CHOICEPOINT INC
Form 10-K/A
April 29, 2008
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended December 31, 2007

or

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

For the transition period from to

Commission file number 1-13069

ChoicePoint Inc.

(Exact Name of Registrant as Specified in Its Charter)

Georgia	**58-2309650**
(State or Other Jurisdiction of	*(I.R.S. Employer*
Incorporation or Organization)	*Identification No.)*
1000 Alderman Drive	
Alpharetta, Georgia	**30005**
(Address of Principal Executive Offices)	*(Zip Code)*

(770) 752-6000

(Registrant s Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $.10 per share	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

None

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of June 30, 2007: $2,687,531,404 (based on the closing sale price of the Registrant s Common Stock on June 29, 2007 as reported on the New York Stock Exchange).

Indicate the number of shares outstanding of each of the Registrant s classes of common stock, as of the latest practicable date: 68,462,862 shares of Common Stock, par value $.10 per share, outstanding as of April 15, 2008.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Table of Contents

TABLE OF CONTENTS

EXPLANATORY NOTE

ChoicePoint Inc. (ChoicePoint, we, us or the Company) is filing this amendment on Form 10-K/A (Amendment No. 1) to amend its Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (the 2007 10-K), as filed with the Securities and Exchange Commission (the SEC) on February 29, 2008, to include the information required by Part III of Form 10-K. The information required by Part III was previously omitted from the 2007 10-K in reliance on General Instruction G to Form 10-K, which provides that registrants may incorporate by reference certain information from a definitive proxy statement that is filed with the SEC no later than 120 days after the end of the fiscal year covered by the Form 10-K. Since we do not intend to file a definitive proxy statement within 120 days of the fiscal year ended December 31, 2007, we are hereby amending the 2007 10-K to provide the information required by Part III of Form 10-K.

For purposes of this Form 10-K/A, and in accordance with Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), we have amended and restated Items 10 through 15 of our 2007 10-K in their entirety. No attempt has been made in this Form 10-K/A to modify or update any other disclosures presented in the 2007 10-K.

Table of Contents

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***
Identification of Directors

The Board of Directors has fixed the number of ChoicePoint directors at ten. Set forth below is information about each director. There are no family relationships between any director or any executive officer of ChoicePoint or its subsidiaries.

E. Renae Conley, 50, has served as a director of ChoicePoint since April 2006. Ms. Conley has served as President and Chief Executive Officer of Entergy Louisiana, LLC and of Entergy Gulf States, Inc. Louisiana, since 2000, where she is responsible for the companies electric distribution system, natural gas distribution operations, regulatory and governmental affairs, customer service, economic development programs and financial performance.

Douglas C. Curling, 53, has served as a director of ChoicePoint since May 2000. He has served as the Company s President since April 2002 and as Chief Operating Officer since May 1999. He served as Chief Operating Officer and Treasurer from May 1999 to May 2000 and served as Executive Vice President, Chief Financial Officer and Treasurer of the Company from 1997 until May 1999.

Dr. John J. Hamre, 57, has served as a director of ChoicePoint since May 2002. Dr. Hamre has served as President and Chief Executive Officer of the Center for Strategic and International Studies, a non-partisan, non-profit research institute, since April 2000. Dr. Hamre served as U.S. Deputy Secretary of Defense from 1997 until 2000 and as Comptroller under the Secretary of Defense from 1993 to 1997. Dr. Hamre received his Ph.D., with distinction, in 1978 from the School of Advanced International Studies, Johns Hopkins University. He serves as a director of ITT Industries, Inc., a manufacturer of engineering products, SAIC, Inc., a leading provider of scientific, engineering, systems integration and technical services and solutions, MITRE Corporation, a federally-chartered research and engineering organization providing technical services to the federal government, and also serves as an advisory board member for several organizations.

Kenneth G. Langone, 72, has served as a director of ChoicePoint since May 2000. Mr. Langone has served as Chairman, President and Chief Executive Officer of Invemed Associates LLC, an investment banking and brokerage firm, since 1974. He also serves as a director of The Home Depot, Inc., a home improvement retailer, Unifi, Inc., a producer of textile yarns, YUM! Brands, Inc., a food services company, and several private corporations.

John B. McCoy, 64, has served as a director of ChoicePoint since December 2003. He served as Chairman of the Board of Bank One Corporation, a bank holding company, from 1987 to 1998 and as its Chief Executive Officer from 1984 to 1999. From June 2000 to December 2003, he served as Chairman of Corillian Corporation, a provider of online banking and software services. Mr. McCoy currently serves as a director of AT&T Inc., a telecommunications service provider, and Cardinal Health, Inc., a provider of health care services.

Terrence Murray, 68, has served as a director of ChoicePoint since May 2002. He served as Chairman of the Board of FleetBoston Financial Corporation, a diversified financial services company, from 2001 to 2002 and served as Chairman, President and Chief Executive Officer from 1982 through 2001, except in 1988, when he served only as President and from 2000 to 2001, when he served as Chairman and Chief Executive Officer. He serves as a director of A.T. Cross Company, a producer of writing instruments and CVS Caremark Corporation, a retail drugstore chain and healthcare service provider.

Ray M. Robinson, 60, has served as a director of ChoicePoint since December 2004. Mr. Robinson has served as Vice Chairman of the East Lake Community Foundation since 2005 and served as its Chairman from 2003 to 2005. He is the President Emeritus of Atlanta s East Lake Golf Club and served as its President from 2003 to January 2006. He was President of the Southern Region of AT&T Corporation from 1996 until his retirement in May 2003. Mr. Robinson currently serves as a director of Aaron Rents, Inc., a provider of rental, lease ownership and specialty retailing of consumer electronics, residential and office furniture and appliances, Acuity Brands, Inc., a producer of lighting equipment and specialty products, Avnet, Inc., a distributor of electronic components, enterprise network and computer equipment and embedded subsystems, AMR Corporation, a passenger airlines company, and Citizens Bancshares Corporation, the holding company for Citizens Trust Bank.

Derek V. Smith, 53, is the Chairman and Chief Executive Officer of the Company. Mr. Smith has served as Chairman of the Board since May 1999 and as Chief Executive Officer and a director of the Company since May 1997. He also served as President of the Company from May 1997 until April 2002.

1

Table of Contents

Charles I. Story, 53, has served as a director of ChoicePoint since June 1997. He has served as President of ECS Group, Inc., a provider of business consulting services for executive talent development, since January 2005. He served as President and CEO of INROADS, Inc., an international non-profit training and development organization, from January 1993 until October 2005. He also serves as a director of Briggs & Stratton Corporation, a producer of gasoline engines, and as an advisory director to Regions Bank.

M. Anne Szostak, 57, has served as a director of ChoicePoint since December 2005. She has served as President and Chief Executive Officer of Szostak Partners, LLC, a consulting firm that advises businesses on strategic and human resources issues, since 2004. From 1994 to 2004, she served as Executive Vice President and Corporate Director of Human Resources of FleetBoston Financial Corporation and served in a variety of executive positions with FleetBoston Financial Corporation since 1973. Ms. Szostak also serves as a director of Tupperware Brands Corporation, a manufacturer of food storage, preparation and serving items, Spherion Corporation, a provider of temporary staffing, managed services and permanent placement services, and Belo Corp, a media company.

Audit Committee

The Company has a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, the members of which are Ms. Conley (Chair) and Messrs. McCoy and Story. This committee is directly responsible for the appointment, compensation and oversight of the work performed by the Company s independent registered public accountants. The Audit Committee reviews and recommends to the Board of Directors the engagement or discharge of the Company s independent registered public accountants, reviews with independent registered public accountants the scope, plan for and results of the audit engagement, reviews the scope and results of ChoicePoint s internal audit department, reviews the adequacy of ChoicePoint s system of internal accounting controls, reviews the status of material litigation and corporate compliance, and oversees the information security program and any other matters the Audit Committee deems appropriate. The Board of Directors has determined that each member of the Audit Committee is qualified as an Audit Committee Financial Expert, within the meaning of SEC regulations, and possesses related financial management expertise, within the meaning of the listing standards of the New York Stock Exchange (the NYSE). The Board has affirmatively determined that all members of the Audit Committee are independent under the NYSE listing standards and Rule 10A-3 promulgated under the Exchange Act.

ChoicePoint Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act and the regulations promulgated under the Exchange Act require ChoicePoint s executive officers, directors and persons who beneficially own more than 10% of the outstanding shares of ChoicePoint common stock to file initial reports of ownership and changes in ownership of the ChoicePoint common stock with the SEC and the NYSE. Executive officers, directors and ChoicePoint 10% shareholders are required by the regulations of the SEC to furnish ChoicePoint with copies of all reports that they file pursuant to Section 16(a) of the Exchange Act. In addition, Item 405 of Regulation S-K requires ChoicePoint to identify each reporting person that failed to file on a timely basis reports required by Section 16(a) of the Exchange Act during the most recent fiscal year or prior fiscal years. Except for Jeffrey Glazer, who had one late Form 4 filing reporting a single transaction due to an administrative error, to ChoicePoint s knowledge, based upon a review of the copies of forms furnished to ChoicePoint and written representations from ChoicePoint s executive officers and directors, all filing requirements applicable to ChoicePoint s executive officers, directors and persons who beneficially own more than 10% of the ChoicePoint common stock complied with the applicable reporting requirements for 2007.

Code of Ethics

ChoicePoint has adopted a Code of Ethics for Senior Financial Officers and Business Unit Leaders that applies to the Company s principal executive officer, principal financial officer, principal accounting officer, controller and other senior officers. A copy of the ChoicePoint Inc. Code of Conduct, Code of Ethics for Senior Financial Officers and Business Unit Leaders, the Corporate Governance Guidelines and charters for the Audit Committee, Management Compensation and Benefits Committee and Corporate Governance and Nominating Committee may be found on the Company s Internet site at www.choicepoint.com. Copies will be furnished without charge upon written request to the Company at the following address: Attn: Corporate Secretary, ChoicePoint Inc., 1000 Alderman Drive, Alpharetta, Georgia 30005. If the Company makes any amendments to the Code of Ethics for Senior Financial Officers and Business Unit Leaders other than technical, administrative, or other non-substantive amendments, or grants any waivers, including implicit waivers, from a provision of this code to the Company s Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, Controller and other senior officers, the Company will disclose the nature of the amendment or waiver, its effective date and to whom it applies on its Internet site at www.choicepoint.com or in a report on Form 8-K filed with the SEC.

Table of Contents

On May 22, 2007, the Company filed with the NYSE, the Annual CEO certification regarding the NYSE s corporate governance listing standards as required by Section 303A-12(a) of the NYSE Listed Company Manual. In addition, the Company has filed as exhibits to this Form 10-K and to the Annual Report on Form 10-K for the fiscal year ended December 31, 2006 the applicable certifications of the Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002, regarding the quality of the Company s public disclosures.

Item 11. *Executive Compensation*

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes our compensation objectives and policies and the material elements of compensation provided to our Chief Executive Officer, Chief Financial Officer and the three other most highly-compensated executive officers (collectively, the Named Executive Officers). This discussion should be read together with the compensation tables and related disclosures set forth below and elsewhere in this Annual Report on Form 10-K.

Introduction

We seek to provide competitive compensation for our executive officers that attracts and retains qualified executives, rewards individual achievement and aligns the financial interests of our executives with those of our shareholders. We use a combination of base salary, annual cash incentives, long-term equity incentives and broad-based benefits programs to achieve these objectives. We place significant emphasis on pay for performance-based incentive compensation programs, which reward our executives when company and individual goals are achieved or when our stock price appreciates.

The Management Compensation and Benefits Committee (the Compensation Committee) is responsible for decisions regarding the compensation of our Named Executive Officers and for establishing and administering our compensation and benefit policies and practices for the Named Executive Officers, including the administration of our stock incentive plans. The Compensation Committee is appointed by our Board of Directors, and is composed entirely of independent directors.

Named Executive Officers

This discussion and the tables that follow focus on the compensation provided to our Named Executive Officers for 2007. This group includes our chief executive officer, our chief financial officer and the three other most highly-compensated executive officers determined in accordance with the rules and regulations of the SEC. The following individuals are the Named Executive Officers for 2007:

- Derek V. Smith, Chairman and Chief Executive Officer (also referred to here as CEO or Mr. Smith);
- Douglas C. Curling, President and Chief Operating Officer (also referred to here as COO or Mr. Curling);
- David T. Lee, Executive Vice President and Chief Business Officer (also referred to here as Chief Business Officer or Mr. Lee);
- Steven W. Surbaugh, Executive Vice President and Chief Administrative Officer (also referred to here as Chief Administrative Officer or Mr. Surbaugh); and
- David E. Trine, Senior Vice President and Chief Financial Officer (also referred to here as CFO or Mr. Trine).

Compensation Objectives and Policies

Our compensation policies for our Named Executive Officers are designed to meet the following key objectives:

- Attract and retain qualified executives;
- Encourage and reward corporate and individual achievement;
- Enhance our financial performance, and thus shareholder value, by significantly aligning the financial interests of our executives with those of our shareholders; and
- Coordinate performance goals among the executives to foster a shared commitment to achieving such goals.

To accomplish these objectives, the 2007 executive compensation program was comprised of base salary, an annual performance-based variable cash incentive, long-term equity incentive compensation, other benefits intended to provide competitive capital accumulation opportunities and health, welfare and other fringe benefits. Each element of pay is designed to support our compensation objectives as follows:

- Base salaries are designed to attract qualified executives and base salary increases reward the executives for individual performance.

3

Table of Contents

Annual cash incentives are used to reward the executive for the Company s achievement of pre-determined business criteria, which the Compensation Committee selects annually. In certain circumstances, the Compensation Committee may use discretionary annual cash incentives to recognize individual achievement outside the context of pre-determined business criteria, as discussed in Elements of Executive Compensation Annual Cash Incentives below.

Long-term equity incentives are designed to retain key executive talent, align the interests of executive officers with those of shareholders, and reward executives for increased shareholder value, improved financial performance and the achievement of objectives which we believe over time will result in increased shareholder value.

Benefits and perquisites are designed to assist in attracting and retaining key executive talent, enable executive officers to operate more effectively, and make us competitive in the marketplace for recruiting executive talent.

Stock ownership guidelines (discussed later in Stock Ownership Guidelines) are used to further ensure alignment of the interests of our executives with those of our shareholders by requiring our executives to be significant shareholders. The Compensation Committee s philosophy regarding the amount of equity granted to all our employees in any fiscal year is to limit the aggregate number of equity-based grants, in that year, made from our Omnibus Incentive Plans (1997, 2003 and 2006) to not more than 2% of our outstanding shares, as calculated at the beginning of our fiscal year. The philosophy also limits the aggregate amount of equity-based grants awarded to our CEO and COO in any fiscal year to not more than 15% of the total equity grants in that year.

Process and Considerations of the Compensation Committee

The Compensation Committee determines executive pay based on its analysis of a competitive range of pay, which for 2007 was derived primarily from the knowledge and experience of its members. When evaluating executive compensation, the Compensation Committee considers our needs and the characteristics of each executive position, the executives specific responsibilities, performance, potential and industry and organizational experience, as well as any obligations under existing employment agreements.

In 2007, the Compensation Committee engaged Mercer Human Resource Consulting (Mercer) to conduct a comprehensive review of executive officer compensation. Mercer met with the Compensation Committee at its meeting on January 3, 2008 to discuss the analysis and conclusions of the study. This study included recommendations on the design and levels of base salaries, annual cash incentives, long-term equity incentives, benefits and perquisites.

We seek to compensate our executives at a level that is warranted by executive and company performance, and we have sought to generally target executive base salaries at or above estimated median market levels. Total compensation opportunities, such as cash bonuses and equity awards, provide upside potential for those executives who supply leadership resulting in superior financial or operational performance, accomplishment of key initiatives, such as improving the Company s capital structure, and/or exhibit superior personal performance, as discussed further below.

Generally in the beginning of each year, the Compensation Committee sets the performance measures and goals for both the annual and long-term incentive award plans. The Compensation Committee retains discretion to revise these goals and measures during the performance period to take into account non-recurring or extraordinary events that have impacted performance for the period, except where such action would be the only factor to result in the disqualification of the executive s compensation from the exemption under Section 162(m) of the Internal Revenue Code, or IRC . The Compensation Committee determines the annual base salary levels for our Named Executive Officers, as well as the opportunities under the annual and long-term incentive awards for these executives and the level of payout under these programs.

In determining the maximum number of shares which constitute an award of long-term equity under the stock incentive plans, the Compensation Committee uses no specific formula. It bases its decisions upon such factors as individual contribution to corporate performance, market practices and, for grants other than for our CEO and COO, management recommendations.

Table of Contents

The Compensation Committee has a forward-looking approach in setting both performance expectations and compensation levels/opportunities for the Named Executive Officers. In view of our strong emphasis on performance-based compensation, the Compensation Committee does not explicitly set future award levels/opportunities on the basis of what the Named Executive Officers have actually earned from prior awards. The Compensation Committee does consider past awards, and the performance conditions and achievements associated with those awards, to provide a frame of reference as it makes determinations for future compensation levels/opportunities.

In determining the amount of each component of Mr. Smith s compensation, the Compensation Committee has considered Mr. Smith s contributions in creating the vision for our spin-off from Equifax Inc. in 1997 and successfully leading us through the transaction, the greater responsibilities of Mr. Smith as the chief executive officer and the more significant impact that he can have on improving our short- and long-term financial performance, realizing key strategic initiatives and multi-year existing contractual obligations. The level of responsibility and impact that each executive can have on financial performance is similarly considered by the Compensation Committee for each Named Executive Officer in determining the amounts of each element of compensation.

Role of Executive Officers

Annually, our CEO has other senior management members, under his guidance, present the results of our financial performance to the Board and reviews with the Compensation Committee the performance of individual executives. The CEO and COO make recommendations to the Compensation Committee regarding merit-based salary increases, annual cash incentive targets, performance measured against such targets and long-term equity incentive awards for the other Named Executive Officers. The CEO also makes recommendations to the Compensation Committee regarding increases to his own compensation and the compensation of the COO.

Role of Compensation Consultants

From time to time, the Compensation Committee engages compensation consultants to evaluate our executive compensation program, either in aggregate or on specific aspects of compensation. Such evaluation assists the Compensation Committee in determining whether the executive officers are provided effective and competitive base salaries and variable performance-based incentives that reward superior executive performance. As discussed above, in 2007, the Compensation Committee engaged Mercer to provide a comprehensive study of the compensation of the Named Executive Officers which was discussed in the Compensation Committee meeting on January 3, 2008. Mercer was instructed to review all compensation components compared to peer companies, and to include recommendations on the design and levels of base salaries, annual cash incentives, long-term equity incentives, benefits and perquisites. Mercer s study addressed these matters, as well as obligations under existing employment agreements. The peer companies were selected based on similarities in industry and annual revenue.

Elements of Executive Compensation

Base Salary

The Compensation Committee reviews base salaries for our Named Executive Officers annually. In determining appropriate base salary levels for the executives, the Compensation Committee primarily bases its decisions on the following factors:

- Responsibilities of the executive;
- Analysis of the executive s performance for the prior year related to pre-determined criteria;
- Internal equity among the Named Executive Officers; and
- The Compensation Committee s understanding of the prevailing market based on their knowledge and experience.

Performance criteria are established for the Named Executive Officers as follows: (1) for the CEO by the Compensation Committee, (2) for the COO by the CEO, and (3) for the other Named Executive Officers by the CEO and COO. Such criteria consist of the Named Executive Officers duties and responsibilities, as set forth in their respective employment agreements or as otherwise communicated to them, as well as their achievement of the transformational priorities that are applicable to them. The term transformational priorities refers to certain corporate shortand long-term strategic initiatives. Executive base salaries are not formally tied to measures of corporate financial performance, although such measures are considered. The executive s achievement of the performance criteria, along with increases in the scope of the executive s responsibilities, are factors considered by the Compensation Committee in its determination of executive base

Table of Contents

salaries from year to year. We believe that disclosure of these transformational priorities would result in competitive harm to the Company. The Compensation Committee believed that the performance goals for 2007 were potentially attainable, yet demanding for the purpose of motivating the executives.

As discussed above, the Compensation Committee has a policy of engaging compensation consultants from time to time to review executive pay levels with the external market. In the years this analysis is performed, the competitive market data on levels of base salaries for similar companies would also be considered as a factor by the Compensation Committee when determining the executives salaries. The Mercer compensation study conducted in late 2007 was not available when 2007 base salaries were established; therefore, the Compensation Committee did not rely on that market analysis in connection with its 2007 review.

Based upon the executives performance measured against the criteria described above, base salary increases for the Named Executive Officers ranged from 3.6% to 6.3% were granted in 2007. For more information about the salaries paid to our Named Executive Officers in 2007, see ChoicePoint Executive Compensation Summary Compensation Table below.

Annual Cash Incentives

There were two programs under which our Named Executive Officers could earn annual cash awards in 2007:

- A performance-based annual incentive plan which is administered under our 2006 Omnibus Incentive Plan, as amended, or the 2006 Plan ; and

- A discretionary plan under which the Compensation Committee measures the achievement of the transformational priorities by the executives.

Performance-Based Plan. Under the 2006 Plan, annual performance-based cash bonuses are determined by measuring company performance against business criteria goals established by the Compensation Committee for the year. Goals may vary among the executives.

For 2007, the Compensation Committee set the performance goals of achievement of a consolidated corporate economic value added goal and an earnings per share goal for the annual performance-based cash incentives. Economic value added is calculated as net operating profit after tax, excluding the effect of acquisitions and divestitures and certain other operating charges, less the weighted average cost of capital, referred to as a capital charge, for net assets deployed. Other operating charges excluded from net operating profit after tax are (1) legal expenses related to the previously disclosed fraudulent data access (including potential settlements), and (2) charges related to our centralization of functions and consolidation of certain technology platforms.

Earnings per share is adjusted for acquisitions, divestitures, discontinued operations and other operating charges not included in the 2007 plan.

The economic value added and earnings per share goals, as adjusted, for 2007 were as follows:

Award Level	Economic Value Added	Earnings per Share
Threshold	$ 3.0 million	$ 1.71
Target	$ 9.2 million	$ 1.79
Maximum	$ 16.0 million	$ 1.87

The Compensation Committee believes that this combination of measures appropriately considers revenue growth, profitability and cost of capital in measuring the performance of our executives. These metrics are also consistent with the Compensation Committee s philosophy of linking executive performance to our financial and operational performance and coordinating performance goals among the executives. The performance-based compensation under this plan is deductible for purposes of IRC Section 162(m). The Compensation Committee periodically reviews the business criteria for the plan and may choose, in the future, to alter the business criteria used based on what it deems to be the most appropriate measure at that time.

For more information about these targets with respect to individual Named Executive Officers, see the ChoicePoint Executive Compensation Grants of Plan-Based Awards Table below.

Discretionary Plan. Under the discretionary plan, each executive s performance is measured as it relates to our transformational priorities. The Compensation Committee determines whether executive performance was sufficient to earn an award under the discretionary plan or whether performance was such that failure to achieve the goals under the plan warrants a decrease in the executive s earned incentive compensation under the performance-based plan.

Table of Contents

The award opportunity for each executive under the discretionary plan ranges from a negative amount of up to one-half his target opportunity under the performance-based plan to a maximum amount equal to his target opportunity under the performance-based plan, such that executives face a high level of risk under this plan. For example, the CEO is at risk of losing an amount equal to 50% of his base salary from his earned incentive if the Compensation Committee determines that the CEO s performance related to our transformational priorities warrants such a decrease.

The Compensation Committee believes that it is necessary and appropriate to evaluate and reward executive performance based on discretionary criteria related to our transformational priorities. Because these criteria are not considered performance goals for purposes of deductibility under IRC Section 162(m), the compensation paid to a covered employee under IRC Section 162(m) under the discretionary plan is not deductible.

Annual Cash Award Opportunities for Named Executive Officers for 2007

The award opportunities as a percent of base salary for our Named Executive Officers under the annual performance-based incentive plan for 2007, which were unchanged from 2006, were as follows:

	Threshold	Target	Maximum
CEO (Mr. Smith)	25%	100%	200%
COO (Mr. Curling):	20%	75%	150%
Chief Business Officer (Mr. Lee):	15%	60%	120%
Chief Administrative Officer (Mr. Surbaugh):	15%	60%	120%
CFO (Mr. Trine):	15%	50%	100%

One-half of the total award opportunity, described above, for each Named Executive Officer was based on the achievement of the earnings per share goal and the other half was based on the achievement of the economic value added goal.

The range of award opportunities as a percent of base salary for our Named Executive Officers under the annual discretionary incentive plan related to transformational priorities for 2007 was as follows:

	Failure to Achieve Minimum Requirements	Target Goals Achieved	Maximum Goals Achieved
CEO (Mr. Smith):	-50%	50%	100%
COO (Mr. Curling):	-37.5%	37.5%	75%
Chief Business Officer (Mr. Lee):	-30%	30%	60%
Chief Administrative Officer (Mr. Surbaugh):	-30%	30%	60%
Chief Financial Officer (Mr. Trine):	-25%	25%	50%

In aggregate, our executives had the following target and maximum annual award opportunities as a percent of base salary for 2007:

	Target	Maximum
CEO (Mr. Smith)	150%	300%
COO (Mr. Curling)	112.5%	225%
Chief Business Officer (Mr. Lee)	90%	180%
Chief Administrative Officer (Mr. Surbaugh)	90%	180%
CFO (Mr. Trine)	75%	150%

For more information about these targets with respect to individual Named Executive Officers, see ChoicePoint Executive Compensation Grants of Plan-Based Awards Table below.

Outcome for 2007. The Compensation Committee met in January 2008 and analyzed company and individual performance with respect to the pre-established goals under the performance-based plan. The Compensation Committee determined that the target economic value added goal and the threshold earnings per share goal were each met for each of the Named Executive Officers; and as a result awards were made to them under this plan. In addition, management

7

Table of Contents

recommended, and the Compensation Committee agreed to award, additional discretionary bonuses to certain executives related to unusual efforts not detailed as strategic initiatives. For more information about the awards earned by the individual Named Executive Officers, see ChoicePoint Executive Compensation Summary Compensation Table below.

Long-Term Incentives

We provide long-term equity incentive opportunities to our executives pursuant to our Omnibus Incentive Plans (1997, 2003, and 2006) which have the following provisions:

- No grants made after 2002 provide for automatic reload rights;
- Neither option rights nor appreciation rights may be amended to reduce the exercise price or the market value of the shares at the date of grant, respectively;
- Per share exercise price for options shall be no less than 100% of fair market value on the date of grant;
- Limitations are placed on the number of shares issued as restricted stock or deferred shares, or as performance shares, performance units, share equivalent units or other awards to the extent they are distributed in shares;
- Minimum of three-year time-based vesting, with ratable vesting allowed, is provided on restricted stock and deferred shares, although earlier vesting may be allowed in the event of the executive s death, disability or retirement;
- The number of shares tendered to pay for an option right or withheld to satisfy tax withholding obligations will reduce the plan limit of shares available for grant, thereby prohibiting liberal share counting;
- No option right, appreciation right or other derivative security may be transferred for consideration paid to the transferee; and
- Vesting of options and restricted stock accelerates upon the consummation of a change-in-control as defined in the Omnibus Incentive Plans, as amended.

These provisions are designed to support good governance practices and were included in the 2006 Plan and an amendment to the 2003 Omnibus Incentive Plan, or the 2003 Plan , adopted by our shareholders.

In 2007, the Compensation Committee made long-term equity incentive awards of performance-contingent stock options, time-lapse vesting stock options, restricted stock and deferred shares. Each of these equity awards is described below.

Performance-Contingent Stock Options. Commencing with the 2006 grants, the performance conditions for these options are either the achievement of a share price goal within the three-year vesting period or the achievement of a cumulative operating income goal calculated over a three-year fiscal period. If neither goal is achieved, then the grant will terminate. In addition, continued employment during the performance period is required. Additional details on the goals follow:

- The share price goal requires that the price of our common stock equal or exceed the specified goal for 20 or more consecutive trading days. Options fully vest at the end of the three-year vesting period if the share price goal is achieved.

For the cumulative operating income goal over a three fiscal-year period, the amount of options which vest is determined (using interpolation) based on the level of performance achieved between the minimum and maximum goals. If the minimum performance goal is achieved, 1% of the options will vest and if the maximum performance goal is achieved, 100% of the options will vest.

Operating income is defined as earnings before interest and taxes, excluding the effect of acquisitions and divestitures, less (1) legal expenses related to the previously disclosed fraudulent data access (including potential settlements), and (2) charges related to our centralization of functions and consolidation of certain technology platforms.

In May 2007, the Compensation Committee set the share price and cumulative operating income goals for the awards. Although specific performance goals for the 2007 grants were set by the Compensation Committee, we feel that disclosure of these specific goals would result in competitive harm to the Company. The Compensation Committee believes that the performance goals for the 2007 grants were potentially attainable, yet demanding for the purpose of motivating executive performance. In the last three years, we have not achieved the threshold goals required for performance-contingent options to vest. In 2007, performance-contingent options were granted to each Named Executive Officer, as detailed in Awards in 2007 below.

Table of Contents

Time-Lapse Vesting Stock Options. These options generally will vest and become exercisable after three years of continued employment by the executive. In 2007, these options were granted to each Named Executive Officer. In the event of the grantee s death, the option will continue to vest to the benefit of the beneficiary.

Restricted Stock. Restricted stock is a grant of shares of our common stock which generally will vest upon satisfaction of a specified period of continued employment. In 2007, restricted stock was granted to each Named Executive Officer. The restricted stock will generally vest after three years of continued employment.

Deferred Shares. Deferred shares are awards of the right to receive our common stock at the end of a specified deferral period, subject to any conditions imposed by the Compensation Committee. The awards, if earned, are paid in shares of our common stock. The Compensation Committee believes that deferred share grants are more effective than time-lapse vesting restricted stock for executives affected by IRC Section 162(m) because they have more favorable tax implications for ChoicePoint. No deferred share grants were made in 2007.

Awards in 2007. Generally, 2007 long-term incentive grants were awarded as a mix of stock options (performance-contingent stock options and time-lapse vesting stock options) and restricted stock.

Grants to Messrs. Smith and Curling consisted of a combination of 20% performance-contingent stock options, 20% time-lapse vesting stock options, 8% time-lapse restricted stock, and 52% as a contribution to the Deferred Compensation Plan, discussed below. The contribution to the Deferred Compensation Plan included the normal annual base equity grant as well as additional amounts awarded in lieu of a 2007 Annual Cash Incentive.

Grants to Messrs. Lee and Surbaugh were a combination of 25% performance-contingent stock options, 25% time-lapse vesting stock options and 50% time-lapse restricted stock.

The grant to Mr. Trine was comprised of 37.5% performance-contingent stock options, 37.5% time-lapse vesting stock options and 25% time-lapse restricted stock.

The Compensation Committee allocates a portion of the total long-term equity incentive award among these various types of awards. The Compensation Committee does not apply a specific formula to determine the allocation between the awards; rather, in granting these awards, the Compensation Committee considers the various compensation policies it is furthering (as described above) and makes annual determinations as to the number of shares subject to the various types of awards to be granted to the Named Executive Officers for each year based on such consideration.

For more information about these awards, see our discussion in Stock Option Grant Practices and ChoicePoint Executive Compensation Grants of Plan-Based Awards Table below.

Long-term incentive awards (including stock options, deferred shares and restricted stock) are typically made at the first Compensation Committee meeting following our fiscal year end. This meeting usually occurs within 40 days of year end, after earnings for the prior year are released. The Compensation Committee is able to review our prior year performance before it determines appropriate performance goals for performance-contingent stock options.

In 2007, the Compensation Committee granted restricted stock primarily in February 2007 and other long-term incentives in May 2007, after shareholder approval of the 2006 Plan amendment at the annual shareholder meeting. The 2007 grants to Named Executive Officers were made under the 2003 and 2006 Plans, and grants to all other participants were made primarily under the 2006 Plan.

For 2007, the aggregate equity grants made from our Omnibus Incentive Plans (1997, 2003 and 2006) represented approximately 1.8% of total shares outstanding as of the beginning of that year. Grants made from such Plans to our CEO and COO amounted to less than 15% of the annual aggregate equity grants. This is consistent with the Compensation Committee s philosophy discussed above.

Executive Benefits and Perquisites

The Compensation Committee believes that the benefits and perquisites provided to our Named Executive Officers are important in attracting and retaining key executive talent, and that they are reasonable, competitive and consistent with our overall executive compensation philosophy. The following is an overview of the benefits and perquisites available to our Named Executive Officers. For further information about these compensation elements, refer to ChoicePoint Executive Compensation Supplemental All Other Compensation Table below.

Table of Contents

In making decisions about other elements of compensation for 2007, the Compensation Committee did not consider perquisite allowances or amounts accrued in the Supplemental Executive Retirement Plan and Deferred Compensation Plan pursuant to the terms of the recipients employment agreements. To the extent such allowances or amounts are not fixed pursuant to a Named Executive Officer s employment agreement or are calculated as a percentage of other elements of compensation, they are considered independently of other elements of compensation.

Other than a contribution to the Deferred Compensation Plan, discussed above in Elements of Executive Compensation Awards in 2007 , the benefits and perquisites levels are materially unchanged from 2006.

Deferred Compensation

We have a primary Deferred Compensation Plan, referred to as the DCP, which is provided to the Named Executive Officers to permit them to defer a portion of their annual income. The purpose of this plan is to provide executives with benefits they would have received under our 401(k) Profit Sharing Plan, including the company matching contribution, but for limitations imposed by the IRC. Additionally, the executives may defer receipt of a portion of their annual base pay or annual cash incentive for which no company matching contribution is made. The Company may make additional contributions to the plan from time to time.

In addition to the DCP, we have adopted the Deferred Compensation Plan No. 2, which we refer to as the DCP2 Plan. In 2002, under the DCP2 Plan, the CEO and COO elected to defer, until the termination of their employment or attainment of a stated age, if later, receipt of all or a portion of:

- Shares of restricted stock granted to them under the 1997 Plan that would otherwise be distributed to them upon satisfaction of vesting requirements; and

- Certain cash bonuses granted at the time of grant of the restricted stock awards.

No company matching contribution is made under the DCP2 Plan. The CEO and COO did not defer compensation under the DCP2 Plan in 2007. Vesting of contributions under the DCP2 Plan follows the vesting requirements of the original restricted stock grants and cash bonus awards. For additional information on DCP2 Plan, see Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters Equity Compensation Plan Information ChoicePoint Inc. Deferred Compensation Plan No. 2.

Supplemental Executive Retirement Plan

The Supplemental Executive Retirement Plan, or SERP, is provided to Messrs. Smith, Curling and Lee under the DCP. The SERP was created by the Compensation Committee in 1997 at the time of the spin-off, to entice the executives move to ChoicePoint and to replace benefits that would be lost in the executives transfer to a defined contribution arrangement vs. the defined benefit arrangement at our predecessor company. The SERP was modeled after a similar plan at our predecessor company and is intended to provide income replacement of 60% of compensation at retirement. Company contributions are denominated in shares of our common stock. Annual SERP contribution levels are calculated as a percentage of each participating executive s total direct compensation (defined as the sum of base salary plus annual cash incentive pay, and excluding long-term incentive compensation). The percentage of annual compensation was set in 1997 and increased in 2003 to maintain the level of income replacement. Upon a change-in-control, all amounts credited to an executive s SERP account that are not yet vested will immediately vest and become non-forfeitable. Since the SERP does not require a funded trust, the single trigger vesting feature upon a change-in-control helps to protect the executives benefits.

Please refer to the narrative summary following the ChoicePoint Executive Compensation Nonqualified Deferred Compensation table below for additional information on the SERP.

Life Insurance

We provide term life insurance coverage to our Named Executive Officers, with the exception of Mr. Trine. The following levels of term life insurance coverage are provided to Messrs. Smith, Curling, Lee and Surbaugh:

Mr. Smith: $5,000,000 coverage;

Mr. Curling: $3,000,000 coverage;

Mr. Lee: $2,000,000 coverage; and

Mr. Surbaugh: $2,000,000 coverage.

Table of Contents

Disability Coverage

Short-term disability coverage equal to 100% of base salary is provided to each Named Executive Officer. Long-term disability coverage is provided for the Named Executive Officers as follows:

- Mr. Smith: 60% of total direct compensation (see definition in our discussion under Supplemental Executive Retirement Plan above);
- Mr. Curling: 50% of total direct compensation;
- Mr. Lee: 45% of total direct compensation;
- Mr. Surbaugh: 45% of total direct compensation; and
- Mr. Trine: 45% of base salary.

401(k) Profit Sharing Plan

Our Named Executive Officers may participate in our 401(k) Profit Sharing Plan, which is the same program available to all our employees. We make matching contributions of our common stock up to the first 6% of an executive s contributions, subject to the limitations imposed by the IRC.

The Named Executive Officers who were employed by Equifax Inc. on the date of the spin-off (Messrs. Smith, Curling, Lee and Trine) receive an annual company contribution, referred to as a transition benefit, based on age and length of service and subject to the limitations imposed by the IRC. This is consistent with other similarly situated Plan participants who were transferred to ChoicePoint at the time of the spin-off from Equifax. These individuals participated in a defined benefit plan prior to the spin-off in 1997, and we have not offered a defined benefit plan since that time.

Health Care Benefits

We provide medical and dental coverage for our Named Executive Officers under the same programs that are available to all our benefits-eligible employees.

Perquisites

For security purposes, under the terms of his employment agreement, Mr. Smith is required to use the corporate aircraft (of which we have a fractional ownership) for all business and personal travel. Mr. Curling is permitted, with the approval of Mr. Smith, to use the corporate aircraft for business and personal travel. Under our existing corporate aircraft policy, Messrs. Smith and Curling are required to reimburse us for the value associated with their personal use of the corporate aircraft as determined by using the Standard Industry Fare Level (referred to as the SIFL rate) as published by the Internal Revenue Service.

We also provide club memberships for the Named Executive Officers as follows:

- Mr. Smith: We provide Mr. Smith with the opportunity for membership at three clubs. In 2007, Mr. Smith utilized this perquisite for membership at two clubs.

- Mr. Surbaugh: We provide, and Mr. Surbaugh utilized, one club membership.

- Messrs. Curling and Mr. Lee: These executives did not utilize their perquisite for membership at one club.

We provide for the cost of an annual physical examination for each Named Executive Officer.

We provide an annual allowance to each Named Executive Officer for financial and tax planning services, up to the following specified limits:

- Mr. Smith: up to $100,000;

- Mr. Curling: up to $50,000;

- Messrs. Lee and Surbaugh: up to $15,000; and

- Mr. Trine: up to $10,000.