

EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST
Form N-CSRS
July 26, 2018

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

Form N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act File Number: 811-09147

Eaton Vance Massachusetts Municipal Income Trust
(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110
(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number)

November 30

Date of Fiscal Year End

May 31, 2018

Date of Reporting Period

Item 1. Reports to Stockholders

Eaton Vance

Municipal Income Trusts

Semiannual Report

May 31, 2018

California (CEV) Massachusetts (MMV) Michigan (EMI) New Jersey (EVJ)
New York (EYV) Ohio (EVO) Pennsylvania (EVP)

Commodity Futures Trading Commission Registration. Effective December 31, 2012, the Commodity Futures Trading Commission (CFTC) adopted certain regulatory changes that subject registered investment companies and advisers to regulation by the CFTC if a fund invests more than a prescribed level of its assets in certain CFTC-regulated instruments (including futures, certain options and swap agreements) or markets itself as providing investment exposure to such instruments. Each Fund has claimed an exclusion from the definition of the term commodity pool operator under the Commodity Exchange Act. Accordingly, neither the Funds nor the adviser with respect to the operation of the Funds is subject to CFTC regulation. Because of its management of other strategies, each Fund's adviser is registered with the CFTC as a commodity pool operator and a commodity trading advisor.

Fund shares are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Shares are subject to investment risks, including possible loss of principal invested.

Semiannual Report May 31, 2018

Eaton Vance

Municipal Income Trusts

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Eaton Vance

California Municipal Income Trust

May 31, 2018

Performance^{1,2}

Portfolio Manager Craig R. Brandon, CFA

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	01/29/1999	0.74%	0.44%	4.72%	5.45%
Fund at Market Price		3.06	5.47	2.92	4.23
Bloomberg Barclays Municipal Bond Index		0.71%	1.11%	2.92%	4.30%

% Premium/Discount to NAV³	
	15.72%

Distributions⁴	
Total Distributions per share for the period	\$ 0.223
Distribution Rate at NAV	3.27%
Taxable-Equivalent Distribution Rate at NAV	6.37%
Distribution Rate at Market Price	3.88%
Taxable-Equivalent Distribution Rate at Market Price	7.56%

% Total Leverage⁵	
Institutional MuniFund Term Preferred (iMTP) Shares	30.77%
Residual Interest Bond (RIB) Financing	5.67

Fund Profile

Credit Quality (% of total investments)^{6,7}

See Endnotes and Additional Disclosures in this report.

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Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) with all distributions reinvested and include management fees and other expenses. Fund performance at market price will differ from its results at NAV due to factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for Fund shares, or changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance less than or equal to one year is cumulative. Performance is for the stated time period only; due to market volatility, current Fund performance may be lower or higher than the quoted return. For performance as of the most recent month-end, please refer to eatonvance.com.

Eaton Vance

Massachusetts Municipal Income Trust

May 31, 2018

Performance^{1,2}**Portfolio Manager** Craig R. Brandon, CFA

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	01/29/1999	0.62%	0.71%	4.10%	5.85%
Fund at Market Price		3.20	4.69	2.42	4.39
Bloomberg Barclays Municipal Bond Index		0.71%	1.11%	2.92%	4.30%

% Premium/Discount to NAV³	15.23%
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Distributions⁴

Total Distributions per share for the period	\$ 0.233
Distribution Rate at NAV	3.17%
Taxable-Equivalent Distribution Rate at NAV	5.64%
Distribution Rate at Market Price	3.73%
Taxable-Equivalent Distribution Rate at Market Price	6.64%

% Total Leverage⁵

iMTP Shares	27.43%
RIB Financing	6.84

Fund Profile

Credit Quality (% of total investments)^{6,7}

See Endnotes and Additional Disclosures in this report.

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Eaton Vance

Michigan Municipal Income Trust

May 31, 2018

Performance^{1,2}

Portfolio Manager Cynthia J. Clemson

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	01/29/1999	0.99%	0.73%	5.37%	6.42%
Fund at Market Price		1.58	0.64	4.42	6.33
Bloomberg Barclays Municipal Bond Index		0.71%	1.11%	2.92%	4.30%

% Premium/Discount to NAV ³	11.96%
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Distributions⁴

Total Distributions per share for the period	\$ 0.235
Distribution Rate at NAV	3.21%
Taxable-Equivalent Distribution Rate at NAV	5.66%
Distribution Rate at Market Price	3.64%
Taxable-Equivalent Distribution Rate at Market Price	6.42%

% Total Leverage⁵

iMTP Shares	35.48%
RIB Financing	2.53

Fund Profile

Credit Quality (% of total investments)^{6,7}

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Eaton Vance

New Jersey Municipal Income Trust

May 31, 2018

Performance^{1,2}

Portfolio Manager Adam A. Weigold, CFA

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	01/29/1999	1.45%	1.87%	4.33%	5.52%
Fund at Market Price		1.57	3.43	1.92	4.75
Bloomberg Barclays Municipal Bond Index		0.71%	1.11%	2.92%	4.30%

% Premium/Discount to NAV³

15.81%

Distributions⁴

Total Distributions per share for the period	\$ 0.274
Distribution Rate at NAV	4.09%
Taxable-Equivalent Distribution Rate at NAV	7.59%
Distribution Rate at Market Price	4.86%
Taxable-Equivalent Distribution Rate at Market Price	9.02%

% Total Leverage⁵

iMTP Shares	29.25%
RIB Financing	8.55

Fund Profile

Credit Quality (% of total investments)^{6,7}

See Endnotes and Additional Disclosures in this report.

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Eaton Vance

New York Municipal Income Trust

May 31, 2018

Performance^{1,2}**Portfolio Manager** Craig R. Brandon, CFA

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	01/29/1999	0.52%	0.93%	4.64%	5.82%
Fund at Market Price		1.62	2.27	2.49	4.62
Bloomberg Barclays Municipal Bond Index		0.71%	1.11%	2.92%	4.30%

% Premium/Discount to NAV³	12.30%
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Distributions⁴	
Total Distributions per share for the period	\$ 0.300
Distribution Rate at NAV	4.29%
Taxable-Equivalent Distribution Rate at NAV	7.95%
Distribution Rate at Market Price	4.89%
Taxable-Equivalent Distribution Rate at Market Price	9.06%

% Total Leverage⁵	
iMTP Shares	23.52%
RIB Financing	15.66

Fund Profile

Credit Quality (% of total investments)^{6,7}

See Endnotes and Additional Disclosures in this report.

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Eaton Vance

Ohio Municipal Income Trust

May 31, 2018

Performance^{1,2}

Portfolio Manager Cynthia J. Clemson

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	01/29/1999	0.36%	0.28%	4.76%	6.10%
Fund at Market Price		4.15	5.54	2.69	5.50
Bloomberg Barclays Municipal Bond Index		0.71%	1.11%	2.92%	4.30%

% Premium/Discount to NAV³

14.45%

Distributions⁴

Total Distributions per share for the period	\$ 0.271
Distribution Rate at NAV	3.71%
Taxable-Equivalent Distribution Rate at NAV	6.60%
Distribution Rate at Market Price	4.33%
Taxable-Equivalent Distribution Rate at Market Price	7.70%

% Total Leverage⁵

iMTP Shares	28.17%
RIB Financing	7.96

Fund Profile

Credit Quality (% of total investments)^{6,7}

See Endnotes and Additional Disclosures in this report.

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Eaton Vance

Pennsylvania Municipal Income Trust

May 31, 2018

Performance^{1,2}

Portfolio Manager Adam A. Weigold, CFA

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	01/29/1999	1.13%	0.35%	4.62%	5.31%
Fund at Market Price		3.04	2.48	3.22	4.84
Bloomberg Barclays Municipal Bond Index		0.71%	1.11%	2.92%	4.30%

% Premium/Discount to NAV ³	14.47%
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Distributions⁴

Total Distributions per share for the period	\$ 0.253
Distribution Rate at NAV	3.77%
Taxable-Equivalent Distribution Rate at NAV	6.57%
Distribution Rate at Market Price	4.40%
Taxable-Equivalent Distribution Rate at Market Price	7.67%

% Total Leverage⁵

iMTP Shares	30.28%
RIB Financing	7.49

Fund Profile

Credit Quality (% of total investments)^{6,7}

See Endnotes and Additional Disclosures in this report.

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Eaton Vance

Municipal Income Trusts

May 31, 2018

Endnotes and Additional Disclosures

- ¹ Bloomberg Barclays Municipal Bond Index is an unmanaged index of municipal bonds traded in the U.S. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index.
- ² Performance results reflect the effects of leverage. Performance since inception for an index, if presented, is the performance since the Fund's or oldest share class inception, as applicable. Included in the average annual total return at NAV for the five and ten year periods is the impact of the tender and repurchase of a portion of the Fund's Auction Preferred Shares (APS) at 95.5% of the Fund's APS per share liquidation preference. Had this transaction not occurred, the total return at NAV would be lower for the Fund.
- ³ The shares of the Fund often trade at a discount or premium from their net asset value. The discount or premium of the Fund may vary over time and may be higher or lower than what is quoted in this report. For up-to-date premium/discount information, please refer to <http://eatonvance.com/closedend>.
- ⁴ The Distribution Rate is based on the Fund's last regular distribution per share in the period (annualized) divided by the Fund's NAV or market price at the end of the period. The Fund's distributions may be comprised of amounts characterized for federal income tax purposes as tax-exempt income, qualified and non-qualified ordinary dividends, capital gains and nondividend distributions, also known as return of capital. The Fund will determine the federal income tax character of distributions paid to a shareholder after the end of the calendar year. This is reported on the IRS form 1099-DIV and provided to the shareholder shortly after each year-end. For information about the tax character of distributions made in prior calendar years, please refer to Performance-Tax Character of Distributions on the Fund's webpage available at eatonvance.com. The Fund's distributions are determined by the investment adviser based on its current assessment of the Fund's long-term return potential. Fund distributions may be affected by numerous factors including changes in Fund performance, the cost of financing for Funds that employ leverage, portfolio holdings, realized and projected returns, and other factors. As portfolio and market conditions change, the rate of distributions paid by the Fund could change. Taxable-equivalent performance is based on the highest combined federal and state income tax rates, where applicable. Lower tax rates would result in lower tax-equivalent performance. Actual tax rates will vary depending on your income, exemptions and deductions. Rates do not include local taxes.
- ⁵ Fund employs RIB financing and iMTP Shares leverage. The leverage created by RIB investments and iMTP Shares provides an opportunity for increased income but, at the same time, creates special risks (including the likelihood of greater price volatility). The cost of leverage rises and falls with changes in short-term interest rates. See Floating Rate Notes Issued in Conjunction with Securities Held in the notes to the financial statements for more information about RIB financing. RIB leverage represents the amount of Floating Rate Notes outstanding at period end as a percentage of Fund net assets applicable to common shares plus iMTP Shares and Floating Rate Notes. iMTP Shares leverage represents the liquidation value of the Fund's iMTP Shares outstanding at period end as a percentage of Fund net assets applicable to common shares plus iMTP Shares and Floating Rate Notes. The Fund may be required to maintain prescribed asset coverage for its leverage and may be required to reduce its leverage at an inopportune time.
- ⁶ Ratings are based on Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P) or Fitch Ratings (Fitch), as applicable. If securities are rated differently by the ratings agencies, the highest rating is applied. Ratings, which are subject to change, apply to the creditworthiness of the issuers of the underlying securities and not to the Fund or its shares. Credit ratings measure the quality of a bond based on the issuer's creditworthiness, with ratings ranging from AAA, being the highest, to D, being the lowest based on S&P's measures. Ratings of BBB or higher by S&P or Fitch (Baa or higher by Moody's) are considered to be investment-grade quality. Credit ratings are based largely on the ratings agency's analysis at the time of rating. The rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition and does not necessarily reflect its assessment of the volatility of a security's market value or of the liquidity of an investment in the security. Holdings designated as Not Rated (if any) are not rated by the national ratings agencies stated above.
- ⁷ The chart includes the municipal bonds held by a trust that issues residual interest bonds, consistent with the Portfolio of Investments.

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Fund profiles subject to change due to active management.

[Important Notice to Shareholders](#)

On April 26, 2018, the Boards of Trustees of the Eaton Vance Michigan Municipal Income Trust (EMI) (the Acquired Fund) and Eaton Vance Municipal Income Trust (EVN) (the Acquiring Fund) have approved proposals to merge the Funds.

The proposed merger is subject to approval by the Acquired Fund shareholders at a Special Meeting of Shareholders scheduled for Friday, August 24, 2018. Proxy materials containing information about the meeting and the proposed merger will be mailed to the Acquired Fund's common shareholders of record as of June 15, 2018.

The merger is currently expected to be completed in the third calendar quarter of 2018, subject to required shareholder approvals and the satisfaction of applicable regulatory requirements and customary closing conditions.

If the merger is approved, the Acquired Fund shareholders will be issued common shares of the Acquiring Fund at an exchange ratio based on the Funds' respective net asset values per share.

Eaton Vance

California Municipal Income Trust

May 31, 2018

Portfolio of Investments (Unaudited)

Tax-Exempt Municipal Securities 147.4%

Security	Principal Amount (000 s omitted)	Value
Education 21.2%		
California Educational Facilities Authority, (Harvey Mudd College), 5.25%, 12/1/31	\$ 195	\$ 216,200
California Educational Facilities Authority, (Harvey Mudd College), 5.25%, 12/1/36	330	363,416
California Educational Facilities Authority, (Loyola Marymount University), 5.00%, 10/1/30	745	775,657
California Educational Facilities Authority, (Santa Clara University), 5.00%, 9/1/23	1,600	1,785,248
California Educational Facilities Authority, (University of San Francisco), 6.125%, 10/1/36	120	135,801
California Educational Facilities Authority, (University of San Francisco), Prerefunded to 10/1/21, 6.125%, 10/1/36	115	131,139
California Educational Facilities Authority, (University of the Pacific), 5.00%, 11/1/30	630	682,643
California Municipal Finance Authority, (Pomona College), 5.00%, 1/1/48	6,000	7,112,880
California Municipal Finance Authority, (University of San Diego), 5.00%, 10/1/31	415	452,466
California Municipal Finance Authority, (University of San Diego), 5.00%, 10/1/35	285	309,584
California Municipal Finance Authority, (University of San Diego), 5.25%, 10/1/26	810	892,604
California Municipal Finance Authority, (University of San Diego), 5.25%, 10/1/27	850	935,527

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the fees and expenses related to one country club membership in Oklahoma City, Oklahoma;

use of the Company's aircraft for the personal travel for himself and his family and guests who accompany him; and

participation in all of our benefit plans and programs.

Mr. Ward's employment agreement also contains non-competition and confidentiality provisions in the event Mr. Ward's employment with us is terminated and further includes provisions governing the payment of severance benefits if his employment is terminated by us without cause or in connection with a change in control. The agreement also addresses termination due to Mr. Ward's death or disability. For a description of these payments, please read "Potential Payments upon Termination or Change in Control" below.

Additionally, if any of the payments or benefits described above are subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), Mr. Ward is entitled to receive a gross-up payment equal to the amount of excise tax imposed plus all taxes imposed on the gross-up payment.

Employment Agreements of our Other Named Executive Officers. Each of our other named executive officers serves as an officer under the terms of an employment agreement. The employment agreements with each of Messrs. Grubb, Tipton and Johnson are effective as of November 1, 2010 and the employment agreement of Mr. Bennett is effective as of February 1, 2011. Each such agreement provides for an initial term ending on December 31, 2012 and automatically extends for an additional one-year term on the expiration date of the agreement, unless terminated in accordance with its terms. Pursuant to each of these employment agreements, we agreed to pay an annual base salary equal to or greater than the minimum amount set forth in each respective agreement as follows: Mr. Grubb \$750,000; Mr. Bennett \$700,000; Mr. Tipton \$400,000; and Mr. Johnson \$375,000. Except as described below with respect to Mr. Bennett, the terms of the agreements also provide for (i) additional bonus compensation, to be determined in our sole discretion, (ii) awards of restricted stock under and subject to our equity compensation plans, (iii) the fees and expenses related to one membership in a club in the Oklahoma City, Oklahoma area; and (iv) benefits under all other benefit plans generally provided to our other executive officers.

Under the terms of Mr. Bennett's employment agreement, we agreed to provide (i) an annual bonus for his first year of employment in an amount equal to at least \$700,000; (ii) shares of restricted stock in the following amounts and at the following times: (x) 700,000 shares granted on February 1, 2011; (y) during Mr. Bennett's first year of employment with the Company, a number of shares with an aggregate fair market value at the time of grant of at least \$1,500,000; and (z) during Mr. Bennett's second year of employment with the Company, a number of shares with an aggregate fair market value at the time of grant of at least \$2,000,000; and (iii) relocation compensation to assist with his move to Oklahoma City, Oklahoma.

Each employment agreement also includes provisions governing the payment of severance benefits if employment is terminated by us without cause or in connection with a change of control. Each agreement also addresses termination due to death or disability. For a description of these payments, please read "Potential Payments Upon Termination or Change in Control" below.

2005 Stock Plan

Prior to the initial public offering of our common stock in November 2007, we assumed the Riata 2005 Stock Plan (the "2005 Stock Plan"). The 2005 Stock Plan authorizes the granting of

stock options, stock appreciation rights, restricted stock, phantom stock and other equity-based awards to our employees, directors and consultants. In addition, the 2005 Stock Plan authorizes cash-denominated awards that may be settled in cash, stock or any combination thereof. The purpose of the 2005 Stock Plan is to attract, retain and provide incentives to our officers, other associates, directors and consultants and to thereby increase overall stockholder value. Currently, only awards of restricted stock are made under the terms of the 2005 Stock Plan.

Restricted stock awards are grants of common stock made to eligible persons subject to restrictions, terms and conditions as established by the Compensation Committee. The grants of restricted stock are issued and outstanding shares from the date of the grant but are subject to forfeiture. An eligible person will become the holder of shares of restricted stock free of all restrictions if he or she complies with all restrictions, terms and conditions. Otherwise, the shares will be forfeited back to the Company. In most cases, holders of outstanding shares of restricted stock will not have the right to vote the shares of restricted stock granted under the 2005 Stock Plan until all restrictions, terms and conditions are satisfied.

The 2005 Stock Plan authorizes 7,074,252 shares of common stock to be used for awards. As of February 28, 2011, 2,387,221 shares, representing 0.6% of the outstanding shares of our common stock, are available to be used for future awards. If an award made under the 2005 Stock Plan expires, terminates or is forfeited, cancelled, settled in cash without issuance of shares of common stock covered by the award, or if award shares are used to pay for other award shares, those shares will be available for future awards under the 2005 Stock Plan.

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2009 Incentive Plan

In June 2009, our stockholders approved the adoption of the 2009 Incentive Plan. The 2009 Incentive Plan authorizes the granting of stock options, stock appreciation rights, shares of restricted stock, restricted stock units and any other form of award based on the value (or the increase in value) of shares of our common stock. The 2009 Incentive Plan also permits cash incentive awards. Any current employee, officer, director, consultant or advisor of the Company and any of its present or future parent or subsidiary entities or any other business venture in which we have a controlling interest is eligible to be granted an award.

Subject to adjustments allowed under the 2009 Incentive Plan, the 2009 Incentive Plan authorizes up to 12,000,000 shares of common stock to be used for awards. As of February 28, 2011, 778,156 shares, representing 0.2% of the outstanding shares of our common stock, are available to be used for future awards. If any award made under the 2009 Incentive Plan expires or is terminated, surrendered or canceled without having been fully exercised, is forfeited in whole or in part, or results in any shares not being issued, the unused shares covered by such award shall again be available for grants under the plan. Further, shares tendered to the Company by a participant to exercise an award shall be added to the number of shares available for grants under the plan.

Outstanding Equity Awards at Fiscal Year-End

The following table reflects all outstanding equity awards held by each of our named executive officers as of December 31, 2010:

Outstanding Equity Awards as of December 31, 2010

Name	Stock Awards	
	Number of	Market Value
	Shares or	of
	Units	Shares or Units of
	of Stock	Stock That
	That	Have
	Have Not Vested(1)	Not Vested(2)
Tom L. Ward	3,352,036(3)	\$ 24,536,904
Matthew K. Grubb	465,417(4)	\$ 3,406,852
Dirk M. Van Doren	471,667(5)	\$ 3,452,602
Todd N. Tipton	137,333(6)	\$ 1,005,278
Rodney E. Johnson	97,083(7)	\$ 710,648

- (1) Each award of restricted stock vests in 25% increments on the first four anniversaries of the grant date.
- (2) Valuations are based on \$7.32 per share, which was the last trading price for a share of our common stock on the NYSE on December 31, 2010.
- (3) Includes 75,000 shares of the 300,000 shares of restricted stock granted January 10, 2007; 81,250 shares of the 325,000 shares of restricted stock granted July 11, 2007; 117,187 shares of the 234,375 shares of restricted stock granted January 11, 2008; 68,182 shares of the 136,364 shares of restricted stock granted July 11, 2008; 375,000 shares of the 500,000 shares of restricted stock granted January 9, 2009; 468,750 shares of the 625,000 shares of restricted stock granted July 10, 2009; 812,500 shares of restricted stock granted on January 8, 2010; and 1,354,167 shares of restricted stock granted on July 9, 2010.
- (4) Includes 5,000 shares of the 20,000 shares of restricted stock granted January 10, 2007; 6,250 shares of the 25,000 shares of restricted stock granted July 11, 2007; 18,750 shares of

the 37,500 shares of restricted stock granted January 11, 2008; 18,750 shares of the 37,500 shares of restricted stock granted July 11, 2008; 67,500 shares of the 90,000 shares of restricted stock granted January 9, 2009; 82,500 shares of the 110,000 shares of restricted stock granted July 10, 2009; 100,000 shares of restricted stock granted on January 8, 2010; and 166,667 shares of restricted stock granted on July 9, 2010.

- (5) Includes 10,000 shares of the 40,000 shares of restricted stock granted January 10, 2007; 15,000 shares of the 60,000 shares of restricted stock granted July 11, 2007; 22,500 shares of the 45,000 shares of restricted stock granted January 11, 2008; 22,500 shares of the 45,000 shares of restricted stock granted July 11, 2008; 67,500 shares of the 90,000 shares of restricted stock granted January 9, 2009; 67,500 shares of the 90,000 shares of restricted stock granted July 10, 2009; 100,00 shares of restricted stock granted January 8, 2010; and 166,667 shares of restricted stock granted on July 9, 2010. Under the terms of the Transition Agreement between Mr. Van Doren and the Company, all of Mr. Van Doren's outstanding shares of restricted stock (471,667 shares) on December 31, 2010 vested on January 11, 2011, providing him a benefit equal to \$3,679,002 based on a \$7.80 per share price, which was the last trading price for a share of our common stock on the NYSE on January 11, 2011.
- (6) Includes 6,250 shares of the 25,000 shares of restricted stock granted January 10, 2007; 3,750 shares of the 15,000 shares of restricted stock granted July 11, 2007; 6,750 shares of the 13,500 shares of restricted stock granted January 11, 2008;

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6,750 shares of the 13,500 shares of restricted stock granted July 11, 2008; 20,250 shares of the 27,000 shares of restricted stock granted January 9, 2009; 20,250 shares of the 27,000 shares of restricted stock granted July 10, 2009; 27,500 shares of restricted stock granted January 8, 2010; and 45,833 shares of restricted stock granted July 9, 2010.

- (7) Includes 1,250 shares of the 5,000 shares of restricted stock granted January 31, 2007; 2,500 shares of the 10,000 shares of restricted stock granted July 11, 2007; 5,000 shares of the 10,000 shares of restricted stock granted January 11, 2008; 5,000 shares of the 10,000 shares of restricted stock granted July 11, 2008; 15,000 shares of the 20,000 shares of restricted stock granted January 9, 2009; 15,000 shares of the 20,000 shares of restricted stock granted July 10, 2009; 20,000 shares of restricted stock granted January 8, 2010; 33,333 shares of restricted stock granted July 9, 2010.

Option Exercises and Stock Vested

The following table reflects the restricted stock of each of our named executive officers that vested during 2010. No stock options were outstanding or exercised in 2010.

Option Exercises and Stock Vested for the Year Ended December 31, 2010

Name	Stock Awards	
	Number	
	of	Value
	Shares	Realized on
	Acquired on	Vesting(1)
	Vesting	
Tom L. Ward	530,185	\$ 4,474,022
Matthew K. Grubb	80,000	\$ 665,000
Dirk M. Van Doren	95,000	\$ 788,600
Todd N. Tipton	30,250	\$ 262,675
Rodney E. Johnson	18,750	\$ 153,225

- (1) Valuations for all of the named executive officers are based on the last trading price for a share of our common stock on the NYSE on the applicable vesting date for shares of restricted stock held by a named executive officer.

Nonqualified Deferred Compensation

We maintain a nonqualified deferred compensation plan (the "NQDC Plan") for the benefit of eligible employees, including all of our named executive officers. Under the NQDC Plan, we may make discretionary contributions to the deferred compensation account of each participant. The Board of Directors has approved matching contributions for the NQDC Plan equal to 100% of employee contributions up to 15% of the employee's annual cash compensation minus matching contributions made under our 401(k) plan. Matching contributions are made with shares of our common stock. Matching contributions are calculated on behalf of each participant following the end of each calendar quarter. All matching contributions vest at the rate of 25% per year over the four-year period beginning on the date the employee first participates in the plan. The participant must be employed on the last day of the plan year in order to be eligible for vesting of contributions for that plan year.

An active participant of the NQDC Plan shall be fully vested upon the first to occur of the following events: (a) attainment of normal retirement age; (b) death; (c) disability; (d) change in control; or (e) satisfaction of the plan's vesting requirements.

The maximum employee compensation that can be deferred under our 401(k) plan and the NQDC Plan is a total of 75% of base salary and 75% of cash bonus. Participant contributions to

the NQDC Plan are held in a rabbi trust and are adjusted for earnings and losses based on deemed investment choices selected by the participant from the fund selections made available under the plan. We do not provide guaranteed, above-market or preferential earnings on deferred compensation. The available investment choices mirror the investment choices available under our 401(k) plan.

No in-service distributions are permitted under the plan unless in the event of an unforeseeable emergency or a change in control of the Company. Upon separation of service of a participant for any reason other than retirement, the participant's balance is paid in a lump sum in cash as soon as practicable following the date of the qualifying distribution event. In the event the separation of employment is due to retirement after turning age 60, the vested balance is paid to the participant in the manner specified by the participant.

Any assets we place in trust to fund future obligations of the NQDC Plan are subject to the claims of creditors in the event of our insolvency or bankruptcy. Participants have no greater rights than those of an unsecured creditor as to their rights to receive payment of deferred compensation in the plan.

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The following table sets forth activity under the NQDC Plan for 2010:

Name	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year(1)	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/ Distributions(2)	Aggregate Balance at Last Fiscal Year-End(3)
Tom L. Ward	\$ 426,269	\$ 426,269	\$ (128,899)	\$ (1,506,525)	\$ 545,264
Matthew K. Grubb	\$ 207,594	\$ 207,594	\$ (52,956)	\$ (652,898)	\$ 263,868
Dirk M. Van Doren	\$ 180,183	\$ 180,183	\$ (78,000)	\$ (756,740)	\$ 230,264
Todd N. Tipton	\$ 82,861	\$ 82,861	\$ (29,549)	\$ (413,268)	\$ 111,248
Rodney E. Johnson	\$ 86,635	\$ 86,635	\$ 19,288	\$	\$ 424,807

- (1) Matching contributions are made with shares of our common stock and are included as All Other Compensation in the Summary Compensation Table for the 2010 fiscal year.
- (2) On July 16, 2010, the Company completed its acquisition of all of the outstanding common stock of Arena Resources, Inc. The transaction constituted a Change in Control of the Company under the terms of the NQDC Plan, which resulted in distributions from the plan being made to the named executive officers who had previously elected to receive distributions from the NQDC Plan on the occurrence of a Change in Control. The distributions consisted of cash and shares of the Company's common stock, all of which were subject to tax withholding.
- (3) Includes amounts included as All Other Compensation in the Summary Compensation Table for the 2008 and 2009 fiscal years equal to \$314,442 and \$327,356 for Mr. Ward; \$105,346 and \$153,208 for Mr. Grubb; \$176,240 and \$177,811 for Mr. Van Doren; \$76,471 and \$74,612 for Mr. Tipton; and \$43,879 and \$74,569 for Mr. Johnson, respectively.

Potential Payments Upon Termination or Change in Control**Severance Under Employment Agreement of Tom L. Ward**

Termination Other Than For Cause. In the event we terminate Mr. Ward's employment other than for Cause (as defined in Mr. Ward's employment agreement), Mr. Ward is entitled to receive (1) his base salary in effect on the date of termination during the remaining term of the employment agreement or through the expiration date of the agreement and (2) any vacation pay accrued but unused through the date of termination.

Termination in Connection with Change in Control. In the event that Mr. Ward's employment is terminated within one year of a Change in Control event (as defined in the agreement) other than for Cause, death or disability, Mr. Ward is entitled to receive (1) a single, lump sum severance payment within ten days of termination equal to three times his base salary for the last twelve calendar months and bonus paid (based on an average of the last three annual bonuses paid) and (2) any applicable Gross-Up Payment (as defined below). If the foregoing amount is not paid within ten days after the Change in Control event, the unpaid amount will bear interest at a rate equal to 12% per annum. To the extent that any payment or distribution is subject to excise tax under Section 4999 of the Code or any other interest or penalties related to such excise tax (collectively, Excise Tax), the agreement provides we will pay an additional amount (the Gross-Up Payment) such that, after payment by Mr. Ward of all taxes on the Gross-Up Payment, he will retain an amount of the Gross-Up Payment equal to the Excise Tax.

In addition, notwithstanding any provision to the contrary in any option agreement, restricted stock agreement, plan or other agreement relating to equity based compensation, in the event of a termination without Cause or in connection with a Change in Control, all of Mr. Ward's units, stock options, incentive stock options, performance shares, stock appreciation rights and restricted stock (collectively, "awards") will immediately become 100% vested. Further, Mr. Ward's right to exercise any previously unexercised options will not terminate until the latest date on which such option would expire but for Mr. Ward's termination. To the extent we are unable to provide for one or both of the foregoing rights, we will provide in lieu thereof a lump-sum cash payment equal to the difference between the total value of such awards with the foregoing rights and the total value without the foregoing rights.

Termination for Cause. In the event Mr. Ward is terminated for Cause, we will have no obligation to provide further payments or benefits.

Voluntary Termination. In the event Mr. Ward voluntarily terminates with or without Cause, we have no further obligations except for any obligations expressly surviving termination of employment. If Mr. Ward desires to voluntarily terminate, he must give 90 days notice of his intent to terminate during which time he can use accrued vacation time or be paid for such days.

Termination due to Disability. If Mr. Ward's employment is terminated due to disability, then he is entitled to receive base salary through the remaining term of his employment agreement or through the expiration date of the agreement.

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Termination due to Death. In the event Mr. Ward's employment terminates due to death, then his estate is entitled to receive his base salary payment for twelve months after termination and any accrued benefits.

Severance Under Employment Agreements of our Other Named Executive Officers

Termination Other Than For Cause. In the event we terminate a named executive officer's employment other than for Cause (as defined in the executive's employment agreement), the terminated executive is entitled to receive an amount equal to twelve months base salary in effect on the date of termination, and if at the time of such termination Mr. Ward is not the Chairman and Chief Executive Officer of the Company, then (a) all units, stock options, incentive stock options, performance shares, stock appreciation rights and restricted stock granted and held by the executive immediately prior to such termination will immediately become 100% vested; and (b) the executive's right to exercise any previously unexercised options will not terminate until the latest date on which such option would expire but for the executive's termination of employment.

Termination in Connection with Change in Control. In the event that employment is terminated within two years of a Change in Control event (as defined in the agreements) other than for Cause, death or disability, the executive is entitled to receive a single, lump sum severance payment within sixty days of termination equal to two times his base salary for the last twelve calendar months and bonus paid (based on an average of the last three annual bonuses paid or such lesser number of years as he was employed). If the foregoing amount is not paid within sixty days after the Change in Control event, the unpaid amount will bear interest at a rate equal to 12% per annum. The right to this termination compensation upon a Change in Control is subject to the executive's execution of a severance agreement at the time of termination which will operate as a release of all legally waivable claims against us. Such payment is further conditioned upon the executive's compliance with all of the provisions of his employment agreement, including all post-employment obligations.

In addition, notwithstanding any provision to the contrary in any option agreement, restricted stock agreement, plan or other agreement relating to equity based compensation, in the event of a termination in connection with a Change in Control, all of the executive's units, stock options, incentive stock options, performance shares, stock appreciation rights and restricted stock (collectively, "awards") will immediately become 100% vested. Further, the executive's right to exercise any previously unexercised options will not terminate until the latest date on which such option would expire but for the executive's termination. To the extent we are unable to provide for one or both of the foregoing rights, we will provide in lieu thereof a lump-sum cash payment equal to the difference between the total value of such awards with the foregoing rights and the total value without the foregoing rights. The right to this termination compensation is subject to the executive's execution of a severance agreement at the time of termination which will operate as a release of all legally waivable claims against us. Such payment is further conditioned upon the executive's compliance with all of the provisions of his employment agreement, including all post-employment obligations.

Termination for Cause. In the event the executive is terminated for Cause, we will have no further obligation to provide further payments or benefits.

Voluntary Termination. In the event the executive voluntarily terminates with or without Cause, we have no further obligations except for any obligations expressly surviving termination of employment. If the executive desires to voluntarily terminate, he must give 30 days notice of his intent to terminate.

Termination due to Disability. If the executive's employment is terminated due to disability, then he is entitled to receive twelve months base salary. This amount will be reduced by any benefits payable under any disability plans provided by us pursuant to his employment agreement.

Termination due to Death. In the event the executive's employment terminates due to death, then his estate is entitled to receive base salary payments for twelve months after termination.

If any amount payable to the executive under the executive's employment agreement or otherwise would constitute a parachute payment within the meaning of Section 280G of the Code and, but for the terms of the agreement, would be subject to the excise tax imposed by Section 4999 of the Code (the Excise Tax), then the executive's payments under the agreement will be reduced to the greatest amount that would not be subject to the Excise Tax if, after taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax, and any other applicable taxes, the executive would retain a greater amount on an after-tax basis following such reduction.

Table of Contents**Summary of Potential Payments upon Termination or Change in Control**

The following table presents our reasonable estimate of the benefits that would have been payable to our named executive officers under their employment agreements assuming that each triggering event took place on December 31, 2010. While we have made reasonable assumptions regarding the amounts, there can be no assurance that the named executive officers would have received the amounts reflected below in the event of an actual termination of employment.

Name	Termination				
	Termination than for Cause	Other Termination Cause	Termination Connection with a Change in Control	Termination Due to Disability	Termination Due to Death
Tom L. Ward	\$ 2,394,231(a)		\$ 11,294,057(b)	\$ 2,250,000(c)	\$ 1,644,231(d)
Matthew K. Grubb	\$ 755,770(e)		\$ 2,818,747(f)	\$ 755,770(g)	\$ 755,770(h)
Dirk M. Van Doren	\$ 3,802,604(i)				
Todd N. Tipton	\$ 401,692(e)		\$ 1,379,051(f)	\$ 401,692(g)	\$ 401,692(h)
Rodney E. Johnson	\$ 376,924(e)		\$ 1,392,315(f)	\$ 376,924(g)	\$ 376,924(h)

- (a) Includes \$2,250,000 (Mr. Ward's base salary for eighteen months, which was the remaining term of his employment agreement as of December 31, 2010), and the maximum value of his accrued vacation (assuming he took no time off during the year) of \$144,231.
- (b) Amount is equal to the sum of three times Mr. Ward's (a) base salary in 2010 of \$1,500,000 and (b) bonus (based on the average of Mr. Ward's last three annual bonuses) of \$1,300,000, plus a Gross-Up Payment equal to \$2,894,057. Additionally, all of Mr. Ward's 3,352,036 shares of unvested restricted stock held as of December 31, 2010 would vest, providing him a benefit equal to \$24,536,904 based on a \$7.32 per share price, which was the last trading price on December 31, 2010.
- (c) This amount represents Mr. Ward's base salary for eighteen months, which was the remaining term of his employment agreement as of December 31, 2010.
- (d) This amount includes 12 months' base salary plus the maximum value of his accrued vacation (assuming he took no time off during the year).
- (e) Amount is equal to 12 months' base salary in effect on the date of termination.
- (f) Amount is equal to the sum of two times the executive's base salary for the last 12 calendar months and the bonus paid during the last 12 calendar months. Additionally, all of each such named executive officer's shares of unvested restricted stock held as of December 31, 2010 would vest, providing him a benefit based on a \$7.32 per share price, which was the last trading price on December 31, 2010. For Mr. Grubb, the benefit would equal \$3,406,852 based on 465,417 shares; for Mr. Tipton, the benefit would equal \$1,005,278 based on 137,333 shares; and for Mr. Johnson, the benefit would equal \$710,648 based on 97,083 shares.
- (g) Amount is equal to 12 months' base salary in effect on the date of termination.
- (h) Amount is equal to 12 months' base salary in effect on the date of termination.
- (i) Mr. Van Doren's employment with the Company terminated effective December 31, 2010. Under the terms of a Transition Agreement between the Company and Mr. Van Doren, Mr. Van Doren received a lump sum payment of \$350,000, and all of Mr. Van Doren's outstanding shares of restricted stock (471,667 shares) on the termination date vested on January 11, 2011, providing him a benefit equal to \$3,452,604 based on a \$7.80 per share price, which was the last trading price for a share of our common stock on the NYSE on

January 11, 2011.

Indemnification

We have entered into an indemnification agreement with each of our directors and executive officers (each an indemnitee), which is intended to permit indemnification to the fullest extent now or hereafter permitted by the General Corporation Law of the State of Delaware. It is possible that the applicable law could change the degree to which indemnification is expressly permitted.

Each indemnification agreement covers expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by an indemnitee when, in his or her capacity as a director or officer, the indemnitee is made or threatened to be made a party to any suit or proceeding. Each indemnification agreement generally covers claims relating to the fact that the indemnitee is or was an officer, director, employee or agent of ours or any of our affiliates, or is or was serving at our request in such a position for another entity. Each indemnification agreement also obligates us to promptly advance all reasonable expenses incurred in connection with any claim. The indemnitee is, in turn, obligated to reimburse us for all amounts so advanced if it is later determined that the indemnitee is not entitled to indemnification. The indemnification provided under the indemnification agreements is not exclusive of any other indemnity rights of an indemnitee; however, double recovery by an indemnitee is prohibited.

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We are not obligated to indemnify the indemnitee with respect to claims brought by the indemnitee against:

the Company, except for:

claims regarding the indemnitee's rights under the indemnification agreement;

claims to enforce a right to indemnification under any statute or law; and

counter-claims against us in a proceeding brought by us against the indemnitee; or

any other person, except for claims approved by our Board of Directors.

We have also agreed to obtain and maintain director and officer liability insurance for the benefit of each of our directors and executive officers. These policies include coverage for losses for wrongful acts and omissions and to ensure our performance under the indemnification agreements. Each of our directors and executive officers is named as an insured under the policies and provided with the same rights and benefits as the most favorably insured of our directors and officers.

Director Compensation

Directors who also serve as employees receive no compensation for serving on our Board of Directors. Non-employee directors are each entitled to receive a \$50,000 annual retainer. In addition, non-employee directors receive \$12,500 for each in-person meeting attended not to exceed \$75,000 in any given year. In 2010, each non-employee director also received grants of shares of restricted stock that will vest in 25% increments on each of the first four anniversaries following the date of grant.

The following table sets forth the compensation of our non-employee directors for the fiscal year ended December 31, 2010. Mr. Scott's service on the Board ended on February 28, 2011 pursuant to his retirement from the Board.

Name	Fees Earned		Total
	Paid in Cash	or Stock Awards(1)	
Everett Dobson	\$ 125,000	\$ 275,006	\$ 400,006
William A. Gilliland	\$ 125,000	\$ 275,006	\$ 400,006
Daniel W. Jordan	\$ 125,000	\$ 275,006	\$ 400,006
Roy T. Oliver, Jr.	\$ 125,000	\$ 275,006	\$ 400,006
D. Dwight Scott	\$ 87,500	\$ 275,006	\$ 362,506
Jeffrey S. Serota	\$ 87,500	\$ 275,006	\$ 362,506

(1) Includes the aggregate fair value at date of each grant of restricted stock to a named executive officer. The value is calculated in accordance with Financial Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation. These

amounts do not necessarily correspond to the actual value that will be recognized by our directors.

Outstanding Equity Awards

The following table reflects all outstanding equity awards held by our directors as of December 31, 2010.

Name	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested(1)	Market Value of Shares or Units of Stock That Have Not Vested(2)
Everett R. Dobson	38,628(3)	\$ 282,757
William A. Gilliland	59,895(4)	\$ 438,431
Daniel W. Jordan	59,895(4)	\$ 438,431
Roy T. Oliver, Jr.	59,895(4)	\$ 438,431
D. Dwight Scott	58,506(5)	\$ 428,264
Jeffrey S. Serota	58,506(5)	\$ 428,264

- (1) Each award of restricted stock vests in 25% increments on the first four anniversary dates of the grant date.
- (2) Valuation based on \$7.32 per share, the last trading price on December 31, 2010.
- (3) Includes 3,978 shares of the 5,305 shares of restricted stock granted September 30, 2009; 12,685 shares of restricted stock granted January 8, 2010; and 21,965 shares of restricted stock granted on July 9, 2010.

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- (4) Includes 1,389 shares of the 5,556 shares of restricted stock granted January 10, 2007; 1,574 shares of the 3,149 shares of restricted stock granted January 11, 2008; 969 shares of the 1,939 shares of restricted stock granted July 18, 2008; 9,554 shares of the 12,739 shares of restricted stock granted January 9, 2009; 11,759 shares of the 15,679 shares of restricted stock granted July 10, 2009; 12,685 shares of restricted stock granted January 8, 2010; and 21,965 shares of restricted stock granted on July 9, 2010.
- (5) Includes 1,574 shares of the 3,149 shares of restricted stock granted January 11, 2008; 969 shares of the 1,939 shares of restricted stock granted July 18, 2008; 9,554 of the 12,739 shares of restricted stock granted January 9, 2009; 11,759 of the 15,679 shares of restricted stock granted July 10, 2009; 12,685 shares of restricted stock granted January 8, 2010; and 21,965 shares of restricted stock granted on July 9, 2010. All of Mr. Scott's outstanding shares of restricted stock on February 28, 2011 were forfeited as a result of his retirement from the Board.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Board of Directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**Equity Compensation Plan Information**

The following table includes certain information as of December 31, 2010 regarding our equity incentive plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders(1)			4,995,398
Equity compensation plans not approved by stockholders(2)			2,085,333

(1) Includes shares available for issuance under the 2009 Incentive Plan.

(2) Includes shares available for issuance under the 2005 Stock Plan.

Security Ownership of Certain Beneficial Ownership and Management

The following table sets forth the number of shares of our common stock beneficially owned as of February 28, 2011, by (1) those persons or any group (as that term is used in Section 13(d)(3) of the Exchange Act) known to beneficially own more than 5% of the

outstanding shares of our common stock, (2) each named executive officer and director of the Company, and (3) all directors and executive officers of the Company as a group. For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act. The following percentage information is calculated based on 410,742,833 shares of common stock that were outstanding as of February 28, 2011 plus any shares that may be acquired by each stockholder by April 29, 2011. Except as indicated below, the stockholders listed possess sole voting and dispositive power with respect to the shares beneficially owned by that person.

	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
Tom L. Ward(1)	18,763,808	4.57%
Matthew K. Grubb	145,102	*
James D. Bennett	0	*
Todd N. Tipton	73,422	*
Rodney E. Johnson	40,430	*
Jim J. Brewer	66	*
Everett R. Dobson	30,299	*
William A. Gilliland(2)	1,630,839	*
Daniel W. Jordan	1,404,704	*
Roy T. Oliver, Jr.(3)	1,102,350	*
Jeffrey S. Serota(4)	16,794	*
Entities affiliated with FMR, LLC(5)	22,239,783	5.41%
V. Prem Watsa(6)	51,396,056	11.67%
Franklin Resources, Inc.(7)	25,758,200	6.27%
Thornburg Investment Management, Inc.(8)	27,181,183	6.62%
All directors and executive officers as a group	23,401,695	5.70%

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* Less than 1%

- (1) Includes 79,000 shares held through an IRA. Mr. Ward has pledged 18,644,918 of these shares as security for personal loans.
- (2) Includes 1,388,489 shares held by Gillco Energy, LP, for which Mr. Gilliland exercises voting and dispositive power. All of the shares held by Gillco Energy, LP are pledged as security.
- (3) Held by Oliver Active Investments, LLC, for which Mr. Oliver exercises voting and dispositive power. Mr. Oliver has pledged all of these shares as security for personal loans.
- (4) Mr. Serota is a senior partner in the Private Equity Group of Ares Management LLC (Ares Management). Mr. Serota has been granted shares of restricted stock for his service as a director. To the extent such shares have vested, he holds them as a nominee on behalf of, and for the sole benefit of, Ares Management and has assigned all economic, pecuniary and voting rights in respect of these securities to Ares Management. Mr. Serota disclaims beneficial ownership of all securities of our company directly and indirectly owned by Ares Management, except to the extent of any pecuniary interest of his in Ares Management.
- (5) According to a Schedule 13G filed with the SEC on February 16, 2010, FMR LLC and its Chairman, Edward C. Johnson 3d, each beneficially owned 22,239,783 shares of common stock on December 31, 2009. Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 (the Investment Advisers Act), beneficially owned 21,968,956 shares common stock on December 31, 2009, including 4,380,656 shares of common stock it may acquire upon conversion of shares of our preferred stock, as a result of being an investment adviser to various investment companies (the Fidelity Funds) registered under Section 8 of the Investment Company Act (the Investment Company Act).

Pyramis Global Advisors, LLC (PGALLC), an indirect wholly-owned subsidiary of FMR LLC and an investment adviser registered under the Investment Advisers Act, beneficially owned 245,866 shares of common stock on December 31, 2009, all of which are acquirable upon conversion of shares of our preferred stock, as a result of being an investment adviser to institutional accounts, non-U.S. mutual funds, or investment companies registered under the Investment Company Act owning such shares.

Pyramis Global Advisors Trust Company (PGATC), an indirect wholly-owned subsidiary of FMR LLC and a bank as defined in Section 3(a)(6) of the Exchange Act, beneficially owned 24,961 shares of common stock on December 31, 2009, all of which are acquirable upon conversion of shares of our preferred stock, as a result of being an investment manager of institutional accounts owning such shares. Fidelity's address is 82 Devonshire Street, Boston, Massachusetts, 02109. The address for each of PGALLC and PGATC is 900 Salem Street, Smithfield, Rhode Island, 02917.

FMR LLC and Mr. Johnson, through their control of Fidelity, PGALLC and PGATC, each has sole voting and dispositive power over 22,239,783 shares, including 4,651,483 shares acquirable upon conversion of our preferred stock as reported above. Members of the family of Mr. Johnson are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Mr. Johnson has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds' Boards of Trustees.

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- (6) According to a Schedule 13G filed with the SEC on December 31, 2010, V. Prem Watsa and entities affiliated with Mr. Watsa, as described in more detail below, beneficially owned 51,396,056 shares of common stock, which included 29,811,458 shares of common stock acquirable upon the conversion of shares of our preferred stock. Mr. Watsa's beneficial ownership of the shares of common stock listed in the table above consists of 277,000 shares owned directly by Mr. Watsa and 51,119,056 shares owned indirectly by Mr. Watsa through his affiliation with the following entities: 1109519 Ontario Limited, which is a corporation incorporated under the laws of Ontario (1109519), The Sixty Two Investment Company Limited, which is a corporation incorporated under the laws of British Columbia (Sixty Two), 810679 Ontario Limited, which is a corporation incorporated under the laws of Ontario (810679), Fairfax Financial Holdings Limited, which is a corporation incorporated under the laws of Canada (Fairfax Financial), and Fairfax Inc., which is a corporation incorporated under the laws of Wyoming; and (c) Odyssey America Reinsurance Corporation, which is a corporation incorporated under the laws of Connecticut (Odyssey America). The address for each of Mr. Watsa, 1109519, 810679 and Fairfax Financial is 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7. The address for Sixty Two is 1600 Cathedral Place, 925 West Georgia St., Vancouver British Columbia V6C 3L3, and the address for each of Fairfax Inc., and Odyssey America is 300 First Stamford Place, Stamford, Connecticut 06902.
- (7) According to a Schedule 13G filed with the SEC on February 10, 2011, the shares of common stock listed in the table above are beneficially owned by one or more open or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries (the Investment Management Subsidiaries) of Franklin Resources, Inc. (FRI). Investment management contracts grant to the Investment Management Subsidiaries all investment and/or voting power over the securities owned by such investment management clients.
- Charles B. Johnson and Rupert H. Johnson, Jr. (the Principal Shareholders) each own in excess of 10% of the outstanding common stock of FRI and are the principal stockholders of FRI. FRI and the Principal Shareholders may be deemed to be the beneficial owners of shares of our common stock. FRI, the Principal Shareholders and each of the Investment Management Subsidiaries disclaim any pecuniary interest in any of the shares. The address of Franklin Resources, Inc. is One Franklin Parkway, San Mateo, California 94403.
- (8) According to a Schedule 13G filed with the SEC on January 24, 2011, the 27,181,183 shares of common stock listed in the table above are beneficially owned by Thornburg Investment Management, Inc. (Thornburg). The address of Thornburg is 2300 North Ridgetop Road, Santa Fe, New Mexico 87506.

Item 13. *Certain Relationships and Related Transactions and Director Independence*
Related Party Transactions

The following is a discussion of transactions between us and our officers and directors and the beneficial owners of more than 5% of the outstanding shares of our common stock. We maintain a written policy that requires any related party transaction (as defined below) to be reviewed and approved by the disinterested members of our Board of Directors. A related party transaction is a transaction, proposed transaction, or series of similar transactions, in which (a) we are a participant, (b) the amount involved exceeds \$120,000 and (c) a related person (as defined below) has or will have a direct or indirect material interest. A related person is (i) any person who is, or at any time since the beginning of our last fiscal year was, a director, executive officer, or nominee to become a director, (ii) a person known to be the 5% beneficial owner of any class of our voting securities, (iii) an immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer, nominee for director or more than 5% beneficial owner, and (iv) any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee for director or more than 5% beneficial owner. The written policy

includes factors to be considered by the disinterested members of our Board of Directors when determining whether to approve a proposed related party transaction. Factors to be considered include the terms of the transaction with the related party, availability of comparable products or services from unrelated third parties, terms available from unrelated third parties and benefits provided to us by the transaction.

Oklahoma City Thunder Sponsorship and Suite License

Messrs. Ward and Dobson own a 19.23% and 3.85% interest, respectively, in Professional Basketball Club, LLC (PBC), which owns and operates the Oklahoma City Thunder (Thunder), a National Basketball Association team playing in Oklahoma City, where our headquarters is located. Like other prominent Oklahoma City-based companies, we entered into an agreement related to the sponsorship of the team in September 2008. Under the five-year agreement, we will pay an average annual sponsorship fee of approximately \$3,275,000 for advertising and promotional activities related to the Thunder.

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In addition, in October 2009, we entered into an agreement to license a suite at the arena where the Thunder plays its home games. Under the four-year agreement, we will pay an annual license fee in return for access to the suite during Thunder games and for other events held at the arena. The annual license fee for the first year is \$200,000 and may increase each year at the option of PBC in an amount not to exceed 3% of the license fee for the previous year; provided that if PBC elects not to increase the license fee in any given year, then its option for each subsequent year shall be equal to an amount not to exceed 3% of the what the license fee would have been had PBC elected to increase the license fee 3% each year under the agreement.

Other Transactions with Mr. Ward

We lease rights to minerals under certain areas of land in northwest Oklahoma from TLW Land & Cattle LP (TLW LC), an entity in which Mr. Ward has an ownership interest. In 2010, we developed some of the surface lands associated with these mineral interests and paid \$33,046 to TLW-LC pursuant to the development. We also paid royalties totaling \$302,554 to TLW-LC in connection with the production of oil and natural gas from these properties.

In September 2010, we purchased a portion of the working interest in leases covering acreage in northeast Oklahoma from WCT Resources, L.L.C., a limited liability company formed in 2002 and owned by trusts established in 1989 for the benefit of Mr. Ward's children (WCT), for \$1,791,120, and in January 2011, we acquired a working interest in additional acreage in the area for \$391,955. Our Board approved the transactions in accordance with its Related Party Transactions Policy. WCT also participates as a working interest owner in wells we operate in northwest Oklahoma, and during 2010, we paid revenue of \$242,363 to WCT as a working interest owner.

From time to time, the Company purchases from Mr. Ward tickets to various sporting and other entertainment events for use by Company employees. During 2010, the Company paid Mr. Ward approximately \$321,000 for use of such tickets.

Director Independence

The Board of Directors has determined that Messrs. Brewer, Dobson, Gilliland, Jordan, Oliver and Serota have no material relationships with the Company other than as directors and stockholders of the Company and are independent for purposes of the NYSE listing standards. Mr. Ward, our Chief Executive Officer, is not independent. In making these determinations, the Board considered all relevant facts and circumstances that could affect such person's exercise of independent judgment in carrying out the responsibilities of a director. The Board determined that Mr. Dobson's interest in the transaction between the Company and the Oklahoma City Thunder, whereby the Company has agreed to be a corporate sponsor for the team and purchase a suite license from the team, is not material because Mr. Dobson's minority ownership interest in the team is relatively small in value compared to his other business interests and the value derived by the Company pursuant to the sponsorship arrangement. Please see Related Party Transactions for a more detailed discussion of these transactions. The Board of Directors additionally has determined that all Audit Committee members meet the independence requirements for audit committee members set forth in Rule 10A-3 under the Exchange Act.

Item 14. Principal Accountant Fees and Services

Set forth below is a summary of the fees paid to our independent registered public accounting firm, PricewaterhouseCoopers LLP, for fiscal years 2010 and 2009.

2010	2009
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	(In thousands)	
Audit Fees	\$ 2,479	\$ 2,198
Audit-Related Fees		55
Tax Fees	88	160
All Other Fees		
Total	\$ 2,567	\$ 2,413

Audit Fees. Audit fees consist primarily of fees billed for professional services rendered for the audit of our annual financial statements and internal controls over financial reporting, review of the financial statements included in each of our quarterly reports on Form 10-Q, assistance with and review of documents filed with the SEC and/or used in conjunction with public and private securities offerings and work performed by tax professionals in connection with the audit and quarterly reviews. PricewaterhouseCoopers LLP has estimated that its audit fee for the annual audit of our financial statements for the 2011 fiscal year will be approximately \$1.3 million to \$1.45 million.

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Audit-Related Fees. Audit-related fees consist primarily of due diligence, consultation regarding financial accounting and reporting standards and for the audit of financial statements presented in lieu of the financial statements required under Rule 3-05 of Regulation S-X with respect to certain assets acquired by the Company in 2010.

Tax Fees. Tax fees include all services performed by the firm's tax division other than those related to the audit of financial statements.

All Other Fees. Other fees consist primarily of all fees billed for products and services provided by the firm other than those reported above.

The Audit Committee is responsible for approving in advance any services to be performed by the independent registered public accounting firm. The Audit Committee may delegate its pre-approval authority for these services to one or more members, whose decisions shall be presented to the full Audit Committee at its scheduled meetings. Each of these services must receive specific pre-approval by the Audit Committee or its delegate unless the Audit Committee has provided general pre-approval for such category of services in accordance with policies and procedures that comply with applicable laws and regulations. All of the services described above under audit fees, audit-related fees and tax fees for 2009 and 2010 were specifically pre-approved by the Audit Committee.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as a part of this report:

(1) *Consolidated Financial Statements*

The consolidated financial statements required to be filed in our Annual Report on Form 10-K are included in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on February 28, 2011.

(2) *Exhibits*

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SANDRIDGE ENERGY, INC.

By **/s/ TOM L. WARD**
Tom L. Ward,

**Chairman of the Board and Chief
Executive Officer**

March 23, 2011

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EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference		
		SEC FormFile No.	Exhibit Date	Filed Herewith
31.1	Section 302 Certification Chief Executive Officer			*
31.2	Section 302 Certification Chief Financial Officer			*
32.1	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer			*