NOBLE CORP
Form 8-K
January 25, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of report (date of earliest event reported): January 25, 2007
NOBLE CORPORATION
(Exact name of Registrant as specified in its charter)

Cayman Islands	**001-31306**	**98-0366361**
(State or other jurisdiction of incorporation or organization)	*(Commission file number)*	*(I.R.S. employer identification number)*

13135 South Dairy Ashford, Suite 800 **Sugar Land, Texas**	**77478**
(Address of principal executive offices)	*(Zip code)*

Registrant s telephone number, including area code: (281) 276-6100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 2.02. Results of Operations and Financial Condition.

This report is furnished in accordance with General Instruction B.2 of Form 8-K.

On January 25, 2007, the Registrant issued a press release announcing its financial results for the quarter and year ended December 31, 2006. A copy of such press release is included as Exhibit 99.1 and will be published in the Newsroom area on the Registrant s web site at http://www.noblecorp.com. Pursuant to the rules and regulations of the Securities and Exchange Commission, the press release is being furnished and shall not be deemed to be filed under the Securities Exchange Act of 1934.

ITEM 9.01. Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99.1	Noble Corporation Press Release dated January 25, 2007, announcing the financial results for the quarter and year ended December 31, 2006.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NOBLE CORPORATION

Date: January 25, 2007	By: /s/ THOMAS L. MITCHELL Thomas L. Mitchell, Senior Vice President and Chief Financial Officer, Treasurer and Controller

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INDEX TO EXHIBITS

Exhibit No.	Description
Exhibit 99.1	Noble Corporation Press Release dated January 25, 2007, announcing the financial results for the quarter and year ended December 31, 2006.

ly:Times New Roman"
SIZE="1">1,819 61,155 2/20/2011 1,365 45,891 2/19/2012 21,780 27.03 2/19/2019 2/19/2012 21,068 708,306 4,635 155,829 2/19/2

Pepper

2/14/2005 22,393 22.71 2/14/2015 2/12/2006 17,834 37.01 2/12/2013 2/11/2007 20,154 31.15 2/11/2014 2/10/2008 30,739 25.11 2/10/

Wu

2/19/2012 21,452 27.03 2/19/2019 2/19/2012 4,565 153,475 2/19/2012 1,405 47,236

Haase

2/10/2008 3,980 25.11 2/28/2014 3/21/2008 10,184 342,386 2/08/2009 1,047 35,200 2/08/2009 1 15,169 20.41 2/28/2014 2/14/201(

(1) The stock options listed above granted prior to December 20, 2005 vest at a rate of 20% per year, on each grant anniversary date, over the first five years of the ten-year option term. The stock options listed above granted on or after December 20, 2005 vest 25% per year, on each grant anniversary date, over the first four years of the seven-year term. The stock option expiration date for Mr. Haase is the expiration date established by the terms and conditions of his Severance Agreement, which terms supersede the expiration dates otherwise applicable under the award grants.

(2) Restricted stock awards generally vest at the rate of 25% each year for four years from the date of grant, except for (i) a portion of each NEOs 2010 award, each of which vests over a three-year period beginning on the third anniversary of the grant date, (ii) Ms. Wu s 2/19/2012 restricted stock awards for 4,565 shares and 1,405 shares, which vest four years and three years, respectively, from the date of grant, (iii) Mr. Pacious 3/13/2012 restricted stock award for 10,750 shares which vests three years from the date of grant, and his 2/19/2012 restricted stock awards for 14,405 shares and 21,068 shares, which vest three years and five years and eight months, respectively, from the date of grant, (iv) Mr. White s 2/19/2012 restricted stock award of 2,809 shares and his 8/1/2011 restricted stock award of 12,500 shares, each of which vests three years from the applicable grant date, and (v) Mr. Haase s 3/21/2008 restricted stock awards for 10,184 shares which vest ratably over years three, four and five of the five-year vesting term. PVRSUs are earned and vest upon the conclusion of a three-year performance period based on actual three-year cumulative EPS compared to the performance target. Mr. Joyce s PBRSUs are earned, if at all, and vest upon the conclusion of a four and five-year performance periods based on cumulative average EPS growth.

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OPTION EXERCISES AND STOCK VESTED FOR 2012

The following table provides information for each of the Named Executive Officers on stock option exercises during 2012, including the number of shares acquired upon exercise and the value realized, and the number of shares acquired upon the vesting of stock awards and the value realized, each before payment of any taxes and broker commissions. Value realized is based on the closing market price of Choice Common Stock on the date of exercise or vesting, respectively.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
Joyce			26,682	1,002,040
White[1]	26,015	599,701	2,037	73,371
Pacious			4,548	163,049
Pepper			3,484	125,388
Wu				
Haase	147,637	964,036	13,022	480,336

(1) Mr. White elected to defer receipt of 639 shares otherwise issuable to him, with a value of $23,547. Mr. White elected to receive this deferred amount in a lump sum following termination of employment.

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PENSION BENEFITS FOR 2012

Choice s supplemental executive retirement plan (SERP) was a non-contributory defined benefit pension plan that covered our Chief Executive Officer and other key executives approved by the Board of Directors. In December of 2011, the Board adopted a resolution to terminate the SERP, initiating a process by which all interests in the SERP would be paid out to the beneficiaries. The Company completed this distribution during 2012. The table below lists the distribution amounts for each of the NEOs that participated in the SERP. Because Ms. Wu joined the Company after the Board had terminated the SERP, she did not participate in the SERP. The SERP termination process required the Compensation Committee to make certain assumptions and decisions in order to enable payouts for actively employed participants, including the NEOs listed below. The material assumptions and decisions impacting the final distribution amounts are described below.

Pursuant to the SERP, retirement benefits are determined under a formula based on each participant s years of service and final average salary, defined as a monthly salary based on the sum of: (a) an average of base salary earned in the highest 60 months out of, and (b) the monthly pro-rata of the average of the five highest bonus payments earned during, the 120 months of employment immediately prior to the normal retirement date, the early retirement date or other date of separation from service. Subject to giving effect to the December 31, 2009 suspension of future accrual of benefits, the formula provides a benefit equal to 1% per year of service up to 15% and 1.5% per year of service thereafter up to 30%. Participants become vested in their benefits under the SERP upon completion of five years of service. Benefits paid under the SERP are straight life annuity amounts, although participants have the option of selecting a joint and 50% survivor annuity (for those who are married or have a domestic partner) or ten-year guaranteed payments. The benefits are not subject to offset for social security and other amounts.

Pursuant to Mr. Joyce s employment agreement in effect at the time the SERP terminated, upon attaining age 55, Mr. Joyce is to be credited an additional ten years of service for purposes of the SERP. This provision was negotiated with Mr. Joyce at the time of his hire.

Unreduced benefits are available upon retirement at age 65 (the normal retirement age under the plan), or upon retirement at age 55, provided the participant has a minimum of ten years of service. The SERP does not provide for early retirement with reduced benefits; if a participant terminates prior to age 65, or prior to age 55 with ten years of service, benefit payments commence on the first day of the month following his or her 65th birthday. Upon termination for cause, participants forfeit any accumulated benefit under the SERP, even if vested. Further, upon the death of a participant before payment has begun, his or her spouse (or domestic partner) is generally entitled to receive 50% of the participant s vested SERP benefit.

All of the NEOs are entitled to an unreduced benefit at age 65, except Mr. Joyce who, pursuant to his employment agreement, will be eligible to receive unreduced benefits upon attaining age 55.

As a result of the determination in 2011 to terminate the SERP, in 2012 the Compensation Committee was required to make certain decisions regarding assumptions for mortality, interest, and retirement age to enable lump sum conversion calculations for the final SERP distributions. For mortality and interest, the Committee determined to adopt the methodology required by the IRS for qualified plans under Section 417(e) of the Internal Revenue Code. This included the adoption of a one-year stability period with a two month lookback to November 2011 for interest rates, which resulted in rates of 1.99% for the first five years, 4.47% for the following 15 years, and 5.26% thereafter. For mortality, this resulted in the use of the table published by the IRS in notice 2008-85 for distributions occurring during 2012. For the applicable retirement age, the Committee selected 57.5 years to be used as the retirement age for all active participants, which represents the age that Mr. Joyce will be at the end of his current employment contract. Based on the use of this assumed retirement age,

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pursuant to Mr. Joyce s employment agreement, he was credited with an additional 10 years of service, which additional amount is reflected in the distribution total set forth below.

Name	Plan Name	Payments During Last Fiscal Year ($)
Joyce	SERP	1,942,986
White	SERP	191,103
Pacious	SERP	126,630
Pepper	SERP	285,813
Haase	SERP	295,625

NON-QUALIFIED DEFERRED COMPENSATION FOR 2012

Executive Deferred Compensation Plan. In 2002, Choice adopted the Choice Hotels International, Inc. Executive Deferred Compensation Plan (EDCP), which became effective January 1, 2003. Our Chief Executive Officer and other key executives approved by the Board (including each of the Named Executive Officers) are eligible to participate in the EDCP. During 2012, each of the NEOs participated in the EDCP. Participants in the EDCP are not entitled to participate in the Non-Qualified Plan described below.

Under the EDCP, participants may defer up to 90% of their base salary and up to 100% of their bonus each year. Choice matches 50% of up to 15% of eligible salary under the EDCP, reduced by the total matching contributions to which the participant is otherwise entitled under the 401(k) plan. The participant s right to any Company match vests at 20% per year from the time the participant was first hired, with all past and future match amounts becoming 100% vested after the participant s fifth year of service. As of December 31, 2012, each of the participating NEOs, other than Mr. Joyce and Ms. Wu, was fully vested in their Company match amounts.

A participant may elect a return based on a selection of investment options selected by the EDCP s administrators, which are generally publicly available mutual funds or other indices. Participants may elect to change their investment options under the EDCP in accordance with plan requirements.

Benefits commence under the EDCP upon the death of the participant (to the participant s beneficiary), or, at the participant s election, upon the participant s termination of employment or, commencing in 2009 on a January designated by the participant, subject to any requirements imposed by Section 409A of the Internal Revenue Code (Section 409A). If no election is made, benefits will commence upon termination of employment, subject to any requirements imposed by Section 409A. Benefits are payable in a lump-sum payment or in annual installments over a period of up to 20 years, as elected by the participant. If no election is made, benefits will be paid in a lump sum. Benefits will also automatically be paid in a lump sum if the amount payable as of the initial payout date is $100,000 or less.

In December 2008, the Company amended and restated the EDCP to comply with treasury regulations promulgated pursuant to Section 409A. The amendment and restatement, which became effective on January 1, 2009, only applies to that portion of each participant s EDCP account balances that are subject to Section 409A (generally, those contribution amounts that became vested or were credited after 2004). The pre-2005 plan documents continue to apply to the remaining participant account balances under the EDCP.

Stock Deferral Program. Each NEO is entitled to defer all or any portion of any equity award (other than stock options). The executive may elect to defer the receipt of such equity until termination of their employment or until a specified future date. Any dividends or other distributions during the deferral period are credited to the executive s deferred equity account and reinvested in the purchase of additional Choice Common Stock. In December 2008, the Company amended and restated the 2006 Long-Term Incentive Plan to comply with treasury regulations promulgated pursuant to Section 409A. This amendment became effective on January 1, 2009.

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Non-Qualified Plan. In 1997, Choice adopted the Choice Hotels International, Inc. Non-Qualified Retirement Savings and Investment Plan (Non-Qualified Plan). Generally, Choice employees with gross earnings that are greater than 125% of the highly-compensated employee limit established by the IRS, but who are not eligible to participate in the EDCP, are eligible to participate in the Non-Qualified Plan. None of the NEOs were eligible to participate in the Non-Qualified Plan in 2012. However, Mr. White retains an account balance related to his prior plan participation.

In general, participants under the Non-Qualified Plan may elect to defer up to 90% of their base salary and up to 100% of their annual bonus, reduced by the deferral limit in effect under the Choice 401(k) plan (which was $17,000 for 2012). Choice matches up to 5% of any deferred salary under the Non-Qualified Plan, offset by the amount of matching contributions to which the participant is entitled under the 401(k) plan.

Name	Plan Name	Executive Contributions 2012 ($)(1)	Registrant Contributions 2012 ($)(2)	Aggregate Earnings 2012 ($)(3)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance 2012 ($)
Joyce	EDCP	135,257	57,628	116,803		1,366,800
White	EDCP	34,461	15,846	59,696		859,692
	Non-Qualified Plan			12,907		103,790
	Stock Deferral Program	23,547		89,717		516,683
Pacious	EDCP	42,692	21,346	19,800		301,475
Pepper	EDCP	115,972	14,713	188,964		2,678,710
	Stock Deferral Program			51,248		285,990
Wu	EDCP	23,625	11,813	1,096		36,534
Haase	EDCP	23,706	11,853	208,452	(4,935,347)	11,852
	Stock Deferral Program			2,274	63,514	

(1) The following salary and bonus (non-equity incentive plan compensation) amounts are included in this column. The salary amounts represent 2012 base salary deferred by the officer during 2012. The bonus amounts represent the officer s 2011 annual bonus which was paid and deferred in early 2012. The salary amounts below are included in the 2012 *Salary* column of the *Summary Compensation Table* above, while the 2011 annual bonus amounts are included in the 2011 Non-Equity Incentive Plan column of the *Summary Compensation Table* above.

Name	2012 Salary ($)	2011 Annual Bonus ($)
Joyce	135,257	
White	34,461	
Pacious	42,692	
Pepper	49,426	66,546
Wu	23,625	
Haase	23,706	

(2) Amounts in this column are included in the 2012 *All Other Compensation* column of the *Summary Compensation Table* above.

(3) Certain amounts in this column represent earnings on each officer s EDCP account that are also included in the 2012 *Change in Pension Value and Preferential Non-Qualified Deferred Compensation Earnings* column of the *Summary Compensation Table* above, since they represent guaranteed preferential earnings to each applicable NEO under the EDCP. Those amounts are: $26,851 for Mr. Joyce; $29,286, for Mr. White; $5,665 for Mr. Pacious; $101,424, for Mr. Pepper; and $87,798, for Mr. Haase.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The tables below reflect the amount of compensation that could have been received by each of the Named Executive Officers (other than Mr. Haase) in the event such executive s employment had terminated under the various applicable triggering events described below as of December 31, 2012, the last business day of 2012. The amounts shown assume that such termination was effective as of December 31, 2012 and, for any equity-based payments or valuations, the closing stock price of Choice s Common Stock on December 31, 2012, or $33.62 per share. Other than for Mr. Haase, the amounts shown are estimates only; the actual amounts to be paid will only be determinable at the time of the executive s separation from Choice. In addition, certain benefits received by Mr. Haase in connection with his separation from the Company are discussed and shown below.

General Payments Made upon Termination

Regardless of the manner in which an NEO s employment terminates (or terminated, in the case of Mr. Haase), the NEO is entitled to receive amounts earned during his or her term of employment. The following amounts are not included in the tables or narratives below and include:

- base salary earned through the date of termination;
- accrued but unpaid vacation pay earned through the date of termination;
- annual incentive compensation earned during the fiscal year of termination, which for 2012 is reflected in the 2012 *Non-Equity Incentive Plan Compensation* column of the *Summary Compensation Table* above for each NEO;
- amounts contributed by the executive under the Choice 401(k) plan;
- payments pursuant to our life insurance plan, available to all employees generally, which provides for one times base salary upon death; and
- each executive s account balance under the EDCP, Non-Qualified Plan and Stock Deferral Program, as applicable and as set forth above under the heading *Non-Qualified Deferred Compensation for 2012*.

With respect to deferred compensation plans, if the executive has previously elected to receive deferred amounts in the EDCP or Non-Qualified Plan in installments, the undistributed account balances will continue to be credited with increases or decreases reflecting changes in the investment options chosen by the executive.

Messrs. Joyce, White, Pacious and Pepper, and Ms. Wu

Payments Made upon Constructive Termination or Termination without Cause

Mr. Joyce

Pursuant to the Joyce Employment Agreement, if Mr. Joyce is constructively terminated, he will be entitled to receive for two years after the date of such constructive termination, the base salary and bonus (calculated on the actual payout of the corporate objectives) under the Joyce Employment Agreement. The base salary severance shall be paid in installments in accordance with the Company s payroll cycle. Additionally during this two year period, all unvested restricted stock and stock options granted prior to the constructive termination shall continue to vest. With respect to the 2012 PBRSU, Mr. Joyce is entitled to a pro-rata vesting of the target award based upon the percentage of actual service through the date of constructive termination. All unvested PVRSU grants will lapse upon constructive termination.

The Joyce Employment Agreement also provides for a two-year non-compete and non-solicitation period. Pursuant to the non-compete, Mr. Joyce may not engage in any competing business in the U.S. or Canada in which, at the time of termination of his employment, Choice is materially engaged. As used in the Joyce

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Employment Agreement, a competing business means any business engaged in the (i) the same upscale, select service market as Cambria Suites, (ii) mid-market or economy hotel franchising business or (iii) any other line of business that Choice is engaged in at the time of termination. The Joyce Employment Agreement also provides for a general confidentiality provision in favor of Choice.

Generally, constructive termination is defined under Joyce Employment Agreement as:

- Choice s removal or termination other than by expiration of the agreement or for cause, death, disability or resignation;
- failure of Choice to place Mr. Joyce s name in nomination for election to the Board;
- assignment of duties to Mr. Joyce inconsistent with the duties set forth in the agreement;
- a decrease in Mr. Joyce s compensation or benefits;
- a change in Mr. Joyce s title or line of reporting set forth in the agreement;
- a significant reduction in the scope of Mr. Joyce s authority, position, duties or responsibilities;
- the relocation of Mr. Joyce s office to a location more than 25 miles from his prior place of employment;
- a change in Choice s annual bonus program which adversely affects Mr. Joyce; or
- any other material breach of the agreement by Choice.

Messrs. Pacious and White and Ms. Wu

Under the Pacious Severance Benefit Agreement, the White Severance Benefit Agreement and the Wu Severance Benefit Agreement, if the executive elects to terminate for good reason or if the Company terminates the executive for any reason other than for cause, the executive is entitled to receive continued base salary for 70 weeks, payable in installments in accordance with Choice s normal payroll practices and subject to standard deductions. Generally, good reason is defined under the agreement as a substantial change in the executive s compensation or position and responsibilities. In addition, if the termination occurs after June 30, the executive will be entitled to the annual bonus for the year in which the termination occurred at the actual attainment level for the company s objectives and at 100% deemed attainment of the individual objectives. The executive will also be eligible to receive continued medical and dental benefits during the 70-week period, with Choice continuing to make its employer contributions for such continued benefits. Optional deductions for items such as retirement plans and life insurance will cease on the termination date. Choice is also obligated to provide the executive with its standard outplacement services for executive-level employees during the 70-week period, subject to termination in the event the executive secures new employment.

Pursuant to the Pacious Severance Benefit Agreement, the White Severance Benefit Agreement and the Wu Severance Benefit Agreement, the executive will continue to vest in any unvested stock options and other stock awards granted after the date of his or her respective severance agreement (for Mr. Pacious, May 5, 2011, for Mr. White, August 1, 2011, and for Ms. Wu, February 13, 2012) during the 70-week period.

As conditions to the executive s continued receipt of the payments and benefits above, each of the executives has agreed that if he or she becomes employed prior to the end of the 70-week period, Choice is entitled to offset the payments required above by the amount of any compensation earned by him or her as a result of new employment, including unemployment insurance benefits, social security insurance or like amounts. In addition, the executive must execute a release in favor of Choice, releasing Choice and its affiliates from any claims relating to the executive s employment with Choice. The agreement also provides for a 70-week non-compete and non-solicitation period, and general confidentiality provision in favor of Choice.

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Mr. Pepper

If Mr. Pepper is terminated without cause by Choice, he is entitled to severance payments under the Choice Hotels International Severance Benefit Plan, which applies to all Company employees except for those employees who are subject to an employment agreement or non-competition, non-solicitation and severance agreement. Under the Choice Hotels International Severance Benefit Plan, each participant s severance benefit, and the length of time after termination for which the participant is eligible for the benefit, is determined based on his or her base salary, position and years of service as of the termination date. In addition, each participant is entitled to continuation of medical and dental coverage during the severance period, at the same level the participant was receiving at termination.

Pursuant to the Choice Hotels International Severance Benefit Plan, corporate officers without a specifically applicable written agreement, which includes Mr. Pepper, are entitled to five weeks of base salary (as in effect at termination of employment) per year of service with Choice, with a minimum of twenty-six weeks of base salary and a maximum of seventy weeks. Additionally, if the termination occurs on or after June 30th of any year, Mr. Pepper is entitled to receive a full bonus for the year in which the termination occurs. Assuming a termination as of December 31, 2012, Mr. Pepper would be entitled to 50 weeks of continued base salary. In addition, Mr. Pepper would receive payment of his 2012 incentive bonus, as well as continued medical and dental benefits during the 50-week severance benefit period. The severance benefit terminates prior to the end of the severance benefit period provided under the Choice Hotels International Severance Benefit Plan upon the earlier to occur of (i) death of the participant, or (ii) employment with a new employer. In addition, the severance benefit is subject to the participant s execution of a standard release agreement in favor of Choice.

As a condition to the receipt of any benefits under the Severance Benefit Plan, Mr. Pepper is required to sign all documents required by the Company including a general release of claims.

Payments Made upon Death or Disability

The Company s disability program provides that each of the executives will receive an annual benefit equal to 70% of the previous year s base salary and annual bonus, with such amount capped at $25,000 per month. In each case, the disability benefit continues until the executive reaches age 65.

Messrs. Joyce, White, Pacious, Pepper and Ms. Wu each have a supplemental executive individual life insurance policy, paid for by Choice, in the amount of $1,000,000. Premiums on this policy are added to each executive s taxable income for the year.

Pursuant to the Joyce Employment Agreement, if Mr. Joyce s employment is terminated because of death or disability, then all of his unvested restricted stock and stock options continue to vest in accordance with their terms. Mr. Joyce is also entitled to pro-rated vesting of his PBRSUs based upon the percentage of actual service through the date of death or disability. All unvested PVRSU grants lapse upon death or disability.

Payments Made upon Termination Following Change of Control

Mr. Joyce

If, within 12 months after a change in control, Mr. Joyce is terminated, pursuant to the Joyce Employment Agreement, he will be entitled to receive an amount equal to his base salary and bonuses (payable at 100% of target) for the period of two and a half years after the date of such change of control termination.

During the period of time he receives the foregoing change of control severance payments, all unvested shares of restricted stock and stock options, including the 2012 PBRSU assuming maximum performance but excluding the PVRS grants, are to automatically become fully vested and any and all restrictions are to lapse immediately prior to the date of such change of control termination. Unvested PVRSU grants will lapse upon such change of control termination.

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Upon a change in control termination, Mr. Joyce would be subject to the non-compete and non-solicitation provisions described above, and he would be required to execute a general release in favor of Choice in order to receive any of the above-described severance payments.

Generally, change in control is defined under the agreements described above as:

- any person (with certain exceptions, including Mr. Bainum and his family members) becomes the beneficial owner of 33% or more of the outstanding voting securities of Choice;
- individuals constituting the Board of Directors of Choice, and the successors of such individuals (as nominated by the Board or committee thereof), cease to constitute a majority of the Board;
- a merger or other consolidation which results in Choice shareholders owning less than 65% of the surviving entity; and
- the acquisition of Choice, a liquidation or sale of all or substantially all of the assets of Choice, or a tender offer for all or substantially all of the stock of Choice.

Messrs. White and Pacious and Ms. Wu

For Messrs. White and Pacious and Ms. Wu, pursuant to each of their respective Severance Benefit Agreements, if the executive s employment is terminated within 12 months following a change of control, and such termination is by Choice without cause or by the executive for good reason, he is entitled to receive:

- a lump-sum severance payment of 200% of the executive s base salary then in effect plus 200% of the full amount of the annual incentive bonus (for Mr. Pacious, the bonus payment is calculated based on the previous year s bonus amount paid to the executive, or if no bonus was paid in the prior year, then the target bonus amount; for Mr. White and Ms. Wu, the bonus payment is calculated based on the target bonus for the fiscal year in which the termination occurs); and
- immediate vesting of all unvested stock options, restricted stock and performance vested restricted stock units granted after the date of his or her respective severance agreement (for Mr. White, August 1, 2011, for Mr. Pacious, May 5, 2011, and for Ms. Wu, February 13, 2012).

In addition, in the event of a termination following a change of control, the Company s Long-Term Incentive Plan (LTIP) would govern the equity grants issued to Messrs. White and Pacious prior to the date of each of their respective severance agreements, and the LTIP provides that stock options become fully vested and exercisable in full, all restricted stock becomes fully vested with immediate lapsing of any restrictions, and all PVRSUs are deemed to be fully vested and immediately payable to the executive at the maximum level of performance applicable to the award. Therefore, for each of Messrs. White and Pacious, the LTIP, together with each of their respective severance agreements, would result in the immediate vesting of all of the executive s equity awards.

Also, upon a change in control termination, Messrs. White and Pacious and Ms. Wu would be subject to the non-competition and non-solicitation provisions described above.

In addition to the other conditions applicable to Messrs. White and Pacious and Ms. Wu in order for each executive to receive his or her severance payments, as described above, the executive is required to execute a general release in favor of Choice in order to receive any severance payments upon a qualifying termination following a change in control.

Mr. Pepper

Pursuant to the Company s Severance Benefit Policy, if Mr. Pepper s employment is terminated within 12 months following a change of control, and such termination is by Choice without cause or by him for good reason, he is entitled to receive a lump-sum severance payment of 200% of his base salary then in effect plus

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200% of the full amount of the annual incentive bonus based on the target bonus for the fiscal year in which the termination occurs. In addition, he is entitled to receive medical and dental coverage for 70 weeks at the level he was receiving at the time of his termination. In addition to the other conditions applicable to Mr. Pepper in order to receive his severance payments, as described above, he is required to execute a general release in favor of Choice in order to receive any severance payments upon a qualifying termination following a change in control.

Because Mr. Pepper does not have a written agreement with the Company governing treatment of his equity awards in the event of a termination following a change of control, the terms of the Company s LTIP apply. Pursuant to the LTIP, if within two years of a change of control, Mr. Pepper is terminated by the Company other than for cause, or terminates his employment for good reason, then all of his stock options become fully vested and exercisable in full, all restricted stock becomes fully vested with immediate lapsing of any restrictions, and all PVRSUs are deemed to be fully vested and immediately payable to Mr. Pepper at the maximum level of performance applicable to the award.

Mr. Joyce

The following table shows the potential payments upon termination, with or without a change of control, for Mr. Joyce:

Executive Benefits and Payments	Constructive Termination ($)	Termination Following Change of Control ($)	Disability ($)	Death ($)
Compensation:				
Salary Continuation under Employment Agreement	1,800,000(1)	2,250,000(2)		
Annual Incentive Bonus(3)	1,800,000	1,800,000		
Benefits & Perquisites:				
Disability Income(4)			3,600,000	
Health and Welfare Benefits(5)	30,840	30,840		
Life Insurance Benefits(6)				1,900,000
Long-Term Incentives:				
Stock Options(7)	1,676,535	2,021,779	2,021,779	2,021,779
Restricted Stock Grants(8)	1,392,776	1,799,376	1,799,376	1,799,376
PVRSUs(9)				
PBRSUs(10)	224,537	3,866,300	224,537	224,537

(1) Amount represents continued payment of Mr. Joyce s base salary, based on his salary as of December 31, 2012, for two years.
(2) Amount represents continued payment of Mr. Joyce s base salary, based on his salary as of December 31, 2012, for two years and six months.
(3) Amount represents the estimated target incentive bonus amounts for fiscal years 2013 and 2014, based on the target bonus amount for 2012.
(4) Amount represents the aggregate of the current monthly benefit payments at $25,000 per month that Mr. Joyce would be entitled to receive under the Choice disability program as of December 2012 through the month in which he reaches age 65.
(5) Amount represents estimated reimbursements to Mr. Joyce of COBRA continuation of health care coverage premiums for Mr. Joyce and his family for a period of 18 months.
(6) Amount represents estimated value of the proceeds payable to Mr. Joyce s beneficiary upon death.
(7) Upon constructive termination, stock options will continue to vest for a period of two years. Upon death or disability, stock options will continue to vest through the original term of such option. In the case of termination following a change of control, all stock option awards immediately vest. Values presented represent the intrinsic value of the options based on a closing share price on December 31, 2012 of $33.62.

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(8) Upon constructive termination, restricted stock will continue to vest for a period of two years. Upon death or disability, restricted stock will continue to vest through the original term of the restricted stock. In the case of termination following a change of control, all restricted stock awards immediately vest. The values presented represent the value of the stock based on the closing price of our stock on December 31, 2012 of $33.62.

(9) Upon constructive termination, death, disability or termination following a change of control, unvested PVRSUs are immediately terminated.

(10) Upon constructive termination, death, or disability, Mr. Joyce is entitled to an immediate pro-rata vesting of the PBRSU awards based upon the amount of service through the date of termination or death compared to the 5-year vesting term. In the case of termination following a change of control, all unvested PBRSU awards will immediately vest with the maximum performance level under the terms of the award assumed to have been achieved. The values presented represent the value of the stock based on the closing share price on December 31, 2012 of $33.62, and solely in the case of a termination following a change of control, 207.5% vesting leverage, which is the maximum leverage permitted under the PBRSU grant.

Mr. White

The following table shows the potential payments upon termination, with or without a change in control, for Mr. White:

Executive Benefits and Payments	Termination without Cause or For Good Reason ($)	Termination Following Change of Control ($)	Disability ($)	Death ($)
Compensation:				
Salary Continuation under Severance Benefit Agreement(1)	464,423			
Benefits & Perquisites:				
Cash Severance(2)		1,069,500		
Health and Welfare Benefits(3)	18,459			
Outplacement Services(4)	18,000			
Disability Income(5)			6,000,000	
Life Insurance Benefits(6)				1,345,000
Long-Term Incentives:				
Stock Options(7)	60,925	444,502		
Restricted Stock Grants(8)	66,097	937,864		
PVRSUs(9)		698,220		

(1) Amount represents continued payment of Mr. White s base salary, based on his salary as of December 31, 2012, for 70 weeks.

(2) Amount represents 200% of Mr. White s annual base salary as of December 31, 2012, plus 200% of Mr. White s annual target bonus amount for 2012.

(3) Amount represents the estimated value of the future premiums and contributions that Choice would pay on behalf of Mr. White for continued coverage under our medical and dental plans for 70 weeks, based on Mr. White s elected coverage as of December 31, 2012.

(4) Amount represents the estimated value of Choice s standard senior executive outplacement service.

(5) Amount represents the aggregate of the current monthly benefit payments at $25,000 per month that Mr. White would be entitled to receive under the Choice disability program as of December 31, 2012 through the month in which he reaches age 65.

(6) Amount represents the estimated value of the proceeds payable to Mr. White s beneficiary upon his death.

(7) For termination without cause or with good reason, unvested options granted after August 1, 2011 will continue to vest for 70 weeks following termination. In the case of termination following a change of

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control, all stock option awards will immediately vest. Values presented represent the intrinsic value of the options based on the closing share price on December 31, 2012 of $33.62.

(8) For termination without cause or with good reason, restricted stock granted after August 1, 2011 will continue to vest for 70 weeks following termination. In the case of termination following a change of control, all restricted awards will immediately vest. The values presented represent the value of the stock based on the closing price of our stock on December 31, 2012 of $33.62.

(9) For termination without cause or with good reason, PVRSUs granted after August 1, 2011 will continue to vest for 70 weeks. In the case of termination following a change of control, all unvested PVRSU awards will immediately vest with the maximum performance level under the terms of the award being assumed to have been achieved. The values presented represent the value of the stock based on the closing share price on December 31, 2012 of $33.62, and solely in the case of a termination following a change of control, 200% vesting leverage, which is the maximum leverage permitted under the PVRSU grants.

Mr. Pacious

The following table shows the potential payments upon termination, with or without a change in control, for Mr. Pacious:

Executive Benefits and Payments	Termination without Cause or For Good Reason ($)	Termination Following Change of Control ($)	Disability ($)	Death ($)
Compensation:				
Salary Continuation under Severance Benefit Agreement[1]	578,846			
Benefits & Perquisites:				
Cash Severance[2]		1,333,000		
Health and Welfare Benefits[3]	806			
Outplacement Services[4]	18,000			
Disability Income[5]			5,400,000	
Life Insurance Benefits[6]				1,430,000
Long-Term Incentives:				
Stock Options[7]	71,806	483,950		
Restricted Stock Grants[8]	77,864	2,228,367		
PVRSUs[9]		681,477		

(1) Amount represents continued payment of Mr. Pacious base salary, based on his salary in effect on December 31, 2012, for 70 weeks.

(2) Amount represents 200% of Mr. Pacious annual base salary as of December 31, 2012, plus 200% of Mr. Pacious annual target bonus amount for 2012.

(3) Amount represents the estimated value of the future premiums and contributions that Choice would pay on behalf of Mr. Pacious for continued coverage under our medical and dental plans for 70 weeks, based on Mr. Pacious elected coverage as of December 31, 2012.

(4) Amount represents the estimated value of Choice s standard senior executive outplacement service.

(5) Amount represents the aggregate of the current monthly benefit payments at $25,000 per month that Mr. Pacious would be entitled to receive under the Choice disability program as of December 31, 2012 through the month in which he reaches age 65.

(6) Amount represents the estimated value of the proceeds payable to Mr. Pacious beneficiary upon his death.

(7) For termination without cause or with good reason, unvested options granted after May 5, 2011 will continue to vest for 70 weeks following termination. In the case of termination following a change of control, all stock option awards will immediately vest. Values presented represent the intrinsic value of the options based on the closing share price on December 31, 2012 of $33.62.

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(8) For termination without cause or with good reason, restricted stock granted after May 5, 2011 will continue to vest for 70 weeks following termination. In the case of termination following a change of control, all restricted awards will immediately vest. The values presented represent the value of the stock based on the closing price of our stock on December 31, 2012 of $33.62.

(9) For termination without cause or with good reason, PVRSUs granted after May 5, 2011 will continue to vest for 70 weeks. In the case of termination following a change of control, all unvested PVRSU awards will immediately vest with the maximum performance level under the terms of the award being assumed to have been achieved. The values presented represent the value of the stock based on the closing share price on December 31, 2012 of $33.62, and solely in the case of a termination following a change of control, 200% vesting leverage, which is the maximum leverage permitted under the PVRSU grants.

Mr. Pepper

The following table shows the potential payments upon termination, with or without a change in control, for Mr. Pepper:

Executive Benefits and Payments	Involuntary Termination without Reasonable Cause ($)	Termination Following Change of Control ($)	Disability ($)	Death ($)
Compensation:				
Salary Continuation under Severance Benefit Plan[(1)]	317,308			
Benefits & Perquisites:				
Cash Severance[(2)]		990,000		
Health and Welfare Benefits[(3)]	13,185	18,459		
Disability Income[(4)]			5,700,000	
Life Insurance Benefits[(5)]				1,330,000
Long-Term Incentives:				
Stock Options[(6)]		466,702		
Restricted Stock Grants[(7)]		614,910		
PVRSUs[(8)]		573,288		

(1) Amount represents continued payment of Mr. Pepper s base salary, based on his salary as of December 31, 2012, for 50 weeks.

(2) Amount represents 200% of Mr. Pepper s annual base salary as of December 31, 2012, plus 200% of his annual bonus target for 2012.

(3) For an involuntary termination without reasonable cause, amount represents the estimated value of the future premiums and contributions that Choice would pay on behalf of Mr. Pepper for continued coverage under our medical and dental plans for 50 weeks, based on Mr. Pepper s elected coverage as of December 31, 2012. For a termination following a change of control, amount represents the estimated value of the future premiums and contributions that Choice would pay on behalf of Mr. Pepper for continued coverage under our medical and dental plans for 70 weeks, based on Mr. Pepper s elected coverage as of December 31, 2012.

(4) Amount represents the aggregate of the current monthly benefit payments at $25,000 per month that Mr. Pepper would be entitled to receive under the Choice disability program as of December 31, 2012 through the month in which he reaches age 65.

(5) Amount represents the estimated value of the proceeds payable to Mr. Pepper s beneficiary upon his death.

(6) In the case of termination following a change of control, all stock option awards immediately vest. Values presented represent the intrinsic value of the options based on the closing share price on December 31, 2012 of $33.62.

(7) In the case of termination following a change of control, all restricted awards immediately vest. The values presented represent the value of the stock based on the closing price of our stock on December 31, 2012 of $33.62.

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(8) In the case of termination following a change of control, all unvested PVRSU awards immediately vest with the maximum performance level under the terms of the award being assumed to have been achieved. The values presented represent the value of the stock based on the closing share price on December 31, 2012 of $33.62, and 200% vesting leverage, which is the maximum leverage permitted under the PVRSU grants.

Ms. Wu

The following table shows the potential payments upon termination, with or without a change in control, for Ms. Wu:

Executive Benefits and Payments	Termination without Cause or For Good Reason ($)	Termination Following Change of Control ($)