

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Securities	Name of Exchange on Which Registered
Common Stock, no par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Exchange Act Rule 12b-2). Large accelerated filer x Accelerated Filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the closing sale price of the registrant s common stock as reported by the New York Stock Exchange on June 30, 2005, the last business day of the registrant s most recently completed second fiscal quarter, was approximately $1,050.8 million.

The number of shares of the registrant s common stock outstanding on March 3, 2006 was 17,284,708.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive proxy statement to be mailed to shareholders in connection with the 2006 Annual Meeting of Shareholders (to be filed) are incorporated by reference into Part III of this report.

LANDAMERICA FINANCIAL GROUP, INC.

PART I

Forward-Looking and Cautionary Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Among other things, these statements relate to our financial condition, results of operation and future business plans, operations, opportunities and prospects. In addition, we and our representatives may from time to time make written or oral forward-looking statements, including statements contained in other filings with the Securities and Exchange Commission and in our reports to shareholders. These forward-looking statements are generally identified by the use of words such as we expect, believe, anticipate, could, should, may, plan, will, predict, estimate and similar expressions or words of similar import. These forward-looking statements upon our current knowledge and assumptions about future events and involve risks and uncertainties that could cause our actual results, performance or achievements to be materially different from any anticipated results, prospects, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include: (i) the Company s results of operations and financial condition are susceptible to changes in mortgage interest rates and general economic conditions; (ii) the Company is subject to government regulation; (iii) heightened regulatory scrutiny of the Company and the title insurance industry could materially and adversely affect its business, operating results, and financial condition; (iv) the Company may not be able to fuel its growth through acquisitions; (v) the Company s inability to integrate and manage successfully its acquired businesses could adversely affect its business, operating results, and financial condition; (vi) regulatory non-compliance, fraud or defalcations by the Company s title insurance agents or employees could adversely affect its business, operating results, and financial condition; (vii) competition in the Company s industry affects its revenue; (viii) significant industry changes and new product and service introductions require timely and cost-effective responses; (ix) the Company s litigation risks include substantial claims by large classes of claimants; (x) key accounting and essential product delivery systems are concentrated in a few locations; (xi) provisions of the Company s articles of incorporation and bylaws, its shareholder rights plan and applicable state corporation and insurance laws could limit another party s ability to acquire the Company and could deprive shareholders of the opportunity to obtain a takeover premium for shares of common stock owned by them; (xii) the Company s future success depends on its ability to continue to attract and retain qualified employees; and (xiii) the Company s conduct of business in foreign markets creates financial and operational risks and uncertainties that may materially and adversely affect its business, operating results, and financial condition. For a description of factors that may cause actual results to differ materially from such forward-looking statements, see Item 1A, Risk Factors on page 16 of this report. We caution investors not to place undue reliance on any forward-looking statements as these statements speak only as of the date when made. We undertake no obligation to update any forward-looking statements made in this report.

ITEM 1. BUSINESS

General Information

Unless the context otherwise requires, the terms LandAmerica, the Company, we, us or our refers to LandAmerica Financial Group, Inc. and consolidated subsidiaries on a combined basis.

LandAmerica was incorporated under the laws of the Commonwealth of Virginia on June 24, 1991. We are a holding company and operate through our subsidiaries. Our principal executive offices are located at 101 Gateway Centre Parkway, Richmond, Virginia 23235-5153, and our telephone number is (804) 267-8000. We maintain an internet website at www.landam.com.

Our shareholders and the public may access our periodic and current reports (including annual, quarterly and current reports on Form 10-K, Form 10-Q and Form 8-K, respectively, and any amendments to those reports) filed with or furnished to the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through the Investor Information section of our website. The reports are made available on this website as soon as practicable following the filing of the reports with the SEC. The information is free of charge and may be reviewed, downloaded and printed from the website at any time.

In addition, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers and the charters of the Audit Committee, Corporate Governance Committee and the Executive Compensation Committee are available to shareholders and the public through the Investor Information section of our website. Printed copies of the documents are available to any shareholder upon written request to our Secretary at the address set forth above. In accordance with New York Stock Exchange (NYSE) Rules, on June 14, 2005, we filed the annual certification by our Chief Executive Officer certifying that he was unaware of any violation by us of the NYSE s corporate governance listing standards at the time of the certification.

Restatement

On February 13, 2006, we announced that we would restate previously filed financial results to correct the accounting for policy and contract claims reserves. The error resulted in a net understatement of reported earnings and had no impact on our cash flows. We have restated the consolidated financial statements for the fiscal years ended December 31, 2004 and 2003, and provided restated financial information herein for the years ended December 31, 2002 and 2001 and for the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005. All applicable financial information contained in this Annual Report on Form 10-K gives effect to these restatements. Consequently, you should not rely upon the financial statements for the above mentioned periods that have been filed with or furnished to the SEC or included in previous announcements.

For more background on the restatements and the specific adjustments made on an annual and quarterly basis, see Item 6. Selected Financial Data and Note 1 to the Notes to the Consolidated Financial Statements. We summarized the remedial measures to controls that we identified in the course of the restatement process in Item 9A Controls and Procedures.

Overview of the Business

We provide products and services used to facilitate the purchase, sale, transfer, and financing of residential and commercial real estate. These products and services are provided to a broad based customer group including lenders, developers, real estate agents, attorneys, and property buyers and sellers through more than 900 company-owned offices and a network of 10,000 active agents. We are one of the largest title insurance underwriters in the United States based on title premium revenue. We also conduct business in Mexico, Canada, the Caribbean, Latin America, and Europe.

In addition to our core business of providing title insurance, we provide a range of other products and services for residential and commercial real estate transactions, including title search, examination, escrow, and closing. Home inspections and warranties are available for residential real estate transactions. For commercial real estate transactions, we provide property appraisal and valuation, building and site assessments and other due diligence services, survey coordination, construction disbursement, coordination of national multi-state transactions, tax-deferred real property exchanges pursuant to Section 1031 of the Internal Revenue Code, commercial mortgage loans and Uniform Commercial Code products insuring personal property. Specialized services, such as real estate tax processing, flood zone certifications, consumer mortgage credit reporting, default management services, and mortgage loan subservicing, are provided primarily to our mortgage lending customers.

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Operating Segments

Our principal business operations are organized under three primary operating segments: Title Operations, Lender Services and Financial Services. Other operating business segments not required to be reported separately are reported in a category called Corporate and Other. Information regarding each of these operating segments is set forth below. Prior to 2004, we primarily operated in the title insurance business. In 2004, we expanded the breadth of services provided primarily to the mortgage lending community.

Certain financial information regarding our operating segments is presented in Note 16 to the accompanying Consolidated Financial Statements and in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations.

Title Operations

Products and Services

Title Insurance Title insurance policies are insured statements of the condition of title to real property. These policies indemnify the insured from losses resulting from certain outstanding liens, encumbrances and other defects in title to real property that appear as matters of public record, and from certain other matters not of public record. Title insurance is generally accepted as the most efficient means of determining title to, and priority of interests in, real estate in nearly all parts of the United States. Many of the principal customers of title insurance companies buy insurance for the accuracy and reliability of the title search as well as for the indemnity features of the policy. The beneficiaries of title insurance policies are generally owners or buyers of real property or parties who make loans using real property as security. An owner s policy protects the named insured against title defects, liens and encumbrances existing as of the date of the policy and not specifically excluded or excepted from its provisions, while a lender s policy also insures the validity and priority of the lien of the insured mortgage as stated in the title policy.

While most other forms of insurance provide for the assumption of risk of loss arising out of unforeseen future events, title insurance serves to protect the policyholder from the risk of loss from events that predate the issuance of the policy. This distinction underlies the low claims loss experience of title insurers as compared to other insurance underwriters. Losses generally result either from judgment errors or mistakes made in the title search and examination process or the escrow process or from hidden defects such as fraud, forgery, incapacity or missing heirs. Title insurers incur considerable operating costs relating to the personnel required to process forms, search titles, collect information on specific properties and prepare title insurance commitments and policies.

We issue title insurance policies primarily through three principal title underwriting subsidiaries, Commonwealth Land Title Insurance Company (Commonwealth), Lawyers Title Insurance Corporation (Lawyers Title), and Transnation Title Insurance Company (Transnation). We also own three other title insurance underwriters, Commonwealth Land Title Insurance Company of New Jersey, Land Title Insurance Company, and Title Insurance Company of America. We merged another title insurance underwriter, Transnation Title Insurance Company of New York, into Commonwealth effective December 31, 2005, subject to final approval of the New York Department of Insurance. The collective operations of these subsidiaries cover the entire United States (with the exception of Iowa, which does not recognize title insurance) and certain territories of the United States and Canada. In addition, we offer customers international title policy services in Mexico, the Caribbean, Latin America, and Europe.

Escrow and Closing Services In addition to the issuance of title insurance policies, we provide escrow and closing services to a broad-based customer group that includes lenders, developers, real estate agents, attorneys and property buyers and sellers. In California and a number of western states, it is a general practice, incident to the issuance of title insurance policies, to hold funds and documents in escrow for delivery in real estate

transactions upon fulfillment of the conditions to such delivery. In the mid-western states, Florida and some eastern cities, it is customary for the title company to close the transaction and disburse the sale or loan proceeds. Fees for escrow and closing services are generally separate and distinct from premiums paid for title insurance policies and other real estate-related services.

Commercial Services Our Commercial Services division assists customers in handling the more complex nature of commercial transactions and facilitates the coordination and delivery of products and services. In addition to title insurance and escrow and closing services, we provide a range of specialized services that include property appraisal and valuation, building and site assessments and other due diligence services, survey coordination, zoning certification, construction disbursement, coordination of national multi-state transactions, tax-deferred real property exchanges pursuant to Section 1031 of the Internal Revenue Code and Uniform Commercial Code products insuring personal property. The combined capital position of our three principal title underwriting subsidiaries enables us to underwrite large commercial policies and to participate in multi-state transactions.

Real Estate Transaction Management Services Through our subsidiary, LandAmerica OneStop, Inc. (LandAmerica OneStop), we offer to the national and regional mortgage lending community a full range of integrated residential real estate services and the ability to manage the delivery of those services through a centralized source. LandAmerica OneStop provides these mortgage originators with a single, convenient point of contact through which they may place all of their orders for title insurance and real estate-related services. Transaction management services are provided by LandAmerica OneStop, our other subsidiaries or through joint ventures or strategic alliances with third parties and include the coordination and delivery of title insurance, mortgage credit reporting, flood zone determinations, property appraisal and valuation, property inspections, closing and escrow services, and real estate tax payment services.

Underwriting

We issue title insurance policies on the basis of a title report, prepared pursuant to our prescribed underwriting guidelines, generally after a search of the public records, maps and documents to ascertain the existence of easements, restrictions, rights of way, conditions, encumbrances, liens or other matters affecting the title to, or use of, real property. In certain instances, a visual inspection of the property is also made. Title examinations may be made by branch employees, agency personnel or approved attorneys, whose reports are utilized by or rendered to a branch or agent and are the basis for the issuance of policies. In the case of difficult or unusual legal or underwriting issues involving potential title risks, the branch office or agent is instructed to consult with, and obtain prior approval of, a designated supervising office. Our contracts with independent agents require that the agent seek our prior approval before we assume a risk over a stated dollar limit.

We own a number of title plants and in some areas lease or participate with other title insurance companies or agents in the cooperative operation of such plants. Title plants are compilations of copies of public records, maps and documents that are indexed to specific properties in an area, and they serve to facilitate the preparation of title reports. To maintain the value of the title plants, we continually update our records by regularly adding current information from the public records and other sources. In this way, we maintain the ability to produce quickly and at a reduced expense a statement of the instruments that constitute the chain of title to a particular property. In many of the larger markets, the title plant and search procedures have been automated. We anticipate that the use of electronic media at courthouses and state and local governments will continue to grow over the next several years which may reduce the value of our title plants in the future.

Operations

We issue title insurance policies through branch offices of our title insurance underwriters, wholly-owned or partially-owned but consolidated subsidiary agencies, or through partially owned or independent title insurance agents. Where the policy is issued through a branch or wholly-owned subsidiary agency operation, the search is

performed by or at our direction, and the premiums collected are retained by us. Where the policy is issued through a title insurance agent, whether or not partially-owned by us, the agent generally performs the search (in some areas searches are performed by attorneys), examines the title, collects the premium and retains a majority of the premium. The agent remits to us the remainder of the premium as compensation, part of which is for bearing the risk of loss in the event a claim is made under the policy. The percentage of the premium retained by an agent varies from region to region and is sometimes regulated by the states. We are obligated to pay title claims in accordance with the terms of our policies, regardless of whether we issue policies through direct operations or agents. We maintain a quality assurance program for our independent agents. See Insured Risk on Policies in Force.

The premium for title insurance is due in full when the real estate transaction is closed. We recognize title insurance premium revenue from direct operations upon the closing of the transaction, whereas we recognize premium revenue from agency operations upon the reporting of such premiums by the agent. Premiums from agents are typically remitted to us after the closing of the real estate transaction, with the average time between closing and reporting for 2005 being approximately 112 days.

We license title production and accounting software from third parties, including some competitors, some of which is critical to the operation of our business.

Insured Risk on Policies in Force

The amount of the insured risk or face amount of insurance under a title insurance policy is generally equal to either the purchase price of the property or the amount of the loan secured by the property. The insurer is also responsible for the cost of defending the insured title against covered claims. The insurer s actual exposure at any time is significantly less than the total face amount of policies in force because the risk on an owner s policy is often reduced over time as a result of subsequent transfers of the property and the reissuance of title insurance by other title insurance underwriters, and the coverage of a lender s policy is reduced and eventually terminated as a result of payment of the mortgage loan. Because of these factors, the total liability of a title underwriter on outstanding policies cannot be precisely ascertained.

In the ordinary course of business, our underwriting subsidiaries represent and defend the interests of their insureds, and our consolidated financial statements provide for estimated losses and loss adjustment expenses arising from claims. Title insurers are sometimes subject to unusual claims (such as claims of Indian tribes to land formerly inhabited by them), claims resulting from fraud and defalcation, claims from large classes of claimants and other claims arising outside the insurance contract, including but not limited to, alleged negligence in search, examination or closing, alleged improper claims handling, alleged bad faith, alleged collection of excess premiums from certain consumers alleged to be entitled to a re-issue rate, and alleged improper charges for recording and other fees. The damages alleged in such claims arising outside the insurance contract may exceed the stated liability limits of the policies involved.

Standard & Poor s (S&P), a division of The McGraw-Hill Companies, Inc., has assigned a financial strength rating of A- to our title insurance operations. According to S&P, an insurer rated A has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings, and the minus (-) rating indicates relative standing within the A category. S&P assigns a ratings outlook along with its letter ratings to indicate its expectations of trends that relate to the financial strength rating for the rated company. The ratings outlook assigned by S&P may be either positive, stable or negative. According to S&P, our ratings outlook is stable. Fitc Inc. (Fitch) has assigned an A rating to our financial strength. According to Fitch, an A rating is assigned to those companies that possess strong capacity to meet policyholder and contract obligations, where risk factors are moderate and the impact of any adverse business and economic factors is expected to be small. Fitch also assigns a ratings outlook along with its letter ratings to indicate its expectations of trends that relate to the financial strength rating for the rated company. The ratings outlook assigned by Fitch may be either positive, stable or negative. According to

Fitch, our ratings outlook is stable. The S&P and Fitch ratings are not designed for the protection of investors and do not constitute recommendations to buy, sell or hold any security. Additionally, both Fitch and S&P have assigned senior debt ratings to our convertible debentures due 2033 and 2034. They have been assigned ratings of BBB and BBB-, respectively.

We place a high priority on maintaining effective quality assurance and claims administration programs. Our quality assurance program focuses on quality control, claims prevention and product risk assessment for our independent agencies. The claims administration program focuses on improving liability analysis, prompt, fair and effective handling of claims, early evaluation of settlement or litigation with first and third-party claimants and appropriate use of ADR (Alternative Dispute Resolution) in claims processing. In addition, to reduce the incidence of agency defalcations, we established due diligence requirements in connection with the appointment of new agents, procedures for renewing existing agents and an Agency Audit Program. We continue to refine our systems for maintaining effective quality assurance and claims administration programs.

Facultative Reinsurance and Coinsurance

Our title insurance subsidiaries distribute large title insurance risks by entering into facultative reinsurance agreements with other title insurance companies (the reinsurer). In facultative reinsurance agreements, the reinsurer assumes a portion of the risk that the primary title insurance company (the ceding company or ceder) decides not to retain in consideration of a premium. The ceder, however, remains liable to the insured under the policy for the total risk, whether or not the reinsurer meets its obligation. Reinsurance agreements may be entered into with related title insurance companies and/or with unaffiliated title insurance companies. When facultative reinsurance agreements are entered into, a primary risk generally in the amount of $5.0 million is retained by the ceder. We enter into reinsurance arrangements both as the reinsurer and the ceder.

We generally purchase facultative reinsurance from unaffiliated reinsurers based upon our review of the underwriting risks, the retention laws of the state where the property is located and the state where the ceding company is domiciled, and the retention limitations imposed by the customer.

We utilize coinsurance to enable us to provide coverage in amounts greater than we would be willing or able to undertake individually. In coinsurance transactions, generally, each individual underwriting company issues a separate policy and assumes a portion of the overall total risk. Each coinsurer is liable only for the particular portion of the risk it assumes.

Our title insurance subsidiaries enter into facultative reinsurance and coinsurance arrangements with most of the larger participants in the title insurance market, and such arrangements are not concentrated with any single title insurance company. Revenue and claims from facultative reinsurance are not material to our business as a whole. The exposure on assumed reinsurance risks is reduced due to the ceding company s retention of a significant primary risk. In addition, the exposure under these agreements generally ceases upon a transfer of the property and, with respect to insured loans, is decreased by reductions in mortgage loan balances. For these reasons, the actual exposure is much less than the total reinsurance our title insurance subsidiaries have assumed. Loss reserves on assumed reinsurance business are maintained on a basis consistent with reserves for direct business.

We maintain excess of loss catastrophic insurance through Lloyd s of London totaling $50.0 million. The Lloyd s policy provides fidelity and title loss coverage up to $50.0 million with a $20.0 million deductible for title losses and a lesser deductible for other losses.

We have not paid as reinsurer or recovered as ceder any material reinsured losses under a facultative reinsurance agreement during the three year period ended December 31, 2005.

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Title Operations Revenue

The table below sets forth, for the years ended December 31, 2005, 2004 and 2003, the approximate title operating revenue and percentages of our total title revenue for the five states representing the largest percentages of such revenue and for all other states and countries combined:

Revenue by State (Dollars in millions)

	2005		2004		2003	
California	$ 570.9	16.0%	$ 531.6	16.4%	$ 470.8	14.4%
Florida	384.1	10.7%	280.5	8.7%	223.2	6.8%
Texas	371.7	10.4%	354.4	11.0%	411.3	12.6%
New York	283.0	7.9%	214.8	6.6%	195.0	6.0%
Arizona	204.3	5.7%	132.2	4.1%	111.7	3.4%
Other	1,759.5	49.3%	1,722.1	53.2%	1,847.8	56.8%
Total Title Revenue	$ 3,573.5	100.0%	$ 3,235.6	100.0%	$ 3,259.8	100.0%

Title operating revenues represented 92.4 percent, 93.9 percent and 97.4 percent of our total consolidated operating revenues for the years ended December 31, 2005, 2004 and 2003.

Sales and Marketing

The Title Insurance Market For sales and marketing purposes, we generally distinguish between residential and commercial real estate transactions. Residential real estate business results from the construction, sale, resale and refinancing of residential properties, while commercial real estate business results from similar activities with respect to properties with a business or commercial use. Although precise data is not available to compare the percentage of our total premium revenue derived from residential versus commercial real estate transactions, approximately 72.0 percent of such revenue in 2005 resulted from policies providing coverage of $1.0 million or less (which tend to be residential) and approximately 28.0 percent of such revenue resulted from policies providing coverage in excess of $1.0 million (which tend to be commercial).

Residential Transactions Our primary source of residential business is from the local real estate community, such as attorneys, real estate brokers and developers, financial institutions, mortgage brokers and independent escrow agents. We serve the residential market through two major distribution channels: direct company owned offices and title insurance agents. Maintenance and expansion of these referral sources is integral to our marketing strategy for local residential business. Because most of our residential business arises from these local relationships, we are committed to providing an array of service offerings to these customers that, along with title insurance and closing services, provide a more complete solution to their residential real estate transaction needs.

Commercial Transactions Our Commercial Services division specializes in coordinating, underwriting and closing complex commercial and multi-property transactions. As part of the implementation of our customer focused strategy, in 2004 we began aligning our local commercial offices with our national commercial offices. As of December 31, 2005, we have personnel providing commercial transaction expertise in 46 offices in 32 geographic markets in the United States. Each office is focused on providing transaction and support services to national and local commercial accounts. The transaction and support services benefit both company offices as well as independent agents who handle substantial commercial transactions.

In addition, we believe we are one of the more strongly capitalized title insurers in the industry, with an aggregate statutory equity of $505.9 million as of December 31, 2005. Our financial strength is an important factor in marketing our commercial title business capabilities, enabling it to underwrite larger title policies and retain higher levels of risk without purchasing reinsurance from a third party. Our financial strength, as evidenced by the ratings from S&P and Fitch, is important in competing for commercial title insurance business. See additional information on our financial strength ratings in the section entitled Insured Risk on Policies in Force above.

Marketing Strategy We continue our transition from title insurance product delivery to providing multiple real estate transaction services. This strategy entails becoming more of a single source provider of the multiple products and services involved in real estate transactions. We continue to differentiate ourselves based on customer service and to expand a branding process to identify all of our operations under the LandAmerica name.

In 2005, we continued to focus on customer service initiatives, including supporting our Superior Service Guarantee in most of our branch offices that provides for the refund of the escrow fee when a residential customer is not satisfied with our service; supporting LenderXtra^{sm}, a flexible approach to product bundling that allows national lenders to create customized service packages that include LenderXtraOrder, our online platform that allows real-time, instant price quotes and order conversion for bundled lender services; enhancing our AgentExtra^{sm} program as a standard for delivering customized business and marketing solutions to our national network of agents; introducing in select markets Landamclosing.com, a web-based site for opening and closing orders and the management of documents by our residential customers; and supporting the LandAmerica Commercial Connection, a web-based site for opening and closing orders and the management of documents by our commercial customers.

Customers

As of December 31, 2005, no single agent was responsible for more than 5 percent of our title insurance revenue. In addition, our title insurance business is not dependent upon any single customer. The loss of any independent agent or customer would not have a material adverse effect on us.

Competition

The business of providing real estate transaction services is very competitive. Competition for residential title insurance business is based primarily on price and quality of service. Service quality is based upon a number of factors, including the ability to respond quickly and accurately to customers and technological capabilities (resulting in the delivery of a readily accessible, efficient and reliable product). With respect to national and regional lenders, service quality includes a large distribution network and the ability to deliver a broad array of real estate services quickly, efficiently and through a single point of contact. Competition for commercial title business is based primarily on price, service, expertise in complex transactions and the size and financial strength of the insurer. Title insurance underwriters also compete for agents on the basis of service and commission levels. For each of these customer groups, we have increased our emphasis on service levels and the variety of services and products we provide.

Our principal competitors are other major title insurance underwriters and their agency networks. Our principal competitors during 2005 were Fidelity National Title Group, Inc. which was spun off from Fidelity National Financial, Inc. in October 2005 (FNT), Old Republic International Corporation, Stewart Information Services, Inc. and The First American Corporation. While there are approximately 88 title insurance underwriting companies licensed in the United States that generate 99 percent of the industry s underwriting market, the top five companies (consisting of us and our four principal competitors and their consolidated subsidiaries) accounted for approximately 92 percent of the title insurance underwriting market in 2004, the latest date for which information is available, based on public filings made by those companies.

Our title insurance subsidiaries are subject to regulation by the insurance authorities and enforcement of laws by other governmental authorities of the states in which they do business. Our title insurance subsidiaries are subject to compliance with the Real Estate Settlement Procedures Act (RESPA) on one to four family residential transactions which is primarily enforced by the U.S. Department of Housing and Urban Development. See Regulation. Within this regulatory framework, we compete with respect to premium rates, coverage, risk evaluation, service and business development.

State regulatory authorities impose underwriting limits on title insurers based primarily on levels of available capital and surplus. We have underwriting limits that are comparable to our four principal competitors. While such limits may theoretically hinder our title insurance subsidiaries assumption of a particular large underwriting liability, in practice we have established our own internal risk limits at levels substantially lower than those allowed by state law. In addition, we may spread the risk of a large underwriting liability over our three principal title underwriting subsidiaries. Therefore, we do not consider statutory capital-based risk limits to be a significant factor in the amount of underwriting we may undertake.

Business Strategy

Our long-term objective is to enhance our position as a premier provider and manager of integrated real estate transaction services while maximizing our profitability throughout the real estate market cycle. To accomplish this objective, we are pursuing various business initiatives designed to broaden our market position and provide the framework to enhance growth and maximize profitability.

Focusing on the Customer We have a customer-focused strategy to increase intimacy with our customers. In conjunction with that strategy, we have leadership positions and teams to support our primary customer groups: agents, residential, commercial and national lenders. With the objective of fostering customer loyalty, these leaders and teams are responsible for consistent service quality and operational excellence by providing common support platforms and structures for the various markets in which we operate. Our shared support resources are organized to provide direct support to our customer-focused operations. Production and Process Improvement is a shared resource providing title production services to our teams that support our primary customer groups. Technology resources focus on providing superior customer service and increasing our operational efficiency through electronic business solutions and technology support. Our other shared resources, such as human resources and legal, provide direct support to our internal customers through dedicated business partners.

Expanding Title Insurance Distribution Capabilities and Broadening Real Estate Transaction Services Offerings We seek to increase our share of the title insurance market by expanding and enhancing our distribution channels through the hiring and retention of experienced industry professionals with strong local relationships, the opening of new offices in markets with the potential for significant transaction volume, acquisitions of title insurance agencies or underwriters and selectively engaging in title insurance agency joint ventures in order to strengthen our presence in particularly attractive markets. In the case of the acquisition of agencies or small to medium-size underwriters, we review the agency s or underwriter s profitability, location, growth potential in its existing market, claims experience and, in the case of an underwriter, the adequacy of its reserves. In 2005, we acquired two title agencies and one escrow company. Throughout our title customer base, there is demand for providers of multiple, diverse real estate transaction services. In particular, the large national mortgage lenders expect that necessary services related to the mortgage financing process will be available from and billed by a single source. Our strategy is to continue to expand both our array of real estate transaction products and services available to lenders and other title customers and the distribution channels through which they are offered.

Maintaining Commercial Real Estate Market Strength Participation in the commercial real estate market partially offsets some of the cyclicality of the residential real estate market, where transaction volumes are more susceptible to changes in interest rates. We maintain our presence in the commercial real estate market primarily due to the high quality service that we provide and our expertise in handling complex transactions, the financial strength ratings of our underwriting subsidiaries and our strong capital position. In particular, the combined capital position of our three principal underwriting subsidiaries enables us to underwrite large commercial policies while purchasing less facultative reinsurance, thus increasing profitability.

Reducing Costs and Expenses Losses resulting from claims under title insurance policies represent a relatively small part of our overall costs. Operating costs constitute the largest portion of expenses relating to providing title insurance and are relatively high compared to other types of insurers. We utilize a production unit model in which our three principal title operating subsidiaries share a single back office processing center in a geographic region while continuing to market from separate storefronts under different operating names. In 2005, we expanded our production unit model by aligning our title production units under one division. The production division is responsible for the delivery of title products to our direct company-owned offices and title insurance agents. We provide escrow support from several centralized locations, thereby increasing service levels and improving efficiency. We have also implemented out-sourcing and off-shoring initiatives to streamline operations in areas where it has been determined that these initiatives will be cost efficient, improve customer service, and provide value to our shareholders.

Enhancing Cost Control Flexibility We manage our personnel and other operational expenses to reflect changes in the level of activity in the real estate market. As a result, our employee base expands and contracts over time. Personnel and administrative costs in the Title Operations segment do not decrease as rapidly as transaction volumes decrease due to our inability to change headcount in direct correlation to volume changes. Any acquisition also expands our employee base. In order to manage personnel costs more efficiently throughout the real estate cycle, we use temporary or part time employees where appropriate to staff operations so we can respond more rapidly to changes in real estate activity.

Regulation

The title insurance business is regulated by state regulatory authorities that possess broad powers relating to the granting and revoking of licenses, and the type and amount of investments which our title insurance subsidiaries may make. These state authorities also regulate insurance rates, forms of policies, claims handling procedures and the form and content of required annual statements, and have the power to audit and examine financial and other records and the market conduct of these companies. Other governmental authorities have the power to enforce state and federal laws to which our title insurance subsidiaries are subject, including but not limited to, state anti-rebate and anti-kickback statutes and RESPA. Some states require title insurers to own or lease title plants. A substantial portion of the assets of our title underwriting subsidiaries consists of their portfolios of investment securities. Each of these subsidiaries is required by the laws of its state of domicile to maintain assets of a statutorily defined quality and amount. See Investment Policies below. Under state laws, certain levels of capital and surplus must be maintained and certain amounts of portfolio securities must be segregated or deposited with appropriate state officials. Various state statutes require title insurers to defer a portion of all premiums in a reserve for the protection of policyholders and to segregate investments in a corresponding amount. State regulatory policies also restrict the amount of dividends and distributions that title insurance companies may pay to their shareholders without prior regulatory approval. Generally, all of the title underwriters that meet certain financial thresholds are required to engage independent auditors to audit their statutory basis financial statements which, along with the auditor s report, must be filed with the state insurance regulators.

The National Association of Insurance Commissioners (the NAIC) has adopted model legislation that if enacted by individual states would regulate title insurers and agents nationally and would change certain statutory reporting requirements. The model legislation also would require title insurers to audit agents periodically and require licensed agents to maintain professional liability insurance. A number of states have adopted legislation similar to some of the provisions contained in the NAIC model legislation. We cannot predict whether all or any portion of the proposed legislation or any other legislation further regulating title insurers and agents will be adopted in any other states or federally. Also, the NAIC has adopted an instruction requiring an annual certification of reserve adequacy by a qualified actuary. Because all of the states in which our title insurance subsidiaries are domiciled require adherence to NAIC filing procedures, each such subsidiary, unless it qualifies for an exemption, must file an actuarial opinion with respect to the adequacy of its reserves.

Many state insurance regulatory laws intended primarily for the protection of policyholders contain provisions that require advance approval by state agencies of any change in control of an insurance company or insurance holding company that is domiciled (or, in some cases, doing business) in that state. Under such current laws, any future transaction that would constitute a change in control would generally require approval by the state insurance departments of Arizona, California, New Jersey, Pennsylvania, Tennessee, Texas and Virginia. Such a requirement could have the effect of delaying or preventing certain transactions affecting the control or the ownership of our Common Stock, including transactions that could be advantageous to our shareholders.

Cyclicality and Seasonality

The title insurance business is closely related to the overall level of residential and commercial real estate activity, which is generally affected by the relative strength or weakness of the United States economy. In addition, title insurance volumes fluctuate based on the effect that changes in interest rates have on the level of real estate activity. Periods of increasing interest rates usually have an adverse impact on real estate activity and therefore premium and fee revenue. In contrast, real estate activity usually increases when interest rates fall. During 2005, interest rates continued to remain at relatively low levels in comparison to interest rates in the United States over the past three years.

Prior to 2002, residential real estate activity has been generally slower in the winter, when fewer families buy or sell homes, with increased volumes in the spring and summer. Residential refinancing activity is generally more uniform throughout the seasons, but is subject to interest rate variability. We typically report our lowest revenue in the first quarter, with revenue increasing into the second quarter and through the third quarter. The fourth quarter customarily may be as strong as the third quarter, depending on the level of activity in the commercial real estate market. Due to an unusually low interest rate environment in the last three years, our results have not followed the typical seasonal patterns. In 2002, 2003 and 2004, our fourth quarter revenue was stronger than the third quarter. In 2002 and 2003, this increase was primarily due to an increase in commercial real estate activity and refinance activity. In 2004, the increase in fourth quarter revenue was due to an increase in commercial real estate activity and other direct revenue. Revenue for 2005 was more in line with our typical historical results.

Environmental Matters

Title insurance policies specifically exclude any liability for environmental risks or contamination. Policies issued before 1984, while not specifically addressing environmental risks, are not considered to provide any coverage for such matters, and we have not experienced and do not expect any significant expenses related to environmental claims.

Through our subsidiaries, we sometimes act as a temporary title holder to real estate under a nominee holding agreement and sometimes participate in title holding agreements involving tax-deferred exchanges. Our customers in such situations generally are financially strong entities from whom we secure indemnification for potential environmental and other claims. In other situations where we might acquire title to real estate, we will generally require that an appropriate environmental assessment be made to evaluate and avoid any potential liability.

Lender Services

Products and Services

The Lender Services segment focuses on mortgage lenders as a distinct customer base for certain of our products and services, which include real estate tax processing, flood zone certifications, consumer mortgage credit reporting, default management services, and mortgage loan subservicing. In 2005, Lender Services reorganized the management of the independent operations described below to represent the products and services offered by and manage the operations of those entities under the Lender Services umbrella with focus on the three lines of business of its lender customers: loan origination, loan servicing, and subservicing.

Tax Services LandAmerica Tax & Flood Services, Inc. (LATF) offers real estate tax processing services to mortgage lenders. LATF monitors and reports real estate property tax data needed by mortgage lenders on properties securing loans made by such mortgage lenders. During the lending process, LATF can advise lenders whether any delinquent taxes are associated with the property. Where the lender requires an escrow for the payment of taxes by borrowers during the term of the loan, LATF determines the timing and amount of the tax payment due on the property and interfaces with the loan servicing department of the mortgage lender and the various local taxing authorities to facilitate the timely payment of real property taxes.

Services performed for mortgage lenders vary significantly, as some lenders prefer complete outsourcing of all tax service functions to LATF while other lenders prefer to perform their own tax services and purchase data from LATF. We believe that the trend among large lenders recently has been to perform certain functions of their own tax services, known as insourcing. LATF has developed a series of products to provide those lenders with the data and other tools they need to insource tax service functions. Four mortgage lending customers account for approximately 50 percent of LATF s gross revenue. LATF competes on the basis of price and service with its three main competitors in the tax service business The First American Corporation, Fidelity National Financial Corporation and ZC Sterling Insurance Agency, Inc.

Flood Zone Certifications Through LATF, we provide mortgage lenders with information to determine if property that is to be used to secure a loan is located in a special flood hazard area as defined by the U.S. Federal Emergency Management Agency (FEMA). If the structure is in a special flood hazard area, the borrower is required to purchase flood insurance prior to closing of the transaction. LATF s flood service includes an initial flood zone determination report provided to the lender at the origination of the loan and subsequent notifications to the lender during the term of the loan of any changes in a property s flood zone status brought about by changes in flood insurance rate maps by FEMA.

Although there are numerous suppliers of flood zone certification services, the largest competitors of LATF with whom it competes on the basis of price and service are The First American Corporation and Fidelity National Financial, Inc. In 2005, we launched an enhanced LATFnet, a web-based order entry and reporting system for our tax and flood customers.

Consumer Mortgage Credit Reporting We provide consumer mortgage credit reporting services through LandAmerica Credit Services, Inc. (LACS). LACS is a nationwide provider of consumer credit reports and income, employment, and tax return verifications to lenders engaged in mortgage origination. LACS s technology interfaces with many loan origination systems and permits 24 hours, 7 days a week monitoring and response. Our credit information is obtained using technology linked to the three major credit repositories Equifax, Experian and Trans Union. In addition, through LACS s Bureau Direct, a borrower s erroneous credit information can be updated at each of the three major credit repositories in 72 hours or less, thereby reducing the necessary paperwork and time required by the borrower and the lender seeking to close a consumer s lending transaction.

Although there are numerous suppliers of credit reporting services, the largest competitors of LACS are The First American Corporation and Kroll Factual Data, Inc.

Default Management Our subsidiary, LandAmerica Default Services Company (LADS), provides comprehensive default management services to lenders and mortgage servicing operations. These services consist of customized reports, broker price opinions and appraisals, foreclosure, management of properties acquired at foreclosure, bankruptcy services, reconveyance processing and lien release.

Although there are numerous suppliers of default management services, the largest competitors of LADS with whom it competes on the basis of price and service are The First American Corporation and Fidelity National Title Group, Inc.

Mortgage Loan Subservicing We provide loan subservicing services through our subsidiary, LoanCare Servicing Center, Inc. (LoanCare), a national mortgage loan subservicer. LoanCare is an approved servicer with the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Federal Housing Administration, the Veterans Administration, several nationwide financial institutions, and a number of private investors. Our loan subservicing services are offered through interim and private label subservicing programs. Interim subservicing is utilized by lenders selling loans in the secondary market pending the transfer of the loans and the related servicing rights to a permanent purchaser/investor. The private label subservicing program is utilized by lenders wishing to promote the relationship between themselves and their borrowers. Although there are numerous providers of loan subservicing services, the largest competitors of LoanCare with whom it competes on the basis of price and service are Cenlar FSB, GMAC Mortgage Corporation, and Countrywide Home Loans, Inc.

Portions of our Lender Services segment have seasonal trends similar to our Title Operations segment, particularly in our tax and flood and credit servicing businesses. However, due to the nature of the revenue deferrals made in this segment, as noted above, the impact on our results of operations will differ. In instances where we receive cash in advance for services for real estate tax payment and flood certification services, the revenue is deferred and amortized ratably over the anticipated life of the loan servicing. This ratable amortization has the impact of reducing the volatility in revenue related to this segment; however, loss of a customer may accelerate recognition of revenue in certain periods resulting in one-time volatility.

Financial Services

The Financial Services segment includes Orange County Bancorp and its wholly-owned subsidiary, Centennial Bank, a California industrial bank we acquired in November 2003 (Centennial). Centennial s primary business is the origination and bulk purchase of commercial real estate loans in the Southern California market. Deposits are solicited through the internet for both certificates of deposit and passbook savings accounts. As an industrial bank, Centennial does not accept demand deposits, such as checking accounts, that provide for payment to third parties. Centennial does not offer banking services such as credit cards or automated teller machines. We utilize Centennial to hold a portion of our escrow deposits. The following is a summary of certain information relating to Centennial s deposits, loans and allowances for loan losses for the last five years. As noted above, information related to periods prior to November 30, 2003, have not been included in our financial position and results of operations as we acquired the bank effective November 30, 2003.

At December 31, 2005, Centennial held $547.2 million in total deposits. Certificates of deposit and passbook savings accounts represented 47.3 percent and 52.7 percent, respectively, of total deposits as of that date.

At December 31, 2005, Centennial had $436.1 million of outstanding loans which is 79.7 percent of total deposits. The average loan balance outstanding at December 31, 2005 was $0.8 million. Centennial makes loans only on a secured basis, at loan-to-value percentages typically no greater than 75 percent. Significantly all of Centennial s loans are made on a variable rate basis. Loans that Centennial made or acquired during 2005 ranged in amount from $0.3 to $9.0 million. Centennial s commercial real estate loans are typically smaller in size and more tailored to fit the customer than those issued by large financial institutions that maintain minimum size requirements of $0.5 million to $1.0 million or more. Centennial s primary competitors in the California market are local community banks, thrift and loan companies and, to a lesser extent, commercial banks.

The average yield on Centennial s loan portfolio as of December 31, 2005 was 6.4 percent. A number of factors are included in the determination of average yield, principal among which are interest, loan fees and closing points amortized to income, prepayment penalties recorded as income, and amortization of discounts on purchased loans.

The following table presents the amounts of Centennial s outstanding loans, by category, as of the dates indicated.

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(In millions)				
Commercial, financial and agricultural	$	$	$ 0.1	$ 0.1	$ 0.3
Real estate mortgage	435.8	342.3	253.9	203.7	142.8
Installment loans to individuals	0.3	1.5	4.3	11.0	18.7
Lease financing				0.3	0.3
Total	$ 436.1	$ 343.8	$ 258.3	$ 215.1	$ 162.1

The performance of Centennial s loan portfolio is evaluated on an ongoing basis by our management. Loans are typically classified as non-accrual if they miss three or more contractual payments. Loans may be returned to accrual status when all principal and interest amounts contractually due (including arrearages) are reasonably assured of repayment within an acceptable period of time, in accordance with the contractual payment terms of interest and principal. While a loan is classified as non-accrual and future collectibility of the recorded loan balance is doubtful, collections of both interest and principal are generally applied as a reduction to principal outstanding. When the future collectibility of the recorded loan balance is expected, interest may be recognized on a cash basis.

The following table sets forth the amount of Centennial s nonperforming loans as of the dates indicated.

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(Dollars in millions)				
Nonaccrual loans	$	$	$ 0.1	$ 0.1	$ 0.1
Total nonperforming assets	$	$	$ 0.1	$ 0.1	$ 0.1
Allowance for loan losses to nonperforming assets	N/A	N/A	23.44X	30.57X	18.43X
Nonperforming assets to period end loans	$61.48 $70.00 $60.00 $45.01 $50.89/66% $58.51/71% $50.65/68% $54.31/68%				

$50.00 $46.16/66%

$41.58/68%

$40.00

$25.71/57%

$30.00 4% 3% 2%

2% 3%

5% 2% 5% 5% 4%

5% 5%

$20.00 5% 5% 9% 8%

7% 8% 8% 8% 7%

$10.00 18% 17% 18% 16% 16% 15% 26% $0.00

2009 2010 2011 2012 2013 Q1 2014 Q2 2014

Whiting Realized Prices(1) $/BOE

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Lease Operating Expense Production Taxes G&A Exploration Expense EBITDA

(1) Includes hedging adjustments.

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Kodiak Acquisition Overview

This Highly Strategic Combination

Creates Largest Bakken / Three Forks Producer

Drives Higher Growth

Drives Better Metrics

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Leading Williston Basin operator

NYSE: WLL

Acreage Overview (855,000 net acres)

Source: Company presentations, filings and press releases

1 As of December 31, 2013

2 Rigs currently drilling on July 13, 2014 per NDIC

3 As of July 13, 2014, Whiting had two additional rigs moving and Kodiak had one additional rig moving, for a combined operated 21 rigs in the Williston Basin

Q1 14 Bakken / Three Forks Net Production (Mboepd)

107.3

97.5

86.0

73.3

63.0 ~60.0 54.0

49.4

42.9 42.7 34.0

31.1

Rigs drilling in the Williston Basin (as of 7/13/14)2,3

18 18 18

14 14 12 10 8 7

6 6 5

PF Whiting CLR EOG Whiting HES XOMIXTO COP STO OAS MRO Kodiak QEP

PF Whiting CLR HES OAS XOM/XTO Whiting COP QEP EOG Kodiak STO MRO

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Larger location inventory with significant opportunity to accelerate Williston Basin drilling program

Pro Forma Williston Basin Drilling Locations (Net)

4,000

3,460

3,500 3,000 2,500

2,000

1,500 1,339 1,000

500

0

Whiting only Pro forma Whiting (as of 12/31/2013) (as of 6/30/2014)[1]

Potential Williston Basin net drilling locations increase by 158%

1 Includes 2,639 Whiting and Kodiak locations at 12/31/2013, plus an additional 821 combined Whiting and Kodiak identified locations as of 06/30/2014

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Driving value from complementary acreage positions

Whiting Acreage

Kodiak Acreage

Central and Eastern Williston Basin

Bakken Producer

Three Forks Producer

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Combined 855,000 net acres in the core of Williston Basin

Footprint in the sweet-spot of the Central and Eastern Williston Basin is strategically positioned to accelerate development of the combined acreage position

Ability to drive production, reserve growth and operational efficiency across the position

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Enhances size and scale relative to oil-weighted peers

Enterprise $34.7 $33.5

$19.8 $17.8

Value $13.5 $11.7

$9.9 $8.7 $7.9

$7.3 $6.0

($bn)

PXD CLR CXO PF Whiting1 XEC Whiting DNR NFX OAS SD Kodiak

$3.1

LQA $2.8

$2.4

$2.1 $1.9

EBITDAX2 $1.7 $1.4

$1.0 $1.0 $0.9 $0.7

($bn)

CLR PF Whiting PXD Whiting CXO XEC DNR NFX OAS SD Kodiak

1,084 798

606 576 503 468

439 431 377

Reserves 219 167

(Mmboe)

CLR PXD PF Whiting NFX CXO DNR Whiting XEC SD OAS Kodiak

% liquids 68% 62% 88% 52% 61% 83% 89% 48% 46% 87% 83%

80% oil 79% oil 83% oil

188 171

152 141

129

2014E 112 111 81

77 48

41

Production

(Mboepd)3 PXD CLR PF Whiting XEC NFX CXO Whiting SD DNR OAS Kodiak

% liquids 68% 70% 88% 53% 56% 60% 88% 53% 95% 89% 88%

84% oil 83% oil 88% oil

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Source: Company filings, equity research, Bloomberg, FactSet as of July 11, 2014

¹ Combined Whiting & Kodiak enterprise values based on transaction value as of July 11, 2014

2 Please see appendix for reconciliation of non-GAAP financial measures

3 Based on mid-point of Whiting and Kodiak public guidance, and Bloomberg Consensus estimates for peers

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Whiting Petroleum A Company on the Move

Four Significant Early 2014 Achievements

1) Announced Agreement to Acquire Kodiak Oil & Gas Corp. on July 13, 2014, which Will Create the #1 Williston Basin Bakken / Three Forks Producer with an Approximate $18 Billion Enterprise Value Based on Stock Prices Prior to Announcement

2) Record Production Reaches 109,760 BOE/d in Q2 2014, Up 9.7% Over Q1 2014, Exceeds High End of Guidance

- Record Discretionary Cash Flow of $556.2 Million(1)

- Record Williston Basin Production of 80,195 BOE/d, Up 33% YoY

- McKenzie Co. ND Tarpon Prospect Well Completed on June 7, 2014 in 2nd Bench of Three Forks Flowing 6,071 BOE/d

- Raised 2014 Production Guidance to a mid-point of +20%

3) New Bakken / Three Forks Completions Using Cemented Liners and Plug and Perf Technology Yielded a 23% Increase in EURs Compared to Wells With Uncemented Liners and Sliding Sleeve Technology

4) Redtail Niobrara Development Area Production of 7,235 BOE/d in Q2 2014, Up 59% Over Q1 2014

- Spud the 30F Super Pad in the Horsetail Township of Redtail to Test 32-Well Spacing Pattern in Niobrara A, B and C Benches in early June 2014

- Razor 27I 8-Well Pad Currently Producing 4,700 Gross BOE/d as of July 21, 2014

(1) Please refer to the Reconciliation of Net Cash Provided by Operating Activities to Discretionary Cash Flow later in this presentation.

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Whiting CEO, Jim Volker, and Timbro Ranch Managing Partner, Ron Timmerman, review Whiting s Redtail Prospect development plans on the Timbro Ranch in Weld County, Colorado

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Appendix

Discretionary Cash Flow(1)

($ in Thousands)

Reconciliation of Net Cash Provided by Operating Activities to Discretionary Cash Flow

Three Months Ended Six Months Ended June 30, June 30, 2014 2013 2014 2013

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 (1) $ 556,187 $ 440,872 $ 1,038,148 $ 841,942

(1) 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.

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Cash Flow Per Diluted Share

($ in Thousands)

Reconciliation of Net Cash Provided by Operating Activities to Cash Flow Per Diluted Share

Cash Flow Per Share: Year Ended December 31,

2009 2010 2011 2012 2013

Net cash provided by operating activities $ 453,824 $ 997,289 $ 1,192,083 $ 1,401,215 $ 1,744,745 Weighted average diluted shares outstanding(1) 100,088 107,846 118,668 119,028 119,588 Cash flow per share $ 4.53 $ 9.25 $ 10.05 $ 11.77 $ 14.59

(1) All share and per share amounts have been retroactively restated for the 2009 and 2010 periods to reflect Whiting s two for-one stock split in February 2011.

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EBITDAX

($ in Thousands)

Reconciliation of Net Income to EBITDAX

EBITDAX Reconciliation: Year Ended December 31,

2009 2010 2011 2012 2013

Net Income (Loss) $ (106,882) $ 336,653 $ 491,628 $ 414,099 $ 366,003 Amortization of Deferred Gain
(16,596) (15,613) (13,937) (29,458) (31,737) Gain on Sale of Properties
(5,947) (1,388) (16,313) (3,423) (128,648) Interest Income (208)
(343) (208) (283) (1,134) Depreciation, Depletion & Amortization 394,792 393,897 468,203 684,724 891,516 Exploration 46,875 32,846 45,861 59,117 94,755 Impairment 26,139 26,525 38,783 107,855 358,455 Stock Compensation 7,650 8,871 13,509 18,190 22,436 Interest Expense. 64,608 59,078 62,516 75,210 112,936 Change in LT PPP 3,267 12,091
(865) 13,824 (6,980) Noncash (Gain) Loss on MTM Derivatives 218,255
(40,736) (63,093) (115,733) (20,830) Income Taxes (Benefit) (55,953) 204,790 288,691 247,912 205,868

EBITDAX Total. $ 576,000 $ 1,016,671 $ 1,314,775 $ 1,472,034 $ 1,862,640

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Net Debt

($ in Thousands)

Reconciliation of Long-term Debt to Net Debt

Year Ended December 31,

2009 2010 2011 2012 2013

Long-term Debt $779,585 $800,000 $1,380,000 $1,800,000 $2,653,834 Less Cash 11,960 18,952 15,811 44,800 699,460 Net Debt $767,625 $781,048 $1,364,189 $1,755,200 $1,954,374

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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, on September 19, 2014, Whiting and Kodiak, each filed with the SEC amendment no. 1 to a previously filed preliminary joint proxy statement / circular. The joint proxy statement / circular is not final and is subject to change. Once final, a definitive joint proxy statement / circular will be filed with the SEC. INVESTORS ARE URGED TO READ THE

DEFINITIVE JOINT PROXY STATEMENT, 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, 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 80202-4765 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.

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