

Diamondback Energy, Inc.
Form DEF 14A
April 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by Registrant Filed by a Party other than the Registrant

Check the appropriate box

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-12

Diamondback Energy, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on the table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with written preliminary materials.
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(3) Filing Party:

(4) Date Filed:

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500 West Texas, Suite 1200
Midland, Texas 79701

April 30, 2014

Dear Diamondback Energy, Inc. Stockholder:

On behalf of your board of directors and management, you are cordially invited to attend the Annual Meeting of Stockholders to be held at 6300 Waterford Boulevard, Oklahoma City, Oklahoma 73118 on Monday, June 9, 2014, at 2:00 p.m.

NOTICE OF
2014
ANNUAL STOCKHOLDERS
MEETING

and

It is important that your shares be represented at the meeting. Whether or not you plan to attend the meeting, please complete and return the enclosed proxy card in the accompanying envelope. Please note that submitting a proxy will not prevent you from attending the meeting and voting in person.

PROXY STATEMENT

Monday

June 9, 2014

2:00 p.m. local time

6300 Waterford Boulevard
Oklahoma City, Oklahoma 73118

You will find information regarding the matters to be voted on at the meeting in the enclosed proxy statement. Our 2013 Annual Report to Stockholders is either enclosed with these materials or has previously been mailed to you. This proxy statement and our 2013 Annual Report to Stockholders are also available on our website at <http://ir.diamondbackenergy.com/>.

In addition to the formal items of business to be brought before the meeting, there will be a report on our operations, followed by a question and answer period. Your interest in Diamondback Energy, Inc. is appreciated. We look forward to seeing you on June 9, 2014.

Sincerely,

/s/ Steven E. West
Steven E. West
Chairman of the Board

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DIAMONDBACK ENERGY, INC.
500 West Texas, Suite 1200
Midland, Texas 79701

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 9, 2014

To the Stockholders of Diamondback Energy, Inc.:

The Annual Meeting of Stockholders of Diamondback Energy, Inc. will be held on June 9, 2014 at 2:00 p.m., local time, at 6300 Waterford Boulevard, Oklahoma City, Oklahoma 73118, for the following purposes:

1. To elect five directors to serve until the Company's 2015 Annual Meeting of Stockholders;
2. To approve the Company's 2014 Executive Annual Incentive Compensation Plan;
3. To hold an advisory vote on the Company's executive compensation;
4. To hold an advisory vote on the frequency of holding an advisory vote on the Company's executive compensation;
5. To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ending December 31, 2014; and
6. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Your vote is important. Please carefully consider the proposals and vote in one of these ways:

Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope; or

Submit a ballot at the Annual Meeting.

Only stockholders of record at the close of business on April 14, 2014 or their proxy holders may vote at the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 9, 2014. This proxy statement and the Company's 2013 Annual Report to Stockholders are available on the Company's website at <http://ir.diamondbackenergy.com/>.

By Order of the Board of Directors,

/s/ Randall J. Holder

Randall J. Holder

Vice President, General Counsel and
Secretary

This notice and proxy statement are first being mailed to stockholders on or about May 5, 2014.

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DIAMONDBACK ENERGY, INC.
 500 West Texas, Suite 1200
 Midland, Texas 79701

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About the Annual Meeting

Who is soliciting my vote?

The board of directors of Diamondback Energy, Inc., which we refer to as “Diamondback,” the “Company” and “we” in this proxy statement, is soliciting your vote at the 2014 Annual Meeting of Stockholders.

What am I voting on?

You are voting on:

• The election of directors (see Proposal 1 beginning on page 4);

• Approving our 2014 Executive Annual Incentive Compensation Plan (see Proposal 2 on page 40);

• Approving, on an advisory basis, the compensation paid to the Company’s named executive officers as reported in this proxy statement (see Proposal 3 on page 43);

• Approving, on an advisory basis, the frequency of holding an advisory vote on the compensation paid to the Company’s named executive officers at an interval of “every one year,” “every two years” or “every three years” (see Proposal 4 on page 44);

• The ratification of Grant Thornton LLP as our independent auditors for 2014 (see Proposal 5 beginning on page 45); and

• Any other business properly coming before the meeting.

How does the board of directors recommend that I vote my shares?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our board of directors. The board of directors’ recommendation can be found with the description of each item in this proxy statement. In summary, the board of directors recommends a vote:

• FOR the proposal to elect nominated directors;

• FOR approving our 2014 Executive Annual Incentive Compensation Plan;

• FOR approving, on an advisory basis, the compensation paid to the Company’s named executive officers as reported in this proxy statement (see page 43);

• FOR holding an advisory vote on the compensation paid to the Company’s named executive officers at an interval of “every one year” (see page 44);

• FOR the proposal to ratify Grant Thornton LLP as the Company’s independent auditors for 2014.

Who is entitled to vote?

You may vote if you were the record owner of our common stock as of the close of business on April 14, 2014. Each share of common stock is entitled to one vote. As of April 14, 2014, we had 50,700,099 shares of common stock outstanding and entitled to vote. There is no cumulative voting.

How many votes must be present to hold the meeting?

Your shares are counted as present at the Annual Meeting if you attend the meeting and vote in person or if you properly return a proxy by mail. In order for us to hold our meeting, holders of a majority of the voting power of our outstanding shares of common stock as of the close of business on April 14, 2014 must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting.

What is a broker non-vote?

If a broker does not have discretion to vote shares held in street name on a particular proposal and does not receive instructions from the beneficial owner on how to vote those shares, the broker may return the proxy card without voting on that proposal. This is known as a broker non-vote. No broker may vote your shares without your specific instructions on any of the proposals to be considered at the Annual Meeting other than the ratification of our independent auditors.

How many votes are needed to approve each of the proposals?

The five nominees for election as directors at the Annual Meeting who receive the highest number of “FOR” votes will be elected as directors. This is called plurality voting. Unless you indicate otherwise on your proxy card, the persons named as your proxies will vote your shares FOR all the nominees for director named in Proposal 1.

Proposals 2, 3 and 5 require the affirmative “FOR” vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

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With respect to Proposal 4 to approve, on an advisory basis, the frequency of holding an advisory vote on the Company's executive compensation, stockholders will be able to choose among four options, namely whether future stockholder votes to approve executive compensation should occur every year, every two years or every three years, or whether the stockholder abstains from voting. The affirmative vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon, in favor of one of the voting options contemplated by Proposal 4 is required to approve, on an advisory basis, Proposal 4. If one of the voting options is not adopted by the required vote of the stockholders, our board of directors will evaluate the votes cast for each of the voting options and will deem the voting option receiving the greatest number of votes to be the voting option approved by the stockholders.

Except with respect to the proposal to ratify our independent auditors, where broker non-votes will be counted, only votes for or against these proposals will be counted as votes cast and abstentions and broker non-votes will not be counted for voting purposes.

How do I vote?

You can vote either in person at the meeting or by proxy without attending the meeting.

To vote by proxy, you must fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope.

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy. If you plan to vote in person at the Annual Meeting, and you hold your stock in street name, you must obtain a proxy from your broker and bring that proxy to the meeting.

Can I change my vote?

Yes. You can change or revoke your vote at any time before the polls close at the Annual Meeting. You can do this by:

Signing another proxy card with a later date and returning it to us prior to the meeting;

Sending our Corporate Secretary a written document revoking your earlier proxy; or

Voting again at the meeting.

Who counts the votes?

We have hired Computershare Trust Company, N.A., our transfer agent, to count the votes represented by proxies cast by mail or ballot. Employees of Computershare Trust Company, N.A. will act as inspectors of election.

Will my vote be confidential?

Yes. As a matter of Company policy, proxies, ballots and voting tabulations that identify individual stockholders are treated as confidential. Only the tabulation agent and the inspectors of election have access to your vote. Directors and employees of the Company may see your vote only if there is a contested proxy solicitation, as required by law or in certain other special circumstances.

Will my shares be voted if I don't provide my proxy and don't attend the Annual Meeting?

If you do not provide a proxy or vote your shares held in your name, your shares will not be voted.

If you hold your shares in street name, your broker may be able to vote your shares for certain "routine" matters even if you do not provide the broker with voting instructions. The ratification of Grant Thornton LLP as our independent auditors for 2014 is considered routine. For matters not considered "routine," if you do not give your broker instructions on how to vote your shares, the broker will return the proxy card without voting on that proposal. This is a broker non-vote.

The proposals to elect directors, to approve the Company's 2014 Executive Annual Incentive Compensation Plan, to approve, on an advisory basis, the Company's executive compensation and to approve, on an advisory basis, the frequency of holding an advisory vote on the Company's executive compensation are not considered routine. As a result, no broker may vote your shares on these proposals without your specific instructions.

How are votes counted?

In the election of directors contemplated by Proposal 1, you may vote "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. For Proposal 2, 3 and 5 you may vote "FOR," "AGAINST" or "ABSTAIN." To approve, on an advisory basis, the frequency of holding an advisory vote on the Company's executive compensation contemplated by Proposal 4, you may vote in favor of holding such advisory vote every year, every two

years or every three years or may "ABSTAIN" from the vote.

What if I return my proxy but don't indicate my vote on the matters listed on my proxy card?

If you return a signed proxy card without indicating your vote, your shares will be voted FOR the director nominees listed on the card, FOR approving the Company's 2014 Executive Annual Incentive Compensation Plan, FOR approving, on an advisory basis, the Company's executive compensation as described in this proxy statement, FOR approving, on an advisory basis, of holding an advisory

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vote on the Company's executive compensation every year and FOR the ratification of Grant Thornton LLP as our independent auditors for 2014.

Could other matters be decided at the Annual Meeting?

We have not received any stockholder proposals and are not aware of any other matters that will be considered at the Annual Meeting. If any other matters arise at the Annual Meeting, the persons named in your proxies will vote in accordance with their best judgment.

Who can attend the meeting?

The Annual Meeting is open to all holders of our common stock.

What do I need to bring to attend the Annual Meeting?

You will need proof of ownership of our common stock to enter the meeting. If your shares are in the name of your broker or bank or other nominee, you will need to bring evidence of your stock ownership, such as your most recent brokerage statement. All stockholders will be required to present valid picture identification. **IF YOU DO NOT HAVE VALID PICTURE IDENTIFICATION AND PROOF THAT YOU OWN SHARES OF OUR STOCK, YOU MAY NOT BE ADMITTED INTO THE MEETING.**

How can I access the Company's proxy materials and annual report electronically?

This proxy statement and the Company's 2013 Annual Report to Stockholders are available on the Company's website at <http://ir.diamondbackenergy.com/>.

Board of Directors Information

What is the makeup of the board of directors and how often are the members elected?

Our board of directors consists of five members who are elected annually. The majority of these directors are independent under the Nasdaq listing standards.

What if a nominee is unable or unwilling to serve?

That is not expected to occur. If it does, shares represented by proxies will be voted for a substitute nominated by the board of directors.

How are directors compensated?

Members of our board of directors who are also officers or employees of the Company do not receive compensation for their services as directors.

Cash Compensation

In November 2012, our board of directors approved a change to the fee component of director compensation to provide for annual fees for non-employee directors of the Company in the amounts \$20,000 for each director plus an additional annual payment of \$15,000 for the chairperson and \$10,000 for each other member of the audit committee and \$10,000 for the chairperson and \$5,000 for each other member of each other committee, with such amounts to be paid in quarterly installments. No changes were made to our director compensation for 2013 or 2014 to date.

Equity Compensation

From time to time, we provide our non-employee directors with equity compensation under our 2012 Equity Incentive Plan, or the 2012 Plan, as additional compensation and incentive. Our current non-employee directors are Steven E. West, Michael P. Cross, David L. Houston and Mark L. Plaumann. In October 2012, each non-employee director was granted 6,666 restricted stock units which vest in three annual installments of 2,222 restricted stock units, the first of which occurred on October 11, 2012, with the two remaining equal annual installments occurring on each anniversary of such date. No equity awards were granted to our non-employee directors during 2013 or 2014 to date. Further details regarding our director compensation in 2013 are set forth under the heading "Director Compensation" below.

Insurance and Indemnification

We provide liability insurance for our directors and executive officers at a current annual cost of approximately \$205,000. We are also party to indemnification agreements with our directors and executive officers. In addition, our certificate of incorporation sets forth limitations on our directors' liability to our stockholders. Further, our bylaws contain indemnification and advancement of expenses provisions for the benefit of our directors and officers.

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How often did the board of directors meet in 2013?

Our board of directors met eleven times, in person or telephonically, in 2013. In addition to these meetings, the board of directors adopted resolutions by unanimous written consent. Each director attended at least 75% of the aggregate meetings of the board of directors and the meetings of the committees on which he served.

Election of Directors and Director Biographies
(Proposal 1 on the Proxy Card)

Who are this year's nominees?

The directors standing for election this year to hold office until the 2015 Annual Meeting of Stockholders and until each such director's successor is elected are:

STEVEN E. WEST, age 53. Mr. West has served as a director of the Company since December 2011 and Chairman of the Board since October 2012. Mr. West served as our Chief Executive Officer from January 1, 2009 to December 31, 2011. Since January 2011, Mr. West has been a partner at Wexford Capital LP, focusing on Wexford Capital's private equity energy investments. From August 2006 until December 2010, Mr. West served as senior portfolio advisor at Wexford Capital. From August 2003 until August 2006, Mr. West was the chief financial officer of Sunterra Corporation, a former Wexford Capital portfolio company. From December 1993 until July 2003, Mr. West held senior financial positions at Coast Asset Management and IndyMac Bank. Prior to that, Mr. West worked at First Nationwide Bank, Lehman Brothers and Peat Marwick Mitchell & Co., the predecessor of KPMG LLP. Mr. West holds a Bachelor of Science degree in Accounting from California State University, Chico. We believe Mr. West's background in finance, accounting and private equity energy investments, as well as his executive management skills developed as part of his career with Wexford Capital, its portfolio companies and other financial institutions qualify him to serve on our board of directors.

TRAVIS D. STICE, age 52. Mr. Stice has served as our Chief Executive Officer since January 2012 and as a director of the Company since November 2012. Prior to his current positions with us, he served as our President and Chief Operating Officer from April 2011 to January 2012. He served as a Vice President of Laredo Petroleum Holdings, Inc. from September 2008 to September 2010. Prior to that, Mr. Stice held a series of positions of increasing responsibilities at Burlington Resources until Burlington Resources' acquisition by ConocoPhillips in March 2006. He started his career with Mobil Oil in 1985. Mr. Stice has nearly 30 years of industry experience in production operations, reservoir engineering, production engineering and unconventional oil and gas exploration and over 20 years of management experience. Mr. Stice graduated from Texas A&M University with a Bachelor of Science degree in Petroleum Engineering. Mr. Stice is a registered engineer in the State of Texas, and is a 26-year member of the Society of Petroleum Engineers. We believe that Mr. Stice's leadership within the Company, his management experience and his knowledge of the critical internal and external challenges facing the Company and the oil and natural gas industry as a whole qualify him for service on our board of directors.

MICHAEL P. CROSS, age 62. Mr. Cross has served as a director of the Company since October 2012. Mr. Cross is President and owner of Michael P. Cross, Inc., an independent oil and natural gas producer, a position he has held since July 1994. Mr. Cross also currently serves as a director of Warren Equipment Company, a position he has held since 2002. Mr. Cross has also served as a member of the Oklahoma Energy Resources Board since February 2005 and has been a member of the executive committee since 2007. Mr. Cross also served as a member of the Board of Directors of the Oklahoma Independent Petroleum Association for over 16 years. Mr. Cross served on the Board of Directors for OGE Energy GP LLC from October 2007 to October 2008. Mr. Cross also served as CEO and President of Windsor Energy Resources, Inc. from December 2005 until December 2006. Mr. Cross served as President and Manager of Twister Gas Services, L.L.C., an oil and gas exploration, production and marketing company, from its inception in 1996 until June 2003 and served as President of its predecessor, Twister Transmission Company, from 1990 to 1996. Mr. Cross graduated from Oklahoma State University in 1973 with a BS in Business Administration. We believe that Mr. Cross's strong oil and gas background and executive management experience qualify him for service on our board of directors.

DAVID L. HOUSTON, age 61. Mr. Houston has served as a director of the Company since October 2012. Since 1991, Mr. Houston has been the principal of Houston Financial, a firm that offers life and disability insurance, compensation and benefits plans and wealth management services with a focus on the energy sector. Since 2000, Mr. Houston has managed a mineral trust with approximately 9,200 net acres in Oklahoma, Texas, Kansas and New Mexico, which included responsibility for leasing and production matters. Mr. Houston served on the board of directors and executive committee of Deaconess Hospital, Oklahoma City, Oklahoma, from January 1993 until December 2008. Mr. Houston has served as a director of Gulfport Energy Corporation, or Gulfport, since July 1998, Chairman of its Board since June 2013 and is the chairman of its audit committee. He also served as a director of Bronco Drilling Company from May 2005 until December 2010 and was a member of its audit committee. Mr. Houston received a Bachelor of Science degree in business from Oklahoma State University and a graduate degree in banking from Louisiana State University. We believe that Mr. Houston's financial background and his executive management experience qualify him for service on our board of directors.

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MARK L. PLAUMANN, age 58. Mr. Plaumann has served as a director of the Company since October 2012. He is currently a Managing Member of Greyhawke Capital Advisors LLC, or Greyhawke, which he co-founded in 1998. Prior to founding Greyhawke, Mr. Plaumann was a Senior Vice President of Wexford Capital. Mr. Plaumann was formerly a Managing Director of Alvarez & Marsal, Inc. and the President of American Healthcare Management, Inc. He also was Senior Manager at Ernst & Young LLP. Mr. Plaumann served as a director and audit committee chairman for ICx Technologies, Inc. from 2006 until October 2010 and currently serves as a director and a member of the audit and compensation committees of Republic Airways Holdings, Inc., and a director of one private company. Mr. Plaumann also has served as a director, an audit committee chairman and a member of the conflicts committee of the general partner of Rhino Resource Partners LP, a coal operating company, since September 2010. Mr. Plaumann holds an M.B.A. and a B.A. in Business from the University of Central Florida. We believe that Mr. Plaumann's service on the boards of other public companies and his executive management experience, including previous experience as chairman of audit committees, qualifies him for service on our board of directors.

Investors Rights Agreement

In connection with our acquisition of oil and natural gas properties from Gulfport immediately prior to the completion of our initial public offering in October 2012, we entered into an investors rights agreement with Gulfport under which Gulfport has a right, for so long as it beneficially owns more than 10% of our outstanding common stock, to designate one individual as a nominee to serve on our board of directors. Such nominee, if elected to our board of directors, will also serve on each committee of the board of directors so long as he or she satisfies the independence and other requirements for service on the applicable committee. So long as Gulfport has the right to designate a nominee to our board of directors and there is no Gulfport nominee actually serving as our director, Gulfport will have the right to appoint one individual as an advisor to the board of directors who shall be entitled to attend board and committee meetings. Mr. David Houston was Gulfport's nominee pursuant to the investor rights agreement at the time of our initial public offering completed in October 2012, which we refer to as our IPO, and at the time of our 2013 Annual Meeting of Stockholders. Since then, Gulfport reduced its ownership interest in our common stock and currently owns less than 10% of our outstanding common stock. As a result, Gulfport does not currently have the right to designate a director nominee to our board of directors.

What does the board of directors recommend?

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THESE DIRECTORS

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What are the committees of the Board?

Our board of directors has the following committees:

Committee	Members	Principal Functions	Number of Meetings in 2013
Audit	David L. Houston Michael P. Cross Mark L. Plaumann*	<p>Reviews and discusses with management and the independent auditors the integrity of our accounting policies, internal controls, financial statements, accounting and auditing processes and risk management compliance.</p> <p>Monitors and oversees our accounting, auditing and financial reporting processes generally, including the qualifications, independence and performance of the independent auditor.</p> <p>Monitors our compliance with legal and regulatory requirements.</p> <p>Establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.</p> <p>Reviews and approves related party transactions.</p> <p>Appoints, determines compensation, evaluates and terminates our independent auditors.</p> <p>Pre-approves audit and permissible non-audit services to be performed by the independent auditors.</p> <p>Prepares the report required by the SEC for the inclusion in our annual proxy statement.</p> <p>Reviews and reassesses the adequacy of the audit committee charter on a periodic basis.</p>	Nine (9)
Compensation	David L. Houston Michael P. Cross* Mark L. Plaumann	<p>Oversees and administers our executive compensation policies, plans and practices and evaluates their impact on risk and risk management.</p> <p>Reviews and makes recommendations to the board of directors with respect to compensation plans, policies and benefit programs for employees generally.</p> <p>Discharges the board of directors' responsibilities relating to the compensation of our chief executive officer and other executive officers.</p> <p>Reviews, approves and administers our Executive Annual Incentive Compensation Plan, including</p>	Three (3)

the establishment of performance criteria and targets and awards under such plan.

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Committee	Members	Principal Functions	Number of Meetings in 2013
		<p>Reviews, approves and administers our equity-based compensation plans, including the grants of stock options, restricted stock units and other equity awards under such plans.</p> <p>Makes recommendations to the board with respect to director compensation.</p> <p>Determines stock ownership guidelines for our chief executive officer and other executive officers and directors.</p> <p>Conducts annual performance evaluation of the committee.</p> <p>Reviews disclosure related to executive compensation in our proxy statement.</p> <p>Reviews and reassesses the adequacy of the compensation committee charter.</p> <p>Advise the board of directors regarding the stockholder advisory vote on executive compensation and golden parachutes, including the frequency of such votes.</p> <p>Reviews and considers the stockholder advisory vote on executive compensation when determining policies and making decisions on executive compensation.</p> <p>Has the sole authority to appoint, compensate and oversee work of any compensation consultant and other advisors with respect to executive compensation and assistance with other charter responsibilities and determines any conflict of interest with such compensation consultant.</p>	
Nominating	David L. Houston* Michael P. Cross Mark L. Plaumann	<p>Assists the board of directors in developing criteria for, identifying and evaluating individuals qualified to serve as members of our board of directors.</p> <p>Identifies and recommends director candidates to the board of directors to be submitted for election at the Annual Meeting and to fill any vacancies on the board of directors.</p> <p>Evaluates candidates for board of directors membership, including those recommended by stockholders of the Company.</p> <p>Periodically reviews and makes recommendations regarding the composition and size of the board of directors and each of its committees.</p> <p>Reviews and recommends to the board of directors appropriate corporate governance guidelines for the Company.</p> <p>Conducts an annual assessment of the qualifications and performance of the board of directors.</p>	None**

- Thirty Two Mutual Funds – Funds are invested in a variety of retail mutual funds from multiple asset classes.

The Plan Sponsor's Trust Investment Committee may direct the Trustee to establish new investment funds or discontinue existing ones as well as change the investment medium for each investment fund. Participants should refer to the summary plan description for a more complete discussion of the various investment options.

5. Investments

The following presents investments that represent 5 percent or more of the Plan's net assets:

December 31,	2010	2009
	(in 000's)	
Investments at Fair Value as Determined by Quoted Market Prices:		
Edison International Common Stock Fund, 22,977,821 and 24,227,255 shares, respectively (See Note 7)	\$ 895,441	\$ 854,269
Other – Mutual funds (less than 5 percent)	1,308,357	1,094,096
	2,203,798	1,948,365
Investments at Estimated Fair Value:		
State Street Bank & Trust Co. - Money Market Fund, 564,336,129 and 545,476,680 units, respectively (See Note 7)	564,336	545,477
BlackRock – Common Stock Fund, 7,081,819 and 7,195,531 units, respectively	303,384	267,561
Other - Frank Russell Trust Company Funds (less than 5 percent)	549,249	479,218
	1,416,969	1,292,256
Total Investments	\$ 3,620,767	\$ 3,240,621

Edison 401(k) Savings Plan

Notes to Financial Statements

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Net Appreciation in Fair Value of Investments:

For the year ended December 31,	2010
	(in 000's)
Investments at Fair Value as Determined by Quoted Market Prices:	
Edison International Common Stock Fund	\$ 87,151
Mutual Funds	129,748
	216,899
Investments at Estimated Fair Value:	
Common Collective Funds	104,420
Net appreciation in fair value of investments	\$ 321,319

6. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500:

December 31,	2010	2009
	(in 000's)	
Net assets available for plan benefits per the financial statements	\$ 3,717,952	\$ 3,330,903
Less: Amounts allocated to withdrawing participants	462	879
Net assets available for plan benefits per the Form 5500	\$ 3,717,490	\$ 3,330,024
For the year ended December 31,	2010	
	(in 000's)	
Total deductions per the financial statements	\$ 264,043	
Add: Amounts allocated to withdrawing participants at December 31, 2010		462
Less: Amounts allocated to withdrawing participants at December 31, 2009		(879)
Benefits paid to participants per the Form 5500	\$ 263,626	

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not paid as of that date.

Edison 401(k) Savings Plan

Notes to Financial Statements

7. Party-In Interest Transactions

The Money Market Fund is managed by State Street Bank and Trust Company, which also serves as the Plan's Trustee. Fees earned by the Trustee in its capacity as fund manager for the Plan were \$433,128 for 2010 and were reported as "Management fees" on the Statement of Changes in Net Assets Available for Plan Benefits.

The Plan's investment options include the Company's Common Stock as a fund option. See Note 2 for a discussion of the amount of the Plan's investment in the Company's Common Stock. In addition, State Street Global Advisors, an affiliate of State Street Bank and Trust Company, is the investment manager of the Edison International Common Stock Fund. Fees earned by State Street Global Advisors in its capacity as the investment manager of the Edison International Common Stock Fund were \$120,012 for 2010 and were reported as "Management fees" on the Statement of Changes in Net Assets Available for Plan Benefits.

Fees paid by the Plan Sponsor for administrative and other services rendered to the Plan were based on customary rates for such services. Various mutual funds offered as investment options in the Plan transfer to Aon Hewitt Associates, the Plan's record keeper, certain fees they charge to Plan participants who invest in the mutual funds (these shareholder servicing and distribution service fees are charged to all investors in the mutual funds).

These transferred fees, which totaled \$1,963,488 for 2010, were used to reduce Hewitt Associates' charge to the Plan Sponsor for services Aon Hewitt Associates provided to the Plan.

See Note 10 below regarding Edison International Common Stock Fund dividend payments.

8. Plan Termination

Although it has not expressed intent to do so, the Plan Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts. The Trust will continue after termination until all Trust assets have been distributed to participants and their beneficiaries.

9. Tax Status

The Internal Revenue Service has determined and informed the Plan Sponsor by a letter dated May 22, 2002, that the Plan and related trust as amended through November 29, 2001, are designed in accordance with the applicable qualification sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan, as amended, is designed in compliance with the applicable qualification requirements of the IRC. In addition, the Plan Administrator is not aware of any operational issues that will prevent the continuation of the Plan's qualified tax status. The Plan has filed for a new determination letter on January 31, 2011 and is awaiting a response from the IRS.

Accounting principles generally accepted in the U.S.A. require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and

has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits relative to the Plan for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examination for years prior to 2003.

Edison 401(k) Savings Plan

Notes to Financial Statements

10. Employee Stock Ownership Plan

The Edison International Common Stock Fund constitutes an employee stock ownership plan that allows for the current distribution of dividends to all participants. Such distribution amounted to \$5,551,745 for the year ended December 31, 2010. On December 16, 2010, the Board of Directors of Edison International declared a common stock dividend of \$.32 per share payable on January 31, 2011 to the shareholders of record as December 31, 2010. As the record date was at year end, dividend income of \$.32 per share amounting to \$7,292,903 was accrued and included in "Dividends receivable" in the accompanying financial statements at December 31, 2010.

11. Subsequent Events

The Plan was amended and restated effective January 1, 2011 for inclusion in the Plan's submissions filed on January 31, 2011 with the IRS requesting a favorable determination of the Plan's qualified status.

The Plan Sponsor has entered into an agreement with Affiliated Computer Services, Inc. to be the record keeper for the Plan effective January 1, 2012.

Prior to January 3, 2011, the Plan offered 41 (former) investment options consisting of institutional funds, retail mutual funds, and the Edison International Stock Fund. On January 3, 2011, the Plan was redesigned to offer 19 investment options grouped into three tiers: Tier 1- Target Date Funds; Tier 2- seven "core" funds and the EIX Stock Fund; and Tier 3- a self-directed brokerage account.

The Target Date Funds are premixed allocations of stocks, bonds and cash which are built from a combination of Tier 2 core funds and designed to become more conservative over time as each fund (of which there are currently 10) approaches its target date. Tier 2 consists of the EIX Stock Fund and seven institutional core funds representing a range of asset classes (stocks, bonds and cash equivalents) with varying degrees of risk and return. Tier 3, the self-directed brokerage account, allows participants to select investments from among thousands of publicly traded securities including individual equities, mutual funds, fixed income products, exchange traded funds, real estate investment trusts, and taxable unit investment trusts.

Between January 3, 2011 and January 31, 2011, participants were offered a transition window during which both the former investment options and new funds were available. On February 1, 2011, all of the former investment options, with the exception of the EIX Stock Fund, the Money Market Fund and the U.S. Stock Index Fund, were removed as investment options. Any portion of participants' account balances invested in the discontinued former funds as of the market close on January 31, 2011, were sold and reinvested in target date funds with target dates closest to each participant's 65th birthday.

Supplemental Schedule

Edison 401(k) Savings Plan

Form 5500, "Schedule H, Line 4i –
Schedule of Assets (Held at End of Year)"
December 31, 2010

EIN: 95-1240335

Plan Number: 002

(a)	(b)	(c)	(d)	(e)
Identity of Issuer, Borrower, Lessor, or Similar Party		Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	Cost**	Current Value (in 000's)
Edison International Common Stock Fund				
* Edison International		Common Stock – No Par Value		\$ 883,738
* State Street Bank & Trust Co.		Short Term Investment Fund		11,703
Total Edison International Common Stock Fund				895,441
Money Market Fund				
* State Street Bank & Trust Co.		Money Market Fund - Collective Investment in the State Street Bank Short-Term Income Fund		564,336
Common Collective Funds				
BlackRock Global Investors		Common Stock Fund - Collective Investment in the BZW Barclay's Global Investors Equity Index Fund		303,384
Frank Russell Trust Company		Balanced Fund - Collective Investment in Frank Russell Balanced Fund		168,070
Frank Russell Trust Company		Bond Fund - Collective Investment in Frank Russell Intermediate-Term Bond Fund		110,758
Frank Russell Trust Company		US Large Company - Collective Investment in Frank Russell US Large Company Equity I Fund		60,852
Frank Russell Trust Company		US Small Company - Collective Investment in Frank Russell US Small Company Equity II Fund		39,718
Frank Russell Trust Company		Conservative Growth Portfolio - Collective Investment in Frank Russell Conservative		61,752

Balanced Fund		
Frank Russell Trust Company	Aggressive Growth Portfolio - Collective Investment in Frank Russell Aggressive Balanced Fund	108,099
Total Common Collective Funds		852,633

(Continued)

Edison 401(k) Savings Plan

Form 5500, "Schedule H, Line 4i –
Schedule of Assets (Held at End of Year)"
December 31, 2010

(a)	(b)	(c)	(d)	(e)
Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	Cost**	Current Value (in 000's)	
Mutual Funds				
Allianz/PIMCO Advisors	Collective Investment in Total Return Fund Admin Shares			99,740
Allianz/PIMCO Advisors	Collective Investment in Low Duration Admin Fund			28,209
Allianz/PIMCO Advisors	Collective Investment in RCM Global Technology Fund A			55,957
Allianz/PIMCO Advisors	Collective Investment in Capital Appreciation Admin Fund			9,835
Allianz/PIMCO Advisors	Collective Investment in Long Term US Government Bonds			39,782
Artisan Funds	Collective Investment in Small Cap Value Fund			45,468
Artisan Funds	Collective Investment in Mid Cap Fund A			27,203
C&S Realty	Collective Investment in C&S Institutional Realty Share Value Fund			45,454
Capital Research & Management	Collective Investment in The American Funds Group Europacific Growth Fund			90,889
Capital Research & Management	Collective Investment in Washington Mutual Investors Fund			45,956
Capital Research & Management	Collective Investment in American Funds – New Perspective A			47,781
Capital Research & Management	Collective Investment in American Balance Fund			44,160

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Columbia Acorn Int'l Z	Collective Investment in Columbia Acorn International Z Fund	24,241
Dimensional Fund Advisors	Collective Investment in Dimensional Emerging Markets Fund	98,816
Dreyfus Management	Collective Investment in Appreciation Fund	13,619
Franklin Advisors	Collective Investment in Franklin Utilities A	20,102
Harbor Capital Advisors	Collective Investment in Capital Appreciation Fund	22,347
MFS Investment Management	Collective Investment in Institutional TR International Equity Funds	51,598
Morgan Stanley Investment Mgmt.	Collective Investment in Institutional International Equity Fund	10,299
Oppenheimer Funds	Collective Investment in Oppenheimer Main Street Small Cap Y Fund	18,295

(Continued)

Edison 401(k) Savings Plan

Form 5500, "Schedule H, Line 4i –
Schedule of Assets (Held at End of Year)"
December 31, 2010

(a)	(b)	(c)	(d)	(e)
Identity of Issuer, Borrower, Lessor, or Similar Party		Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	Cost**	Current Value (in 000's)
Salomon Brothers		Collective Investment in Salomon High Yield Value Bond		47,894
T. Rowe Price		Collective Investment in T. Rowe Price Blue Chip Fund		34,612
T. Rowe Price		Collective Investment in Mid-Cap Growth		73,211
T. Rowe Price		Collective Investment in T. Rowe Price Health and Science Fund		26,642
T. Rowe Price		Collective Investment in Mid Cap Value Fund		45,559
T. Rowe Price		Collective Investment in Financial Services Value Fund		15,638
T. Rowe Price		Collective Investment in Small Cap Stock Fund		26,188
Turner Investment Partners		Collective Investment in Turner Small Cap Growth Fund		19,818
Vanguard Group		Collective Investment in Vanguard/Inflation Protected Securities Fund		63,533
Vanguard Group		Collective Investment in Mid Cap Index Fund		89,032
William Blair & Co		Collective Investment in Small Cap Growth Fund		19,440
William Blair & Co.		Collective Investment in International Equity Fund CL 1		7,039
		Total Mutual Funds		1,308,357
		Total Investments		3,620,767

*Notes Receivable from Participants	Loans With Maturities Varying From One to Four Years (or up to 15 Years for Purchase of a Primary Residence) and Interest Rates of 4.25 percent to 10.50 percent	90,866
	Total	\$3,711,633

* Party-In-Interest

** Investments are participant-directed; therefore, disclosure of cost is not required.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 24, 2011

EDISON 401(K) SAVINGS PLAN

By: /s/ Daryl D. David

Daryl D. David
Chair of the Southern California Edison Company Benefits Committee