

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Choice Hotels International, Inc.		2 Issuer's employer identification number (EIN) 52-1209792	
3 Name of contact for additional information Scott Oaksmith, Controller	4 Telephone No. of contact (301) 592-5000	5 Email address of contact investor_relations@choicehotels.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 10750 Columbia Pike		7 City, town, or post office, state, and Zip code of contact Silver Spring, MD 20901	
8 Date of action 12/27/2012 & various	9 Classification and description Cash distributions to shareholders of common stock		
10 CUSIP number 169905106	11 Serial number(s) n/a	12 Ticker symbol CHH	13 Account number(s) n/a

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **Choice Hotels International, Inc. ("CHI") made the following cash distributions to its shareholders in 2012:**

Distribution 1: On 01/10/12, CHI distributed \$0.185 per share to shareholders of record on 01/04/12, for a total distribution of \$10,613,587;
Distribution 2: On 04/16/12, CHI distributed \$0.185 per share to shareholders of record on 04/02/12, for a total distribution of \$10,568,956;
Distribution 3: On 07/16/12, CHI distributed \$0.185 per share to shareholders of record on 07/02/12, for a total distribution of \$10,543,720;
Distribution 4: On 08/24/12, CHI distributed \$10.41 per share to shareholders of record on 08/20/12, for a total distribution of \$594,422,451;
Distribution 5: On 10/12/12, CHI distributed \$0.185 per share to shareholders of record on 10/02/12, for a total distribution of \$10,564,001; and
Distribution 6: On 12/27/12, CHI distributed \$0.185 per share to shareholders of record on 12/18/12, for a total distribution of \$10,585,814.

On 12/20/12, CHI reasonably determined that total cash distribution made in 2012 will exceed the Company's current and accumulated Earnings and Profits.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶

As to Distribution 1, the entire distribution of \$0.185 per share is estimated to be a taxable dividend (with no effect on basis);
As to Distribution 2, the entire distribution of \$0.185 per share is estimated to be a taxable dividend (with no effect on basis);
As to Distribution 3, the entire distribution of \$0.185 per share is estimated to be a taxable dividend (with no effect on basis);
As to Distribution 4, \$10.308 per share is estimated to be a taxable dividend (with no effect on basis) and the remaining \$0.102 per share is a non-dividend distribution; As to Distribution 5, \$0.023 per share is estimated to be a taxable dividend (with no effect on basis) and the remaining \$0.162 per share is a non-dividend distribution; As to Distribution 6, \$0.023 per share is estimated to be a taxable dividend (with no effect on basis) and the remaining \$0.162 per share is a non-dividend distribution.

With respect to each distribution, to the extent the tax basis in a share is less than the non-dividend portion per share, the excess of the non-dividend portion over the basis in that share is recognized as capital gain.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **When a cash distribution is made by a corporation, it is treated as a taxable dividend to the extent of the current and accumulated earnings and profits ("E&P") of that corporation at the date of the distribution or, in certain cases, at the end of the tax year in which the distribution was made. In order to determine what portion of the cash distribution described on Line 14 should be treated as a taxable dividend versus return of capital/capital gain, CHI on 12/20/12 completed a computation of E&P as of 12/31/2011 with an estimate of current E&P for the year ended 12/31/12. According to this computation, CHI had approximately \$622,976,669 of current and accumulated E&P. As a result, \$622,976,669 of the aggregate distributions were a dividend to shareholders (with no effect on basis) and \$24,321,860 were a return of capital or capital gain.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The applicable Internal Revenue Code Sections are Section 301 (Distributions of Property), Section 312 (Effect on Earnings and Profits), Section 316 (Dividends defined), Section 317 (Property Defined), and other sections further defining adjustments to E&P that are not contained in Section 312.

18 Can any resulting loss be recognized? ▶ No. This distribution would not create a loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The adjustment to basis would be taken into account in the tax year of the shareholder during which the distribution was received (e.g., 2012 for calendar year taxpayers).

Pursuant to the Requirements of the Internal Revenue Code, the Reporting Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ /s/ Scott Oaksmith Date ▶ January 3, 2013

Print your name ▶ Scott Oaksmith Title ▶ Controller

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	