

ADAPTEC INC
Form 10-K/A
October 07, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the fiscal year ended March 31, 2009

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 000-15071

ADAPTEC, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

691 S. Milpitas Blvd.

Milpitas, California 95035

(Address of Principal Executive Offices, including Zip Code)

Registrant's telephone number, including area code: **(408) 945-8600**

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

Common Stock, \$.001 Par Value (Title of Class)

The NASDAQ Global Market (Name of Each Exchange on which Registered)

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 No

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

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes 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 the 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 definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer 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 Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the Registrant was \$320,982,434 based on the closing sale price of the Registrant's common stock on The NASDAQ Global Market on the last business day of the Registrant's most recently completed second fiscal quarter. Shares of the Registrant's common stock beneficially owned by each executive officer and director of the Registrant and by each person known by the Registrant to beneficially own 10% or more of its outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

At May 19, 2009, the Registrant had 120,700,658 shares of common stock outstanding, \$.001 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

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Explanatory Note

This Amendment No. 1 on Form 10-K/A (this Amendment) amends our Annual Report on Form 10-K for the year ended March 31, 2009, originally filed on June 4, 2009 (the Original Filing). We are filing this Amendment solely to amend and restate the information in Part III of the Original Filing and to update the exhibits to include new Certifications of our Chief Executive Officer and Chief Financial Officer. Except as specified above, the Original Filing continues to speak as of the date of the Original Filing.

This Amendment should be read in conjunction with the Original Filing and the Company's other filings made with the Securities and Exchange Commission subsequent to the filing of the Original Filing. The Stock Ownership of Principal Stockholders and Management table in Item 12 of this Amendment continues to speak as of the date stated therein and has not been updated.

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The name and age of each of our executive officers and directors and their respective positions with Adaptec as of May 19, 2009 are set forth below. Additional biographical information concerning each of our executive officers and directors follows the table.

Name	Age	Principal Occupation	Director Since
Subramanian Sundi Sundaresh	52	President and Chief Executive Officer and Director	2005
Mary L. Dotz	51	Vice President and Chief Financial Officer	N/A
Anil Gupta	50	Former Vice President and General Manager of the Storage Technology Products	N/A
Marcus D. Lowe	53	Vice President of Marketing and Business Development	N/A
John Noellert	51	Vice President of Worldwide Sales	N/A
Jon S. Castor ⁽¹⁾ (2)	57	Director	2006
Jack L. Howard ⁽³⁾	47	Chairman of the Board of Directors	2007
Joseph S. Kennedy ⁽³⁾	62	Director	2001
Robert J. Loarie ⁽²⁾	66	Director	1981
John Mutch ⁽¹⁾	52	Director	2007
John J. Quicke ⁽²⁾	59	Director	2007
Lawrence J. Ruisi ⁽¹⁾	61	Director	2008
Douglas E. Van Houweling ⁽³⁾	65	Director	2002

(1) Audit Committee member

(2) Compensation Committee member

(3) Governance and Nominating Committee member

Executive Officers

Subramanian Sundi Sundaresh has served as our Chief Executive Officer since November 2005, President since May 2005 and briefly served as our Executive Vice President of Marketing and Product Development in May 2005. Prior to rejoining Adaptec, Mr. Sundaresh provided consulting services at various companies, including Adaptec, from December 2004 to April 2005. Between July 2002 and December 2004, Mr. Sundaresh served as President and Chief Executive Officer of Candera, Inc., a supplier of network storage controllers. From July 1998 to April 2002, Mr. Sundaresh served as President and Chief Executive Officer of Jetstream Communications, a provider of Voice over Broadband solutions. Mr. Sundaresh previously worked at Adaptec from March 1993 to June 1998 as Vice President and General Manager for the Personal I/O business and Corporate Vice President of Worldwide Marketing.

Mary L. Dotz has served as our Chief Financial Officer since March 31, 2008. Prior to joining Adaptec, Ms. Dotz served as Chief Financial Officer for Beceem Communications Inc., a provider of chipsets for the WIMAX market, from October 2005 to March 2008. Previously, Ms. Dotz served as Senior Vice President and Chief Financial Officer of Pinnacle Systems, Inc., a supplier of digital video products, from January 2005 until the acquisition of Pinnacle by Avid Technology, Inc. in August 2005. Prior to that, Ms. Dotz held various finance positions at NVIDIA Corporation, a fabless semiconductor company, from October 2000 to January 2005, including Vice President Finance and Corporate Controller, and Interim Chief Financial Officer from April 2002 to September 2002.

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Anil Gupta served as the Company's Vice President and General Manager of the Storage Technology Products from September 2008 to April 2009, pursuant to a separation agreement entered into between us and Mr. Gupta, effective March 31, 2009. Prior to joining Adaptec through the acquisition of Aristos, Mr. Gupta served as Aristos' President and Chief Executive Officer from June 2000 to August 2008.

Marcus D. Lowe has served as our Vice President of Marketing and Business Development since April 2009, Vice President of Emerging Business Unit and Corporate Development from April 2006 to March 2009, and Vice President and General Manager from July 2005 to March 2006. Prior to rejoining Adaptec, Mr. Lowe was a Managing Director at Praxis Ventures, a consulting and investment firm, from April 2004 to June 2005. Between July 2000 and March 2004, Mr. Lowe served as Chief Executive Officer and President of New Moon Systems, Inc., a software provider to manage and deploy Windows-based applications to end-user desktops. Mr. Lowe previously worked at Adaptec from 1991 to 1997 as a General Manager for the SCSI business group, and later the Fibre Channel products group.

John Noellert has served as the Company's Vice President of Worldwide Sales since August 2007 and previously served as the Company's Vice President of Americas Channel Sales and Marketing from December 2005 to July 2007. Prior to rejoining Adaptec, Mr. Noellert was Vice President of Sales at Intransa, Inc., a provider of scalable, external IP video storage, from July 2004 to November 2005. Between June 2002 and June 2004, Mr. Noellert served as a Director of Global Channels at Brocade Communications Systems Inc., a supplier of storage area network equipment and data center networking solutions that help enterprises connect and manage their information. Mr. Noellert previously worked at Adaptec from 1992 to 1996 as Vice President of Channel Sales.

Directors

Jon S. Castor has been a private investor since June 2004. Since July 2009 Mr. Castor has served on the Board of Directors of California Micro Devices Corporation, a designer and seller of circuit protection and display electronics devices. From August 2003 to June 2004, Mr. Castor was a senior executive with Zoran Corporation, a provider of digital solutions for applications in the digital entertainment and digital imaging markets, including service as Senior Vice President and General Manager of Zoran's DTV Division. From October 2002 to August 2003, Mr. Castor was the Senior Vice President and General Manager of the TeraLogic Group at Oak Technology Inc., a developer of integrated circuits and software for digital televisions and printers, which was acquired by Zoran. In 1996, Mr. Castor co-founded TeraLogic, Inc., a developer of digital television integrated circuits, software and systems, where he served in several capacities, including as its Chief Executive Officer and director from November 2000 to October 2002, when it was acquired by Oak Technology. Mr. Castor also serves on the Boards of Directors of two private companies.

Jack L. Howard has been a director with us since December 2007. Mr. Howard is the President of Steel Partners LLC (Steel Partners), a global management firm, and has been associated with Steel Partners and its affiliates since 1993. Mr. Howard co-founded Steel Partners II, L.P. (Steel Partners II), a private investment partnership, in 1993. He has been a registered principal of Mutual Securities, Inc., a NASD registered broker-dealer, since 1989. Mr. Howard has served as the Chief Operating Officer of SP Acquisition Holdings, Inc. (SP Acquisition), a company formed for the purpose of acquiring one or more businesses or assets, since June 2007 and has served as its Secretary since February 2007. He also served as a director of SP Acquisition from February 2007 to June 2007 and as its Vice-Chairman from February 2007 to August 2007. Mr. Howard has been a director of WHX Corporation, a diversified industrial products manufacturing company, since July 2005. Mr. Howard served as Chairman of the Board of a predecessor entity of WebFinancial L.P. (Web L.P.), a diversified holding company with interests in a variety of businesses, from June 2005 to December 2008, as a director from 1996 to December 2008 and its Vice President from 1997 to December 2008. From 1997 to May 2000, he also served as Secretary, Treasurer and Chief Financial Officer of Web L.P.'s predecessor entity. He has served as a director of NOVTEC Corporation, a former developer of advanced medical treatments for coronary and vascular disease, since April 2006. He has served as a director of CoSine Communications, Inc., a former global

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telecommunications equipment supplier, since July 2005. He served as Chairman of the Board and Chief Executive Officer of Gateway Industries, Inc., a provider of database development and web site design and development services, from February 2004 to April 2007 and as Vice President from December 2001 to April 2007.

Joseph S. Kennedy became the Chairman of our Board of Directors in September 2009 and has been a private investor since May 2008. From June 2003 until May 2008, Mr. Kennedy served as President and Chief Executive Officer of Omneon, Inc., a developer of video media servers for the broadcast industry. From June 1999 until March 2002, he served as President, Chief Executive Officer and Chairman of the Board of Pluris Inc., a developer of Internet routers. Mr. Kennedy was the founder and Chief Executive Officer of Rapid City Communications from February 1996 until that company was acquired by Bay Networks in June 1997, after which time he served as President and General Manager of Bay Networks switching products division until June 1998. Mr. Kennedy has been serving as a director of two private companies since June 2000 and 2003.

Robert J. Loarie retired as an Advisory Director of Morgan Stanley & Co., a diversified investment firm in October 2007, and he has been a private investor since that time. He also served as Managing Director for Morgan Stanley & Co from December 1997 until March 2003, and as a principal of that firm from August 1992 until November 1997. In addition, Mr. Loarie served as a general partner or managing member of several venture capital investment partnerships or limited liability companies affiliated with Morgan Stanley since August 1992.

John Mutch has been the Chief Executive Officer of Symark International, Inc., global information security company that specializes in identity and access management (IAM) solutions, since November 2008 and has been the founder and managing partner of MV Advisors, LLC, a strategic block investment firm that provides focused investment and strategic guidance to small and mid-cap technology companies since December 2005. Prior to founding MV Advisors, Mr. Mutch was the President and Chief Executive Officer of Peregrine Systems, an enterprise software provider. In March 2003, Mr. Mutch was appointed to the Peregrine Board of Directors by the U.S. Bankruptcy Court and assisted the company in its bankruptcy work out. Mr. Mutch became President and Chief Executive Officer of Peregrine in August 2003 until its sale to Hewlett Packard in December 2005. Previously, Mr. Mutch served as President and Chief Executive Officer of HNC Software, an enterprise analytics software provider that was sold to Fair Isaac in August 2002. Mr. Mutch also spent seven years at Microsoft Corporation in a variety of executive sales and marketing positions. Mr. Mutch is also a director of Agilysys, Inc., a provider of innovative IT solutions.

John J. Quicke is a Managing Director and operating partner of Steel Partners. He has been associated with Steel Partners and its affiliates since September 2005. Mr. Quicke has served as President and Chief Executive Officer of Del Global Technologies Corp., a designer and manufacturer of medical imaging and diagnostic systems and power conversion subsystems and components, since September 2009. Mr. Quicke has served as a director of Rowan Companies, Inc., an offshore contract driller of oil and gas, since January 2009. He has served as a director of WHX since July 2005, as a Vice President since October 2005 and as President and Chief Executive Officer of its Bairmco Corporation subsidiary from April 2007 to December 2008. Mr. Quicke served as Chairman of the Board of NOVTECH from April 2006 to January 2008 and served as President and Chief Executive Officer of NOVTECH from April 2006 to November 2006. He served as a director of Angelica Corporation, a provider of health care linen management services, from August 2006 to July 2008. Mr. Quicke served as a director of Layne Christensen Company, a provider of products and services for the water, mineral construction and energy markets, from October 2006 to June 2007. Mr. Quicke served as a director, President and Chief Operating Officer of Sequa Corporation, a diversified industrial company, from 1993 to March 2004, and Vice Chairman and Executive Officer of Sequa from March 2004 to March 2005. As Vice Chairman and Executive Officer of Sequa, he was responsible for the Automotive, Metal Coating, Specialty Chemicals, Industrial Machinery and Other Product operating segments of the company. From April 2005 to August 2005, Mr. Quicke occasionally served as consultant to Steel Partners and explored other business opportunities.

Lawrence J. Ruisi is a private investor/consultant and also serves on the Board of Governors of Sound Shore Medical Center where he was Chairman from 2002 to 2006. Mr. Ruisi was Chief Executive Officer and

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President of Loews Cineplex Entertainment from 1998 to 2002, Executive Vice President of Sony Pictures Entertainment from 1991 to 1998, Senior Vice President and Chief Financial Officer of Columbia Pictures Entertainment from 1987 to 1990 and Senior Vice President Finance and Vice President and Controller of Tri-Star Pictures from 1983 to 1987. Mr. Ruisi started his career in public accounting and worked for Price Waterhouse & Co. from 1970 to 1983. He also serves on the Boards of Directors of Hughes Communications, Inc., a provider of broadband satellite network services and systems, and Innkeepers USA, a privately held hotel real estate investment trust.

Douglas E. Van Houweling has served as the President and Chief Executive Officer of the University Corporation for Advanced Internet Development (UCAID), the formal organization supporting Internet2, since November 1997. Dr. Van Houweling also serves as a professor in the School of Information at the University of Michigan. Before undertaking his responsibilities at UCAID, Dr. Van Houweling was Dean for Academic Outreach and Vice Provost for Information and Technology at the University of Michigan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16 of the Securities Exchange Act requires our directors and certain of our officers, and persons who own more than 10% of a registered class of our equity securities, to file initial reports of ownership and reports of changes in ownership with the SEC. SEC regulations also require these persons to furnish us with a copy of all Section 16(a) forms they file. Based solely on our review of the copies of the forms furnished to us and written representations from our officers who are required to file Section 16(a) forms and our directors, we believe that all Section 16(a) filing requirements were met during fiscal 2009, except that Steel Partners II filed one Form 4 late during fiscal 2009, which covered a total of three open market purchases of shares of our common stock by Steel Partners II.

Audit Committee

We have an Audit Committee of our Board of Directors, the current members of which are John Mutch (Chair), Jon S. Castor and Lawrence J. Ruisi, each of whom are independent as defined by the rules of The NASDAQ Stock Market. Our Board of Directors has also determined that Lawrence J. Ruisi qualifies as an audit committee financial expert, as defined under Item 407(d)(5) of Regulation S-K and meets the NASDAQ financial sophistication requirement of having past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Joseph S. Kennedy served on our Audit Committee until Mr. Ruisi's election to our Board of Directors at our 2008 Annual Meeting of Stockholders held in October 2008. Mr. Ruisi joined the Audit Committee upon his election to our Board of Directors, and Mr. Kennedy stepped down from the Audit Committee upon Mr. Ruisi's appointment. The Audit Committee assists the full Board of Directors in its general oversight of our financial reporting, internal controls and audit functions, and is directly responsible for the appointment, compensation and retention of our independent registered public accounting firm, which reports to the Audit Committee.

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Report of the Audit Committee

The following is the Report of the Audit Committee with respect to our audited financial statements for our fiscal year ended March 31, 2009.

The Audit Committee's purpose is, among other things, to assist our Board of Directors in its oversight of its financial accounting, reporting and controls. Our Board of Directors has determined that each member of the Audit Committee meets the independence criteria prescribed by applicable law and the rules of the SEC for audit committee membership and each is an independent director within the meaning of the listing standards of The NASDAQ Global Market. The Audit Committee operates under a written charter, which was formally adopted by the Board of Directors in June 2000 and most recently updated in March 2004.

Our management is responsible for the preparation, presentation and integrity of our financial statements, including setting the accounting and financial reporting principles and designing our system of internal control over financial reporting. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for performing an independent audit of our Consolidated Financial Statements and for expressing opinions on the conformity of our audited financial statements to generally accepted accounting principles and on the effectiveness of our internal control over financial reporting based on their audit. The Audit Committee oversees these processes, although members of the Audit Committee are not engaged in the practice of auditing or accounting, and their functions are not intended to duplicate or to certify the activities of management or PricewaterhouseCoopers LLP.

The Audit Committee has reviewed and discussed our audited Consolidated Financial Statements for the fiscal year ended March 31, 2009 with management and PricewaterhouseCoopers LLP. The Audit Committee met with PricewaterhouseCoopers LLP, with and without management present, to discuss the results of its examinations, its evaluation of our internal control over financial reporting and the overall quality of our financial reporting.

The Audit Committee also has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vo. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by the Public Company Accounting Oversight Board. The Audit Committee has discussed with PricewaterhouseCoopers LLP the communications concerning independence and that firm's independence. Based on the review and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to in this report and its charter, the Audit Committee recommended to the Board of Directors that the audited Consolidated Financial Statements be included in our Annual Report on Form 10-K for our fiscal year ended March 31, 2009.

The preceding report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, or the Exchange Act, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in any of our filings.

AUDIT COMMITTEE

John Mutch, Chair

Jon S. Castor

Lawrence J. Ruisi

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Code of Conduct

We maintain a Code of Business Conduct, Ethics, and Compliance, which incorporates our code of ethics that is applicable to all employees, including all officers, and our independent directors with regard to their Adaptec-related activities. The Code of Business Conduct, Ethics, and Compliance incorporates our guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. It also incorporates our expectations of our employees that enable us to provide accurate and timely disclosure in our filings with the SEC, and other public communications. In addition, it incorporates Adaptec guidelines pertaining to topics such as health and safety compliance; diversity and non-discrimination; supplier expectations; and privacy. The full text of the Code of Business Conduct, Ethics, and Compliance is published on the Company's web site at <http://www.adaptec.com/investor/governance>. The Company will post any amendments to the Code of Business Conduct, Ethics, and Compliance, as well as any waivers that are required to be disclosed by the rules of either the SEC or The NASDAQ Stock Market, on our website.

Stockholder Nominations of Directors

During fiscal 2009, we did not make any material changes to the procedures by which our security holders may recommend nominees to our Board of Directors.

Item 11. *Executive Compensation*

Compensation Discussion and Analysis

This section discusses our executive compensation philosophy, decisions and practices for fiscal 2009. It places in perspective the earnings of our named executive officers listed in the Summary Compensation Table below.

Compensation Philosophy and Overview

We believe that the most effective compensation program is one that is designed to reward the achievement of our financial and strategic goals, and which aligns executives' interests with those of our stockholders.

The compensation programs for our named executive officers have three principal elements which are developed in part by referencing the 50th percentile of our comparable market: a base salary, cash incentive bonuses linked to achievement of financial and corporate goals, and equity-based incentive compensation. The base salary is designed to serve as a fixed portion of compensation; the cash incentive bonus serves as an incentive for our executives to drive short-term corporate financial and non-financial goals without excessive risk-taking; and the equity-based incentive compensation is designed to drive longer-term Company performance, retain executives through longer-term vesting and align the interests of our executive officers with the interests of our stockholders by providing a performance-based ownership stake in the Company. In addition, we provide our executive officers benefits that in most cases are available generally to all of our salaried employees. As further discussed below, we largely view these primary components of our compensation as distinct in that we seek to provide salary, bonus and equity awards that are each competitive at appropriate levels with our peer companies.

The compensation philosophy of the Compensation Committee of the Board of Directors (the Committee) is to keep cash compensation at a competitive level while providing the opportunity to be significantly rewarded through equity if Adaptec and our stock price perform well over time. We believe that our executive officers should have a larger portion of their equity incentive awards at risk compared with our other employees. Specifically, we believe that over the long term, executive officers should have a greater percentage of their equity compensation in the form of stock options and performance-contingent stock rather than time-based restricted stock, as the economic value of stock options and performance-contingent stock is more aligned with the objectives of our shareholders.

Fiscal Year 2009. In addition to the factors that the Committee normally considers in formulating our compensation program in 2009, the Committee also took account of several specific factors that impacted our business: (1) a strategic acquisition; (2) a divestiture initiative; (3) significant outsourcing and attrition; (4) reduced OEM revenue; and (5) aggressive cost cutting initiatives.

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Because of these circumstances: (1) The Committee didn't make significant changes to base salaries. The Committee kept base salaries generally at the prior year's level due to the Committee's desire to contain costs and the Committee's belief that an overall increase in base pay was not required to keep the Company reasonably competitive with the base pay of our peers. (2) The Committee split our cash bonus incentive into two six-month bonus periods (instead of an annual measurement). The Committee evaluated the financial component of our bonus incentive based on six-month intervals due to the divestiture of the Snap Server NAS business, which was the majority of our segment previously known as SSG, in the first half of the fiscal year and the acquisition of Aristos in the second-half of the fiscal year. The financial measurement goal for each of the six month periods in fiscal 2009 was a specified level of pro-forma operating profit (loss) before income taxes (OPBT). The OPBT differs from generally accepted accounting principles (GAAP) operating profit (loss) in that OPBT primarily excludes stock-based compensation expense, expense associated with our management liquidation pool, restructuring charges, impairment charges of long-lived assets and goodwill, and gain on extinguishment of debt. For the first six months this goal was based on the OPBT profit performance, exclusive of our acquisition of Aristos and disposition of SSG. For the second-half of the year, the financial goal was formulated inclusive of the acquisition of Aristos in the later part of the second fiscal quarter. Aristos was in its initial phase of revenue generation with two key OEMs. While the Board of Directors (Board) and management believed that a consolidated OPBT loss was unavoidable in the second-half of fiscal 2009, the Committee maintained, and the CEO supported, an aggressive financial goal because our objective is to move the Company to a practice of funding the bonus pool out of net profits. Going forward, the Committee intends to measure financial performance at the end of the fiscal year based on the attainment of pro-forma net profits.

Equity compensation granted to executive officers included three elements: options, performance-contingent stock, which was granted shortly after the close of the fiscal year 2009, and time-based restricted stock. The first-time addition of performance-contingent stock to the mix of equity awards (with a corresponding reduction in the size of time-based restricted stock awards) shows our intent to increasingly utilize equity awards where the ultimate value of the award is more closely linked to Company's performance and growth in shareholder value.

Role of the Compensation Committee

The current members of the Committee are Jon Castor, who is the Chair of the Committee, Robert Loarie and John Quicke. Mr. Castor, Mr. Loarie and Mr. Quicke served on the Committee for all of fiscal 2009.

The Committee ensures that our executive compensation and benefits program is consistent with our compensation philosophy and our corporate governance guidelines and is empowered to determine executive officers' total compensation, and, subject to the approval of the Board, to determine our CEO's total compensation.

The Committee reviews our overall compensation strategy at least annually to ensure that it promotes stockholder interests, supports our strategic and tactical objectives and provides for appropriate rewards and incentives for our executive officers. The Committee's most recent overall compensation review occurred in February 2009.

In fiscal 2009, all Committee members attended all Committee meetings. Typically, Committee meetings are also attended by, for all or a portion of appropriate meetings, our CEO and our Vice President of Human Resources. An independent compensation consultant from Compensia, Inc. (Compensia) and a compensation legal specialist from Fenwick & West LLP provided support to the Committee, including attending meetings from time to time.

Review of Executive Officers and their Compensation

The Committee and our Board are responsible for the review of our CEO's performance. In fiscal 2009 the Chairman of the Committee led a formal review that included a self-evaluation by the CEO and input from each member of the Board. The results were shared with the CEO, members of the Committee and all members of the Board.

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Mr. Subramanian Sundaresh, our CEO, annually reviews the performance of each of our other executive officers. As part of this process, each executive officer also completes a self assessment of his/her performance.

Mr. Sundaresh rates the performance of his direct staff and the Committee rates the performance of Mr. Sundaresh in consultation with the other non-executive directors of the Board.

Mr. Sundaresh's recommendations based on his reviews of executives reporting to him, peer compensation surveys and other relevant information, including with respect to continued employment, salary adjustments, incentive awards and equity award amounts, are presented to the Committee. The Committee thoughtfully considers the CEO's recommendations when exercising its own judgment in making compensation decisions and awards to our executive officers who report to the CEO.

Survey Analysis

In fiscal 2009, we engaged Radford Surveys + Consulting, a business unit of AON Consulting (Radford), to provide comprehensive compensation data. Radford conducts a number of compensation surveys for the technology industry. The surveys compare compensation practices for executives among other high technology companies and cover base salary, cash incentives, stock equity incentive grants and total cash as a percentage of total direct compensation.

Radford provides quarterly summaries of industry trends to our Vice President of Human Resources, which enables Human Resources to remain current on total compensation trends for the broader population and for executive officers. This information is shared with the Committee. Our Vice President of Human Resources also reviews the Radford Total Company Results survey comprised of data for executives from approximately 125 technology companies with \$50 million to \$200 million in annual revenues. In addition to this information, which is shared with the Committee, the Committee also considers other reference points in reviewing compensation data. In particular, the Committee reviews the Radford Total Custom Company Results survey provided by Radford that compares executive compensation information for a peer group of high technology companies or their divisions, with \$100 million to \$500 million in annual revenues. The peer group is primarily in the storage, computer peripherals, and semiconductor components businesses with which we compete for executive and technical employees. The list of peer companies, their industry classification and revenue ranges is as follows:

Company Name	Industry	Revenue	
3Par	Computer/Peripherals	\$100 million	\$199.9 million
Anadigics	Semiconductor Components	\$100 million	\$199.9 million
Cirrus Logic	Semiconductor Components	\$100 million	\$199.9 million
Cortina Systems	Semiconductor Components	\$100 million	\$199.9 million
Data Domain	Network Products/Services	\$100 million	\$199.9 million
Mindspeed Technologies	Semiconductor Components	\$100 million	\$199.9 million
Netlogic Microsystems	Semiconductor Components	\$100 million	\$199.9 million
Pericom Semiconductor	Semiconductor Components	\$100 million	\$199.9 million
Rambus	Semiconductor Components	\$100 million	\$199.9 million
AMCC	Semiconductor Components	\$200 million	\$499.9 million
Datalogic Scanning	Computer/Peripherals	\$200 million	\$499.9 million
Dot Hill Systems	Computer/Peripherals	\$200 million	\$499.9 million
Emulex	Computer/Peripherals	\$200 million	\$499.9 million
Extreme Networks	Network Products/Services	\$200 million	\$499.9 million
PMC-Sierra	Semiconductor Components	\$200 million	\$499.9 million
Riverbed Technology	Network Products/Services	\$200 million	\$499.9 million
Silicon Image	Semiconductor Components	\$200 million	\$499.9 million
Silicon Storage Technology	Semiconductor Components	\$200 million	\$499.9 million
Synaptics	Computer/Peripherals	\$200 million	\$499.9 million
Wind River Systems	Software Products/Services	\$200 million	\$499.9 million

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The companies included in our peer group may change from year to year when the underlying criteria used to determine a match change. For example, a company may elect to no longer participate in the survey on an annual basis or a company's revenue may change materially relative to ours. Similarly new companies may be added into the survey having revenue that matches our revenue levels or industry. Our peer group list compared to last fiscal year includes additional companies in the \$100 million - \$199.9 million range and in the semiconductor components industry due to our reduced revenue, our new semiconductor business and our strategic plan direction.

External Advisors

The Committee has the authority to engage the services of outside advisors, and does so as needed. In fiscal 2009 the Committee selectively engaged the services of Compensia as an independent advisor to assist the Committee in its review of fiscal 2009 compensation for executive officers and in a review of Board compensation. In the projects that the Committee assigned to Compensia, there were no restrictions placed on the scope of Compensia's review of the Company's compensation arrangements with its executive officers and in its review of Board compensation, other than that Compensia was asked to keep their fees within a specified budget. The Committee selectively engaged the services of a compensation legal specialist with Fenwick & West LLP for legal advice in connection with compensation related matters.

Accounting and Tax Implications of Our Compensation Policies

In designing our compensation programs, the Committee considers the financial accounting and tax consequences to the Company, as well as the tax consequences to employees. We account for equity compensation paid to our employees under SFAS No. 123(R), which requires us to estimate and record an expense over the service period of the award. The SFAS No. 123(R) cost of our equity awards is considered by management as part of our equity grant recommendations to the Committee.

Section 162(m) of the Internal Revenue Code places a limit of \$1 million on the amount of compensation that we may deduct for income tax purposes in any one year with respect to our CEO and certain other of our most highly compensated executive officers. This limitation does not apply to compensation that is considered performance-based under applicable tax rules. Our executive stock options and our performance based restricted stock awards are intended to qualify as performance-based, so that compensation attributable to these forms of equity incentives is fully tax deductible. However, time-based restricted stock units (RSUs), awarded by the Company in fiscal 2009 and prior years do not meet the requirements of Section 162(m) as performance-based. Therefore, the fair market value of the shares that vest during a particular year will be counted along with other non-performance-based compensation in that year in determining whether the \$1 million limit for non-performance-based compensation is exceeded. Although we also provide cash compensation to executives in forms that do not meet the requirements for performance-based compensation, such as base salary and annual incentive pay, we have no individuals who received non-performance-based cash compensation in excess of the Section 162(m) tax deduction limit in fiscal year 2009, excluding Mr. Gupta as set forth below. In future years, payment of cash or settlement of restricted stock or RSU amounts may be non-deductible because they are not performance-based under Section 162(m). The Committee has determined that it is important to retain flexibility and competitiveness in its compensation program, and that while it is also important to be mindful of the \$1 million limit, compensation in excess of the \$1 million limit may not always qualify as performance-based within the meaning of Section 162(m).

Fiscal Year 2009 Executive Compensation Program

Components of our Compensation Program

Base Salary. Base salaries serve as the fixed cash portion of executive compensation. In fiscal 2009, we generally maintained the base salary for each of the persons who were named executive officers at the same level as the fiscal 2008 salaries. The Committee's goal in fiscal 2009 was to benchmark salaries at or near the middle (50th percentile) of the market based on the survey information discussed above under Survey

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Analysis, input from Compensia, and our own hiring experience, and the Committee determined that salary increases were not necessary to achieve this level of compensation. We believe the officers should be paid competitively and generally not above or below the market data unless their experience, capabilities, and/or responsibilities warrant either a higher or lower placement compared to market. The base salaries of our executive officers reflect their relative positions and responsibilities within the Company. The base salary of Mr. Sundaresh, our CEO, was increased to \$450,000 on April 1, 2006 and has not been increased since then primarily due to the Company subsequently matching to lower revenue companies in the Radford Total Company Results (\$100 million \$200 million Revenue) and the Radford Total Custom Company Results (\$100 million \$500 million Revenue) surveys.

The base salary of Mr. Lowe, Vice President of Corporate Development, was set at \$260,000 on April 1, 2006 and did not change through the end of the 2009 fiscal year. Shortly after fiscal year end, effective April 6, 2009, Mr. Lowe's title was changed to Vice President of Marketing and Business Development and his base salary was reduced to \$240,000. His new base salary was determined largely by benchmarking to peers at the 50th percentile as previously described. The base salary for Ms. Dotz, Chief Financial Officer, who joined us at the end of fiscal 2008 was \$265,000 and did not change in fiscal 2009. The target annual earnings for Mr. Noellert, Vice President of Worldwide Sales, who is a named executive officer for fiscal 2009 was \$310,000, which includes a base salary of \$217,000 and target incentives for revenue-related achievements of \$93,000. Mr. Noellert's target annual earnings include both base and incentive pay, with the performance targets that serve as the basis for awarding Mr. Noellert his incentive pay to be established by the CEO and the Committee at the beginning of each fiscal year. Mr. Noellert's target annual earnings increased from \$291,500 to \$310,000, effective August 20, 2007 when he was promoted from Vice President of Sales for North America to Vice President of Worldwide Sales. His new target annual earnings were determined largely by benchmarking to peers at the 50th percentile as previously described. Mr. Gupta is no longer with the company; his base pay is discussed below under Acquisition of Aristos.

Executive Bonus Incentive Program. We maintain the Adaptec Incentive Plan (the AIP), a cash incentive program, for executive officers and other Adaptec employees. In fiscal 2009, the AIP consisted of two six-month bonus periods, and funding of the plan was conditioned upon two major components: specific financial goals and non-financial corporate goals that are approved by the Committee. The Committee placed greater emphasis on the specific financial goals because we sought to drive Company performance primarily through specific objective financial metrics. The non-financial corporate goals accounted for 25% of the funding of the AIP pool and the financial goals accounted for 75% of the funding of the pool. The financial goals component was based upon Adaptec achieving a minimum threshold of OPBT for each six-month bonus period. The Committee determined the goals, and the weight of each goal in consultation with management. Achievement of goals was measured at the beginning of the third fiscal quarter for the first half cash bonuses and at the beginning of the first fiscal quarter of the following fiscal year for the second half cash bonuses.

The target bonus as a percent of salary for each executive officer was established when the officer was hired to his/her position. Each year, the Committee validate that the target bonus remains appropriate for the officer's role based on market data. An executive officer can earn 0% to 200% of his or her target incentive. The Committee referenced the same Radford survey data discussed above for each position held by an executive officer to assist us in determining cash bonus incentive targets as a percentage of base salary. As with other elements of compensation, the Committee focuses principally on the 50th percentile of market. The bonus levels awarded to our executive officers are based on the Company's achievement levels with respect to the financial and non-financial corporate goals, and on the basis of their individual performance. The differences in target bonuses among our named executive officers are based on their relative positions and responsibilities within the Company and are based on the relative target bonus amounts reflected in the survey data. For fiscal 2009, the target bonus payment for each six-month period for Mr. Sundaresh was 85% of his base salary, and 50% of his or her base salary for Mr. Lowe and Ms. Dotz. Mr. Noellert is not eligible to participate in the Company's AIP, as his target bonus payment is tied to sales achievement. Based upon this structure, Mr. Sundaresh could have received an actual bonus of between 0 and 170% of his base salary for the fiscal year, divided over two six-month periods. The annual target bonus was 85% of his base salary, or \$382,500.

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The individual and organizational goals as discussed below are typically proposed by the CEO to the Committee, revised and reformed in response to the Committee's guidance, and ultimately determined by the Committee and, for the CEO, by the Board. The individual performance factors utilized by the Committee and the CEO in the case of the named executive officers were: 1) performance to their individual and organizational goals; 2) contributions to achievement of the corporate goals; 3) contributions to achievement of the financial goals; and 4) subjective evaluation of their leadership. These individual and organizational goals have been intended to be difficult but achievable. Individual performance for executive officers, other than Mr. Sundaresh, is based on an evaluation by Mr. Sundaresh and the Committee, and the Committee determines the level of Mr. Sundaresh's achievement of his individual goals and discusses this with the Board. The Committee also determines and discusses with the Board, the Company's performance with respect to financial and non-financial goals, in consultation with management and after referring to the relevant performance data, including in some cases preliminary unaudited financials, as provided to the Committee by management. The Committee reserves the right to adjust upward or downward based on the final audited financials.

In the first six months, the Company achieved over 100% of its financial goal and 93.5% (on a weighted average basis) of its non-financial corporate goals. The 100% level of achievement for the financial goal was OPBT for our business, exclusive of our acquisition of Aristos and disposition of SSG, of \$0 to \$1.5 million. The actual OPBT of our business was \$1.7 million. After a recommendation by the CEO, and in light of general economic conditions, the Committee determined that the level of achievement for the financial goal should not be greater than 100%. The non-financial corporate goals included the divestiture of the SSG business; growth in Serial Channel Point-of-Sale revenue; the development, launch, and revenue attainment of the Series 2 product and the Series 5 product with power management features; the outsourcing of specific engineering projects; a partnership with a third party RAID provider; and inventory management. The Committee established these goals as stretch goals and believed that, taken as a whole, they were achievable, but very difficult. As a result of this high level of achievement, the Committee approved a funding budget of 98% of the AIP target. This funding budget was determined by the following weighted average calculation: (93.5% x 25% corporate goals) + (100% x 75% financial goals) = 98%. Based on the corporate and financial goal attainment, Mr. Sundaresh's budgeted target was \$188,142; the Committee approved an actual award to Mr. Sundaresh of \$190,000 after taking into account the Company's attainment of corporate and financial goals and his role in successfully leading the Company to a profitable first half of the fiscal year and for completing the acquisition of Aristos. Mr. Lowe's budgeted target was \$63,944; the Committee approved an actual award of \$60,000 after taking into account Mr. Lowe's project management of the divestiture of SSG to Overland Storage and the acquisition of Aristos. Ms. Dotz's budgeted target was \$65,173; the Committee approved an actual award of \$70,000 based on her evaluation and recommendations to reduce general and administrative costs and infrastructure costs, and the rationalization of common costs associated with the Aristos acquisition. Mr. Noellert was not eligible for the Company's AIP. Mr. Noellert achieved 93.4% of his commission plan.

In the second six months of the fiscal year, the Company did not achieve its financial goal. The Company did achieve, on a weighted average basis, 52.5% of its non-financial corporate goals. Non-financial corporate goals included reduction of selling, general and administrative costs, information technology costs, and facilities costs; significant market share growth in a key segment; design wins; and integrated roadmaps (Aristos and Adaptec, post the acquisition of Aristos). The Committee established these goals, in consultation with the CEO and Vice President of Human Resources, as stretch goals and believed that, taken as a whole, they were achievable but very difficult. With respect to the financial goals for the second six months of fiscal 2009, to reach the 100% level, the Company had to achieve a pro-forma OPBT between a loss of \$1.5 million and breakeven (\$0 million). Actual pro-forma OPBT was a loss of \$5.75 million. In the second half of fiscal 2009, we set a financial performance goal that acknowledged the high probability of an OPBT loss because of the anticipated impact during this period of the Aristos acquisition. Notwithstanding this expectation, the Committee determined that it was in the Company's interest to provide an incentive to our executives to limit the amount of the expected loss. Partly because economic conditions deteriorated globally during the second half of our fiscal year, the stretch financial goal was not achieved. Accordingly the Committee approved of a funding budget of only 13.125% of the AIP target. This funding budget was determined by the following weighted average calculation:

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(52.5% x 25% corporate goals) + (0% x 75% financial goals) = 13.125%. Mr. Sundaresh recommended, and the Committee agreed, that he would forgo his budgeted portion of the bonus incentive of \$25,102 for the second six months due to the Company's performance and the present economic situation, and instead distribute that portion of the funds to other deserving employees in the Company. Based on the attainment of the corporate and financial goals, Mr. Lowe's budgeted target was \$8,531; the Committee approved an actual award of \$12,000 after taking into account Mr. Lowe's successful individual work on the evaluation of the patent portfolio and the Company's strategy development. Ms. Dotz's budgeted target was \$8,695; the Committee approved an actual award of \$15,000 after taking into account her exceptional individual goal achievement of managing the Company's cash and reducing the Company's overhead costs. Mr. Gupta did not receive his budgeted target as noted under Acquisition of Aristos. Mr. Noellert is not eligible for the Company's AIP. Mr. Noellert achieved 72.5% of his commission plan.

As shown in the table below, in total for fiscal 2009, combining the two six month periods, Messrs. Sundaresh, Lowe, and Noellert and Ms. Dotz received less than their targets based on Adaptec's and their individual performance. Mr. Sundaresh received a total cash incentive of 42.2% of his base salary; Ms. Dotz received 32.1% of her base salary, Mr. Lowe received 27.7% of his base salary, and Mr. Noellert received 35.9%, of his base salary.

Name	Role	Base Salary	Annual Target % of Base Salary	Annual Achieved % of Base Salary	Total Award
Subramanian Sundi Sundaresh	Chief Executive Officer	\$ 450,000	85%	42.2%	\$ 190,000
Mary L. Dotz	Vice President and Chief Financial Officer	\$ 265,000	50%	32.1%	\$ 85,000
Marcus D. Lowe	Vice President of Marketing and Business Development	\$ 260,000	50%	27.7%	\$ 72,000
John Noellert	Vice President of World Wide Sales	\$ 217,000	43%	35.9%	\$ 77,800

Equity-Based Long Term Incentive Compensation. In fiscal 2009, the Committee determined that the Company's overhang rate (the percentage of shares held by the Company's employees and the number available to grant as a percent of total shares outstanding) of 20% exceeded industry norms. The Company had over 21 million shares available to grant to its employees due in large measure to the number of awards that were cancelled as a result of prior Company downsizing (awards covering over 20 million shares were cancelled in fiscal years 2006 through 2008). The Committee determined that the number of shares available for future issuance under the 2004 Equity Incentive Plan should be reduced and could be reduced given the projected need for employee stock and option awards in the three-year planning horizon. As a result, the Committee and Board approved, and the stockholders also approved at the 2008 Annual Meeting of Stockholders, the amended 2004 Equity Incentive Plan to reduce the shares available to 14.5 million shares. However, the 2004 Equity Incentive Plan allows the shares available to increase above the 14.5 million shares by the number of shares of common stock that are released from or reacquired by the Company from awards outstanding under the Company's 1999 Stock Plan and 2000 Nonstatutory Stock Option Plan. The amended 2004 Equity Incentive Plan also included modifications permitting all of the shares to be granted as either options, restricted stock, and/or restricted stock units and providing for acceleration of vesting only in the event of a double trigger (that is a Change of Control coupled with termination (or constructive termination) of employment by the acquiring company). The Company also committed to limit its fiscal year gross burn rate of equity awards to 4.8% or less. With the change in the Plan, the overhang was reduced to 15.5%, in-line with industry benchmarks.

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The Committee prefers to use stock options and performance-contingent stock awards to ensure that our executive officers have a continuing stake in our long-term success and to better align their interests with the interests of our stockholders. In the first half of the fiscal year, the Committee was concerned, based in part on the advice of its advisors, that outstanding stock options with exercise prices in excess of our stock price were not providing adequate short-term retention incentive to retain executives in a declining market for the Company and the industry. Accordingly, the Committee determined to include, as part of fiscal 2009, compensation time-based restricted stock awards with a shorter, two-year vesting schedule as a retention tool. In addition, to ensure longer-term alignment of executive and shareholder interests, the Committee continued the past practice of granting options with a three-year vesting schedule to promote shareholder value growth, and introduced for the first time performance-contingent stock as a substitute for some of what would have been, in the past, time-based restricted stock grants. Vesting of the performance-contingent stock is tied to the Company achieving positive OPBT of 10% of revenue and a return on net assets of 20%. The time-based restricted full-value stock and the option grants were granted in August 2008 and the performance-contingent stock units were granted in April 2009 tying them to the Company's performance beginning in fiscal 2010. The performance-contingent stock, granted shortly after the close of fiscal 2009, is listed below and will be part of the executive officers compensation tables for fiscal 2010. They are not listed in the executive officers compensation tables for fiscal 2009. The Committee believes that this three-prong approach to equity awards achieved the goals of short term retention needed due to the lack of short-term value in prior option grants, and providing management an incentive to improve financial performance to the benefit of shareholders while also minimizing potential dilution and compensation expense. In the future, the Committee plans to grant a combination of options and performance-contingent stock to the Company's executives and limit the use of time-based restricted stock to special situations. The Committee believes that this approach will further align the interests of senior management more closely with shareholders.

The 50th percentile of the Radford surveys noted above was used as a reference point in setting the level of all executive officers' equity awards. The Committee evaluated the value of awards to determine a recommended range for each of our executive officers based on their relative positions and responsibilities within the Company. Mr. Sundaresh's equity compensation was evaluated by reference to the CEO position; Ms. Dotz to the CFO/Senior Financial Executive position; Mr. Lowe to the Senior Business Development Executive and/or the Senior Marketing Executive position; and Mr. Noellert to the Senior Worldwide Sales Executive position. The Committee granted options covering a larger number of shares subject to three-year vesting and a larger number of shares of three year performance-contingent stock than of two-year time-based restricted stock due to its desire to emphasize longer term financial performance with the goal of benefiting our stockholders. The lower number of shares subject to awards granted to Mr. Lowe reflects the more limited nature of his business development role compared to the financial and sales roles held by Ms. Dotz and Mr. Noellert. The cumulative value of the awards were determined by calculating the stock option award value using a Black-Scholes methodology, and the time-based and performance-contingent restricted stock awards using their full-value at grant date. The results were then compared to the 50th percentile of equity grants noted in the Radford surveys above.

Name	Role	August	August	April 2009
		2008 (FY 09)	2008 (FY 09)	(FY 10)
		Time-based Restricted Stock Grant (Shares)	Option Grant (Shares)	Performance Contingent Stock Grant (Shares)
Subramanian Sundi Sundaresh	Chief Executive Officer	75,000	160,000	100,000
Mary L. Dotz	Vice President and Chief Financial Officer	25,000	50,000	45,000
Marcus D. Lowe	Vice President of Marketing and Business Development	20,000	40,000	30,000
John Noellert	Vice President of World Wide Sales	25,000	50,000	45,000

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Mr. Gupta, our former Vice President and General Manager of the Storage Technology Products, joined Adaptec in September 2008 and was granted a new hire award consisting of an option to purchase 40,000 shares of Adaptec Stock and a restricted stock grant of 127,500 that was subject to certain performance-based vesting criteria. Mr. Gupta's employment with the Company was terminated prior to the vesting of any portion of the option award and any shares of the restricted stock grant. For more information regarding Mr. Gupta's compensation, please see Acquisition of Aristos Mr. Gupta below.

The Grants of Plan-Based Awards table below further describes the option grants and restricted stock awards made to the executive officers during the fiscal year.

All equity-based awards have been reflected in our Consolidated Financial Statements, based upon the applicable SFAS No. 123(R) accounting guidance. We do not have any program, plan or practice that requires us to grant equity-based awards to our executive officers on specified dates and we have not made grants of such awards that were timed to precede or follow the release or withholding of material non-public information. Our practice has been to grant equity-based awards at regularly scheduled Committee and Board meetings. The exercise prices of options are determined based on the closing price of our common stock on the date that the grants are approved.

Perquisites. Our executive officers are eligible for the same health and welfare programs and benefits as other Adaptec employees. In addition, all vice president level executives, including our executive officers, receive a car allowance valued at \$650 per month, and are eligible for an annual executive physical. In addition, executive officers receive reimbursement for personal financial and tax advice up to \$2,500 per year, and survivor benefit management services up to a maximum of \$3,000.

Acquisition of Aristos Mr. Gupta

Total Compensation. The Company acquired Aristos, a provider of RAID silicon and software products, in September 2008. Mr. Gupta served as Aristos' President and Chief Executive Officer from June 2000 until the acquisition. Mr. Gupta joined the Company in the role of Vice President and General Manager of Storage Technology Products. Post acquisition, his base pay was maintained by Adaptec at the same level he was receiving with Aristos: \$267,586. The Company decided not to change his base pay in part because it was consistent with the 50th percentile of the Radford Total Company Results (\$50 million - \$200 million revenue) survey and the 47th percentile of the Radford Total Custom Company Results (\$100 million - \$500 million revenue) survey for a Division Senior Executive position. Mr. Gupta received a new hire stock award consisting of an option to purchase 40,000 shares of Adaptec stock and a restricted stock grant of 127,500 shares. The option was to vest 33% on the one-year anniversary of his hire date and quarterly thereafter, at 8.375% per quarter, and was to be fully vested at the end of three years. The restricted stock award was to vest upon achieving specific gross profit measurements and the release of certain new products to production. Specifically, Mr. Gupta would vest as to 52,500 shares of the stock award upon achievement of 100% of the target gross profit goal and as to and additional 52,500 shares of the stock award upon achievement of 200% of the gross profit goal attained by April 2010, and as to 22,500 shares of the stock award upon release of certain new products to production. The Committee established these goals as stretch goals and believed that, taken as a whole, they were achievable but difficult. These grants were determined in the context of the acquisition, and were also based on the Radford surveys noted above and with reference to the value of unvested equity held by other executives. All equity awards to Mr. Gupta were contingent on his continued employment at the time of vesting.

For the second half of fiscal 2009, the target bonus payment for Mr. Gupta was 50% of his base salary. Based on AIP achievement for the time period, Mr. Gupta was eligible for 11.25% of targeted funding multiplied by his 50% incentive, totaling 5.6% of his base salary. The Committee decided not to award this modest incentive due to the Company not achieving the Aristos revenues that had been forecast at the time of the acquisition. Mr. Gupta did receive payments of \$1,119,757 and \$56,476, respectively, under the Management Liquidation Pool and Special Employee Bonus Pool established pursuant to the merger agreement by which the Company acquired Aristos.

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Effective as of April 10, 2009, Mr. Gupta's employment with the Company was terminated due to the realignment of the Company's organizational structure post merger and the Company and Mr. Gupta entered into a Separation Agreement. Pursuant to the separation agreement Mr. Gupta received a severance payment of \$231,565 and a payment representing accrued vacation time of \$26,840. Mr. Gupta provided the Company with a general release of all claims. Mr. Gupta's new hire option award to purchase 40,000 shares of Adaptec stock and his restricted stock grant of 127,500 shares did not vest and were cancelled.

Employment Contracts

We have entered into employment agreements with each of our executive officers based on an assessment of competitive market terms and a determination of what is needed to attract and retain the executive officers. These employment agreements provide that if such officer is terminated other than for cause (which includes violation of material duties, refusal to perform his/her duties in good faith, breach of his/her employment agreement or employee proprietary information agreement, poor performance of duties, arrest for a felony or certain other crimes, substance abuse, violation of law or Adaptec policy, prolonged absence from duties or death), he or she is entitled to receive (1) his or her unpaid base salary and unused vacation benefits he or she has accrued prior to the date of his or her termination; (2) a one-time payment equal to 12 months of base salary for Mr. Sundaresh, and nine months of base salary for Ms. Dotz, and Messrs. Lowe, Noellert and Gupta, plus an additional week of base salary for each year of service beyond three years of service with the Company (and Aristos for Mr. Gupta); (3) outplacement services in an amount not to exceed \$10,000 for Mr. Sundaresh and Mr. Lowe or \$5,000 for Ms. Dotz and Messrs. Noellert and Gupta; and (4) reimbursement for coverage for the executive officer and his or her dependents under Adaptec's health, vision and dental insurance plans pursuant to COBRA for a 12-month period for Mr. Sundaresh, and a nine-month period for Ms. Dotz and Messrs. Lowe, Noellert, and Gupta following the termination of employment. The Committee (including its predecessors) selected these amounts at the time these executives were hired by the Company (or promoted to an executive position) based on its reasoned judgment, including considering prior practice within Adaptec, information gathered from outplacement companies and, for agreements entered into after the Committee retained Compensia in January 2007, severance data provided by Compensia.

Employment agreements for Ms. Dotz and Messrs. Noellert and Gupta have a three-year term. Employment agreements for Messrs. Sundaresh and Lowe do not have a term limit because they were given prior to term limit implementation by the Committee. Each of the employment agreements of Messrs. Sundaresh, Lowe, Noellert and Gupta and Ms. Dotz also allow for the granting of stock options and stock awards under the 2004 Equity Incentive Plan as deemed appropriate by Adaptec's CEO and/or the Board of Directors. In addition, the employment agreement for Ms. Dotz provides for: (i) the payment of a \$25,000 retention bonus on each of October 1, 2008 and April 1, 2009 if she is an active employee of the Company on those dates, (ii) an option to purchase 125,000 shares of the Company's common stock at a price equal to the fair market value of the Company's common stock on the date of grant, vesting with respect to 25% of the underlying shares on the first anniversary of Ms. Dotz's hire date and with respect to the balance of the shares in equal quarterly installments over the following 36 months of service and (iii) a restricted stock award of 50,000 shares, 50% of which will vest on the first anniversary of her hire date and the remaining 50% of which will vest on the second anniversary of her hire date.

Change of Control

The change of control arrangements of our executive officers, also set forth in their employment agreements, are as follows:

If within one year of a change of control (1) there is a material reduction of the annual base and target incentive compensation specified in his or her employment agreement to which he or she does not consent, (2) there is a failure of Adaptec's successor after a change of control to assume his or her employment agreement, (3) his or her employment is terminated without cause by Adaptec's successor, (4) there is a

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substantial change in his or her position or responsibility or (5) his or her position relocates to more than 25 additional commute miles (one way) and he or she elects to be terminated, then he or she will receive, upon signing a separation agreement and general release: (a) a one-time payment equal to his or her then-current annual base pay for Messrs. Lowe, Noellert and Gupta (one and one-half times annual base pay in the case of Mr. Sundaresh and nine months of base pay for Ms. Dotz), (b) his or her then-current targeted bonus payout, (c) COBRA benefits for one year for Messrs. Sundaresh, Lowe, Noellert and Gupta (nine months in the case of Ms. Dotz), (d) outplacement services not to exceed \$10,000 for Messrs. Sundaresh and Lowe (\$5,000 in the case of Ms. Dotz and Messrs. Noellert and Gupta), and (e) accelerated vesting of his or her stock options and restricted stock awards as provided for under the 2004 Equity Incentive Plan. The Agreements do not provide for any tax gross-ups.

Under our 1990 Stock Plan, 1999 Stock Plan and our 2004 Equity Incentive Plan, in the event of a change in control, any awards outstanding upon the date of such change in control will have single trigger vesting accelerated as of the date of such change in control as to an additional 25% of the unvested shares subject to such awards. We no longer make awards under our 1990 and 1999 Stock Plans. As discussed more fully below, the Committee determined during fiscal 2009, effective for awards made after May 30, 2008, to no longer make awards that provide for single trigger acceleration. However, the Committee left unchanged a provision of the plan providing that, if within 12 months following a change in control, an employee is terminated by the successor employer for any reason (a double trigger), such employee's awards outstanding upon such change in control that are not yet exercisable and vested on such date shall become 100% vested and exercisable.

The Committee eliminated the single trigger acceleration of vesting upon a change in control described above, effective for all awards after May 30, 2008. With this change and the three-year term limit, we believe our future executive severance and change of control practices are now more generally in line with those in place at other technology companies. We believe these change of control arrangements, the value of which are contingent on the value obtained in a change of control transaction, effectively create incentives for our executive team to build stockholder value and to obtain the highest value possible should we be acquired in the future, despite the risk of losing employment and potentially not having the opportunity to otherwise vest in equity awards which comprise a significant component of each executive's compensation. These arrangements are intended to attract and retain qualified executives who could have other job alternatives that may appear to them to be less risky absent these arrangements. Except for the acceleration of a portion of the grants previously given to our executive officers as described above, our change of control arrangements for our executive officers are double trigger, meaning that acceleration of vesting does not occur upon a change of control unless the executive's employment is terminated involuntarily (other than for cause) within 12 months following the transaction. We believe this structure strikes the appropriate balance between executive recruitment and retention, the needs of potential acquiring companies, who often place significant value on retaining an executive team, and our desire to contain the cost of any change in control to our shareholders.

Nonqualified Deferred Compensation

The Adaptec Deferred Compensation Plan was terminated in fiscal 2008 resulting in the distributions of funds held under the plan during fiscal 2008 to the named executive officers who participated in the plan.

Table of Contents**Executive Compensation Tables****Summary Compensation Table**

The following table provides information with respect to the compensation earned during fiscal 2007, 2008 and 2009 by our CEO, our CFO, and our two other highest paid executive officers who were serving as executive officers at the end of fiscal 2009, as well as one additional former executive officer who was serving as an executive officer at the end of fiscal 2009. We refer to these five executive officers as our named executive officers.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) ⁽³⁾	Total (\$)
Subramanian Sundi Sundaresh Chief Executive Officer and President	2009	\$ 450,000	\$	\$ 527,144	\$ 268,673	\$ 190,000	\$	\$ 29,223	\$ 1,465,040
	2008	\$ 450,000	\$	\$ 369,966	\$ 228,098	\$ 303,075	\$ 29,927	\$ 26,976	\$ 1,408,042
	2007	\$ 450,000	\$	\$ 90,981	\$ 163,336	\$ 180,000	\$ 32,455	\$ 27,004	\$ 943,776
Mary L. Dotz Vice President and Chief Financial Officer	2009	\$ 265,000	\$ 50,000 ⁽⁴⁾	\$ 98,220	\$ 50,065	\$ 85,000	\$	\$ 13,485	\$ 561,770
	2008	\$ 1,020	\$	\$	\$	\$	\$	\$ 49	\$ 1,069
	2007	\$	\$	\$	\$	\$	\$	\$	\$
Marcus D. Lowe Vice President of Marketing and Business Development	2009	\$ 260,000	\$	\$ 179,684	\$ 91,075	\$ 72,000	\$	\$ 21,404	\$ 624,163
	2008	\$ 260,000	\$ 130,000 ⁽⁵⁾	\$ 131,474	\$ 80,740	\$ 56,000	\$	\$ 22,738	\$ 680,952
	2007	\$ 260,000	\$	\$ 32,753	\$ 89,889	\$ 67,000	\$	\$ 17,939	\$ 467,581
Anil Gupta Former Vice President and General Manager of Storage Technology Products	2009	\$ 156,000	\$ 1,176,233 ⁽⁶⁾	\$ 79,652	\$ 8,408	\$	\$	\$ 269,319 ⁽⁷⁾	\$ 1,689,612
	2008	\$	\$	\$	\$	\$	\$	\$	\$
	2007	\$	\$	\$	\$	\$	\$	\$	\$
John Noellert Vice President of Worldwide Sales	2009	\$ 217,000	\$	\$ 115,919	\$ 40,589	\$ 77,800 ⁽⁸⁾	\$	\$ 20,975	\$ 472,283
	2008	\$ 211,700	\$ 103,333 ⁽⁵⁾	\$ 60,789	\$ 25,760	\$ 71,300 ⁽⁸⁾	\$	\$ 21,870	\$ 494,752

(1) The amounts shown do not reflect compensation actually received by the named executive officer. Instead, the amounts shown are the aggregate fair value recognized for fiscal 2009, 2008 and 2007 for financial statement reporting purposes pursuant to SFAS No. 123(R) of stock options and awards granted in those and prior fiscal years, with the exception that estimated forfeitures related to service-based vesting were disregarded in these amounts. The assumptions used to calculate the value of option awards are set forth under Note 9 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009, as amended.

(2) The amounts shown in this column represent payments made pursuant to the terms of our Adaptec Incentive Plan and, with respect to Mr. Sundaresh, also include a performance bonus of \$112,500 for fiscal 2008 pursuant to the terms of his incentive performance agreement entered into on August 31, 2007. For more information regarding our Adaptec Incentive Plan, see Compensation Discussion and Analysis.

(3) The amounts shown in this column consist of one or more of the following: health and life insurance premiums paid by Adaptec, an automobile allowance, matching contributions made to the officer's 401(K) plan, medical reimbursement, financial planning services and employee stock purchase plan disqualifying dispositions and payout of vacation.

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- (4) Consists of two \$25,000 retention payments.
- (5) The amounts shown represent retention bonuses paid pursuant to the terms of retention agreements that we entered into with these executive officers on August 14, 2007.
- (6) Consists of a management liquidation pool of \$1,119,757 and a special employee bonus pool of \$56,476, which were established pursuant to the merger agreement by which we acquired Aristos.
- (7) Mr. Gupta was notified on March 31, 2009 that his employment with us terminated on April 10, 2009. As a result of this termination, Mr. Gupta received a severance payment of \$231,565, a payment representing accrued vacation time of \$26,840. The remaining \$10,914 represents payments made for health and life insurances premiums and Mr. Gupta's automobile allowance.
- (8) Mr. Noellert is not eligible to participate in the AIP, as his target bonus payment is tied to sales achievement. Amounts represent commissions paid to Mr. Noellert.

Table of Contents**Grants of Plan-Based Awards**

The following table provides certain information with respect to grants of awards made to the named executive officers during fiscal 2009. The table also provides information with regard to cash bonuses for fiscal 2009 under our performance-based, non-equity incentive plan to the named executive officers.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards ⁽¹⁾		Estimated Future Payouts under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽²⁾	All Other Option Awards: Number of Underlying Securities Options (#) ⁽³⁾	Exercise or Base Price of Option Awards (\$/Sh) ⁽⁴⁾	Grant Date Fair Value of Stock and Option Awards ⁽⁴⁾
		Thres-hold (\$)	Target (\$)	Maxi-mum (\$)	Thres-hold (#)	Target (#)				
Subramanian Sundi Sundaresh	08/04/2008	\$	\$ 382,500	\$ 765,000					\$	\$
	08/04/2008	\$	\$	\$			75,000	160,000	\$ 3.78	\$ 205,712
Mary L. Dotz	08/04/2008	\$	\$ 132,500	\$ 265,000					\$	\$
	08/04/2008	\$	\$	\$			25,000	50,000	\$ 3.78	\$ 64,285
Marcus D. Lowe	08/04/2008	\$	\$ 130,000	\$ 260,000					\$	\$
	08/04/2008	\$	\$	\$			20,000	40,000	\$ 3.78	\$ 51,428
Anil Gupta ⁽⁵⁾	09/04/2008	\$	\$ 133,793	\$ 267,586					\$	\$
	10/23/2008	\$	\$	\$		75,000	127,500	40,000	\$ 3.60	\$ 55,104
John Noellert	08/04/2008	\$	\$	\$					\$	\$
	08/04/2008	\$	\$	\$			25,000	50,000	\$ 3.78	\$ 64,285

(1) Represents potential cash payments to be earned under the 2010 Adaptec Incentive Plan.

(2) The awards granted to Mr. Sundaresh, Ms. Dotz, Mr. Lowe and Mr. Noellert vest with respect to 33.33% of the underlying shares on August 4, 2009, with the remainder of the shares vesting on August 4, 2010.

(3) The stock options granted to Mr. Sundaresh, Ms. Dotz, Mr. Lowe and Mr. Noellert vest with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on August 4, 2011.

(4) The amounts reflect the value we determined for accounting purposes for these awards and do not reflect whether the recipient has actually realized or will realize a financial benefit from the awards. The value of a stock award or option award is based on the fair value as of the grant date of such award determined pursuant to SFAS No. 123(R). For additional information on the valuation assumptions underlying the grant date fair value of these awards see Note 9 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended March 31, 2009.

(5) Mr. Gupta's employment with the Company terminated effective April 10, 2009 and all of his equity awards expired prior to any portion of such awards vesting.

Table of Contents**Outstanding Equity Awards**

The following table provides information with respect to each unexercised stock option and unvested restricted stock award held by the named executive officers as of March 31, 2009.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽¹⁾
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)		
Subramanian Sundi Sundaresh	224,999	75,001 ⁽²⁾	\$ 3.65	05/23/2012	100,000 ⁽³⁾	\$ 240,000			
	100,000		\$ 3.45	09/19/2010	75,000 ⁽⁴⁾	\$ 180,000			
	137,500	12,500 ⁽⁵⁾	\$ 4.24	06/14/2013		\$			
	112,500	37,500 ⁽⁶⁾	\$ 4.48	11/13/2013		\$			
	26,666	133,334 ⁽⁷⁾	\$ 3.78	08/04/2015		\$			
Total	601,665	258,335			175,000	\$ 420,000			
Mary L. Dotz	31,250	93,750 ⁽⁸⁾	\$ 2.94	03/31/2015	25,000 ⁽⁹⁾	\$ 60,000			
	8,332	41,668 ⁽¹⁰⁾	\$ 3.78	08/04/2015	25,000 ⁽¹¹⁾	\$ 60,000			
Total	39,582	135,418			50,000	\$ 120,000			
Marcus D. Lowe	70,000	30,000 ⁽¹²⁾	\$ 4.17	07/11/2012	35,000 ⁽¹³⁾	\$ 84,000			
	80,000		\$ 3.45	09/19/2010	20,000 ⁽¹⁴⁾	\$ 48,000			
	45,832	4,168 ⁽¹⁵⁾	\$ 4.24	06/14/2013		\$			
	37,500	12,500 ⁽¹⁶⁾	\$ 4.48	11/13/2013		\$			
	6,666	33,334 ⁽¹⁷⁾	\$ 3.78	08/14/2015		\$			
Total	239,998	80,002			55,000	\$ 132,000			
Anil Gupta ⁽¹⁸⁾	40,000		\$ 3.60	09/04/2015		\$	127,500	\$ 306,000	
John Noellert	16,250	8,750 ⁽¹⁹⁾	\$ 5.75	12/15/2012	25,000 ⁽²⁰⁾	\$ 60,000			
	13,750	1,250 ⁽²¹⁾	\$ 4.24	06/14/2013	25,000 ⁽²²⁾	\$ 60,000			
	5,250	1,750 ⁽²³⁾	\$ 4.48	11/13/2013		\$			
	8,332	41,668 ⁽²⁴⁾	\$ 3.78	08/14/2015		\$			
Total	43,582	53,418			50,000	\$ 120,000			

(1) The market value of the shares of restricted stock that have not yet vested was calculated based on the closing trading price for our common stock on The NASDAQ Global Market on March 31, 2009 of \$2.40 per share.

(2) This option vested with respect to 20% of the underlying shares on May 23, 2006 and vests with respect to an additional 5% of the underlying shares at the end of each subsequent three-month period such that the option will be fully vested on May 23, 2010.

(3) These shares of restricted stock vest on August 23, 2009.

(4)

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These shares of restricted stock vest with respect to 33.33% of the underlying shares on August 4, 2009, with the remainder of the shares vesting on August 4, 2010.

- (5) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on June 14, 2009.
- (6) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on November 13, 2009.
- (7) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on August 4, 2011.
- (8) This option vests with respect to 25% of the underlying shares on March 31, 2009 and with respect to an additional 6.25% of the underlying shares at the end of each subsequent three-month period such that the options will be fully vested on March 31, 2012.
- (9) These shares of restricted stock will vest on March 31, 2010.

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- (10) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on August 4, 2011.

- (11) These shares of restricted stock vest with respect to 33.33% of the underlying shares on August 4, 2009, with the remainder of the shares vesting on August 4, 2010.

- (12) This option vested with respect to 20% of the underlying shares on July 11, 2006 and vests with respect to an additional 5% of the underlying shares at the end of each subsequent three-month period such that the option will be fully vested on July 11, 2010.

- (13) These shares of restricted stock will vest on August 23, 2009.

- (14) These shares of restricted stock vest with respect to 33.33% of the underlying shares on August 4, 2009, with the remainder of the shares vesting on August 4, 2010.

- (15) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on June 14, 2009.

- (16) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on November 13, 2009.

- (17) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on August 4, 2011.

- (18) The employment of Mr. Gupta with Adaptec terminated on April 10, 2009. In connection with his termination, all of his unexercisable stock options have terminated, his exercisable options will expire, if not exercised, by their expiration date, and all of his unvested shares of restricted stock have been forfeited.

- (19) This option vested with respect to 20% of the underlying shares on December 15, 2006 and vests with respect to an additional 5% of the underlying shares at the end of each subsequent three-month period such that the option will be fully vested on December 15, 2010.

- (20) These shares of restricted stock will vest on August 23, 2009.

- (21) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on June 14, 2009.

- (22) These shares of restricted stock vest with respect to 33.33% of the underlying shares on August 4, 2009, with the remainder of the shares vesting on August 4, 2010.

- (23) This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on November 13, 2009.

- (24)

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This option vests with respect to 8.33% of the underlying shares at the end of each three-month period such that the option will be fully vested on August 4, 2011.

Table of Contents**Option Exercises and Stock Vested**

The following table provides information regarding restricted stock awards held by the named executive officers that vested during the year ended March 31, 2009. None of the named executive officers exercised any stock options during fiscal 2009.

Name	Stock Awards	
	Number of Shares Acquired On Vesting (\$)	Value Realized On Vesting ⁽¹¹⁾
Subramanian Sundi Sundaresh	25,000 ⁽¹⁾	\$ 82,500
	100,000 ⁽²⁾	\$ 383,000
	25,000 ⁽³⁾	\$ 75,250
Mary L. Dotz	25,000 ⁽⁴⁾	\$ 60,000
Marcus D. Lowe	9,000 ⁽⁵⁾	\$ 29,700
	35,000 ⁽⁶⁾	\$ 134,500
	9,000 ⁽⁷⁾	\$ 27,090
Anil Gupta		\$
John Noellert	3,000 ⁽⁸⁾	\$ 9,900
	25,000 ⁽⁹⁾	\$ 95,750
	1,750 ⁽¹⁰⁾	\$ 5,268

- (1) On June 16, 2008, the shares of restricted stock vested. However, we retained 8,935 of the shares to satisfy the income tax obligations of Mr. Sundaresh. As a result he received 16,065 shares.
- (2) On August 25, 2008, the shares of restricted stock vested. However, we retained 35,741 of the shares to satisfy the income tax obligations of Mr. Sundaresh. As a result he received 64,259 shares.
- (3) On November 13, 2008, the shares of restricted stock vested. However, we retained 8,935 of the shares to satisfy the income tax obligations of Mr. Sundaresh. As a result he received 16,065 shares.
- (4) On March 31, 2009, the shares of restricted stock vested. However, we retained 9,263 of the shares to satisfy the income tax obligations of Ms. Dotz. As a result she received 15,737 shares.
- (5) On June 16, 2008, the shares of restricted stock vested. However, we retained 3,217 of the shares to satisfy the income tax obligations of Mr. Lowe. As a result he received 5,783 shares.
- (6) On August 25, 2008, the shares of restricted stock vested. However, we retained 12,510 of the shares to satisfy the income tax obligations of Mr. Lowe. As a result he received 22,490 shares.
- (7) On November 13, 2008, the shares of restricted stock vested. However, we retained 3,217 of the shares to satisfy the income tax obligations of Mr. Lowe. As a result he received 5,783 shares.

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- (8) On June 16, 2008, the shares of restricted stock vested. However, we retained 794 of the shares to satisfy the income tax obligations of Mr. Noellert. As a result he received 2,206 shares.
- (9) On August 25, 2008, the shares of restricted stock vested. However, we retained 6,611 of the shares to satisfy the income tax obligations of Mr. Noellert. As a result he received 18,389 shares.
- (10) On November 13, 2008, the shares of restricted stock vested. However, we retained 463 of the shares to satisfy the income tax obligations of Mr. Noellert. As a result he received 1,287 shares.
- (11) The closing price of our common stock on The NASDAQ Global Market was \$3.30 on June 16, 2008, \$3.83 on August 25, 2008, \$3.01 on November 13, 2008 and \$2.40 on March 31, 2009.

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

The following table describes the potential payments and benefits upon termination of our named executive officers' employment before or after a change in control of Adaptec, calculated as if each officer's employment terminated as of March 31, 2009. For purposes of valuing the severance and vacation payout payments in the table below, we used each officer's base salary rate in effect on March 31, 2009, and the number of accrued but unused vacation days on March 31, 2009.

Name	Benefits	Termination without Cause prior to Change in Control	Change in Control	Termination without Cause or a Constructive Termination within One Year after a Change in Control ⁽¹⁾
Subramanian Sundi Sundaresh	Severance	\$ 467,308	\$	\$ 675,000
	Bonus	\$	\$	\$ 382,500
	Equity Acceleration ⁽²⁾	\$	\$ 120,000	\$ 300,000
	Cobra Premium ⁽³⁾	\$ 17,492	\$	\$ 17,492
	Vacation Payout	\$ 45,798	\$	\$ 45,798
	Perquisites ⁽⁴⁾	\$ 10,000	\$	\$ 10,000
	Total Value	\$ 540,598	\$ 120,000	\$ 1,430,790
Mary L. Dotz	Severance	\$ 198,750	\$	\$ 198,750
	Bonus	\$	\$	\$ 132,500
	Equity Acceleration ⁽²⁾	\$	\$ 30,000	\$ 90,000
	Cobra Premium ⁽³⁾	\$ 4,329	\$	\$ 4,329
	Vacation Payout	\$ 5,124	\$	\$ 5,124
	Perquisites ⁽⁴⁾	\$ 5,000	\$	\$ 5,000
	Total Value	\$ 213,203	\$ 30,000	\$ 435,703
Marcus D. Lowe	Severance	\$ 200,000	\$	\$ 260,000
	Bonus	\$	\$	\$ 130,000
	Equity Acceleration ⁽²⁾	\$	\$ 42,000	\$ 90,000
	Cobra Premium ⁽³⁾	\$ 4,329	\$	\$ 5,772
	Vacation Payout	\$ 37,924	\$	\$ 37,924
	Perquisites ⁽⁴⁾	\$ 10,000	\$	\$ 10,000
	Total Value	\$ 252,253	\$ 42,000	\$ 533,696
Anil Gupta ⁽⁵⁾	Severance	\$ 231,565	\$	\$ 267,586
	Bonus	\$	\$	\$ 133,793
	Equity Acceleration ⁽²⁾	\$	\$	\$ 180,000
	Cobra Premium ⁽³⁾	\$ 13,119	\$	\$ 13,119
	Vacation Payout	\$ 26,840	\$	\$ 26,840
	Perquisites ⁽⁴⁾	\$ 5,000	\$	\$ 5,000
	Total Value	\$ 276,524	\$	\$ 626,338
John Noellert	Severance	\$ 238,462	\$	\$ 310,000
	Bonus	\$	\$	\$
	Equity Acceleration ⁽²⁾	\$	\$ 30,000	\$ 90,000
	Cobra Premium ⁽³⁾	\$ 13,119	\$	\$ 17,492
	Vacation Payout	\$ 12,691	\$	\$ 12,691
	Perquisites ⁽⁴⁾	\$ 5,000	\$	\$ 5,000
	Total Value	\$ 269,272	\$ 30,000	\$ 435,183

(1) A constructive termination event is (1) a material reduction of the annual base and target incentive compensation specified in the officer's employment agreement to which he does not consent, (2) a failure of

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- Adaptec's successor after a change of control to assume the officer's employment agreement, (3) a substantial change in the officer's position or responsibility or (4) the officer's position relocates to more than 25 additional commute miles (one way).
- (2) Under our 1990 Stock Plan, 1999 Stock Plan and 2004 Equity Incentive Plan, in the event of a Change in Control, any awards outstanding upon the date of such Change in Control will have their single trigger vesting accelerated as of the date of such Change in Control as to an additional 25% of the shares subject to such awards. As discussed in Compensation Discussion and Analysis, equity awards granted subsequent to May 30, 2008 will not contain this single trigger acceleration. However, if within 12 months following a Change in Control, an employee is terminated by the successor employer for any reason (a double trigger), such employee's outstanding awards that are not yet exercisable and vested on the date of such Change in Control shall become 100% vested and exercisable. The value of the equity acceleration was calculated based on the assumption that the change in control occurred and the officer's employment terminated on March 31, 2009, and that the fair market value per share of our common stock on that date was \$2.40, which was the closing trading price of our common stock on The NASDAQ Global Market on March 31, 2009. The value of option vesting acceleration was calculated by multiplying the number of unvested shares subject to acceleration by the difference between \$2.40 and the exercise price per share of the accelerated option. The value of stock vesting acceleration was calculated by multiplying the number of unvested shares by \$2.40.
- (3) COBRA payout amounts are estimated based on the monthly premium.
- (4) Perquisites consist of outplacement services through the use of a company or consultant in an amount not to exceed to the values shown in the table.
- (5) Mr. Gupta is no longer our employee. Vacation amounts reflect payments received upon termination. There is no potential additional payout due to a change in control.

Director Compensation

Overview

Our one director who is a company employee, Mr. Sundaresh, our CEO, receives no additional or special compensation for serving as a director. Our non-employee directors receive a combination of cash and equity compensation for serving on our Board. In addition, we reimburse non-employee directors for out-of-pocket expenses incurred in connection with attending Board and committee meetings.

Effective September 4, 2009, the Board of Directors confirmed the appointment of Joseph S. Kennedy as Chairman of the Board and approved his full duties and compensation. Mr. Kennedy will collaborate with and assist management, on behalf of the Board, in connection with development of the Company's financial and operating plan and the Company's strategic and product plans. Mr. Kennedy will also review and evaluate, on behalf of the Board, the functioning and capabilities of the Company's management team and the Company's operations, and perform the duties normally incident to the role of Chairman. Mr. Kennedy will receive \$8,000 per month as Chairman of the Board, which amount will be reviewed by the Board on a quarterly basis and is in addition to compensation Mr. Kennedy receives as a member of the Board and the Governance and Nominating Committee of the Board.

Cash Compensation

In fiscal year 2009, our non-employee directors received (1) an annual cash retainer of \$26,000 paid at the rate of \$6,500 per fiscal quarter, (2) a per-meeting fee of \$3,000 for each Board meeting attended (either in person or by telephone); however, the Chairperson of the Board may designate a given meeting as a \$2,000-reduced-fee meeting and (3) a per-meeting retainer of \$1,200 for each Board committee meeting attended that the Chairperson of the committee designates a formal meeting. In addition, (1) the Chairman of the Board was

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entitled to receive an annual retainer of \$10,000 and (2) the chairmen of the Audit, Compensation and Governance and Nominating Committees were entitled to receive an annual retainer of \$10,000, \$7,000 and \$4,500, respectively, and other members of such committees receive one-half of the retainer that the Chairman of such committee receives. The Board retainer and all Board and committee meeting fees are paid quarterly. Board Chairman and committee cash retainers are paid annually, at the end of the fiscal year, and are prorated in the event of partial-year service.

Effective April 2009 (the start of fiscal year 2010) the per-meeting board fee was reduced by the Board to \$2,000 for each Board meeting attended (either in person or by telephone); however, the Chairperson of the Board may designate a given meeting as a \$1,000 reduced-fee meeting. Also effective April 2009, a Committee Chairperson may designate a committee meeting as a reduced fee meeting, and in that case, the Committee meeting fee will be \$600 instead of \$1,200.

In May 2009, the Board of Directors formed a committee consisting of Messrs. Castor, Kennedy and Ruisi to review and explore the strategic alternatives of the Company, the Strategic Committee. Subsequently, Mr. Howard was added to the Strategic Committee. Compensation for participation in the Strategic Committee has yet to be determined.

Equity Compensation

Our 2006 Director Plan is a discretionary plan and does not provide for automatic granting of options and other equity awards to our non-employee directors. Instead, our Board of Directors approves equity awards under that plan. Our compensation program practice for non-employee directors provided for an initial award of options to purchase 32,500 shares of our common stock and 16,250 shares of restricted stock upon becoming a member of our Board of Directors; the option grant and restricted stock vests 33% on the one-year anniversary of service with our Company and quarterly thereafter and are fully vested at the end of three years. Continuing directors received annual awards of options to purchase 12,500 shares of our common stock that vest quarterly over one year and 6,250 shares of restricted stock that fully vest on the earlier of 12 months from the date of grant or the next annual shareholders meeting.

In May 2009, the Board agreed to change the annual equity award for continuing directors to grants of options to purchase 12,500 shares of our common stock that vest quarterly over one year (and will vest in full at the next annual shareholder meeting if not already fully vested) and 12,500 shares of restricted stock which fully vest on the earlier of the next annual shareholders meeting or 12 months after the date of grant. This change will be effective at the shareholders meeting in 2009. The initial grant for new directors remains unchanged, and is described above.

Equity awards and vesting schedules are subject to change by the Committee with approval by the Board.

Table of Contents**Director Compensation Table**

The following table provides information with respect to all compensation awarded to, earned by or paid to each person who served as a director (except for Mr. Sundaresh, who receives no additional compensation for his service on our Board) for some portion or all of fiscal 2009. Other than as set forth in the table and the narrative that follows it, to date we have not paid any fees, made any equity or non-equity awards, or paid any other compensation to directors.

Name	Fees Earned or Paid in Cash (\$)	Equity Awards ⁽⁷⁾			Total (\$)
		Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽¹⁾		
Jon S. Castor	\$ 91,100	\$ 17,276 ⁽²⁾	\$ 23,863 ⁽⁴⁾	\$ 132,239	
Jack L. Howard	\$ 68,150	\$ 6,184 ⁽²⁾	\$ 4,592 ⁽⁴⁾	\$ 78,926	
Joseph S. Kennedy	\$ 64,825	\$ 17,276 ⁽²⁾	\$ 10,750 ⁽⁴⁾	\$ 92,851	
Robert J. Loarie	\$ 70,600	\$ 17,276 ⁽²⁾	\$ 10,750 ⁽⁴⁾	\$ 98,626	
D. Scott Mercer ⁽⁶⁾	\$ 41,088	\$ 8,636	\$ 4,334	\$ 54,058	
John Mutch	\$ 78,000	\$ 1,085,000	\$ 2,170,000	\$	
Mr. Smith ^(*)	\$ 232,500	\$ 465,000	\$ 930,000	\$	
Mr. Smith ^(**)	\$ 200,000	\$ 300,000	\$ 600,000	\$	
Mr. Johnson ^(*)	\$ 232,500	\$ 465,000	\$ 930,000	\$	

Note: Performance shares per the 2008 incentive plan are priced at \$63.26.

(*) Based upon 2008-2010 Annualized FFO/Share Growth Rate

(**) Based upon 2008-2010 Performance Criteria for Realized Value for 2008 Developments and Acquisitions

(2) The amounts in this column for 2010 consist of the following for each executive: (a) a \$6,985 contribution to our 401(k) and profit sharing plan, and (b) a \$1,000 Christmas bonus, plus:

Named Executive Officer	Life Insurance Premiums	Dividend Equivalents on Stock Option Awards Not Previously Expensed ⁽ⁱ⁾	NetJet Taxable Income ⁽ⁱⁱ⁾
Mr. Stein	\$ 5,934	\$	\$
Mr. Smith	\$ 5,934	\$	\$ 2,518
Mr. Johnson	\$ 9,108	\$ 3,694	\$
Mr. Thompson	\$ 5,934	\$	\$
Mr. Delatour	\$ 3,174	\$	\$

(i) Some, but not all, options earn dividend equivalent units (DEUs) that vest at the same rate as the underlying options. Vested DEUs are distributed annually based on the per share dividends on our common stock, less the average dividend rate of the S&P 500 on the original option grant date. The amounts in this column represent DEUs vested and distributed during 2010 on stock options awarded before January 1, 2005, when we began expensing stock option grants under FASB ASC Topic 718. We pay DEUs in common stock. Therefore, the amounts shown are based on the closing price of our common stock on the date of the distribution. The amounts in this column do not include DEUs distributed on stock options or stock rights awards that we have expensed under FASB ASC Topic 718, because the value of the DEUs has already been taken into account in determining and reporting grant date fair value of those options and stock rights awards under FASB ASC Topic 718.

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- (ii) From time to time, we will charter a plane through NetJets in order for officers to attend business related meetings or functions. On one trip, because additional seats were available, two family members of Mr. Smith accompanied him on the aircraft.

- (3) The amount for Mr. Smith in 2009 also includes a \$750,000 restricted stock grant that vests over four years. This grant was made in connection with his promotion in February 2009 to President.

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Grants of Plan-Based Awards

Cash incentive awards under our 2010 incentive plan were based on Recurring FFO per share and Regional EBITDA during the year ended December 31, 2010. Cash incentive awards based on Recurring FFO per share were earned at a level just below the high performance level under the 2010 incentive plan. The cash payout based on Recurring FFO per share was at 1.47 times the target level. Cash incentive awards based on Regional EBITDA were earned at a level above the high performance level for Mr. Delatour and at a level above target for Mr. Thompson under the 2010 incentive plan. The cash payout based on Regional EBITDA was at 1.16 times the target level for Mr. Thompson and 1.61 times the target level for Mr. Delatour. Due to the actual growth of EBITDA in Mr. Thompson's region relative to the EBITDA growth in our other two regions, Mr. Thompson earned an additional \$95,000 as a discretionary adjustment under the 2010 incentive plan. Mr. Thompson was awarded a further \$129,000 under our value creation incentive.

Equity awards that may be earned under our 2010 incentive plan are issuable under our Long-Term Omnibus Plan. Our 2010 incentive plan provides for the issuance to our named executive officers of both restricted shares that are time-based awards that vest annually over four years and performance share awards that are based on specified thresholds for total relative shareholder return during 2010 through 2012.

Each performance share award provides for a specific number of shares depending on the extent to which the performance levels are achieved. No performance shares will be earned if the minimum performance levels are not achieved. Any earned share awards will vest immediately. Dividend equivalents will vest when the underlying share award vests and will be paid in shares, as if dividends paid on unvested shares at the same rate as paid on our common stock were reinvested annually. The performance criteria are set forth above under Compensation Discussion and Analysis. Any earned award will vest on February 2, 2013 and be paid in shares.

The following table sets forth information about plan-based awards granted to our named executive officers during 2010, all of which were made under our 2010 incentive plan. We did not grant any options to our named executive officers during 2010. The line items consist of the following:

the first line item represents the range of possible cash pay-outs based on Recurring FFO per share during the year ended December 31, 2010;

the second line represents the shares of each restricted stock grant;

the third line item represents the range of possible performance shares to be earned based on 2010-2012 total relative shareholder return; and

the fourth line, if applicable, represents the range of possible cash payouts based on Regional EBITDA during the year ended December 31, 2010.

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Name	Grant Date of Equity Incentive Plan Awards	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽³⁾			All Other Stock Awards: Number of Shares of Stock (#) ⁽⁴⁾	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Mr. Stein	02/02/2010 ⁽¹⁾	\$ 360,000	\$ 720,000	\$ 1,440,000					
	02/02/2010				14,464	28,928	57,856	19,285	\$ 680,000
Mr. Smith	02/02/2010 ⁽¹⁾	\$ 250,000	\$ 500,000	\$ 1,000,000					
	02/02/2010							11,344	\$ 400,000
Mr. Johnson	02/02/2010 ⁽¹⁾	\$ 185,000	\$ 370,000	\$ 740,000					
	02/02/2010				8,508	17,016	34,033		\$ 672,000 ⁽⁵⁾
Mr. Thompson ⁽⁶⁾	02/02/2010 ⁽¹⁾	\$ 76,000	\$ 152,000	\$ 304,000					
	02/02/2010				6,807	13,613	27,226		\$ 537,600 ⁽⁵⁾
Mr. Delatour	02/02/2010 ⁽¹⁾	\$ 114,000	\$ 228,000	\$ 456,000					
	02/02/2010	\$ 78,000	\$ 156,000	\$ 312,000				9,163	\$ 323,060
	02/02/2010				2,694	5,389	10,777		\$ 212,800 ⁽⁵⁾
	02/02/2010 ⁽²⁾	\$ 114,000	\$ 228,000	\$ 456,000					
	02/02/2010 ⁽¹⁾	\$ 114,000	\$ 228,000	\$ 456,000					
	02/02/2010	\$ 78,000	\$ 156,000	\$ 312,000				9,412	\$ 331,875
	02/02/2010				2,765	5,530	11,061		\$ 218,400 ⁽⁵⁾
	02/02/2010 ⁽²⁾	\$ 117,000	\$ 234,000	\$ 468,000					

⁽¹⁾ The amounts shown in these three columns represent the range of possible cash incentive awards that could have been earned under our 2010 incentive plan for our Recurring FFO per share performance in 2010. The amounts earned were between target and maximum amounts.

⁽²⁾ The amounts shown in these three columns represent the range of possible cash incentive awards that could have been earned under our 2010 incentive plan for Regional EBITDA performance in 2010. The amounts earned were between target and maximum amounts.

⁽³⁾ The amounts shown in these three columns represent the range of stock awards that may be earned, together with dividend equivalents, under our 2010 incentive plan for performance during 2010 through 2012. The amounts are based upon the actual grant price of \$35.26 which was the average closing price for the month of January 2010. Any earned award, together with dividend equivalents on the earned awards, will vest on February 2, 2013 and be paid in shares. For additional information, see Compensation Discussion and Analysis.

⁽⁴⁾ The amount shown represents restricted stock grants that vest over four years.

⁽⁵⁾ Since the goals for these awards are entirely market-based, we use a Monte Carlo simulation model to value them. Our model estimates the fair value of the award based on our data and that of the FTSE NAREIT U.S. Shopping Center Index. The 2010 awards assumed (a) stock price volatility of 66.4% for Regency and 62.0% for the index, (b) risk-free interest rates of 1.41%, (c) Regency's beta versus the index of 1.027, and (d) no dividend yield assumption given that the award includes dividend equivalents that are earned only to the extent that the underlying shares are earned. Based on the performance goals and these capital markets assumptions, these awards were valued using the Monte Carlo model at \$19.23 per share.

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- ⁽⁶⁾ Mr. Thompson also received a cash payment of \$129,000 under our value creation incentive. This plan does not have thresholds, targets or maximums since it is based upon a percentage of value created in a specified manner.

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Outstanding Equity Awards

The following table sets forth information about outstanding equity awards held on December 31, 2010 by our named executive officers. The amounts include unvested dividend equivalent units earned as of December 31, 2010.

In addition to the vesting provisions described in notes to the table below:

There will be accelerated vesting for unvested stock options and stock awards upon termination of employment without cause or for good reason within two years following a change of control, as defined in change of control agreements.

In the event of a change of control as a result of which Regency or the successor corporation in a business combination is not a public company, (1) all stock options and restricted stock or stock rights awards that vest based on continued employment will vest in full and be cashed out, based on the fair market value of our common stock immediately before the change of control, and (2) because performance criteria may no longer be meaningful as a result of the change of control, performance share awards will be converted to the right to receive a cash payment (based on such fair market value), plus interest at the prime rate, adjusted annually, at the end of the performance period, provided that the executive remains employed through that date.

Stock options and stock rights awards that vest based on continued employment will vest in full on death or disability, and the executive (or his or her estate) will remain eligible to receive performance shares, subject to satisfaction of the performance goals over the remainder of the performance period, as if the executive remained employed.

See Compensation on Termination of Employment.

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Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽¹⁾
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
Mr. Stein	125,723		\$ 51.36	01/17/15	20,251	\$ 855,402	61,274 ⁽³⁾	\$ 2,588,214
							86,320 ⁽⁴⁾	\$ 3,646,157
							60,755 ⁽⁵⁾	\$ 2,566,291
Mr. Smith	11,355		\$ 51.36	01/17/15	31,046	\$ 1,311,383	37,556 ⁽³⁾	\$ 1,586,365
							51,792 ⁽⁴⁾	\$ 2,187,694
							35,738 ⁽⁵⁾	\$ 1,509,573
Mr. Johnson	40,203		\$ 51.36	01/17/15	10,069	\$ 425,315	26,261 ⁽³⁾	\$ 1,109,265
							46,037 ⁽⁴⁾	\$ 1,944,603
							28,590 ⁽⁵⁾	\$ 1,207,642
Mr. Thompson	19,840		\$ 51.36	01/17/15	19,219	\$ 811,811	23,869 ⁽³⁾	\$ 1,008,227
							7,193 ⁽⁴⁾	\$ 303,832
							11,317 ⁽⁵⁾	\$ 478,030
Mr. Delatour	2,557		\$ 26.40	12/14/11	22,374	\$ 945,078	14,275 ⁽³⁾	\$ 602,976
	1,962		\$ 41.65	12/14/11			7,193 ⁽⁴⁾	\$ 303,832
	1,904		\$ 43.50	12/14/11			11,615 ⁽⁵⁾	\$ 490,618
	1,726		\$ 54.05	12/14/11				
	46,453		\$ 51.36	01/17/15				

⁽¹⁾ The amounts in this column have been computed based on the closing price of our common stock on December 31, 2010, the last business day of the year (\$42.24), and include unvested dividend equivalent units as of that date. The actual value realized by the executive will depend on the market value of our common stock on the date that the awards vest and the actual number of shares that vest.

⁽²⁾ These stock rights awards vest as follows:

Mr. Stein (#)	Mr. Smith (#)	Mr. Johnson (#)	Mr. Thompson (#)	Mr. Delatour (#)	Vesting Dates
			1,972	1,972	100% on January 13, 2011
	1,302	539	210		100% on January 29, 2011
	1,647		941	1,412	50% per year on February 4, 2011 and 2012
	16,185		6,474	9,107	33.33% per year on February 3, 2011, 2012 and 2013
20,251	11,912	9,530	9,622	9,883	25% per year on February 2, 2011, 2012, 2013 and 2014

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(3) These shares represent the maximum possible awards available on December 31, 2010 under our 2008 incentive plan based on performance during 2008 through 2010. Of the awards held by Mr. Stein and Mr. Johnson, two-thirds are based on average FFO-per share growth rate and one-third are based on total relative shareholder return. Of the awards held by Mr. Smith, 47% are based on average FFO-per share growth rate, 23% are based on total relative shareholder return and 30% are based on the performance of our investment group. Of the awards held by Mr. Thompson, 21% are based on average FFO-per share growth rate and 79% are based on his region's investment performance. Of the awards held by Mr. Delatour, 44% are based on average FFO-per share growth rate and 56% are based on NOI growth. Based on the Company's performance as of December 31, 2010, only 60% of the stock awards based on total relative shareholder return were earned. The amounts earned by the named executive officers, including accumulated dividends, are as follows:

Mr. Stein	12,255 shares
Mr. Smith	5,252 shares
Mr. Johnson	5,252 shares

All other stock awards were forfeited.

(4) These shares represent the maximum possible awards available on December 31, 2010 under our 2009 incentive plan based 100% on total relative shareholder return during 2009 through 2011.

(5) These shares represent the maximum possible awards available on December 31, 2010 under our 2010 incentive plan based 100% on total relative shareholder return during 2010 through 2012.

OPTION EXERCISES AND STOCK VESTED IN 2010

The following table sets forth information about the exercise of options by our named executive officers and the vesting of their stock rights awards in 2010.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting ⁽¹⁾ (#)	Value Realized on Vesting (\$) ⁽²⁾
Martin E. Stein, Jr.		\$	20,946	\$ 726,002 ⁽³⁾
Brian M. Smith		\$	19,126	\$ 662,911
Bruce M. Johnson		\$	9,535	\$ 330,498
James D. Thompson		\$	8,600	\$ 298,066 ⁽³⁾
John S. Delatour		\$	9,365	\$ 324,580

(1) The shares in this column include dividend equivalents issued in shares at the same time that the underlying shares vested.

(2) The amounts in this column have been computed based on the closing price of our common stock on the vesting date.

(3) Of the amount in this column, Mr. Stein has deferred \$363,001 and Mr. Thompson has deferred \$34,668 under our 2005 non-qualified deferred compensation plan based upon our vesting price of \$34.66.

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Summary of Our Non-Qualified Deferred Compensation Plans

We do not have any defined benefit pension plans. However, we maintain two non-qualified deferred compensation plans that permit directors and a select group of management or other highly compensated employees designated by the compensation committee of our board of directors to defer compensation they receive from us, in accordance with procedures established by the committee under the plan. We also may make matching contributions to participant accounts but have never done so. We established the second of the two plans in 2005 to comply with changes made to the Internal Revenue Code, including the addition of Code Section 409A. We require that all contributions be made to the 2005 plan since its establishment, but we continue to maintain the old plan for contributions made to it before we established the 2005 plan. Otherwise, the provisions of the two plans are nearly identical.

Deferral elections must be made before the calendar year to which they relate and remain effective for the entire calendar year. Employees must defer a minimum of \$25,000 of base salary or incentive compensation, as the case may be. All types of compensation may be deferred under the 2005 plan other than compensation from the exercise of stock options. The old plan permitted the deferral of compensation from the exercise of stock options.

We maintain a separate account for each participant in each plan and credit the participant's contributions to the account. Each account is adjusted for investment gains and losses determined by assuming that the account is invested, in the percentages designated by the participant, in hypothetical investment options offered under the plans, including shares of our common stock. These hypothetical investment options are the same options that we offer under our 401(k) and profit sharing plan to all eligible employees. However, participants in the deferred compensation plans have no right to require that the plan invest in the investments they designate. Rather, investment gains and losses on the hypothetical investment options serve as the method of measuring the total amount of our obligation to the participant under the plans. We also maintain a so-called rabbi trust to hold funds set aside under the plan, although the assets of the trust are subject to the claims of our creditors in the event of our insolvency or bankruptcy.

Participant contributions under the plans are fully vested upon contribution. Amounts deferred under the plans, as adjusted for earnings, are not subject to income tax until actually paid to the participant. Participants will receive distributions of their account balances on (1) death, (2) disability, (3) termination of employment (subject to any deferral required by Section 409A of the Internal Revenue Code), or (4) the date elected in advance by the participant. Payments to a participant can be made either in a lump sum payment on the applicable distribution date or in annual installments over two to ten years beginning on the applicable distribution date. We make distributions in cash, except for account balances deemed invested in our common stock, in which case, we make the distributions in shares.

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The following table sets forth information about participation by our named executive officers in our deferred compensation plans.

NON-QUALIFIED DEFERRED COMPENSATION FOR 2010

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY ⁽¹⁾	Aggregate Earnings in Last FY ⁽²⁾	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE ⁽³⁾
Martin E. Stein, Jr.	\$ 347,645 ⁽⁴⁾	\$	\$ 827,771	\$	\$ 3,881,672
Brian M. Smith	\$	\$	\$ 432,103	\$	\$ 2,321,723
Bruce M. Johnson	\$	\$	\$	\$	\$
James D. Thompson	\$ 33,208 ⁽⁴⁾	\$	\$ 1,109,786	\$	\$ 9,664,019
John S. Delatour	\$	\$	\$ 8,235	\$	\$ 39,292

⁽¹⁾ We have the right to make, but have never made, matching contributions.

⁽²⁾ Earnings or losses on non-qualified deferred compensation do not appear in the summary compensation table because they are not deemed above market.

⁽³⁾ The aggregate balance for Mr. Stein has been reported in the summary compensation table in prior years' proxy statements. The aggregate balance for Mr. Smith has not been reported in the summary compensation table in prior years' proxy statements because his contributions were made before he became a named executive officer and included in our proxy statement disclosures.

⁽⁴⁾ The entire amount contributed in 2010 is reported as compensation in the summary compensation table and consists of the fair value of stock rights awards that vested in 2010, less applicable FICA taxes and is based upon our closing stock price of \$33.68 at the date of contribution.

Compensation on Termination of Employment

We entered into amended and restated severance and change of control agreements with each of our named executive officers as of January 1, 2011. The agreements expire on December 31, 2013 and automatically renew for successive additional three-year terms unless either party gives written notice of non-renewal within 90 days before the end of the current term. The following describes the compensation that will be payable to our named executive officers on termination of employment under these agreements.

If we terminate the executive without cause or the executive terminates his or her employment for good reason, in either case other than in connection with a change of control, the named executive officer will receive a cash payment equal to a specified multiple (set forth in the table below) of the sum of his or her annual base salary, his or her average annual cash bonus during the past three years, and the annual COBRA premiums the executive would be required to pay to continue health plan coverage under our health plans. We will pay this amount in a lump sum within 60 days after the executive's separation from service, subject to deferral required by Section 409A of the Internal Revenue Code if payments over the first six months would exceed \$450,000.

If the executive retires for other than good reason and gives us a specified number of years of advance notice before retiring, or if the executive dies or terminates employment because of disability, all unvested stock options or stock rights awards that vest based on continued employment will vest immediately on the date of such retirement or termination. In the

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case of retirement or death, the executive's stock options will remain outstanding for three years from the date of termination of employment, and in the case of termination due to disability, the executive's stock options will remain outstanding for one year from the date of termination of employment, or, in either case, the earlier date the options expire by their terms. The executive will remain eligible to receive performance shares awarded under our equity incentive plans before his or her termination if we achieve the stated performance goals during the remainder of the performance period, as if the executive's employment had not terminated. To qualify for these benefits on retirement, the executive must retire after a specified age or with a combination of age plus years of service, depending on the benefit in question, as well as give us the required number of years of advance notice of retirement.

In the event of a change of control and termination of the executive by us without cause or by the executive for good reason within two years after the change of control, the specified multiple used to determine the executive's aggregate severance benefits will increase to the multiple set forth in the table below. In addition, all unvested stock options or stock rights awards will vest immediately. Unearned performance shares also will vest in full. If payments we make in connection with a change of control would be subject to the excise tax on excess parachute payments imposed by Section 4999 of the Internal Revenue Code, the payments will be scaled back until they are no longer subject to excise tax.

The severance and change of control agreements require each executive officer to sign a general release of claims against us as a condition of receiving the severance payment.

The definition of "cause" includes:

conviction of a felony;

a material breach of the agreement or our policies and procedures and failure to cure the breach, if capable of cure, within 30 days after written notice by us of the breach;

willful or gross misconduct or willful or gross negligence in the performance of the executive's duties;

fraud, misappropriation or embezzlement; or

failure to meet the reasonable expectations of management regarding the performance of the executive's duties or engaging in conduct that could reasonably be expected to harm our reputation and failure to cure such conduct, if capable of cure, within 30 days after written notice by us of the conduct.

The definition of "good reason" tracks the definition in regulations under Section 409A of the Internal Revenue Code and includes the following, if the executive has given written notice of the condition within 90 days of its occurrence and the condition remains in effect for 30 days after the notice:

a material diminution in the authority, duties or responsibilities of the executive;

a material diminution in the executive's base compensation;

a material diminution in the budget over which the executive retains authority;

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a material change in the geographic location at which the executive must perform his or her duties; or

any other action or inaction by us that constitutes a material breach of the agreement or any other agreement pursuant to which the executive provides services to us.

The definition of change of control tracks the definition in regulations under Section 409A of the Internal Revenue Code and includes:

the acquisition of our stock as a result of which any person or group owns more than 50% of the total fair market value of our stock (subject to limited exceptions);

the acquisition of our voting securities over a period of 12 months as a result of which any person or group owns at least 30% of the total voting power of our stock (subject to limited exceptions);

a majority of our board is replaced during any 12-month period by directors whose appointment or election was not endorsed by a majority of the board prior to the date of the appointment or election;

the acquisition over a period of 12 months as a result of which any person or group has acquired assets from us having a total gross fair market value of more than 50% of the total gross fair market value of all our assets immediately before the acquisition (subject to limited exceptions).

For one year after termination of employment for any reason, the executive is prohibited from:

directly or indirectly soliciting (1) any of our employees to leave Regency or (2) any prospective employees negotiating with Regency on the date of termination to cease negotiations; or

directly or indirectly soliciting our tenants or other parties to terminate lease, joint venture, acquisition, business combination or development contracts to which we were a party on the date of termination, or soliciting prospects with whom we were actively conducting negotiations for a lease, joint venture, acquisition, business combination or development project on the date of termination of employment (unless the executive was not aware of the negotiations).

The agreements also require the executive to provide consulting services to us for up to 20 hours a month during the six months after any termination of employment and requires the executive to maintain the confidentiality of our confidential information.

The agreements do not contain any provision for waiving a breach of the non-solicitation, confidentiality or consulting obligations described above.

The following table illustrates the additional compensation that we estimate would be payable to each of our named executive officers on termination of employment under each of the circumstances describe above, assuming the termination occurred on December 31, 2010 and that the amended and restated agreements were in effect on that date. The amounts shown are estimates and do not necessarily reflect the actual amounts that these individuals would receive on termination of employment.

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Name	Salary and Cash Bonus (Multiple)	Salary and Cash Bonus ⁽²⁾	Health Benefits ⁽³⁾	Early Vesting of Stock Awards	Total
Termination by Regency Without Cause or by the Executive for Good Reason:					
Martin E. Stein, Jr.	(1.5x)	\$ 2,698,125	\$ 10,264		\$ 2,708,389
Brian M. Smith	(1.5x)	\$ 2,118,875	\$ 15,146		\$ 2,134,021
Bruce M. Johnson	(1.5x)	\$ 1,443,750	\$ 10,264		\$ 1,454,014
James D. Thompson	(1.0x)	\$ 1,479,653	\$ 10,097		\$ 1,489,751
John S. Delatour	(1.0x)	\$ 1,386,402	\$ 6,281		\$ 1,392,683
Non-Qualifying Retirement:					
Martin E. Stein, Jr.					
Brian M. Smith					
Bruce M. Johnson					
Qualifying Retirement, Death or Disability:					
Martin E. Stein, Jr.				\$ 855,410 ⁽⁴⁾	\$ 855,410
Brian M. Smith				\$ 1,311,400 ⁽⁴⁾	\$ 1,311,400
Bruce M. Johnson				\$ 425,295 ⁽⁴⁾	\$ 425,295
James D. Thompson				\$ 811,830 ⁽⁴⁾	\$ 811,830
John S. Delatour				\$ 945,094 ⁽⁴⁾	\$ 945,094
Change of Control:					
Martin E. Stein, Jr.	(3.0x)	\$ 4,340,250	\$ 20,529	\$ 9,656,072	\$ 14,016,851
Brian M. Smith	(2.0x)	\$ 2,580,833	\$ 20,195	\$ 6,595,033	\$ 9,196,061
Bruce M. Johnson	(2.0x)	\$ 1,744,167	\$ 13,686	\$ 4,686,804	\$ 6,444,656
James D. Thompson	(2.0x)	\$ 2,248,307	\$ 20,195	\$ 2,601,919	\$ 4,870,420
John S. Delatour	(2.0x)	\$ 2,167,803	\$ 12,562	\$ 2,342,520	\$ 4,522,886

⁽¹⁾ The table does not reflect the severance and change of control agreements for our executive officers that became effective as of January 1, 2011. The value of equity awards that vest early is based on the closing price of our common stock on December 31, 2010. The table does not include amounts payable under our non-qualified deferred compensation plans, which are described above under Summary of Our Non-Qualified Deferred Compensation Plans. Year-end accrued account balances under these plans are shown in the non-qualified deferred compensation table included elsewhere in this proxy statement. The table also does not include account balances under our 401(k) and profit sharing plan, in which our executives participate on the same basis as all other participants.

⁽²⁾ Cash bonus has been computed based on cash incentive compensation paid in 2007, 2008 and 2009 (the three years preceding the date of termination) plus the portion of the bonus earned for 2010 performance.

⁽³⁾ Medical, hospitalization, dental and vision payments have been estimated based on Regency's portion of the insurance premiums at current rates for the entire coverage period.

⁽⁴⁾ The amounts shown do not include performance shares that would vest in 2011, 2012 or 2013 to the extent that we achieve the stated performance goals for those years.

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RELATED PARTY TRANSACTIONS

The nominating and corporate governance committee has adopted written policies and procedures for the committee to review and approve or ratify related party transactions. These transactions include:

transactions that must be disclosed in proxy statements under SEC rules, and

transactions that potentially could cause a non-employee director to cease to qualify as an independent director under New York Stock Exchange listing requirements or the ratings criteria of organizations such as RiskMetrics.

Transactions that are deemed immaterial under applicable disclosure requirements are generally deemed pre-approved under these written policies and procedures, including transactions with an entity with which a Regency director's sole relationship is as a non-employee director and the total amount involved does not exceed 1% of the entity's total annual revenues.

Criteria for committee approval or ratification of a related party transaction include, in addition to factors that the committee otherwise deems appropriate under the circumstances:

whether the transaction is on terms no less favorable than terms generally available from an unaffiliated third party; and

in the case of a non-employee director, whether the transaction would disqualify the director from (1) being deemed independent under New York Stock Exchange listing requirements or (2) from serving on the audit committee, compensation committee or nominating and corporate governance committee under New York Stock Exchange and other regulatory requirements.

There have been no related party transactions since January 1, 2010 required to be disclosed under SEC rules other than the retention of Kennerly Lamishaw & Rossi LLP for legal services. We paid \$706,000 to Kennerly Lamishaw & Rossi LLP in 2010. Anthony Rossi, a non-equity partner at Kennerly Lamishaw & Rossi, is the father-in-law to Brian Smith, our president and chief operating officer. Mr. Rossi is a salaried partner whose compensation is not tied to how much business is done with us. The nominating and corporate governance committee has approved the retention of Kennerly Lamishaw & Rossi LLP for legal services after determining that such services are rendered on terms no less favorable than terms generally available from other law firms.

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PROPOSAL TWO: ADVISORY VOTE ON THE FREQUENCY OF FUTURE

ADVISORY VOTES ON EXECUTIVE COMPENSATION

In connection with the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), we are required to seek a shareholder advisory vote on executive compensation (commonly referred to as say-on-pay) every 1, 2 or 3 years. Our board has concluded that providing shareholders with an advisory vote on executive compensation each year will enhance shareholder communication by providing another avenue to obtain information on investor sentiment about our executive compensation philosophy, policies, and procedures.

Our board values and encourages constructive dialogue on compensation and other important governance topics with our shareholders. We believe that both the Company and shareholders benefit from responsive corporate governance policies and constructive and consistent dialogue. Annual votes should help provide real-time and more direct feedback on the Company's compensation practices.

You may vote for your preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting.

The option of one year, two years or three years that receives the highest number of votes cast by shareholders will be the frequency for the advisory vote on executive compensation that has been selected by shareholders. However, because the vote is advisory and not binding on the board of directors or us in any way, the board may decide that it is in the best interests of our shareholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by shareholders.

For the reasons above, our board believes providing shareholders with an advisory vote on executive compensation each year is appropriate and recommends a vote for a shareholder advisory vote on executive compensation each year.

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PROPOSAL THREE: ADVISORY VOTE ON EXECUTIVE COMPENSATION

As described in the Compensation Discussion and Analysis section in this proxy statement, we design our executive officer compensation programs to attract, motivate, and retain executives who are capable of achieving our key strategic goals. Our compensation programs are designed to be competitive with comparable employers and to align the interests of management with shareholders by awarding incentives for the achievement of specific key objectives. Pay that reflects performance and alignment of that pay with the interests of long-term shareholders are key principles that underlie our compensation program design. We encourage you to closely review our Compensation Discussion and Analysis and Executive Compensation sections.

The compensation committee continues to refine our executive compensation practices and policies consistent with evolving governance practices. We believe that the compensation actually received by our executives reflects our goal to align the interests of management with shareholders. We believe the following items reflect our commitment to pay for performance and to maintain a strong executive compensation governance framework:

In light of the Company's financial performance, in 2008 the named executive officers did not receive annual incentive bonuses, the 2007-2009 and 2008-2010 long term incentive grants in the form of performance shares did not pay out for corporate FFO, investment value realized or NOI metrics, salaries for executive officers were generally frozen in 2009, and most options that were granted before the Company ceased granting options in 2005 remain underwater, meaning our stock price is less than the exercise price of the options.

We have aligned base salaries and target bonuses within a range around the market median in compensation with our peer group while providing for increased payouts at exceptional performance levels.

We have aligned our long-term incentives to be slightly above the market median in comparison with our peer group; in general our long-term incentives are payable based entirely on achieving goals (e.g., total shareholder return and FFO performance), with the exception being in 2010 during which a portion of our awards were issued based on service to help us retain our executive team during a period of global economic turmoil.

Our executives have severance agreements but not employment agreements. These agreements do not provide tax gross-ups and do not have single triggers in the event of a change-of-control, other than in the limited instance in which our stock is no longer publicly-traded following a change-of-control, in which case equity awards become vested and converted to a cash payment.

We do not offer pension plans for our executive officers or our other employees.

We have a stock ownership policy that requires our executive officers to own a significant multiple of their base salary and to retain a percentage of the shares subsequently awarded to them.

Although this advisory vote is non-binding, our board and compensation committee will review the voting results. To the extent there is any significant negative say-on-pay vote, we

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would consult directly with shareholders to better understand the concerns that influenced the vote. The board and compensation committee would consider constructive feedback obtained through this process in making future decisions about executive compensation programs.

Our board of directors proposes that you indicate your support for our compensation philosophy, policies, and procedures and their implementation in fiscal year 2010 as described in the Compensation Discussion and Analysis and Executive Compensation sections of this proxy statement.

Our board recommends a vote for approval of the following resolution:

RESOLVED, that the holders of common stock of Regency Centers Corporation approve the 2010 compensation of the Company's named executive officers as described in this proxy statement under the headings Compensation Discussion and Analysis and Executive Compensation.

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PROPOSAL FOUR: APPROVAL OF THE REGENCY CENTERS CORPORATION

2011 OMNIBUS INCENTIVE PLAN

Background

We are seeking your approval on the adoption of the Regency Centers Corporation 2011 Omnibus Incentive Plan, which we refer to as the Omnibus Plan, providing for the grant of options and/or other stock-based awards to our officers, directors, employees and consultants. On March 8, 2011, our compensation committee approved the Omnibus Plan. Our board of directors has directed that it be submitted to our shareholders for approval at our annual meeting.

The Omnibus Plan being submitted under this proposal does not have any securities issued pursuant to it and no future issuances which may be awarded have been determined, approved or granted.

The Omnibus Plan includes the following features that protect the interests of our shareholders:

The Omnibus Plan will be administered with respect to employees and consultants by a compensation committee composed entirely of independent directors;

Exercise prices for stock options and stock-based awards under the Omnibus Plan must be at least 100% of fair market value on the grant date of the award;

Exercise prices for awards may not be decreased after the grant date and participants are prohibited from surrendering awards in exchange for an award with a lower exercise price;

No amendments may be made to the Omnibus Plan to materially increase the number of shares reserved for issuance under the stock plan without the approval of our shareholders; and

No awards may be issued retroactively.

2003 Long-Term Omnibus Plan

The Board of Directors currently grants stock-based awards to officers, directors, and other key employees under its 2003 Long-Term Omnibus Plan (2003 Plan). The 2003 Plan permits the grant of any type of stock-based award but limits non-option awards to no more than 2.75 million shares. At December 31, 2010, there were approximately 2,177,000 shares available for grant under the 2003 Plan, but only 735,000 of these shares were available to be issued in the form of restricted stock awards.

There have been no stock options granted during 2011 and no stock options were granted during 2010, 2009, and 2008. The following table summarizes outstanding stock options as of March 15, 2011:

	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Number of Options		

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Stock Options Outstanding	442,880	\$	51.85	3.3
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During January 2011, we granted 247,521 shares of restricted stock in the form of time-based awards, performance-based awards and market-based awards from the 735,000 shares available under the 2003 Plan. The 2011 Grant consisted of 107,531 shares of time-based awards, and 139,990 shares of market-based and performance-based awards, assuming target levels are earned at the end of the performance period. Approximately 487,000 shares remain in the 2003 Plan subsequent to the 2011 stock grant. Upon shareholder approval of the 2011 Omnibus Incentive Plan, all remaining shares available in the 2003 Plan for any type of stock award will expire and no longer be available for future stock awards. There are no other equity plans that have shares available. At March 15, 2011, we had a total of 442,880 shares in the form of stock options and a total of 691,585 shares in the form of restricted stock for a total of 1,134,465 shares outstanding under the 2003 Plan that were unearned and unvested.

The following table reports time-based awards granted, and performance or market-based awards earned during 2010, 2009, and 2008:

	2010	2009	2008
Time-based awards granted	181,309	180,300	100,893
Performance-based awards vested	40,618	87,723	95,226
Marked-based awards vested	23,821	27,227	16,360
Total	245,748	295,250	212,479

If our shareholders approve the Omnibus Plan, we will cease issuing new awards under our existing Long-Term Omnibus Plan. Awards previously granted under the Long-Term Omnibus Plan will continue until their expiration as provided pursuant to the terms of their grants. As of the date of this proxy statement, there are only approximately 487,000 shares of common stock that are available for the grant of new awards under the Long-Term Omnibus Plan. These shares will not be used going forward if the Omnibus Plan is adopted.

Description of the Omnibus Plan

The following is a brief description of certain important features of the Omnibus Plan, the full text of which is attached as Annex A. This summary does not purport to be complete and is qualified in its entirety by reference to Annex A. If the proposal to adopt the Omnibus Plan is approved, we intend to file a registration statement on Form S-8 under the Securities Act, registering the shares available for issuance under the Omnibus Plan.

Purpose of the Plan. The purpose of the Omnibus Plan is to attract, retain and motivate participating employees and to attract and retain well-qualified individuals to serve as members of the board of directors, consultants and advisors through the use of incentives based upon the value of our common stock. The Omnibus Plan provides a direct link between shareholder value and compensation awards by authorizing awards of shares of our common stock, monetary payments based on the value of our common stock and other incentive compensation awards that are based on our financial performance and individual performance. Awards under the Omnibus Plan may be made to our or our affiliates employees, consultants and advisors as determined by the compensation committee of our board of directors, and to our non-employee directors as determined by our board of directors.

Administration and Eligibility. The Omnibus Plan will be administered by our board of directors with respect to non-employee directors and by the compensation committee of our

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board with respect to all other participants. The board and directors and the compensation committee are each referred to as the administrator under the Omnibus Plan. The administrator will have the authority to interpret the provisions of the Omnibus Plan; make, change and rescind rules and regulations relating to the Omnibus Plan; and make changes to, or reconcile any inconsistency in the Omnibus Plan, any award or any award agreement. The compensation committee may designate any of the following as a participant under the Omnibus Plan: any officer or other employee or employees of our affiliates, and consultants who provide services to us or our affiliates. Our board of directors may designate any of our non-employee directors to receive awards under the Omnibus Plan.

Types of Awards. Awards under the Omnibus Plan may consist of incentive awards, stock options, stock appreciation rights, performance shares, performance units, shares of common stock, restricted stock, restricted stock units or other stock-based awards as determined by the administrator. The administrator may grant any type of award to any participant it selects, but only our employees or employees of our subsidiaries may receive grants of incentive stock options. Awards may be granted alone or in addition to, in tandem with, any other award (or any other award granted under another plan of ours or our affiliates). In addition, the administrator is authorized to provide or make awards in a manner that complies with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the Code), so that the awards will avoid a plan failure as described in Section 409A(a)(1). The administrator's authority includes the authority to defer payments or wait for specified distribution events, as provided in Section 409A(a)(2).

Shares Reserved under the Omnibus Plan. The Omnibus Plan provides that an aggregate maximum of 4,134,465 shares of our common stock are reserved for issuance under the Omnibus Plan, subject to adjustment as described below. This number is comprised of 3,000,000 new shares plus 1,134,465 shares that are subject to awards (determined at target) outstanding under the 2003 Plan as of the date of this proxy. The 1,134,465 shares carried over from the 2003 Plan will only be available for issuance under the Omnibus Plan to the extent that the 2003 Plan awards expire or are terminated without the issuance of shares, or the shares issued under the 2003 Plan are forfeited. If none of the awards outstanding under the 2003 Plan are forfeited, then a maximum aggregate of only 3,000,000 shares may be issued pursuant to awards made under the Omnibus Plan. The number of shares reserved for issuance will be depleted on the grant date of an award by the maximum number of shares of common stock, if any, with respect to which such award is granted.

In general, (a) if an award granted under the Omnibus Plan lapses, expires, terminates or is cancelled without the issuance of shares under, or the payment of other compensation with respect to shares covered by, the award, (b) if it is determined during or at the conclusion of the term of an award that all or some portion of the shares with respect to which the award was granted will not be issuable, or that other compensation with respect to shares covered by the award will not be payable, (c) if shares are forfeited under an award, or (d) if shares are issued under any award and we reacquire them pursuant to rights reserved by us upon the issuance of the shares, then such shares may again be used for new awards under the Omnibus Plan. Shares that are purchased by us using proceeds from option exercises, or shares tendered or withheld in payment of the exercise price of options or as a result of the net settlement of stock appreciation rights, and shares withheld to satisfy tax withholding obligations may never be made available for re-issuance under the Omnibus Plan.

Options and Stock Appreciation Rights (SARs). The administrator has the authority to grant stock options or SARs and to determine all terms and conditions of each such award. Stock options and SARs will be granted to participants at such time as the administrator will

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determine. The administrator will also determine the number of options or SARs granted, whether an option is to be an incentive stock option or non-qualified stock option and the grant date for the option or SAR, which may not be any date prior to the date that the administrator approves the grant. The administrator will fix the option price per share of common stock and the grant price per SAR, which may never be less than the fair market value of a share of common stock on the date of grant. For purposes of the Omnibus Plan, fair market value will be determined as the last sale price on the relevant date on the exchange on which our shares of stock are then traded, or if no sales of stock occur on that date, then on the last preceding date on which there was such a sale. The administrator will determine the expiration date of each option and SAR except that the expiration date may not be later than ten years after the date of grant. Options and SARs will be exercisable at such times and be subject to such restrictions and conditions as the administrator deems necessary or advisable. Under the Omnibus Plan, participants do not have a right to receive dividend payments or dividend equivalent payments with respect to shares of common stock subject to an outstanding stock option or SAR award. Subject to adjustment as described below, no more than 2,000,000 shares may be issued pursuant to the exercise of incentive stock options under the Omnibus Plan.

Performance and Stock Awards. The administrator has the authority to grant awards of shares of common stock, restricted stock, restricted stock units, performance shares or performance units. Restricted stock means shares of common stock that are subject to a risk of forfeiture and/or restrictions on transfer, which may lapse upon the achievement or partial achievement of performance goals and/or upon the completion of a period of service and/or upon the occurrence of specified events. Restricted stock unit means the right to receive cash and/or shares of common stock the value of which is equal to the fair market value of one share to the extent corporate, subsidiary or business unit performance goals established by the compensation committee are achieved and/or upon the completion of a period of service and/or upon the occurrence of specified events. Performance shares means the right to receive shares of common stock to the extent performance goals are achieved. Performance units means the right to receive cash and/or shares of common stock valued in relation to a unit that has a designated dollar value or the value of which is equal to the fair market value of one or more shares of common stock, to the extent performance goals are achieved. The performance goals for an award will be established by the administrator, and may relate to any corporate, subsidiary business unit-or individual goals that the administrator selects.

The administrator will determine all terms and conditions of the awards including (i) the number of shares of common stock and/or units to which such award relates, (ii) whether performance goals must be achieved for the participant to realize any portion of the benefit provided under the award, (iii) the length of the vesting and/or performance period and, if different, the date that payment of the benefit will be made, (iv) with respect to performance units, whether to measure the value of each unit in relation to a designated dollar value or the fair market value of one or more shares of common stock, and (v) with respect to performance units and restricted stock units, whether the awards will settle in cash, in shares of common stock, or in a combination of the two. If an award will vest or be earned as a result of the achievement of performance goals, then the performance period must be at least one year. If an award will vest as a result of continued service or the passage of time, then such award must have a ratable vesting period of at least three years. The Omnibus Plan provides exceptions to these minimum performance and vesting period rules for such events as the hiring or promotion of a participant, the participant's death or disability, and a change of control of the company. Under the Omnibus Plan, dividend payments or dividend equivalent payments made with respect to shares of common stock under an award of performance shares, restricted stock, performance units or restricted stock units must be subject to the same restrictions that apply to the award.

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Other Stock-Based Awards. The administrator has the authority to grant other types of awards, which may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, shares of common stock, either alone or in addition to or in conjunction with other awards, and payable in shares of common stock or cash. Such awards may include shares of unrestricted common stock, which may be awarded as a bonus, in payment of director fees, in lieu of cash compensation, or upon the attainment of performance goals or otherwise, or rights to acquire shares of common stock from us. The administrator will determine all terms and conditions of the award, including the time or times at which such award will be made and the number of shares of common stock to be granted pursuant to such award or to which such award will relate. Subject to adjustment as described below, no more than 300,000 shares may be issued pursuant to other stock-based awards granted under the Omnibus Plan.

Incentive Awards. The compensation committee has the authority to grant both annual and long-term incentive awards. An incentive award is the right to receive a cash payment or shares of our common stock to the extent performance goals are achieved. The compensation committee will determine all terms and conditions of an annual or long-term incentive award, including the performance goals, performance period, the potential amount payable, the type of payment and the timing of payment. The compensation committee must require that payment of all or any portion of the amount subject to the incentive award is contingent on the achievement or partial achievement of one or more performance goals during the period the compensation committee specifies. The compensation committee may specify that performance goals subject to an award are deemed achieved upon a participant's death, disability or change in control, or, in the case of awards that the compensation committee determines will not be considered performance based compensation under Code Section 162(m), retirement or such other circumstances as the compensation committee may specify. The performance period for an annual incentive award must relate to a period of at least one of our fiscal years, and the performance period for a long-term incentive award must relate to a period of more than one of our fiscal years, except in each case, if the award is made at the time of commencement of employment with us or on the occasion of a promotion, then the award may relate to a shorter period. Payment of an incentive award will be in cash except to the extent the compensation committee determines that payment will be in shares of common stock, restricted stock, or restricted stock units, either on a mandatory basis or at the election of the participant receiving the award, having a fair market value at the time of the payment equal to the amount payable according to the terms of the incentive award.

Section 162(m) Provisions. Currently, the Company believes that it is not subject to the provisions of Code Section 162(m). However, in the event that the law is changed so that the Company becomes subject to Code Section 162(m), the Omnibus Plan includes provisions that permit the administrator to grant awards that would qualify as performance-based compensation under Code Section 162(m).

No participant may be granted awards intended to comply with Code Section 162(m) under the Omnibus Plan that could result in such participant:

receiving options and/or stock appreciations rights for more than 500,000 shares of common stock during any fiscal year;

receiving awards of restricted stock and/or restricted stock units relating to more than 400,000 shares of common stock during any fiscal year;

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receiving, with respect to an award of performance shares and/or an award of performance units the value of which is based on the fair market value of a share of common stock, and which have performance periods beginning in the same fiscal year, payment of more than 400,000 shares of common stock;

receiving, with respect to an annual incentive award in respect of any of single fiscal year, a cash payment (or grant of shares, restricted stock or restricted stock units of equivalent fair market value) of more than \$3,000,000;

receiving, with respect to a long-term incentive award and/or an award of performance units the value of which is not based on the fair market value of a share of common stock, and which have performance periods beginning in the same fiscal year, a cash payment (or grant of shares, restricted stock or restricted stock units of equivalent fair market value) of more than an aggregate of \$11,000,000; or

receiving other stock-based awards relating to more than 100,000 shares of common stock during any of our fiscal years.

Each of these limitations is subject to adjustment as described below.

If the Company is subject to Code Section 162(m), then with respect to performance-based awards intended to comply with Code Section 162(m), the compensation committee must select from among the following performance goals, which goals may relate to us or any one or more of our subsidiaries, affiliates or other business units: funds from operations (including, but not limited to, determined on an adjusted or recurring basis); funds from operations, adjusted funds from operations or recurring funds from operations, per diluted share; growth in funds from operations, adjusted funds from operations or recurring funds from operations including amounts per diluted share on an annual or multi-year basis; net operating income; growth in net operating income determined on an annual or multi-year basis; return measures (including but limited to return on assets, investment, capital or equity); earnings before taxes, and/or interest and/or depreciation and amortization (EBITDA); growth in EBITDA determined on an annual or multi-year basis; share price (including, but not limited to, growth measures and total shareholder return); debt and debt-related ratios, including debt to total market capitalization, debt to EBITDA, debt to assets and fixed charge coverage ratios (determine with or without the pro rata share of our ownership interest in co-investment partnerships); net asset value per share; and growth in net asset value per share determined on an annual or multi-year basis.

As to each performance goal, the relevant measurement of performance shall be computed in accordance with generally accepted accounting principles, but, unless otherwise determined by the compensation committee and only to the extent consistent with Code Section 162(m), will exclude the effects of the following: (i) charges for reorganizing and restructuring; (ii) discontinued operations; (iii) asset write-downs; (iv) gains or losses on the disposition of a business; (v) changes in tax or accounting principles, regulations or laws; (vi) mergers, acquisitions or dispositions; and (vii) extraordinary, unusual and/or non-recurring items of income, expense, gain or loss, that we identify in our quarterly supplemental financial report furnished under Form 8-K, our audited financial statements, or the Management's Discussion and Analysis section of our annual report. In addition, to the extent consistent with Code Section 162(m), the compensation committee may also adjust performance to exclude the effects of (i) litigation, claims, judgments or settlements; (ii) change in laws or regulations affecting reported results; and (iii) accruals for payments to be made under the Omnibus Plan or other specified compensation arrangements.

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Amendment of Minimum Vesting and Performance Periods. Notwithstanding the requirements for minimum vesting and/or performance period for an award included in the Omnibus Plan, the Omnibus Plan provides that the administrator may impose, at the time an award is granted or any later date, a shorter vesting and/or performance period to take into account a participant's hire or promotion, or may accelerate the vesting or deem an award earned, in whole or in part, on a participant's termination of employment, to the extent consistent with Code Section 162(m) or a change in control.

Change in Control. The administrator may specify in an award agreement the effect of our change in control on such award. In the absence of such a provision in the award agreement or any other agreement in effect between the participant and us, upon our change in control, the successor or surviving entity may assume the awards under the Omnibus Plan or issue replacement awards. In such event, if within two years following the change of control the participant's employment is terminated without cause or the participant terminates for good reason, then all of the participant's awards will be fully vested and fully earned (assuming, for any performance award, that the target performance goals had been achieved) and will be cancelled in exchange for a cash payment equal to the value of the award. If the successor or surviving entity in the change of control does not agree to assume or issue replacement awards with respect to the awards outstanding under the Omnibus Plan, then the administrator may cancel such award upon the change of control in exchange for a cash payment to the award holder on the date of the change in control. Under the Omnibus Plan, a change in control is generally deemed to have occurred if:

any person or group becomes the beneficial owner of our securities representing 50% or more of the combined total value of our outstanding securities;

during any twelve month period, the majority of our board of directors are replaced by persons whose appointment or election is not endorsed by a majority of the board;

during any twelve month period, any person or group becomes the beneficial owner of our securities representing 30% or more of the combined total voting power of our outstanding voting securities; or

during any twelve month period, there is a change in the ownership of a substantial portion of our assets, generally subject to a 50% threshold (other than certain transfers to shareholders or controlling groups).

Transferability. Awards are not transferable other than by will or the laws of descent and distribution, unless the administrator allows a participant to (i) designate a beneficiary to exercise the award or receive payment under the award after the participant's death, (ii) transfer an award to the former spouse of the participant as required by a domestic relations order incident to a divorce, or (iii) transfer an award without receiving consideration for such a transfer.

Adjustments. If (i) we are involved in a merger or other transaction in which shares of common stock are changed or exchanged, (ii) we subdivide or combine shares of common stock or declare a dividend payable in shares of common stock, other securities or other property, (iii) we effect a cash dividend that exceeds 10% of the trading price of the shares of common stock or any other dividend or distribution in the form of cash or a repurchase of shares of common stock that the board determines is special or extraordinary or that is in connection with a recapitalization or reorganization, or (iv) any other event shall occur that in the judgment

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of the administrator requires an adjustment to prevent dilution or enlargement of the benefits intended to be made available under the Omnibus Plan, then the administrator will, in a manner it deems equitable, adjust any or all of (A) the number and type of shares of common stock subject to the Omnibus Plan and which may, after the event, be made the subject of awards, including all shares limits specified in the Omnibus Plan; (B) the number and type of shares of common stock subject to outstanding awards; (C) the grant, purchase or exercise price with respect to any award; and (D) to the extent such discretion does not cause an award that is intended to qualify as performance-based compensation under Code Section 162(m) to lose its status as such, the performance goals of an award. In any such case, the administrator may also or in lieu of any such adjustment provide for a cash payment to the holder of an outstanding award in exchange for the cancellation of all or a portion of the award.

The administrator may, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, and without affecting the number of shares of common stock otherwise reserved or available under the Omnibus Plan, authorize the issuance or assumption of awards upon terms it deems appropriate.

Term of Plan. Unless earlier terminated by our board of directors, the Omnibus Plan will remain in effect until the earlier of (i) the tenth anniversary of the effective date of the plan or (ii) the date all shares reserved for issuance have been issued.

Termination and Amendment. Our board of directors or the compensation committee may amend, alter, suspend, discontinue or terminate the Omnibus Plan at any time, subject to the following limitations:

the board must approve any amendment to the Omnibus Plan if we determine such approval is required by prior action of the board, applicable corporate law or any other applicable law;

shareholders must approve any amendment to the Omnibus Plan if we determine that such approval is required by Section 16 of the Securities Exchange Act of 1934, the Code, the listing requirements of any principal securities exchange or market on which the shares are then traded or any other applicable law; and

shareholders must approve any amendment to the Omnibus Plan that materially increases the number of shares of common stock reserved under the Omnibus Plan or the limitations stated in the Omnibus Plan on the number of shares of common stock that participants may receive through an award or that amends the provisions relating to the prohibition on repricing of outstanding options or SARs.

Subject to the requirements and limitations of the Omnibus Plan, the administrator may modify or amend any award, or waive any restrictions or conditions applicable to any award or the exercise of the award, or amend, modify or cancel any terms and conditions applicable to any award, in each case by mutual agreement of the administrator and the award holder, although consent of the award holder is not required for certain amendments made by the administrator, such as amendments necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which the common stock is then traded or to preserve favorable accounting or tax treatment of any award for us.

The authority of the board and the compensation committee to modify the Omnibus Plan or awards, and to otherwise administer the Omnibus Plan, will extend beyond the termination

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date of the Omnibus Plan, although no new awards may be granted after the date of the termination of the Omnibus Plan. In addition, termination of the Omnibus Plan will not affect the rights of participants with respect to awards previously granted to them, and all unexpired awards will continue in force and effect after termination of the Omnibus Plan except as they may lapse or be terminated by their own terms and conditions.

Repricing Prohibited. Except for the adjustments provided for in the Omnibus Plan, neither the administrator nor any other person may decrease the exercise price for any outstanding stock option or decrease the grant price for any SAR after the date of grant, cancel an outstanding stock option or SAR in exchange for cash (other than cash equal to the excess of the fair market value of the shares subject to such stock option or SAR at the time of cancellation over the exercise or grant price for such shares), allow a participant to surrender an outstanding stock option or SAR to us as consideration for the grant of a new stock option or SAR with a lower exercise price or grant price, or grant an award in substitution for a cancelled or surrendered stock option or SAR.

Certain United States Federal Income Tax Consequences. The following summarizes certain United States federal income tax consequences relating to the Omnibus Plan under current tax law.

Stock Options. The grant of a stock option will create no income tax consequences to us or the participant. A participant who exercises a non-qualified stock option will generally recognize ordinary compensation income at the time of exercise in an amount equal to the excess of the fair market value of the common stock at such time over the exercise price. We will generally be entitled to a deduction in the same amount and at the same time as ordinary income is recognized by the participant. Upon the participant's subsequent disposition of the shares of common stock received with respect to such stock option, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the disposition differs from the tax basis, i.e., the fair market value of the common stock on the exercise date.

In general, a participant who exercises an incentive stock option will recognize no income or gain as a result of the exercise, except that the alternative minimum tax may apply. Except as described below, the participant will recognize a long-term capital gain or loss on the disposition of the common stock acquired pursuant to the exercise of an incentive stock option and we will not be allowed a deduction. If the participant fails to hold the shares of common stock acquired pursuant to the exercise of an incentive stock option for at least two years from the grant date of the incentive stock option and one year from the exercise date, then the participant will recognize ordinary compensation income at the time of the disposition equal to the lesser of (a) the gain realized on the disposition, or (b) the excess of the fair market value of the shares of common stock on the exercise date over the exercise price. We will generally be entitled to a deduction in the same amount and at the same time as ordinary income is recognized by the participant. Any additional gain realized by the participant over the fair market value at the time of exercise will be treated as a capital gain.

Stock Appreciation Rights (SARs). The grant of an SAR will create no income tax consequences to us or the recipient. A participant will generally recognize ordinary compensation income at the time of exercise of the SAR in an amount equal to the excess of the fair market value of the common stock at such time over the grant price. We will generally be entitled to a deduction in the same amount and at the same time as ordinary income is recognized by the participant. If the SAR is settled in whole or part in shares, upon the

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participant's subsequent disposition of the shares of common stock received with respect to such SAR, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the disposition differs from the tax basis, i.e., the fair market value of the common stock on the exercise date.

Restricted Stock. Generally, a participant will not recognize income and we will not be entitled to a deduction at the time an award of restricted stock is made, unless the participant makes the election described below. A participant who has not made such an election will recognize ordinary income at the time the restrictions on the stock lapse in an amount equal to the fair market value of the restricted stock at such time (less the amount, if any, the participant paid for such restricted stock). We will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. Any otherwise taxable disposition of the restricted stock after the time the restrictions lapse will result in a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the disposition differs from the tax basis, i.e., the fair market value of the common stock on the date the restrictions lapse. Dividends paid in cash and received by a participant when the restrictions lapse will constitute ordinary income to the participant in the year paid and we will generally be entitled to a corresponding deduction for such dividends. Any dividends paid in stock will be treated as an award of additional restricted stock subject to the tax treatment described herein.

A participant may, within 30 days after the date of the award of restricted stock, elect to recognize ordinary income as of the date of the award in an amount equal to the fair market value of such restricted stock on the date of the award (less the amount, if any, the participant paid for such restricted stock). If the participant makes such an election, then we will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. If the participant makes the election, then any cash dividends the participant receives with respect to the restricted stock will be treated as dividend income to the participant in the year of payment and will not be deductible by us. Any otherwise taxable disposition of the restricted stock (other than by forfeiture) will result in a capital gain or loss. If the participant who has made an election subsequently forfeits the restricted stock, then the participant will not be entitled to deduct any loss. In addition, we would then be required to include as ordinary income the amount of any deduction we originally claimed with respect to such shares.

Performance Shares. The grant of performance shares will create no income tax consequences for us or the participant. Upon the participant's receipt of shares at the end of the applicable performance period, the participant will recognize ordinary income equal to the fair market value of the shares received, except that if the participant receives shares of restricted stock in payment of performance shares, recognition of income may be deferred in accordance with the rules applicable to restricted stock as described above. We will generally be entitled to a deduction in the same amount and at the same time as income is recognized by the participant. Upon the participant's subsequent disposition of the shares, the participant will recognize capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the disposition differs from the shares' tax basis, i.e., the fair market value of the shares on the date the participant received the shares.

Performance Units and Restricted Stock Units. The grant of a performance unit or restricted stock unit will create no income tax consequences to us or the participant. Upon the participant's receipt of cash and/or shares at the end of the applicable performance or vesting period, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of the shares received, and we will be entitled to a corresponding deduction in the same amount and at the same time. If performance units are settled in whole or in part in

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shares, upon the participant's subsequent disposition of the shares the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized upon disposition differs from the shares' tax basis, i.e., the fair market value of the shares on the date the employee received the shares.

Incentive Awards. A participant who is paid an incentive award will recognize ordinary income equal to the amount of cash paid and/or the fair market value of the shares issued, and we will be entitled to a corresponding deduction in the same amount and at the same time.

Withholding. In the event we are required to withhold any federal, state or local taxes or other amounts in respect of any income recognized by a participant as a result of the grant, vesting, payment or settlement of an award or disposition of any shares of common stock acquired under an award, we may deduct cash from any payments of any kind otherwise due the participant, or with the consent of the administrator, shares of common stock otherwise deliverable or vesting under an award, to satisfy such tax obligations. Alternatively, we may require such participant to pay to us or make other arrangements satisfactory to us regarding the payment to us of the aggregate amount of any such taxes and other amounts. If shares of common stock are deliverable on exercise or payment of an award, then the administrator may permit a participant to satisfy all or a portion of the federal, state and local withholding tax obligations arising in connection with such award by electing to (i) have us withhold shares otherwise issuable under the award, (ii) tender back shares received in connection with such award, or (iii) deliver other previously owned shares, in each case having a fair market value equal to the amount to be withheld. However, the amount to be withheld may not exceed the total minimum tax withholding obligations associated with the transaction to the extent needed for us to avoid an accounting charge.

Additional Taxes Under Section 409A. If an award under the Omnibus Plan is considered non-qualified deferred compensation and such award is neither exempt from nor compliant with the requirements of Code Section 409A, then the participant will be subject to an additional 20% income tax on the value of the award when it is no longer subject to a substantial risk of forfeiture, as well as interest on the income taxes that were owed from the date of vesting to the date such taxes are paid.

No Guarantee of Tax Treatment. Notwithstanding any provision of the Omnibus Plan, we do not guarantee that (i) any award intended to be exempt from Code Section 409A is so exempt, (ii) any award intended to comply with Code Section 409A or intended to qualify as an incentive stock option under Code Section 422 does so comply, or (iii) any award will otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will we or any of our affiliates indemnify, defend or hold harmless any individual with respect to the tax consequences of any award.

Section 162(m) Limit on Deductibility of Compensation. Code Section 162(m) limits the deduction we can take for compensation we pay to our chief executive officer and the three other highest paid officers other than the chief financial officer (determined as of the end of each year) to \$1 million per year per individual. However, certain performance-based compensation that meets the requirements of Code Section 162(m) does not have to be included when determining whether the \$1 million limit has been met. Although we believe that Code Section 162(m) does not apply to us, the Omnibus Plan is designed so that awards granted to the covered individuals may meet the Code Section 162(m) requirements for performance-based compensation.

Our board recommends that you vote for the proposal to approve the 2011 Omnibus Plan.

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**PROPOSAL FIVE: RATIFICATION OF APPOINTMENT OF KPMG LLP AS THE
COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our board of directors has selected the firm of KPMG LLP to serve as our independent registered public accounting firm for the current fiscal year ending December 31, 2011. That firm has served as our auditors since 1993. Our board of directors has directed that the appointment of the independent registered public accounting firm be submitted for ratification by the shareholders at the annual meeting. Representatives of KPMG LLP will be present at the annual meeting of shareholders and will be provided the opportunity to make a statement, if they so desire, and to respond to appropriate questions.

Shareholder ratification of the selection of KPMG LLP as our independent registered public accounting firm is not required by our articles of incorporation or bylaws. However, the board of directors is submitting the appointment of KPMG LLP as a matter of good corporate practice. If the shareholders do not ratify the selection, the audit committee will reconsider whether or not to retain KPMG LLP. In such event, the audit committee may retain KPMG LLP notwithstanding the fact that the shareholders did not ratify the selection, or select another nationally recognized accounting firm without re-submitting the matter to a shareholder vote. Even if the selection is ratified, the audit committee retains the right in its discretion to select a different nationally recognized accounting firm at any time during the year if it determines that such a change would be in the best interests of our shareholders and us.

All decisions regarding selection of independent registered public accounting firms and approval of accounting services and fees are made by our audit committee in accordance with the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities Exchange Commission (SEC). There are no exceptions to the policy of securing pre-approval of the audit committee for any service provided by our independent registered public accounting firm.

The following table provides information relating to the fees billed to Regency by KPMG LLP for the years ended December 31, 2010 and 2009:

	2010	2009
Audit fees ⁽¹⁾	\$ 972,000	\$ 1,118,000
Audit-related fees ⁽²⁾⁽³⁾	\$ 47,500	\$ 42,000
Tax fees ⁽³⁾⁽⁴⁾	\$ 68,150	\$ 66,175
All other fees	\$	\$

(1) Audit fees consists of fees for professional services for the audit of our consolidated financial statements (Regency Centers Corporation and Regency Centers, L.P. (collectively, the Company)) included in our annual report on Form 10-K and review of our condensed financial information included in our quarterly filings on Form 10-Q, including all services required to comply with the standards of the Public Company Accounting Oversight Board (United States), and fees associated with performing the integrated audit of internal controls over financial reporting (Sarbanes-Oxley Section 404 work). Additionally, the amount includes fees for services associated with comfort letters and reviews of documents filed with the SEC.

(2) Consists of audits of employee benefit plans.

(3) The audit committee discussed these services with KPMG LLP and determined that their provision would not impair KPMG LLP's independence.

(4) Consists of fees for tax consultation and tax compliance services.

Our board of directors recommends that the shareholders vote for the proposal to ratify the selection of KPMG LLP as our independent registered public accountants for the year ending December 31, 2011.

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SHAREHOLDER PROPOSALS AND COMMUNICATIONS

WITH THE BOARD OF DIRECTORS

Shareholders who wish to have a proposal be included in our proxy statement and form of proxy relating to our 2011 annual meeting, must provide a written copy of their proposal to us at our principal executive offices no later than November 25, 2011. Proposals must comply with the proxy rules relating to shareholder proposals in order to be included in our proxy materials. Notice to us of a shareholder proposal submitted otherwise than pursuant to Rule 14a-8 also will be considered untimely if received by us after November 25, 2011 and the proposal will not be brought before the meeting. To ensure prompt receipt by us, proposals should be sent certified mail, return receipt requested.

Shareholders wishing to submit names of potential candidates for consideration by our nominating and corporate governance committee for the board of directors slate of nominees for director should follow the procedures discussed under Procedure for Shareholder Recommendations to the Nominating and Corporate Governance Committee for Potential Director Nominees. Shareholders wishing to present their own nominations for director at the annual meeting should follow separate procedures discussed under Procedure for Shareholder Nominations for Director. Rule 14a-8 requiring the inclusion of shareholder proposals in our proxy materials does not apply to director nominations by shareholders.

Interested parties who wish to communicate with the board of directors or with a particular director, including the lead director, John C. Schweitzer, may send a letter to the Corporate Secretary at our address set forth on page one of this proxy statement. The mailing envelope should contain a clear notation indicating that the enclosed letter is a Board Communication or Director Communication. All such letters should identify the author and clearly state whether the intended recipients are all members of the board or certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors. Interested parties may also communicate with the board of directors or with a particular director by contacting our AlertLine at 1-877-861-6669.

The reports of the audit committee and the compensation committee included elsewhere in this proxy statement do not constitute soliciting materials and should not be deemed filed or incorporated by reference into any other filing made by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate these reports by reference in another filing.

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Annex A

REGENCY CENTERS CORPORATION

2011 OMNIBUS INCENTIVE PLAN

1. Purposes, History and Effective Date.

(a) *Purpose.* The Regency Centers Corporation 2011 Omnibus Incentive Plan has two complementary purposes: (i) to attract and retain outstanding individuals to serve as officers, directors, employees, consultants and advisors and (ii) to increase shareholder value. The Plan will provide participants incentives to increase shareholder value by offering the opportunity to acquire shares of the Company's common stock, receive monetary payments based on the value of such common stock, or receive other incentive compensation, on the potentially favorable terms that this Plan provides.

(b) *History.* Prior to the effective date of this Plan, the Company had in effect the Regency Centers Corporation Long Term Omnibus Plan. Upon shareholder approval of this Plan, the Prior Plan will terminate and no new awards will be granted under the Prior Plan, although awards granted under the Prior Plan and still outstanding will continue to be subject to all terms and conditions of the Prior Plan.

(c) *Effective Date.* This Plan will become effective, and Awards may be granted under this Plan, after the Effective Date. This Plan will terminate as provided in Section 13.

2. Definitions. Capitalized terms used in this Plan have the following meanings. Additional defined terms are provided in Section 17.

(a) **Administrator** means the Committee with respect to all Participants other than Directors, and the Board with respect to Participants who are Non-Employee Directors.

(b) **Affiliate** has the meaning ascribed to such term in Rule 12b-2 under the Exchange Act or any successor rule or regulation thereto.

(c) **Award** means a grant of Options, Stock Appreciation Rights, Performance Shares, Performance Units, Shares, Restricted Stock, Restricted Stock Units or any other type of award permitted under this Plan. Any Award granted under this Plan shall be provided or made in such manner and at such time as complies with the applicable requirements of Code Section 409A to avoid a plan failure described in Code Section 409A(a)(1), including, without limitation, deferring payment to a specified employee or until a specified distribution event, as provided in Code Section 409A(a)(2).

(d) **Board** means the Board of Directors of the Company.

(e) **Cause** has the meaning given in the Participant's employment or severance agreement with any of the Regency Entities, or in the absence of such agreement (or in the absence of a definition of Cause in such agreement) means the termination of the Participant's employment or service with the Regency Entities by action of the Board or its delegate for one or more of the following reasons:

- (i) The Participant is convicted of committing a felony under any state, federal or local law. For the purposes of this Plan, conviction includes any final disposition of the initial charge which does not result in the charges being completely dismissed or in the Participant being completely acquitted and absolved from all liability, either criminal or civil;

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- (ii) The Participant materially breaches (A) the agreement evidencing his or her Award or (B) the Company's policies and procedures, and the Participant fails to cure the breach, if capable of cure, within thirty (30) days after written notice by the Company of the breach;
 - (iii) The Participant engages in willful or gross misconduct or willful or gross negligence in performing the Participant's duties, or fraud, misappropriation or embezzlement;
 - (iv) The Participant engages in conduct that, if known outside of the Regency Entities, could reasonably be expected to cause harm to the reputation of the Company, and the Participant fails to cure the breach, if capable of cure, within thirty (30) days after written notice by the Company of the breach; or
 - (v) The Participant fails to meet the reasonable expectations of management regarding performance of his or her duties, and the Participant fails to cure the breach, if capable of cure, within thirty (30) days after written notice by the Company of the breach.
- (f) Change of Control means the occurrence of an event or series of events which qualify as a change in control event for purposes of Code Section 409A and Treas. Reg. §1.409A-3(i)(5), including:
- (i) A change in the ownership of the Company, which shall occur on the date that any one Person, or more than one Person Acting as a Group (as defined below), other than Excluded Person(s) (as defined below), acquires ownership of the stock of the Company that, together with the stock then held by such Person or group, constitutes more than fifty percent (50%) of the total fair market value of the stock of the Company. However, if any one Person or more than one Person Acting as a Group is considered to own more than fifty (50%) of the total fair market value of the stock of the Company, the acquisition of additional stock by the same Person or Persons is not considered to cause a Change of Control.
 - (ii) A change in the effective control of the Company, which shall occur on the date that:
 - (A) Any one Person, or more than one Person Acting as a Group, other than Excluded Person(s), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of the Company possessing thirty percent (30%) or more of the total voting power of the stock of the Company. However, if any one Person or more than one Person Acting as a Group is considered to own more than thirty percent (30%) of the total voting power of the stock of the Company, the acquisition of additional voting stock by the same Person or Persons is not considered to cause a Change of Control; or
 - (B) A majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election.
 - (iii) A change in the ownership of a substantial portion of the Company's assets, which shall occur on the date that any one Person, or more than one Person Acting as a Group, other than Excluded Person(s), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or

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persons) assets from the Company that have a total Gross Fair Market Value (as defined below) equal to more than fifty percent (50%) of the total Gross Fair Market Value of all the assets of the Company immediately prior to such acquisition or acquisitions, other than an Excluded Transaction (as defined below).

For purposes of this subsection (f):

Gross Fair Market Value means the value of the assets of the Company, or the value of the assets being disposed of, as applicable, determined without regard to any liabilities associated with such assets.

Persons will not be considered to be Acting as a Group solely because they purchase or own stock of the Company at the same time, or as a result of the same public offering, or solely because they purchase assets of the Company at the same time, or as a result of the same public offering, as the case may be. However, Persons will be considered to be Acting as a Group if they are owners of an entity that enters into a merger, consolidation, purchase or acquisition of assets, or similar business transaction with the Company.

The term Excluded Transaction means any transaction in which assets are transferred to: (A) a shareholder of the Company (determined immediately before the asset transfer) in exchange for or with respect to its stock; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company (determined after the asset transfer); (C) a Person, or more than one Person Acting as a Group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company (determined after the asset transfer); or (D) an entity at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in clause (C) (determined after the asset transfer).

The term Excluded Person(s) means (A) the Company or any Regency Entity, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Regency Entity, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company.

The term Change of Control as defined above shall be construed in accordance with Code Section 409A.

(g) Code means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision and the regulations promulgated under such provision.

(h) Committee means a committee of the Board designated by the Board to administer the Plan and comprised solely of at least two directors, each of whom must qualify as a non-employee director within the meaning of Rule 16b-3 promulgated under the Exchange Act.

(i) Company means Regency Centers Corporation, a Florida corporation, or any successor thereto.

(j) Director means a member of the Board, and Non-Employee Director means a Director who is not an employee of the Company or its Subsidiaries.

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(k) **Effective Date** means the date the Company's shareholders approve this Plan.

(l) **Exchange Act** means the Securities Exchange Act of 1934, as amended. Any reference to a specific provision of the Exchange Act includes any successor provision and the regulations and rules promulgated under such provision.

(m) **Fair Market Value** means, per Share on a particular date, the last sales price on such date on the national securities exchange on which the Stock is then traded, as reported in The Wall Street Journal, or if no sales of Stock occur on the date in question, on the last preceding date on which there was a sale on such exchange. If the Shares are not listed on a national securities exchange, but are traded in an over-the-counter market, the last sales price (or, if there is no last sales price reported, the average of the closing bid and asked prices) for the Shares on the particular date, or on the last preceding date on which there was a sale of Shares on that market, will be used. If the Shares are neither listed on a national securities exchange nor traded in an over-the-counter market, the price determined by the Administrator, in its discretion, will be used. Notwithstanding the foregoing, in the case of the sale of Shares, the actual sale price shall be the Fair Market Value of such Shares.

(n) **Good Reason** has the meaning given in the Participant's employment agreement with any of the Regency Entities, or in the absence of such agreement (or in the absence of a definition of Cause in such agreement) means any one or more of the following conditions, but only if (i) such condition was not consented to by the Participant in advance or subsequently ratified by the Participant in writing, (ii) such condition remains in effect thirty (30) days after the Participant gives written notice to the Board of the Participant's intention to terminate his or her employment or service for Good Reason, which notice specifically identifies such condition, and (iii) the Participant gives the notice referred to in (ii) above within ninety (90) days of the initial existence of such condition:

(i) any material diminution of the Participant's authority, duties or responsibilities;

(ii) a material diminution of the Participant's base compensation;

(iii) a material diminution in the budget over which the Participant retains authority;

(iv) a material change in the geographic location at which the Participant must perform the Participant's duties and responsibilities;
or

(v) any other action or inaction by the Company that constitutes a material breach of the agreement evidencing the Participant's Award or any other agreement pursuant to which the Participant provides services to the Company or any other Regency Entity.

(o) **Option** means the right to purchase Shares at a stated price for a specified period of time.

(p) **Participant** means an individual selected by the Administrator to receive an Award.

(q) **Performance Goals** means any goals the Administrator establishes that relate to the performance of the Company or any one or more Subsidiaries, Affiliates or other business units or to the individual performance of the Participant in his official capacity with the Company or any one or more Subsidiaries, Affiliates or other business units.

(r) **Performance Shares** means the right to receive Shares to the extent Performance Goals are achieved.

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- (s) Performance Units means the right to receive cash and/or Shares valued in relation to a unit that has a designated dollar value or the value of which is equal to the Fair Market Value of one or more Shares, to the extent Performance Goals are achieved.
- (t) Person has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, or any group of Persons acting in concert that would be considered persons acting as a group within the meaning of Treas. Reg. §1.409A-3(i)(5).
- (u) Plan means this Regency Centers Corporation 2011 Omnibus Incentive Plan, as may be amended from time to time.
- (v) Prior Plan means the Regency Centers Corporation Long Term Omnibus Plan.
- (w) Regency Entity means the Company, its Subsidiaries and Affiliates and any other entities that along with the Company are considered a single employer pursuant to Code Section 414(b) or (c), determined by applying the phrase at least 50 percent in place of the phrase at least 80 percent each place it appears in Code Section 1563(a).
- (x) Restricted Stock means Shares that are subject to a risk of forfeiture and/or restrictions on transfer, which may lapse upon the achievement or partial achievement of Performance Goals and/or upon the completion of a period of service.
- (y) Restricted Stock Unit means the right to receive cash and/or Shares the value of which is equal to the Fair Market Value of one Share.
- (z) Rule 16b-3 means Rule 16b-3 as promulgated by the United States Securities and Exchange Commission under the Exchange Act.
- (aa) Section 16 Participants means Participants who are subject to the provisions of Section 16 of the Exchange Act.
- (bb) Share means a share of Stock. Shares shall also include shares of special common stock of the Company, \$.01 par value per share, unless the shares of special common stock are convertible into shares of Stock on a basis other than one-for-one.
- (cc) Stock means the Common Stock of the Company, \$.01 par value per share.
- (dd) Stock Appreciation Right or SAR means the right of a Participant to receive cash, and/or Shares with a Fair Market Value, equal to the appreciation of the Fair Market Value of a Share during a specified period of time.
- (ee) Subsidiary means any corporation, limited liability company or other limited liability entity in an unbroken chain of entities beginning with the Company if each of the entities (other than the last entities in the chain) owns the stock or equity interest possessing more than fifty percent (50%) of the total combined voting power of all classes of stock or other equity interests in one of the other entities in the chain.

3. Administration.

- (a) *Committee and Board Administration.* In addition to the authority specifically granted to the Administrator in this Plan, the Administrator has full discretionary authority to administer this

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Plan, including but not limited to the authority to (i) interpret the provisions of this Plan, (ii) prescribe, amend and rescind rules and regulations relating to this Plan, (iii) correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award or agreement covering an Award in the manner and to the extent it deems desirable to carry this Plan or such Award into effect and (iv) make all other determinations necessary or advisable for the administration of this Plan. All Administrator determinations shall be made in the sole discretion of the Administrator and are final and binding on all interested parties.

(b) *Delegation to Other Committees or Officers.* To the extent applicable law permits, the Board may delegate to another committee of the Board, or the Committee may delegate to one or more officers of the Company, any or all of the authority and responsibility of the Administrator; provided, however, that no such delegation is permitted with respect to Awards made to Section 16 Participants at the time any such delegated authority or responsibility is exercised unless the delegation is to another committee of the Board consisting entirely of two or more non-employee directors within the meaning of Rule 16b-3 promulgated under the Exchange Act. If the Board or the Committee has made such a delegation, then all references to the Administrator in this Plan include such other committee or one or more officers to the extent of such delegation.

(c) *Indemnification.* The Company will indemnify and hold harmless each member of the Board and the Committee, and each officer or member of any other committee to whom a delegation under Section 3(b) has been made, as to any acts or omissions, or determination made, with respect to this Plan or any Award to the maximum extent that the law and the Company's by-laws permit.

4. Eligibility.

The Committee may designate any of the following as a Participant from time to time: any officer or other employee of the Company or its Affiliates, an individual that the Company or an Affiliate has engaged to become an officer or employee, or a consultant or advisor who provides services to the Company or its Affiliates. The Board may designate any Non-Employee Director as a Participant from time to time. The Administrator's designation of a Participant in any year will not require the Administrator to designate such person to receive an Award in any other year. The Administrator's granting of a particular type of Award to a Participant will not require the Administrator to grant any other type of Award to such individual.

5. Types of Awards.

Subject to the terms of this Plan, the Administrator may grant any type of Award to any Participant it selects, but only employees of the Company or a Subsidiary (that qualifies under Code Section 422) may receive grants of incentive stock options within the meaning of Code Section 422. Awards may be granted alone or in addition to, or in tandem with, any other Award (or any other award granted under another plan of the Company or any Affiliate).

6. Shares Reserved under this Plan.

(a) *Plan Reserve.* Subject to adjustment as provided in Section 15, an aggregate of 3,000,000 Shares, plus the number of Shares described in Section 6(c), are reserved for issuance under this Plan; provided that only 2,000,000 shares may be issued pursuant to the exercise of incentive stock options. The Shares reserved for issuance may be either authorized and unissued Shares or Shares reacquired at any time and now or hereafter held as treasury

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stock. The aggregate number of Shares reserved under this Section 6(a) shall be depleted on the date of grant of an Award by the maximum number of Shares, if any, with respect to which such Award is granted.

(b) *Replenishment of Shares Under this Plan.* If (i) an Award lapses, expires, terminates or is cancelled without the issuance of Shares under, or the payment of other compensation with respect to Shares covered by, the Award (whether due currently or on a deferred basis), (ii) it is determined during or at the conclusion of the term of an Award that all or some portion of the Shares with respect to which the Award was granted will not be issuable, or that other compensation with respect to Shares covered by the Award will not be payable, (iii) Shares are forfeited under an Award or (iv) Shares are issued under any Award and the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares, then such Shares shall be recredited to the Plan's reserve and may again be used for new Awards under this Plan. Notwithstanding the foregoing, in no event shall the following Shares be recredited to the Plan's reserve: (i) Shares purchased by the Company using proceeds from Option exercises; and (ii) Shares tendered or withheld in payment of the exercise price of an Option or as a result of the net settlement of an outstanding Stock Appreciation Right or to satisfy federal, state or local tax withholding obligations.

(c) *Addition of Shares from Prior Plan.* After the Effective Date, if any Shares subject to awards granted under the Prior Plan would again become available for new grants, due to termination, forfeiture or cancellation of the Shares, under the terms of such plan if such plan were still in effect, then those Shares will be available for the purpose of granting Awards under this Plan, thereby increasing the number of Shares available for issuance under this Plan as determined under the first sentence of Section 6(a). Any such Shares will not be available for future awards under the terms of the Prior Plan.

7. Options.

Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each Option, including but not limited to: (a) whether the Option is an incentive stock option which meets the requirements of Code Section 422, or a nonqualified stock option which does not meet the requirements of Code Section 422; (b) the grant date, which may not be any day prior to the date that the Administrator approves the grant; (c) the number of Shares subject to the Option; (d) the exercise price, which may never be less than the Fair Market Value of the Shares subject to the Option as determined on the date of grant; (e) the terms and conditions of exercise, including vesting; and (f) the term, except that an Option must terminate no later than 10 years after the date of grant. In all other respects, the terms of any incentive stock option should comply with the provisions of Code Section 422 except to the extent Administrator determines otherwise. Except to the extent Administrator determines otherwise, a Participant may exercise an Option in whole or part after the right to exercise the Option has accrued, provided that any partial exercise must be for one hundred (100) Shares or multiples thereof. If an Option that is intended to be an incentive stock option fails to meet the requirements thereof, the Option shall automatically be treated as a nonqualified stock option to the extent of such failure.

8. Stock Appreciation Rights.

Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each SAR, including but not limited to: (a) whether the SAR is granted independently of an Option or relates to an Option; (b) the grant date, which may not be any day prior to the date that Administrator approves the grant; (c) the number of Shares to which the SAR relates;

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(d) the grant price, which may never be less than the Fair Market Value of the Shares subject to the SAR as determined on the date of grant; (e) the terms and conditions of exercise or maturity, including vesting; (f) the term, provided that an SAR must terminate no later than 10 years after the date of grant; and (g) whether the SAR will be settled in cash, Shares or a combination thereof. If an SAR is granted in relation to an Option, then unless otherwise determined by Administrator, the SAR shall be exercisable or shall mature at the same time or times, on the same conditions and to the extent and in the proportion, that the related Option is exercisable and may be exercised or mature for all or part of the Shares subject to the related Option. Upon exercise of any number of SARs, the number of Shares subject to the related Option shall be reduced accordingly and such Option may not be exercised with respect to that number of Shares. The exercise of any number of Options that relate to an SAR shall likewise result in an equivalent reduction in the number of Shares covered by the related SAR.

9. Performance and Stock Awards.

Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each award of Shares, Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, including but not limited to: (a) the number of Shares and/or units to which such Award relates; (b) whether, as a condition for the Participant to realize all or a portion of the benefit provided under the Award, one or more Performance Goals must be achieved during such period as Administrator specifies; (c) the length of the vesting and/or performance period and, if different, the date on which payment of the benefit provided under the Award will be made; (d) with respect to Performance Units, whether to measure the value of each unit in relation to a designated dollar value or the Fair Market Value of one or more Shares; and (e) with respect to Performance Shares, Performance Units and Restricted Stock Units, whether to settle such Awards in cash, in Shares (including Restricted Stock), or in a combination of cash and Shares. Notwithstanding the foregoing, subject to the provisions of Sections 11 and 15, no condition or vesting provision applicable to an Award of Shares, Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units that is based on performance criteria shall be based on performance over a period of less than one year, and no condition or vesting provision applicable to such an Award that is based upon continued service or the passage of time shall provide for vesting in less than pro rata installments over three years from the date the Award is made, other than with respect to such Awards that are issued upon exercise or settlement of Options or SARs.

10. Other Stock-Based Awards.

Subject to the terms of this Plan, the Administrator may grant to Participants other types of Awards, which may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, Shares, either alone or in addition to or in conjunction with other Awards, and payable in Stock or cash. Without limitation, such Award may include the issuance of shares of unrestricted Stock, which may be awarded in payment of director fees, in lieu of cash compensation, as a bonus, or upon the attainment of Performance Goals or otherwise; provided that no more than an aggregate of 300,000 Shares may be issued pursuant to Awards made under this Section 10. The Administrator shall determine all terms and conditions of the Award, including but not limited to, the time or times at which such Awards shall be made, and the number of Shares to be granted pursuant to such Awards or to which such Award shall relate.

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11. Amendment of Minimum Vesting and Performance Periods.

Notwithstanding any provision of this Plan that requires a minimum vesting and/or performance period for an Award, the Administrator may:

- (a) At the time an Award is granted or any later date, subject an Award to a shorter vesting and/or performance period to take into account a Participant's hire or promotion; or
- (b) Accelerate the vesting of an Award or deem an Award to be earned, in whole or in part, in the event of a Participant's death, disability (as defined by the Administrator) or retirement (as defined by the Administrator) or a Change of Control.

12. Transferability.

Awards are not transferable other than by will or the laws of descent and distribution, unless and to the extent the Administrator allows a Participant to: (a) designate in writing a beneficiary to exercise the Award or receive payment under the Award after the Participant's death; (b) transfer an Award to the former spouse of the Participant as required by a domestic relations order incident to a divorce; or (c) transfer an Award; provided, however, that with respect to clause (c) above the Participant may not receive consideration for such a transfer of an Award.

13. Termination and Amendment of Plan; Amendment, Modification or Cancellation of Awards.

(a) *Term of Plan.* Unless the Board earlier terminates this Plan pursuant to Section 13(b), this Plan will terminate on the earlier of (i) the date that is 10 years from the Effective Date and (ii) the date when all Shares reserved for issuance have been issued.

(b) *Termination and Amendment.* The Board or the Committee may amend, alter, suspend, discontinue or terminate this Plan at any time, subject to the following limitations:

- (i) the Board must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) prior action of the Board, (B) applicable corporate law or (C) any other applicable law;
- (ii) shareholders must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) Section 16 of the Exchange Act, (B) the Code, (C) the listing requirements of any principal securities exchange or market on which the Shares are then traded or (D) any other applicable law; and
- (iii) shareholders must approve any of the following Plan amendments: (A) an amendment to materially increase any number of Shares specified in Section 6(a) or 17(d) (except as permitted by Section 15); or (B) an amendment to the provisions of Section 13(e).

(c) *Amendment, Modification or Cancellation of Awards.* Except as provided in Section 13(e) and subject to the requirements of this Plan, the Administrator may modify or amend any Award, or waive any restrictions or conditions applicable to any Award or the exercise of the Award, or amend, modify or cancel any terms and conditions applicable to any Award, in each case without Participant (or other interested party) consent, as permitted by the provisions of Section 15(a) or as follows: (i) to the extent the action is deemed necessary by the Administrator to comply with any applicable law or the listing requirements of any principal

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securities exchange or market on which the Shares are then traded; (ii) to the extent the action is deemed necessary by the Administrator to preserve favorable accounting or tax treatment of any Award for the Company; or (iii) to the extent the Administrator determines that such action does not materially and adversely affect the value of an Award or that such action is in the best interest of the affected Participant or any other person(s) as may then have an interest in the Award. In addition, except as provided in Section 13(e) and subject to the requirements of this Plan, the Administrator may modify or amend any Award granted to a Participant under the Prior Plan, or waive any restrictions or conditions applicable to any such Award, in order to reflect Award terms consistent with the permitted terms of Awards granted under this Plan regardless of the terms of the Prior Plan.

(d) *Survival of Authority and Awards.* Notwithstanding the foregoing, the authority of the Board and the Committee under this Section 13 will extend beyond the date of this Plan's termination. In addition, termination of this Plan will not affect the rights of Participants with respect to Awards previously granted to them, and all unexpired Awards will continue in force and effect after termination of this Plan except as they may lapse or be terminated by their own terms and conditions.

(e) *Repricing Prohibited.* Notwithstanding anything in this Plan to the contrary, and except for the adjustments provided in Section 15, neither the Administrator nor any other person may decrease the exercise price for any outstanding Option or SAR after the date of grant, cancel an outstanding Option or SAR in exchange for cash (other than cash equal to the excess of the Fair Market Value of the Shares subject to such Option or SAR at the time of cancellation over the exercise or grant price for such Shares), allow a Participant to surrender an outstanding Option or SAR to the Company as consideration for the grant of a new Option or SAR with a lower exercise price, or grant an Award in substitution for a cancelled or surrendered Option or SAR.

14. Taxes.

(a) *Withholding.* In the event the Company or an Affiliate of the Company is required to withhold any federal, state or local taxes or other amounts in respect of any income recognized by a Participant as a result of the grant, vesting, payment or settlement of an Award or disposition of any Shares acquired under an Award, the Company may deduct (or require an Affiliate to deduct) from any payments of any kind otherwise due the Participant cash, or with the consent of the Administrator, Shares otherwise deliverable or vesting under an Award, to satisfy such tax obligations. Alternatively, the Company may require such Participant to pay to the Company, in cash, promptly on demand, or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such taxes and other amounts. If Shares are deliverable upon exercise or payment of an Award, the Administrator may permit a Participant to satisfy all or a portion of the federal, state and local withholding tax obligations arising in connection with such Award by electing to (a) have the Company withhold Shares otherwise issuable under the Award, (b) tender back Shares received in connection with such Award or (c) deliver other previously owned Shares, in each case having a Fair Market Value equal to the amount to be withheld; provided that the amount to be withheld may not exceed the total minimum federal, state and local tax withholding obligations associated with the transaction to the extent needed for the Company to avoid an accounting charge. If an election is provided, the election must be made on or before the date as of which the amount of tax to be withheld is determined and otherwise as the Administrator requires. In any case, the Company may defer making payment or delivery under any Award if any such tax may be pending unless and until indemnified to its satisfaction.

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(b) *No Guarantee of Tax Treatment.* Notwithstanding any provision of this Plan to the contrary, the Company does not guarantee to any Participant or any other person(s) with an interest in an Award that (i) any Award intended to be exempt from Code Section 409A shall be so exempt, (ii) any Award intended to comply with Code Section 409A or Code Section 422 shall so comply, or (iii) any Award shall otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will the Company or any Affiliate be required to indemnify, defend or hold harmless any individual with respect to the tax consequences of any Award.

15. Adjustment Provisions; Change of Control.

(a) *Adjustment of Shares.* If (i) the Company shall at any time be involved in a merger or other transaction in which the Shares are changed or exchanged; or (ii) the Company shall subdivide or combine the Shares or the Company shall declare a dividend payable in Shares, other securities or other property; or (iii) the Company shall effect a cash dividend the amount of which, on a per Share basis, exceeds 10% of the trading price of the Shares at the time the dividend is declared, or the Company shall effect any other dividend or other distribution on the Shares in the form of cash, or a repurchase of Shares, that the Board determines by resolution is special or extraordinary in nature or that is in connection with a transaction that the Company characterizes publicly as a recapitalization or reorganization involving the Shares; or (iv) any other event shall occur which, in the case of this clause (iv), in the judgment of the Administrator necessitates an adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then the Administrator shall, in such manner as it may deem equitable, adjust any or all of (A) the number and type of Shares subject to this Plan (including the number and type of Shares described in Sections 6(a) and 17(d)) and which may after the event be made the subject of Awards under this Plan, including incentive stock options, (B) the number and type of Shares subject to outstanding Awards, (C) the grant, purchase, or exercise price with respect to any Award, and (D) the Performance Goals of an Award. In any such case, the Administrator may also (or in lieu of the foregoing) make provision for a cash payment to the holder of an outstanding Award in exchange for the cancellation of all or a portion of the Award (without the consent of the holder of an Award) in an amount determined by the Administrator effective at such time as the Administrator specifies (which may be the time such transaction or event is effective). However, in each case, with respect to Awards of incentive stock options, no such adjustment may be authorized to the extent that such authority would cause this Plan to violate Code Section 422(b). Further, the number of Shares subject to any Award payable or denominated in Shares must always be a whole number. In any event, previously granted Options or SARs are subject to only such adjustments as are necessary to maintain the relative proportionate interest the Options and SARs represented immediately prior to any such event and to preserve, without exceeding, the value of such Options or SARs. Without limitation, in the event of any such merger or similar transaction, subdivision or combination of Shares, dividend or other event described above (other than any such transaction in which the Company is the continuing corporation and in which the outstanding Stock is not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Administrator shall substitute, on an equitable basis as the Administrator determines, for each Share then subject to an Award, the number and kind of shares of stock, other securities, cash or other property to which holders of Stock are or will be entitled in respect of each Share pursuant to the transaction.

Notwithstanding the foregoing, if the Company shall subdivide the Shares or the Company shall declare a dividend payable in Shares, and if no action is taken by the Administrator, then the adjustments contemplated by this Section 15(a) that are proportionate shall nevertheless automatically be made as of the date of such subdivision of the Shares or dividend in Shares.

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(b) *Issuance or Assumption.* Notwithstanding any other provision of this Plan, and without affecting the number of Shares otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, the Administrator may authorize the issuance in exchange for the cancellation or assumption of awards under this Plan upon such terms and conditions as it may deem appropriate.

(c) *Change of Control.* The Administrator may specify in any agreement evidencing an Award the effect of a Change of Control upon such Award. If the agreement evidencing an Award, or any other agreement between the Participant and a Regency Entity, does not specify the effect of a Change of Control upon such Award, then:

- (i) Upon a Change of Control, if the successor or surviving corporation (or parent thereof) so agrees, some or all outstanding Awards shall be assumed, or replaced with the same type of award with similar terms and conditions, by the successor or surviving corporation (or parent thereof) in the Change of Control transaction. If applicable, each Award which is assumed by the successor or surviving corporation (or parent thereof) shall be appropriately adjusted, immediately after such Change of Control, to apply to the number and class of securities which would have been issuable to the Participant upon the consummation of such Change of Control had the Award been exercised, vested or earned immediately prior to such Change of Control, and such other appropriate adjustments in the terms and conditions of the Award shall be made.
- (ii) If the provisions of paragraph (i) do not apply with respect to any particular outstanding Award, then the Administrator may, in its discretion and without the consent of any Participant (or other person with rights in an Award) affected thereby, determine that, upon the Change of Control, any or all outstanding Awards, whether or not then vested or earned, shall be cancelled as of the date of the Change of Control in exchange for a payment in cash and/or Shares (which may include shares or other securities of any surviving or successor entity or the purchasing entity or any parent thereof) equal to: (x) in the case of an Option or SAR, the excess of the Fair Market Value of the Shares on the date of the Change of Control covered by the vested portion of the Option or SAR that has not been exercised over the exercise or grant price of such Shares under the Award, provided that if such excess is zero, then the Option or SAR shall be cancelled without payment therefor; (y) in the case of Restricted Stock or Restricted Stock Units, the Fair Market Value of a Share on the date of the Change of Control multiplied by the number of vested Shares or units, as applicable; and (z) in the case of Performance Shares or Performance Units, the Fair Market Value of a Share or the value of such unit, as applicable, on the date of the Change of Control multiplied by the number of earned Shares or units, as applicable.
- (iii) In the event that the Company terminates the Participant's employment or service without Cause or the Participant terminates the Participant's employment or service for Good Reason, in each case within two years following a Change of Control, then the following provisions shall apply to any assumed Awards or replacement awards described in paragraph (i) and any Awards not cancelled in connection with the Change of Control pursuant to paragraph (ii):
 - (A) All outstanding Awards or replacement awards automatically shall vest or be deemed to have been earned (assuming the target performance goals provided under such Award or replacement award were met, if applicable); and

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- (B) Such Awards or replacement awards shall be cancelled as of the date of such termination in exchange for a payment in cash and/or Shares (which may include shares or other securities of any surviving or successor entity or the purchasing entity or any parent thereof) equal to: (w) in the case of an Option or SAR, the excess of the Fair Market Value of the Shares on the date of such termination covered by the portion of the Option or SAR that has not been exercised over the exercise or grant price of such Shares under the Award, provided that if such excess is zero, then the Option or SAR shall be cancelled without payment therefor; (x) in the case of Restricted Stock or Restricted Stock Units, the Fair Market Value of a Share on the date of such termination multiplied by the number of vested Shares or units, as applicable; (y) in the case of Performance Shares or Performance Units, the Fair Market Value of a Share or the value of such unit, as applicable, on the date of such termination multiplied by the number of earned Shares or units, as applicable; or (z) in the case of replacement awards, by an equivalent payment determined as if such award were a comparable Award.

16. Miscellaneous.

(a) *Other Terms and Conditions.* The grant of any Award may also be subject to other provisions (whether or not applicable to the Award granted to any other Participant) as the Administrator determines appropriate, including, without limitation, provisions for:

- (i) one or more means to enable Participants to defer the delivery of Shares or recognition of taxable income relating to Awards or cash payments derived from the Awards on such terms and conditions as the Administrator determines, including, by way of example, the form and manner of the deferral election, the treatment of dividends paid on the Shares during the deferral period or a means for providing a return to a Participant on amounts deferred, and the permitted distribution dates or events (provided that no such deferral means may result in an increase in the number of Shares issuable under this Plan);
- (ii) the payment of the purchase price of Options (A) by delivery of cash or other Shares or other securities of the Company (including by attestation) having a then Fair Market Value equal to the purchase price of such Shares, (B) by delivery (including by fax) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the exercise price, (C) by surrendering the right to receive Shares otherwise deliverable to the Participant upon exercise of the Award having a Fair Market Value at the time of exercise equal to the total exercise price, or (D) by any combination of (A), (B) and/or (C);
- (iii) giving the Participant the right to receive dividend payments, dividend equivalents or other distributions with respect to Awards (other than Options or Stock Appreciation Rights) that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, Shares; provided, however, that any such dividends, dividend equivalents or distributions shall be held in the custody of the Company and shall be subject to the same restrictions on transferability and forfeitability that apply to the corresponding Awards, and in no event would dividend equivalents be paid on unearned performance-based Awards that are terminated, forfeited or cancelled;

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(iv) restrictions on resale or other disposition of Shares; and

(v) compliance with federal or state securities laws and stock exchange requirements.

(b) *Employment and Service.* The issuance of an Award shall not confer upon a Participant any right with respect to continued employment or service with the Company or any Affiliate, or the right to continue as a Director. Unless determined otherwise by the Administrator, for purposes of the Plan and all Awards, the following rules shall apply:

(i) a Participant who transfers employment between the Company and its Affiliates, or between Affiliates, will not be considered to have terminated employment;

(ii) a Participant who ceases to be a Non-Employee Director because he or she becomes an employee of the Company or an Affiliate shall not be considered to have ceased service as a Director with respect to any Award until such Participant's termination of employment with the Company and its Affiliates;

(iii) a Participant who ceases to be employed by the Company or an Affiliate and immediately thereafter becomes a Non-Employee Director, a non-employee director of an Affiliate, or a consultant to the Company or any Affiliate shall not be considered to have terminated employment until such Participant's service as a director of, or consultant to, the Company and its Affiliates has ceased; and

(iv) a Participant employed by an Affiliate will be considered to have terminated employment when such entity ceases to be an Affiliate.

Notwithstanding the foregoing, with respect to an Award that is considered deferred compensation subject to Code Section 409A, if a Participant's termination of employment or service triggers the payment of compensation under such Award, then the Participant will be deemed to have terminated employment or service upon the Participant's separation from service within the meaning of Code Section 409A.

Notwithstanding any other provision in this Plan or an Award to the contrary, if any Participant is a specified employee within the meaning of Code Section 409A as of the date of his or her separation from service within the meaning of Code Section 409A, then, to the extent required by Code Section 409A, any payment made to the Participant on account of such separation from service shall not be made before a date that is six months after the date of the separation from service.

(c) *No Fractional Shares.* No fractional Shares or other securities may be issued or delivered pursuant to this Plan, and the Administrator may determine whether cash, other securities or other property will be paid or transferred in lieu of any fractional Shares or other securities, or whether such fractional Shares or other securities or any rights to fractional Shares or other securities will be canceled, terminated or otherwise eliminated.

(d) *Unfunded Plan.* This Plan is unfunded and does not create, and should not be construed to create, a trust or separate fund with respect to this Plan's benefits. This Plan does not establish any fiduciary relationship between the Company and any Participant or other person. To the extent any person holds any rights by virtue of an Award granted under this Plan, such rights are no greater than the rights of the Company's general unsecured creditors.

(e) *Requirements of Law and Securities Exchange.* The granting of Awards and the issuance of Shares in connection with an Award are subject to all applicable laws, rules and

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regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any other provision of this Plan or any award agreement, the Company has no liability to deliver any Shares under this Plan or make any payment unless such delivery or payment would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity, and unless and until the Participant has taken all actions required by the Company in connection therewith. The Company may impose such restrictions on any Shares issued under the Plan as the Company determines necessary or desirable to comply with all applicable laws, rules and regulations or the requirements of any national securities exchanges. Notwithstanding any provision of this Plan or any document pertaining to Awards granted hereunder to the contrary, this Plan shall be so construed, interpreted and administered to meet the applicable requirements of Code Section 409A to avoid a plan failure described in Code Section 409A(a)(1).

(f) *Awards Not Includable for Benefits Purposes.* Income recognized by a Participant pursuant to an Award shall not be included in the determination of benefits under any employee pension benefit plan (as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended) or group insurance or other benefit plans applicable to the Participant which are maintained by the Company or any Affiliate, except as may be provided under the terms of such plans or determined by resolution of the Board.

(g) *Governing Law; Dispute Resolution.* The Plan, all agreements under the Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the state of Florida and applicable federal laws, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan or such agreement to the substantive law of another jurisdiction. Any dispute, controversy or claim between the Company and a recipient of an Award or other person arising out of or relating to the Plan or an agreement under the Plan shall be settled by arbitration conducted in the City of Jacksonville in accordance with the Commercial Rules of the American Arbitration Association then in force and Florida law within 30 days after written notice from one party to the other requesting that the matter be submitted to arbitration. Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. Failure to initiate arbitration within this time period will result in waiver of any right to bring arbitration or any other legal action with respect to the Plan, any Award or any agreement under the Plan. The arbitration decision or award shall be binding and final upon the parties. The arbitration award shall be in writing and shall set forth the basis thereof. The existence, contents or results of any arbitration may not be disclosed by a party or arbitrator without the prior written consent of both parties. The parties shall abide by all awards rendered in such arbitration proceedings, and all such awards may be enforced and executed upon in any court having jurisdiction over the party against whom enforcement of such award is sought. Each party shall be responsible for its own costs and expenses.

(h) *Construction.* Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be, in all cases where they would so apply. Title of sections are for general information only, and this Plan is not to be construed with reference to such titles.

(i) *Severability.* If any provision of this Plan or any award agreement or any Award (i) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any

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person or Award, or (ii) would cause this Plan, any award agreement or any Award to violate any law the Administrator deems applicable, then such provision should be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of this Plan, award agreement or Award, then such provision should be stricken as to such jurisdiction, person or Award, and the remainder of this Plan, such award agreement and such Award will remain in full force and effect.

17. Code Section 162(m) Provisions.

(a) *Applicability.* If it is determined that the Company is subject to the provisions of Code Section 162(m) then the following provisions of the Plan shall apply to Awards made to covered employees (within the meaning of Code Section 162(m)) unless the Committee determines that any such Awards are not intended to be compliant with Code Section 162(m).

(b) *Definitions.* The capitalized terms defined below shall have the meanings indicated. In the case of capitalized terms that are otherwise defined in Section 2, the following meanings shall replace such definitions in their entirety.

- (i) **Award** means a grant of Options, Stock Appreciation Rights, Performance Shares, Performance Units, Shares, Restricted Stock, Restricted Stock Units, Incentive Awards or any other type of award permitted under this Plan. Any Award granted under this Plan shall be provided or made in such manner and at such time as complies with the applicable requirements of Code Section 409A to avoid a plan failure described in Code Section 409A(a)(1), including, without limitation, deferring payment to a specified employee or until a specified distribution event, as provided in Code Section 409A(a)(2).
- (ii) **Committee** means a committee of the Board designated by the Board to administer the Plan and comprised solely of at least two directors, each of whom must qualify as a non-employee director within the meaning of Rule 16b-3 promulgated under the Exchange Act and as an outside director within the meaning of Code Section 162(m).
- (iii) **EBITDA** means earnings before, interest, taxes, depreciation, and amortization.
- (iv) **Incentive Award** means the right to receive a cash payment to the extent Performance Goals are achieved, and shall include Annual Incentive Awards as described in Section 17(e) and Long-Term Incentive Awards as described in Section 17(f).
- (v) **Performance Goals** means any goals the Administrator establishes that relate to one or more of the following with respect to the Company or any one or more Subsidiaries, Affiliates or other business units:
 - (A) Funds from operations (including, but not limited to, determined on an adjusted or recurring basis);
 - (B) Funds from operations, adjusted funds from operations or recurring funds from operations per diluted share;

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- (C) Growth in funds from operations, adjusted funds from operations or recurring funds from operations including amounts per diluted share on an annual or multi-year basis;
- (D) Net operating income;
- (E) Growth in net operating income determined on an annual or multi-year basis;
- (F) Return measures (including, but not limited to, return on assets, investment, capital or equity);
- (G) EBITDA;
- (H) Growth in EBITDA determined on an annual or multi-year basis;
- (I) Share price (including, but not limited to, growth measures and total shareholder return);
- (J) Debt and debt-related ratios, including debt to total market capitalization; debt to EBITDA; debt to assets and fixed charge coverage ratios (determined with or without the pro rata share of the Company's ownership interest in co-investment partnerships);
- (K) Net asset value per share; and
- (L) Growth in net asset value per share determined on an annual or multi-year basis.

As to each Performance Goal, the relevant measurement of performance shall be computed in accordance with generally accepted accounting principles to the extent applicable, but, unless otherwise determined by the Administrator, will exclude the effects of the following: (i) charges for reorganizing and restructuring; (ii) discontinued operations; (iii) asset write-downs; (iv) gains or losses on the disposition of a business; (v) changes in tax or accounting principles, regulations or laws; (vi) mergers, acquisitions or dispositions; (vii) impacts on interest expense, preferred dividends and share dilution as a result of debt and capital transactions; and (viii) extraordinary, unusual and/or non-recurring items of income, expense, gain or loss, that, in case of each of the foregoing, the Company identifies in its quarterly supplemental financial report furnished under Form 8-K, its audited financial statements, including notes to the financial statements, or the Management's Discussion and Analysis section of the Company's annual report; provided that, such exclusion shall be made only to the extent consistent with Code Section 162(m). Also, the Administrator may appropriately adjust any evaluation of performance under a Performance Goal to exclude any of the following events that occurs during a performance period: (i) litigation, claims, judgments or settlements; (ii) the effects of changes in other laws or regulations affecting reported results; and (iii) accruals of any amounts for payment under this Plan or any other compensation arrangements maintained by the Company; provided that, such adjustment may be made only to the extent consistent with Code Section 162(m). Where applicable, the Performance Goals may be expressed, without limitation, in terms of attaining a specified level of the particular criterion or the attainment of an increase or decrease (expressed as absolute numbers or a percentage) in the particular criterion or achievement in

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relation to a peer group or other index. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be paid (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur).

(c) *Delegation*. Delegation under Section 3(b) is permitted only with respect to awards not intended to qualify as performance-based compensation under Code Section 162(m).

(d) *Participant Limitations*. Subject to adjustment as provided in Section 15, no Participant may be granted Awards that could result in such Participant:

- (i) receiving Options for, and/or Stock Appreciation Rights with respect to, more than 500,000 Shares during any fiscal year of the Company;
- (ii) receiving Awards of Restricted Stock and/or Restricted Stock Units relating to more than 400,000 Shares during any fiscal year of the Company;
- (iii) receiving, with respect to any Awards of Performance Shares and/or Performance Units with performance periods beginning in the same fiscal year of the Company and the value of which is based on the Fair Market Value of a Share, payment of an aggregate of more than 400,000 Shares;
- (iv) receiving, with respect to an Annual Incentive Award in respect of any single fiscal year of the Company, a cash payment (or grant of Shares, Restricted Stock or Restricted Stock Units of equivalent Fair Market Value) of more than \$3,000,000;
- (v) receiving, with respect to any Long-Term Incentive Award(s) and/or Award(s) of Performance Units with performance periods beginning in the same fiscal year of the Company and the value of which is not based on the Fair Market Value of a Share, a cash payment (or grant of Shares, Restricted Stock or Restricted Stock Units of equivalent Fair Market Value) of more than an aggregate of \$11,000,000; or
- (vi) receiving other Stock-based Awards pursuant to Section 10 relating to more than 100,000 Shares during any fiscal year of the Company.

In all cases, to the extent Code Section 162(m) is applicable, determinations under this Section 17(d) should be made in a manner that is consistent with the exemption for performance-based compensation that Code Section 162(m) provides.

(e) *Annual Incentive Awards*. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of an Annual Incentive Award, including but not limited to the Performance Goals, performance period, the potential amount payable (which shall be denominated as a cash amount or range of cash amounts regardless of the type of payment selected), the type of payment, and the timing of payment, subject to the following: (a) the Administrator must require that payment of all or any portion of the amount subject to the Annual Incentive Award is contingent on the achievement or partial achievement of one or more Performance Goals during the period Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, disability (as defined by the Administrator) or a Change of Control; (b) the performance period must relate to a period of at least one fiscal year of the Company except that, if the Award is made at the time of commencement of employment with the

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Company or on the occasion of a promotion, then the Award may relate to a period shorter than one fiscal year; and (c) payment will be in cash except to the extent that the Administrator determines that payment will be made in the form of a grant of Shares, Restricted Stock or Restricted Stock Units, either on a mandatory basis or at the election of the Participant, having a Fair Market Value at the time of the grant equal to the amount payable with respect to the Annual Incentive Award; provided, that any such determination by the Administrator or election by the Participant must be made in accordance with the requirements of Code Section 409A.

(f) *Long-Term Incentive Awards.* Subject to the terms of this Plan, the Administrator will determine all terms and conditions of a Long-Term Incentive Award, including but not limited to the Performance Goals, performance period, the potential amount payable (which shall be denominated as a cash amount or range of cash amounts regardless of the type of payment selected), the type of payment, and the timing of payment, subject to the following: (a) the Administrator must require that payment of all or any portion of the amount subject to the Long-Term Incentive Award is contingent on the achievement or partial achievement of one or more Performance Goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, disability (as defined by the Administrator) or a Change of Control; (b) the performance period must relate to a period of more than one fiscal year of the Company except that, if the Award is made at the time of commencement of employment with the Company or on the occasion of a promotion, then the Award may relate to a shorter period; and (c) payment will be in cash except to the extent that the Administrator determines that payment will be made in the form of a grant of Shares, Restricted Stock or Restricted Stock Units, either on a mandatory basis or at the election of the Participant, having a Fair Market Value at the time of the grant equal to the amount payable with respect to the Long-Term Incentive Award; provided, that any such determination by the Administrator or election by the Participant must be made in accordance with the requirements of Code Section 409A.

(g) *Limitations on Adjustments.* The Administrator shall be permitted to adjust the Performance Goals of an Award under the circumstances set forth in Section 15(a) only to the extent such discretion does not cause an Award that is intended to qualify as performance-based compensation under Code Section 162(m) to lose its status as such.

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VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

REGENCY CENTERS CORPORATION
ONE INDEPENDENT DRIVE, SUITE 114
JACKSONVILLE, FL 32202

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For	Withhold	For All	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
	All	All	Except	
The Board of Directors recommends				
you vote FOR on the following:	

1. Election of Directors Nominees

- | | | | | |
|-------------------------|---------------------|--------------------------|-----------------------|-------------------|
| 01 Martin E. Stein, Jr. | 02 Raymond L. Bank | 03 C. Ronald Blankenship | 04 A. R. Carpenter | 05 J. Dix Druce |
| 06 Mary Lou Fiala | 07 Bruce M. Johnson | 08 Douglas S. Luke | 09 John C. Schweitzer | 10 Brian M. Smith |
| 11 Thomas G. Wattles | | | | |

The Board of Directors recommends
you vote 1 YEAR on the shareholder
advisory vote on executive
compensation:

1 year 2 years 3 years Abstain

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- | | | | | | |
|---|---|----|----|----|----|
| 2 | To determine whether an advisory vote on executive compensation will occur every 1, 2 or 3 years. | .. | .. | .. | .. |
|---|---|----|----|----|----|

The Board of Directors recommends you vote FOR proposals 3, 4 and 5.

	For	Against	Abstain
3
4
5

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice & Proxy Statement is/are available at www.proxyvote.com.

REGENCY CENTERS CORPORATION

Annual Meeting of Shareholders

May 3, 2011 11:00 AM

This proxy is solicited by the Board of Directors

The shareholder(s) hereby appoint Martin E. Stein, Jr., Brian M. Smith and Bruce M. Johnson, and each or any of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of REGENCY CENTERS CORPORATION that the shareholder(s) is/are entitled to vote at the Annual Meeting of shareholder(s) to be held at 11:00 AM, EST on May 3, 2011, at The Florida Room of the River Club, 35th Floor, One Independent Drive, Jacksonville, Florida 32202, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side