

Red Lion Hotels CORP  
Form DEF 14A  
April 15, 2010

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

- Filed by the Registrant    
 Filed by a Party other than the Registrant    
 Check the appropriate box:   
 Preliminary Proxy Statement   
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**   
 Definitive Proxy Statement   
 Definitive Additional Materials   
 Soliciting Material Pursuant to §240.14a-12

**RED LION HOTELS CORPORATION**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

**CALCULATION OF FILING FEE**

Title of each class of securities to which transaction applies:	Aggregate number of securities to which transaction applies:	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:	Proposed maximum aggregate value of transaction:	Total fee paid:
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- Fee paid previously with preliminary materials.   
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.   
 (1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Shareholder:

April 15, 2010

You are cordially invited to attend the 2010 Annual Meeting of Shareholders of Red Lion Hotels Corporation at 9:00 a.m. on Wednesday, May 19, 2010, at the Red Lion River Inn, Shoreline Ballroom, 700 North Division, Spokane, Washington 99202.

The accompanying Notice of 2010 Annual Meeting of Shareholders and Proxy Statement describe the matters to be presented at the meeting. In addition, management will speak on our developments of the past year and respond to comments and questions of general interest to shareholders.

It is important that your shares be represented and voted whether or not you plan to attend the annual meeting in person. You may vote by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. Voting by written proxy will ensure your shares are represented at the meeting.

Sincerely,

Donald K. Barbieri  
Chairman of the Board

**IMPORTANT**

A Proxy Statement and proxy card are enclosed. All shareholders are urged to complete and mail the proxy card promptly. The enclosed envelope for return of the proxy card requires no postage. Any shareholder of record attending the meeting may personally vote on all matters that are considered, in which event the signed proxy will be revoked.

**IT IS IMPORTANT THAT YOUR STOCK BE VOTED.**

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**RED LION HOTELS CORPORATION**

**NOTICE OF 2010 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 19, 2010**

To the Shareholders of Red Lion Hotels Corporation:

The 2010 Annual Meeting of Shareholders of Red Lion Hotels Corporation will be held at 9:00 a.m. on Wednesday, May 19, 2010, at the Red Lion River Inn, Shoreline Ballroom, 700 North Division, Spokane, Washington 99202 for the following purposes:

- (1) To elect three directors to the Board of Directors for three-year terms expiring at the 2013 Annual Meeting of Shareholders;
- (2) To ratify the selection of BDO Seidman, LLP as our independent registered public accounting firm for 2010; and
- (3) To transact such other business as may properly come before the meeting and any adjournments thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

The Board of Directors has fixed March 31, 2010 as the record date for the meeting. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the meeting.

**PLEASE SUBMIT A PROXY AS SOON AS POSSIBLE SO THAT YOUR SHARES CAN BE VOTED AT THE MEETING IN ACCORDANCE WITH YOUR INSTRUCTIONS. FOR SPECIFIC INSTRUCTIONS ON VOTING, PLEASE REFER TO THE PROXY CARD OR THE INFORMATION PROVIDED BY YOUR BANK, BROKER OR OTHER HOLDER OF RECORD. EVEN IF YOU VOTE YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BANK, BROKER OR OTHER HOLDER OF RECORD AND YOU WISH TO VOTE IN PERSON AT THE MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THE BANK, BROKER OR OTHER HOLDER OF RECORD.**

By Order of the Board of Directors

Thomas L. McKeirnan  
Secretary  
Spokane, Washington

April 15, 2010

**The 2009 Annual Report of Red Lion Hotels Corporation accompanies this  
Proxy Statement.**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting  
to Be Held on May 19, 2010:**

**The Notice of Meeting, Proxy Statement, Proxy Card and 2009 Annual Report are available at  
<http://investor.shareholder.com/rlhcorp/annuals.cfm>.**



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**RED LION HOTELS CORPORATION  
201 West North River Drive, Suite 100  
Spokane, Washington 99201**

**2010 PROXY STATEMENT**

**INFORMATION CONCERNING VOTING AND SOLICITATION**

**General**

The enclosed proxy is solicited on behalf of the Board of Directors (the Board) of Red Lion Hotels Corporation, a Washington corporation, for use at the 2010 Annual Meeting of Shareholders to be held at 9:00 a.m. local time on Wednesday, May 19, 2010, and at any adjournments thereof. The meeting will be held at the Red Lion River Inn, Shoreline Ballroom, 700 North Division, Spokane, Washington 99202. The following are directions to the hotel from Interstate 90 East or West:

Take Exit 281 Division Street Exit. Follow Division North approximately 1 mile. Cross the Spokane River and turn right at the light (North River Drive). The hotel is located on the right side of the street.

Proxies are solicited to give all shareholders of record an opportunity to vote on matters properly presented at the meeting. This Proxy Statement and the accompanying proxy card are first being mailed on or about April 15, 2010 to all shareholders entitled to vote at the meeting.

**Who Can Vote**

You are entitled to vote at the meeting if you were a holder of record of our common stock, \$.01 par value, at the close of business on March 31, 2010. Your shares may be voted at the meeting only if you are present in person or represented by a valid proxy.

For the ten days prior to the meeting, a list of shareholders entitled to vote at the meeting will be available during ordinary business hours for examination by any shareholder, for any purpose germane to the meeting, at our principal executive office at 201 West North River Drive, Suite 100, Spokane, Washington 99201. This list will also be available at the meeting.

**Shares Outstanding and Quorum**

At the close of business on March 31, 2010, there were 18,361,743 shares of our common stock outstanding and entitled to vote. A majority of the outstanding shares of our common stock, present in person or represented by proxy, will constitute a quorum at the meeting.

**Proxy Card and Revocation of Proxy**

You may vote by completing and mailing the enclosed proxy card. If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the proxy holders named in the enclosed proxy (i) FOR election of the three director nominees named below; and (ii) FOR ratification of the selection of BDO Seidman, LLP

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as our independent registered public accounting firm for 2010. If one or more of the director nominees should become unavailable for election prior to the meeting, an event that currently is not anticipated by the Board, the proxies may be voted in favor of the election of a substitute nominee or nominees proposed by the Board.

The proxy holders named in the enclosed proxy are authorized to vote in their discretion on any other matters that may properly come before the meeting or any adjournments thereof. At the time this Proxy Statement went to press, management was not aware of any matter that may properly be presented for action at the meeting other than those described in this Proxy Statement. In addition, no shareholder proposal or director nomination was received on a timely basis, so no such matters may be brought to a vote at the meeting.

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If you vote by proxy, you may revoke that proxy at any time before it is voted at the meeting. Shareholders of record may revoke a proxy by delivering a written notice of revocation or a duly executed proxy bearing a later date to our Secretary at our principal executive office at 201 West North River Drive, Suite 100, Spokane, Washington 99201, or by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy. If your shares are held in the name of a broker, bank or other holder of record, you may change your vote by submitting new voting instructions to that holder of record. Please note that if your shares are held of record by a broker, bank or other holder of record, and you decide to attend and vote at the meeting, your vote in person at the meeting will not be effective unless you present a legal proxy issued in your name from that holder of record.

## **Voting of Shares**

Shareholders of record as of the close of business on March 31, 2010 are entitled to one vote for each share of our common stock held on all matters to be voted upon at the meeting. You may vote by attending the meeting and voting in person or by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. If your shares are held by a bank, broker or other holder of record, please refer to the instructions they provide for voting your shares. All shares entitled to vote and represented by properly executed proxies that are received before the polls are closed at the meeting and are not revoked or superseded will be voted at the meeting in accordance with the instructions indicated on those proxies. **YOUR VOTE IS IMPORTANT.**

## **Counting of Votes**

All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Shares held by persons attending the meeting but not voting, shares represented by proxies that reflect abstentions on one or more proposals and broker non-votes will be counted as present for purposes of determining a quorum. Abstentions will not count as votes cast. A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not receive voting instructions from the beneficial owner and does not have discretionary authority to vote the shares without such instructions. Brokers will not have discretionary authority to vote on the election of the three director nominees named below. However, they will generally have discretionary authority to vote on the other proposal scheduled for consideration at the meeting.

## **Solicitation of Proxies**

We will bear the expense of preparing, printing and distributing proxy materials to our shareholders. We will also furnish copies of the proxy materials to banks, brokers and other holders of record holding in their names shares of our common stock that are beneficially owned by others, so that the proxy materials can be forwarded to those beneficial owners. We will reimburse these banks, brokers and other holders of record for costs incurred in forwarding the proxy materials to the beneficial owners.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

Under our Articles of Incorporation and By-Laws, the Board consists of from three to 13 directors, as determined from time to time by resolution of the Board. The number of directors that currently constitutes the Board is eight. The Board is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, with members of each class serving for a three-year term. Each year only one class of directors is subject to a shareholder vote. The current directors are as follows:

**Class A (two positions with terms expiring in 2012):**

Ryland P. Skip Davis  
Peter F. Stanton

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**Class B (three positions with terms expiring in 2010):**

Donald K. Barbieri  
Ronald R. Taylor  
[Vacant]

**Class C (three positions with Mr. Brandstrom's term expiring in 2010 and the terms of Messrs. Barbieri and Eliassen expiring in 2011):**

Richard L. Barbieri  
Raymond R. Brandstrom  
Jon E. Eliassen

In November of last year, the Board expanded its size from seven to eight directors, with the additional director assigned to Class C. The Board then appointed Mr. Brandstrom to fill the vacancy resulting from the expansion. Under Washington law, because Mr. Brandstrom was appointed to fill a vacancy, his term will expire at the annual meeting. The Board has nominated Mr. Brandstrom for election as a Class B director. This will leave one Class C position vacant following the meeting, which the Board plans to eliminate by reducing its size to seven directors.

Based upon the recommendation of the Nominating and Corporate Governance Committee, Donald K. Barbieri, Raymond R. Brandstrom and Ronald R. Taylor are nominees for election as Class B directors. If elected at the annual meeting, each will serve until the 2013 annual meeting of shareholders and until his successor is elected and qualified, or until his earlier retirement, resignation, disqualification, removal or death.

Each share of common stock is entitled to one vote for each of the three nominees and will be given the option to vote FOR or AGAINST each nominee or to ABSTAIN. Cumulative voting is not permitted. It is the intention of the proxy holders named in the enclosed proxy to vote the proxies received by them in favor of the election of the three nominees unless a shareholder directs otherwise. If any nominee should become unavailable for election prior to the meeting, an event that currently is not anticipated by the Board, the proxies will be voted in favor of the election of a substitute nominee or nominees proposed by the Board or the number of directors may be reduced accordingly. Each nominee has agreed to serve if elected and the Board has no reason to believe that any nominee will be unable to serve.

The three nominees for the Board who receive the greatest number of votes cast in the election of directors by the shares entitled to vote and present in person or by proxy at the meeting will be elected directors. An abstention from voting for a nominee may make it less likely that the nominee will be one of the three nominees who receive the greatest number of votes cast. Brokers no longer have discretionary authority to vote in the election of directors. If a broker holding shares for a beneficial owner does not receive instructions from the beneficial owner on how to vote in the election, the broker will submit a non-vote, which also may make it less likely that a nominee will be one of the three nominees who receive the greatest number of votes cast.

Set forth below is biographical information for each nominee and for each director whose term of office will continue after the meeting. Except as disclosed in these biographies, there are no family relationships among any of our directors or among any of our directors and our executive officers.

**NOMINEES FOR ELECTION FOR A THREE-YEAR TERM EXPIRING AT THE 2013 ANNUAL MEETING OF SHAREHOLDERS**

*Donald K. Barbieri*, age 64, has been a director since 1978 and Chairman of the Board since 1996. He is the brother of Richard L. Barbieri. He served as President and Chief Executive Officer of our company from 1978 until April 2003. Mr. Barbieri joined our company in 1969 and was responsible for our development activities in hotel, entertainment and real estate areas. Mr. Barbieri is a past Chair for the Spokane Regional Chamber of Commerce. Mr. Barbieri served as President of the Spokane Chapter of the Building Owners and Managers Association from 1974 to 1975 and served as President of the Spokane Regional Convention and Visitors Bureau from 1977 to 1979. He also served on the Washington Tourism Development Council from 1983 to 1985 and he has served on the Washington Economic Development Board. Mr. Barbieri chaired the State of Washington's Quality of Life Task Force from 1985 to 1989. Mr. Barbieri's many years of experience as the former CEO of the company and his even

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lengthier experience as a member of the Board provide him with experience and institutional knowledge of the company's business that cannot be replicated. His long-term leadership and extensive experience in the hospitality industry provide ongoing value to the company and the Board.

*Ronald R. Taylor*, age 62, has been a director since April 1998. Mr. Taylor is President of Tamarack Bay, LLC, a private consulting firm and is currently a director of two other public companies, Watson Pharmaceuticals, Inc. (a pharmaceutical manufacturer) and ResMed, Inc. (a manufacturer of equipment relating to the management of sleep-disordered breathing). At Watson Pharmaceuticals, Inc., Mr. Taylor is a member of the Audit and Nominating and Corporate Governance Committees and is Chairman of the Compensation Committee. At ResMed, Inc., he is a member of the Nominating and Corporate Governance Committees and Chairman of the Compensation Committee. Mr. Taylor is also Chairman of the Board of two privately held companies. From 1998 to 2002, Mr. Taylor was a general partner of Enterprise Partners, a venture capital firm. From 1996 to 1998, Mr. Taylor worked as an independent business consultant. From 1987 to 1996, Mr. Taylor was Chairman, President and Chief Executive Officer of Pyxis Corporation (a health care service provider), which he founded in 1987. Prior to founding Pyxis, he was an executive with both Allergan Pharmaceuticals and Hybritech, Inc. Mr. Taylor brings to the Board valuable experience from service on the boards of directors of other public companies, along with executive level management experience and his knowledge and expertise in operational, financial and compensation matters.

*Raymond R. Brandstrom*, age 57, has been a director since November 2009. Mr. Brandstrom has been an advisor to Emeritus Corporation since December 2009. From September 2007 to December 2009, he served as its Executive Vice President - Finance, Secretary and Chief Financial Officer. Mr. Brandstrom, one of Emeritus's founders, has served as a director since Emeritus's inception in 1993 and currently serves as its Vice Chairman. From 1993 to March 1999, Mr. Brandstrom also served as Emeritus's President and Chief Operating Officer. In March 2000, Mr. Brandstrom was elected Vice President of Finance, Chief Financial Officer and Secretary of Emeritus. From May 1992 to October 1996, Mr. Brandstrom served as President of Columbia Pacific Group, Inc. and Columbia Pacific Management, Inc. From May 1992 to May 1997, Mr. Brandstrom served as Vice President and Treasurer of Columbia Winery, a company that is engaged in the production and sale of table wines. Mr. Brandstrom adds outstanding operational and financial acumen to the Board, as well as years of experience in real estate development and as a public company director and chief financial officer.

**THE BOARD RECOMMENDS A VOTE FOR EACH OF THE THREE NAMED NOMINEES.**

**Directors Continuing in Office Until the 2011 Annual Meeting of Shareholders**

*Richard L. Barbieri*, age 67, has been a director since 1978. He is the brother of Donald K. Barbieri. From 1994 until December 2003, he served as our full-time General Counsel, first as Vice President, then Senior Vice President and Executive Vice President. From 1978 to 1995, Mr. Barbieri served as legal counsel and Secretary, during which time he was first engaged in the private practice of law at Edwards and Barbieri, a Seattle law firm, and then at Riddell Williams P.S., a Seattle law firm, where he chaired the firm's real estate practice group. Mr. Barbieri has also served as chairman of various committees of the Washington State Bar Association and the King County (Washington) Bar Association, and as a member of the governing board of the King County bar association. He also served as Vice Chairman of the Citizens' Advisory Committee to the Major League Baseball Stadium Public Facilities District in Seattle in 1996 and 1997. Mr. Barbieri's professional experience in real estate matters and in the hospitality industry, combined with his legal training and institutional knowledge of the company, provide the Board with important and relevant perspective on the company's business.

*Jon E. Eliassen*, age 63, was appointed as our Interim President and Chief Executive Officer on January 13, 2010. He has been a director of the company since September 2003. Mr. Eliassen was President and CEO of the Spokane Area Economic Development Council from 2003 until 2007. Mr. Eliassen retired in 2003 from his position as Senior Vice

President and Chief Financial Officer of Avista Corp., a publicly-traded diversified utility. Mr. Eliassen spent 33 years at Avista, including the last 16 years as its Chief Financial Officer. While at Avista, Mr. Eliassen was an active participant in development of a number of successful subsidiary company operations including technology related startups Itron, Avista Labs and Avista Advantage. Mr. Eliassen serves as Chairman of the Board of Directors of Itron Corporation, serves as a member of the Board of Directors of IT Lifeline, Inc, and is the principal of Terrapin Capital Group, LLC. Mr. Eliassen's corporate accomplishments are complemented by his



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extensive service to the community in roles which have included director and President of the Spokane Symphony Endowment Fund, director of The Heart Institute of Spokane, Washington State University Research Foundation, Washington Technology Center, Spokane Intercollegiate Research and Technology Institute and past director of numerous other organizations and energy industry associations. Mr. Eliassen's experience as an executive and as a board member of other public companies, his operational experience in a variety of businesses and his extensive financial expertise are of great value in his role as a director of the company.

### **Directors Continuing in Office Until the 2012 Annual Meeting of Shareholders**

*Ryland P. Davis*, age 69, has been a director since May 2005. He has been the owner and principal of Amicus Healthcare Solutions since 2007. He served as Chief Executive Officer of Providence Strategic Ventures from 2008 until March 2009. Prior to that, he was Chief Executive Officer of Providence Health Care, a five-hospital regional delivery network, from 1999 to 2008 and Chief Executive Officer of Sacred Heart Medical Center in Spokane, a Providence Health Care medical center, from 1996 to 1999. From 1993 to 1996, Mr. Davis was Senior Vice President for the Hunter Group, a hospital management firm specializing in healthcare consulting and management nationally. From 1988 to 1993, he was Chairman and CEO of Synergos Neurological Centers, Inc., in Santa Ana and Sacramento, California. From 1987 to 1988, he was President of Diversified Health Group, Inc., of Sacramento. From 1982 to 1987, he worked for American Health Group International as President and CEO of Amerimed in Burbank, California, and as Executive Vice President of Operations. From 1975 to 1982, he worked for Hospital Affiliates International, as Group Vice President in Sacramento, and as CEO of Winona Memorial Hospital in Indianapolis, Indiana. From 1971 to 1975, he was Associate Administrator of San Jose Hospital and Health Care Center in San Jose, California and from 1968 to 1971, Assistant Administrator of Alta Bates Hospital in Berkeley, California. He has done numerous private business ventures related to healthcare. Mr. Davis is a Fellow of the American College of Health Care Executives and has published articles in *Modern Healthcare*, *Health Week*, and other business publications regarding healthcare issues and perspectives. Mr. Davis is past Chair of the Spokane Area Chamber of Commerce, is on the Boy Scouts of America Inland Northwest Council Board, and is a member of the Washington State University President's Advisory Council. He is also the past Board Chair of the Institute for System Medicine and is a board member of Providence Associated Medical Laboratories. Mr. Davis' years of experience as CEO of major healthcare providers, combined with his operational and financial expertise, make him an invaluable member of the Board.

*Peter F. Stanton*, age 53, has been a director since April 1998. Mr. Stanton has served as the Chief Executive Officer of Washington Trust Bank since 1993 and its Chairman since 1997. Mr. Stanton previously served as President of Washington Trust Bank from 1990 to 2000. Mr. Stanton is also Chief Executive Officer, President and Chairman of the Board of Directors of W.T.B. Financial Corporation (a bank holding company). In addition to serving on numerous state and local civic boards, Mr. Stanton was President of the Washington Bankers Association from 1995 to 1996 and served as Washington state chairman of the American Bankers Association in 1997 and 1998. He currently serves as a National Trustee for the Boy's and Girl's Club of America. Mr. Stanton is also a Trustee of Gonzaga University, is on the Board of Trustees of Greater Spokane Incorporated, as well as on the board of the Inland Northwest Council, Boy Scouts of America. Mr. Stanton's executive level experience and his extensive knowledge of the banking industry and credit markets are all especially beneficial to his role as a long-term director of our company.

### **Director and Director Nominee Qualifications; Diversity**

Our Nominating and Corporate Governance Committee assists the Board in reviewing the business and personal background of each of our directors with respect to our company's business and business goals. The committee generally considers diversity as one of several factors relating to overall composition when making nominations to our Board. While we do not have a formal policy governing how diversity is considered, the committee generally considers diversity by examining the entire Board membership and, when making nominations to our Board, by

reviewing the diversity of the entire Board. The committee construes Board diversity broadly to include many factors. As a result, the committee strives to ensure that our Board is composed of individuals with a variety of different opinions, perspectives, personal, professional and industry experience and backgrounds, skills, and expertise.

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In addition to the qualities described previously in the individual director biographies, the following matrix summarizes the skills and attributes of our directors and director nominees for 2010 that we believe are essential to our business:

	<b>Donald Barbieri</b>	<b>Richard Barbieri</b>	<b>Ronald Taylor</b>	<b>Ryland Davis</b>	<b>Pete Stanton</b>	<b>Raymond Brandstrom</b>	<b>Jon Eliassen</b>
Senior leadership/ CEO/COO experience	ü	ü	ü	ü	ü	ü	ü
Business development experience	ü	ü	ü	ü	ü	ü	ü
Financial expertise/CFO	ü	ü	ü	ü	ü	ü	ü
Outside Public board experience			ü			ü	ü
Independence		ü	ü	ü	ü	ü	
Industry Experience	ü	ü					ü
Marketing/sales expertise	ü		ü		ü		
Government expertise	ü						ü
Legal expertise		ü					
Mergers and acquisitions	ü	ü	ü	ü	ü	ü	ü
Demonstrated integrity-personal and professional	ü	ü	ü	ü	ü	ü	ü
Real estate expertise	ü	ü	ü	ü	ü	ü	ü
Banking expertise					ü		
Franchising expertise	ü	ü					

We have concluded that all of our directors, including the nominees for election at the annual meeting, have the skills, experience, knowledge and personal attributes that are necessary to effectively serve on our Board and to contribute to the overall success of our company. We believe that the diverse background of each of our Board members ensures that we have a Board that has a broad range of industry-related knowledge, experience and business acumen.

**PROPOSAL 2****RATIFICATION OF SELECTION OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has selected BDO Seidman, LLP to serve as our independent registered public accounting firm for 2010 and has further directed that this selection be submitted for ratification by our shareholders at the annual meeting. BDO Seidman, LLP has audited our financial statements since 2001. Representatives of the firm are expected to be present at the meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions from shareholders. Unless instructed to the contrary, the proxies solicited hereby will be voted for the ratification of the selection of BDO Seidman, LLP as our independent registered public accounting firm for 2010.

Shareholder ratification of the selection of BDO Seidman, LLP as our independent registered public accounting firm is not required by our By-laws or otherwise. However, the Board is submitting the selection of the firm to the shareholders for ratification as a matter of corporate practice. If the shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in our best interests and that of our shareholders.



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Each share of common stock is entitled to one vote on the proposal to ratify the selection of BDO Seidman, LLP and will be given the option to vote FOR or AGAINST the proposal or to ABSTAIN. In order to approve this proposal, the affirmative vote of a majority of the votes cast by the holders of shares entitled to vote and present in person or by proxy at the meeting is required. Abstention from voting on this proposal will have no effect, since approval of the proposal is based solely on the number of votes cast. Although brokers generally have discretionary authority to vote on this proposal, a non-vote on the proposal will have no effect, since approval of the proposal is based solely on the number of votes cast.

**THE BOARD RECOMMENDS A VOTE FOR RATIFICATION OF THE SELECTION OF BDO SEIDMAN, LLP.**

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 1, 2010 by: (i) each of our directors and nominees; (ii) each of our executive officers and one of our former executive officers; (iii) all of our directors, nominees and executive officers as a group; and (iv) each person known by us to beneficially own more than 5% of our common stock.

<b>Beneficial Owner</b>	<b>Number of Shares Owned (1)</b>	<b>Percentage of Common Stock (1)</b>
Columbia Pacific Opportunity Fund, LP (2)	3,441,541	18.7%
Dimensional Fund Advisors LP (3)	1,600,689	8.7%
Donald K. Barbieri (4)(5)	1,545,391	8.4%
Heather H. Barbieri (4)(6)	1,396,578	7.6%
Principal Financial Group, Inc. (7)	929,738	5.1%
Anupam Narayan (8)	257,487	1.4%
Richard L. Barbieri	178,402	1.0%
Thomas L. McKeirnan (9)	95,808	*
Ronald R. Taylor (10)	49,065	*
Anthony F. Dombrowik (11)	48,135	*
Jon E. Eliassen	38,284	*
Peter F. Stanton (12)	35,338	*
George H. Schweitzer (13)	34,529	*
Ryland P. Davis	24,212	*
Raymond R. Brandstrom	5,740	*
<b>All directors and executive officers as a group (10 persons) (14)</b>	<b>2,054,903</b>	<b>11.2%</b>

\* Represents less than 1% of the outstanding common stock.

(1) For purposes of this table, a person is deemed to have beneficial ownership of shares of common stock if such person has the right to acquire beneficial ownership of such shares within 60 days. For purposes of computing the percentage of outstanding shares held by each person named above, any security that such person has the right to acquire within 60 days after April 1, 2010 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(2) The address for this beneficial owner is 1910 Fairview Avenue East, Suite 500, Seattle, Washington 98102. The shares shown for this beneficial owner are based solely on the Form 4 filed by this beneficial owner on April 1, 2010.

(3) The address for this beneficial owner is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746. The shares shown for this beneficial owner are based solely on the Schedule 13G/A filed by this beneficial owner on February 8, 2010.

(4)

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The shares shown for each of these beneficial owners include 397,966 shares held by the DKB & HHB Unity Trust, an irrevocable trust of which these beneficial owners are co-trustees. Each of these beneficial owners disclaims beneficial ownership of the trust's shares.

- (5) Mr. Barbieri's address is 820 North Post Street, Suite 603, Spokane, Washington 99201. Includes 22,418.5 shares that may be issued to Mr. Barbieri if he elects to have Red Lion Hotels Limited Partnership ( RLHLP ) redeem a like number of limited partnership units ( OP Units ) that he holds in RLHLP.
- (6) Ms. Barbieri's address is 201 West North River Drive, Suite 100, Spokane, Washington 99201. Includes 560,700 shares held by the Heather M. Barbieri Family LLC of which Ms. Barbieri is a member but disclaims beneficial ownership except to the extent of her beneficial interest therein. Also includes 22,418.5 shares that may be issued to Ms. Barbieri if she elects to have RLHLP redeem a like number of OP Units that she holds in RLHLP. Also includes 2,500 shares subject to options exercisable within 60 days of April 1, 2010.
- (7) The address for this beneficial owner is 711 High Street, Des Moines, Iowa 50392-0088. The shares shown for this beneficial owner are based solely on the Schedule 13G/A filed by this beneficial owner on February 16, 2010.
- (8) Mr. Narayan's employment with the company terminated on January 13, 2010. The number of shares shown as owned by him in the above table includes 131,702 shares subject to options exercisable within 60 days of April 1, 2010. Of these, options for 66,702 shares expired in accordance with their terms on April 13, 2010. An option for the remaining 65,000 shares remains exercisable until July 30, 2010.
- (9) Includes 68,548 shares subject to options exercisable, and 5,226 shares subject to restricted stock units vesting, within 60 days of April 1, 2010.
- (10) Includes 1,000 shares subject to options exercisable within 60 days of April 1, 2010.

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- (11) Includes 37,683 shares subject to options exercisable, and 4,775 shares subject to restricted stock units vesting, within 60 days of April 1, 2010.
- (12) Includes 1,000 shares subject to options exercisable within 60 days of April 1, 2010.
- (13) Includes 22,500 shares subject to options exercisable, and 4,282 shares subject to restricted stock units vesting, within 60 days of April 1, 2010.
- (14) Includes 130,731 shares subject to options exercisable, and 14,283 shares subject to restricted stock units vesting, within 60 days of April 1, 2010. Also includes 22,418.5 shares that may be issued to a member of the group if he elects to have RLHLP redeem a like number of OP Units that he holds in RLHLP.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who own more than 10% of our common stock (collectively, Reporting Persons ), to file reports of ownership and changes in ownership of our common stock with the Securities and Exchange Commission. Based solely on our review of the reports filed by the Reporting Persons, and written representations from certain Reporting Persons that no other reports were required for those persons, we believe that, during the year ended December 31, 2009, the Reporting Persons met all applicable Section 16(a) filing requirements, except that Columbia Pacific Opportunity Fund, LP, a beneficial owner of more than 10% of our common stock, filed eleven late reports on Form 4 disclosing twelve transactions in our common stock that were not timely reported.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Documents**

The Board has adopted the following corporate governance documents:

Corporate Governance Guidelines;

Code of Business Conduct and Ethics;

Accounting and Audit Complaints and Concerns Procedures;

Statement of Policy with respect to Related Party Transactions; and

charters for each of its standing committees, which include the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

Copies of each of these corporate governance documents are available online in the Investor Relations section of our website at [www.redlion.com](http://www.redlion.com).<sup>1</sup> We will provide copies of these documents to any shareholder upon written request to our Secretary at our principal executive office at 201 West North River Drive, Suite 100, Spokane, WA 99201.

### **Director Independence**

The Board has determined that each of the following five members of the Board is independent within the meaning of applicable listing standards of the New York Stock Exchange (the NYSE ): Ryland P. Davis, Richard L. Barbieri, Peter



F. Stanton, Ronald R. Taylor and Raymond R. Brandstrom. Under the NYSE listing standards, a director is considered independent if the Board affirmatively determines that he or she has no material relationship with our company, either directly or as a partner, shareholder or officer of an organization that has a relationship with our company. Our Corporate Governance Guidelines contain categorical standards to assist the Board in making determinations of independence. A copy of these categorical standards is included in Appendix A to this Proxy Statement. The Board has made an affirmative determination that each of the five directors named above satisfies these categorical standards.

<sup>1</sup> This website is not intended to function as a hyperlink, and the information contained on the website is not intended to be part of this Proxy Statement.

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**Meetings of the Board of Directors**

The Board met eight times in 2009. All directors attended at least 75% of the total number of meetings of the Board and its committees on which they serve.

We encourage all of our directors to attend each annual meeting of shareholders. All of our directors attended our 2009 annual meeting of shareholders.

**Executive Sessions of the Board**

Following regularly scheduled meetings of the Board, the non-management directors, which consist of the independent directors identified above and Donald K. Barbieri, generally meet in executive session without Mr. Eliassen or other members of management. Donald K. Barbieri, as Chairman of the Board, serves as the presiding director for these executive sessions. In addition, at least once each year, and generally at each quarterly meeting of the Board, the independent directors meet in executive session without any of the non-independent directors or members of management present.

**Committees of the Board of Directors**

***Audit Committee***

The Audit Committee engages our independent registered public accounting firm, reviews with the firm the plans and results of the audit engagement, approves the audit and non-audit services provided by the firm, reviews our financial statements, reviews our compliance with laws and regulations, receives and reviews complaints relating to accounting or auditing matters, considers the adequacy of our internal accounting controls, and produces a report for inclusion in our annual proxy statement. The members of the Audit Committee are Peter F. Stanton, Chairman, Ryland P. Davis, Raymond R. Brandstrom and Ronald R. Taylor.

The Board has determined that each member of the Audit Committee is financially literate under the current listing standards of the NYSE. The Board also has determined that each member of the Audit Committee qualifies as an audit committee financial expert as defined by applicable rules of the Securities and Exchange Commission. All members of the Audit Committee are considered independent because they satisfy the independence requirements for Board members prescribed by the NYSE listing standards, including those set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

***Compensation Committee***

The Compensation Committee discharges the responsibilities of the Board relating to compensation and evaluation of our President and Chief Executive Officer, or CEO, and other executive officers, recommends to the Board the compensation of Board members, oversees the administration of our equity incentive plans and produces an annual report on executive compensation for inclusion in our annual proxy statement. The members of the Compensation Committee are Ronald R. Taylor, Chairman, Ryland P. Davis and Peter F. Stanton.

The processes and procedures of the Compensation Committee for considering and determining compensation for our executive officers and directors are as follows:

Compensation for our executive officers is generally determined annually in February.

The Compensation Committee reviews director compensation and benefits annually and makes recommendations to the Board with respect thereto.

With respect to our CEO, during the first calendar quarter of each year, the Compensation Committee reviews and approves performance goals for the current year, evaluates his performance in light of the goals established for the prior year, considers competitive market data and establishes his compensation based on this evaluation. As part of the evaluation process, the Compensation Committee Chairman solicits comments from other Board members. Final determinations regarding our CEO's performance and compensation are made during an executive session of the Compensation Committee and reported to the Board.

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Our Compensation Committee determines compensation for the other executive officers based on the recommendations of our CEO and competitive market data. Final determinations of their compensation are made during an executive session of the Compensation Committee and reported to the Board.

During 2006, the Compensation Committee directly engaged Towers Perrin, an independent compensation consulting firm, to review total compensation levels for our directors and senior management, including our executive officers. The firm reviewed various sources of available data regarding the compensation practices of hospitality industry and other companies, assessed the competitiveness of our compensation in comparison to that of the other companies, and provided the Compensation Committee with a written report and recommendations.

During 2008, at the request of the Compensation Committee, Towers Perrin updated the portion of its prior report and recommendations relating to compensation for our executive officers.

The Compensation Committee has no authority to delegate any of the functions described above to any other persons.

### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee is responsible for identifying and recommending to the Board for selection or nomination those individuals qualified to become members of the Board under the criteria established by our Corporate Governance Guidelines, periodically reviewing and making recommendations to the Board with regard to size and composition of the Board and its committees, recommending and periodically reviewing for adoption and modification by the Board our Corporate Governance Guidelines and overseeing the evaluation of the Board and management. The members of the Nominating and Corporate Governance Committee are Ryland P. Davis, Chairman, Peter F. Stanton and Ronald R. Taylor.

Directors may be nominated by the Board or by shareholders in accordance with our By-Laws. The Nominating and Corporate Governance Committee will review all proposed nominees for the Board, including those recommended by shareholders, in accordance with its charter, our By-Laws and our Corporate Governance Guidelines. The committee will review age (a minimum age of 21 is prescribed for directors under the By-Laws), desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of our company and the Board. The committee will generally look for individuals who have displayed high ethical standards, integrity and sound business judgment. This process is designed to ensure that the Board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to our business.

While the committee is authorized to retain a third party to assist in the nomination process, we have not paid a fee to any third party to identify or assist in identifying or evaluating potential nominees.

A shareholder of record can nominate a candidate for election to the Board by complying with the procedures in Section 3.3 of our By-Laws. Any shareholder of record who wishes to submit a nomination should review the By-Law requirements on nominations by shareholders, which are included in the excerpt from the By-Laws attached as Appendix B to this Proxy Statement. Any nomination should be sent to our Secretary at our principal executive office, 201 West North River Drive, Suite 100, Spokane, WA 99201. Any recommendations from shareholders regarding director nominees should be sent to the Nominating and Corporate Governance Committee in care of our Secretary at the same address.

## **Leadership Structure**

We believe it is the CEO's responsibility to lead the company and it is the responsibility of the Chairman of the Board to lead the Board. As directors continue to have more oversight responsibilities than ever before, we believe it is beneficial to have a separate chairman whose sole job is leading the Board. Accordingly, our Corporate Governance Guidelines currently provide that the Chairman of the Board cannot be an officer of the company. The Board retains the authority to modify this structure as and when appropriate to best address our company's unique circumstances and to advance the best interests of all shareholders.

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**Board's Role in Risk Oversight**

The Board's role in overseeing our company's risk is to satisfy itself, directly or through Board committees, that

there are adequate processes designed and implemented by management such that risks have been identified and are being managed;

the risk management processes function as intended to ensure that our company's risks are taken into account in corporate decision making; and

the risk management system is designed to ensure that material risks to our company are brought to the attention of the Board or an appropriate committee of the Board.

Each of our company's risk management processes is reviewed periodically (but at least once a year) by either the Board or an appropriate committee. Committee chairs regularly report on committee meetings at the meetings of the full Board.

Following a recent review of our company's current risk management systems and processes, the Board concluded that the current allocation of oversight responsibilities between the Board and its committees is adequate, so long as the committees continue to coordinate their risk oversight responsibilities, share information appropriately with the other members of the Board, and provide timely and adequate reports to the full Board. The Board will continually evaluate its risk oversight role.

**Communications with the Board of Directors**

Our annual meeting of shareholders provides an opportunity each year for shareholders to ask questions of, or otherwise communicate directly with, members of the Board on appropriate matters. Shareholders or other interested parties may contact the Chairman of the Board at any time by sending an e-mail to *chairman@redlion.com*. In addition, shareholders may communicate in writing with any particular director, any committee of the Board, or the directors as a group, by sending a written communication to our Secretary at our principal executive office, 201 West North River Drive, Suite 100, Spokane, WA 99201. Copies of written communications received at such address will be provided to the Board or the relevant director unless such communications are considered, in the reasonable judgment of our Secretary, to be inappropriate for submission to the intended recipient(s). Examples of shareholder communications that would be considered inappropriate for submission to the Board include, without limitation, customer complaints, solicitations, communications that do not relate directly or indirectly to our business or communications that relate to improper or irrelevant topics. Communications concerning potential director nominees submitted by any of our shareholders will be forwarded to the Chairman of the Nominating and Corporate Governance Committee.

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**Compensation Committee Report<sup>2</sup>**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis provided below with management, and based on the review and discussions, recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K.

Respectfully submitted,

***Compensation Committee of the Board of Directors***

*Ronald R. Taylor, Chairman*

*Ryland P. Davis*

*Peter F. Stanton*

*March 22, 2010*

**Compensation Committee Interlocks and Insider Participation**

We have a banking relationship with Washington Trust Bank. One of the members of the Compensation Committee, Peter F. Stanton, is a director and the chief executive officer of this bank. We have the following related party transactions with this bank:

We had various amounts of cash on deposit and other investments with the bank ranging during 2009 from approximately \$121,000 to \$620,000 in the aggregate.

At the beginning of 2009, the bank held a promissory note secured by commercial real estate in the principal amount of approximately \$2,130,000. During 2009, we made principal and interest payments on this note of approximately \$798,000. The principal amount owed on the note at the end of 2009 was approximately \$1,440,000. The bank continues to hold this note and we will make principal and interest payments on the note in the future.

**COMPENSATION DISCUSSION AND ANALYSIS**

This section discusses the compensation of our executive officers. Compensation for the executive officers is determined by the Compensation Committee of our Board. The Compensation Committee is composed entirely of independent directors, as defined under NYSE rules, and none of its members is a current or former employee of our company. All decisions of the Compensation Committee are reported to our Board.

There are no material differences in the compensation policies or decisions with respect to the executive officers, except that our compensation for our President and Chief Executive Officer, or CEO, is determined exclusively by the Compensation Committee, while the compensation of the other executive officers is determined by the Compensation Committee based on similar criteria, but also takes into account the recommendations of our CEO.

**Compensation Program Objectives and Rewards**

We believe that our executive compensation program should:

Attract, motivate and retain highly qualified executives by paying them competitively, consistent with our success and their contributions to this success; and

<sup>2</sup> The material in this report is not soliciting material, is not deemed filed with the Securities and Exchange Commission and is not incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made on, before, or after the date of this Proxy Statement and irrespective of any general incorporation language in such filing.



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Pay for performance by rewarding and encouraging superior company and individual performance, on both a short- and long-term basis, in a way that promotes alignment with long-term shareholder interests.

All of the compensation and benefits for our executive officers have as a primary purpose our need to attract, retain and motivate the highly talented individuals who will engage in the behaviors necessary to enable us to succeed in our mission while upholding our values in a highly competitive marketplace. Beyond that, different elements are designed to engender different behaviors.

Base salary and benefits are designed to attract and retain executives over time.

Annual cash awards under the Executive Officers Variable Pay Plan ( VPP ) are designed to focus executives on specific performance goals established each year by the Compensation Committee. Executive officers may also receive discretionary bonuses based on performance not otherwise measured by the VPP or for other reasons.

Long-term equity incentives stock options and restricted stock units ( RSUs ) under the shareholder-approved 2006 Stock Incentive Plan focus executives efforts on the behaviors within their control that they believe are necessary to ensure our long-term success, as reflected in increases to our stock price over a period of years.

Severance and change of control arrangements are designed to facilitate our ability to attract and retain executives as we compete for talent in a marketplace where such protections are commonly offered. These arrangements ease an executive s transition due to an unexpected employment termination. In the event of rumored or actual fundamental corporate changes, these arrangements will also allow executives to remain focused on our business interests.

We do not believe that there are any of our compensation policies and practices that are reasonably likely to have a material adverse effect on our company. With respect to our compensation policies and practices for executive officers, we believe that our allocation of overall compensation among base salary and annual and long-term incentives encourages our executive officers to deliver strong results for our shareholders without taking excessive risks. The base salaries of our executive officers provide them assured cash compensation at levels that our Compensation Committee deems appropriate taking into account their respective job duties and responsibilities. We believe these base salaries, taken together with their at-risk annual and long-term incentives, motivate the executive officers to perform at a high level. With respect to annual cash awards under the VPP, we believe that our use of objective company financial performance goals, together with the Compensation Committee s discretion to disqualify an executive officer from receiving an award that might otherwise be payable, serves to mitigate against undue risk-taking. We also believe that our use of multi-year vesting schedules for our long-term equity incentives encourages our executive officers to deliver incremental value to our shareholders while mitigating risk.

**Elements of Our Compensation Program**

***Base Salaries***

The Compensation Committee determines base salaries for the executive officers early each year, based on job responsibilities and individual contribution as well as base salary levels of executives at peer hospitality companies. In determining the base salaries of executive officers other than the CEO, the Compensation Committee takes into consideration recommendations made by the CEO.

In November 2006, an independent compensation consulting firm provided the Compensation Committee a report and recommendations with respect to total compensation levels for our senior management team. The firm updated this

report in January 2008 and provided competitive data sets and recommendations to assist the

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Compensation Committee in establishing 2008 compensation levels for the executive officers. The report was based on the following group of nine hospitality companies:

Ashford Hospitality Trust	Interstate Hotels & Resorts, Inc.
Bluegreen Corporation	Lodgian, Inc.
Choice Hotels International, Inc.	The Marcus Corporation
Equity Inns, Inc.	Morgans Hotel Group Co.
FelCor Lodging Trust	

The Compensation Committee relied in part on this updated report in establishing executive officer base salaries for 2008. In establishing these base salaries, the Compensation Committee also obtained base salary data from the Hospitality Compensation Exchange *Lodging Corporate Annual Report* and determined that, as a guideline, it would target base salaries for our executives at the 50th percentile.

Due to the difficult economic environment, the nominal base salaries of our executive officers were not increased for 2009. Instead, the salaries of all of our salaried employees, including the executive officers, were reduced by 5% for virtually the entire year.

Under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), base salaries paid to executive officers are deductible for federal income tax purposes except to the extent that they exceed \$1 million. No executive received base salary in excess of \$1 million in 2009.

***VPP and Other Annual Cash Awards***

Early each year, the Compensation Committee determines performance goals for each executive officer under the VPP, as well as the various levels of cash awards that each executive will receive based on the extent to which his goals are achieved. Historically, there has been a mix of company and individual performance goals under the VPP. Company goals have generally related to our company's overall financial performance. Individual goals have been subjective or objective, but they have generally been based on performance in areas of our business that the Compensation Committee believed were important to our success. The goals and award levels are initially proposed by the CEO, and the final goals and award levels are determined following a dialogue between the Compensation Committee and the CEO. Award levels are specified as a percentage of base salary. The award levels that are potentially available under the VPP are, as a guideline, targeted at the 50th percentile of peer company annual incentive compensation.

In February 2009, the Compensation Committee determined that, for each executive officer, there would be two company goals and no individual goals for 2009. The company goals related to achievement of specified levels of EBITDA and revenue per available room (RevPAR) penetration. At the same time, the following award levels were established, based in part on the updated report that, as discussed above, the Compensation Committee obtained in January 2008 from an independent compensation consulting firm.

**VPP Award Levels for 2009**

Percentage of Base Salary			Possible Award Payouts (\$)			
Threshold			Threshold			
(1)	Target	Maximum	(1)	Target	Maximum	Actual

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Anupam Narayan	0%	60%	200%	0	205,200	684,000	0
George H. Schweitzer	0%	30%	100%	0	59,850	199,500	0
Thomas L. McKeirnan	0%	30%	100%	0	59,565	198,550	0
Anthony F. Dombrowik	0%	30%	100%	0	49,875	166,250	0

- (1) Award payouts for 2009 under the VPP were based on multiple company performance goals, so we did not consider the VPP to have any Threshold award level. If our company had achieved the minimum level of performance required for that achievement to result in some contribution to award payout under the VPP, the respective percentages of base salary and award payouts that these executives would have received would have

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been as follows: Mr. Narayan, 16.2% and \$55,404; Mr. Schweitzer, 8.1% and \$16,160; Mr. McKeirnan, 8.1% and \$16,083; and Mr. Dombrowik, 8.1% and \$13,466.

The 2009 targets for the company goals were EBITDA of \$34.7 million and RevPAR penetration of 90%. Achievement of these targets would have entitled the executives to 70% and 30%, respectively, of the targeted award levels under the VPP.

Under the VPP, there is an overriding discretionary analysis of each executive's eligibility to receive variable pay. For example, if an executive fails to follow company policy and procedures, exposes the company to legal liability, or exhibits behavior inappropriate for a leadership position, he may be disqualified from receiving his variable pay, even if his specified performance goals are achieved.

No awards will be paid under the VPP for 2009.

In addition to awards under the VPP, the Compensation Committee has on occasion granted discretionary bonuses to executive officers based on performance not otherwise measured by the VPP or for other reasons. No discretionary bonuses were granted for 2009.

We generally intend that executive officer compensation be fully deductible for federal income tax purposes, taking into account Section 162(m) of the Code, provided that other compensation objectives are met. We have not sought shareholder approval of the VPP, which would ensure deductibility under the Code, because we anticipate that, for the foreseeable future, no executive officer will have aggregate base salary and annual incentive awards of more than \$1 million during any calendar year.

***Long-Term Equity Incentives***

We provide long-term incentives to our executive officers in the form of stock options and restricted stock units (RSUs), typically with a vesting period of four years. This combination of equity incentives is intended to benefit shareholders by enabling us to better attract and retain top talent in a marketplace where such incentives are prevalent. Both stock options and RSUs closely align our executives with the achievement of our longer-term financial objectives that enhance shareholder value.

The compensation consulting firm retained by the Compensation Committee recommended that, in order to be more consistent with practices at our peer companies, we adopt specific guidelines for annual grants of equity incentives to our executive officers. Based on this recommendation, the Compensation Committee adopted guidelines under which the executive officers would generally receive annual stock option and RSU grants having a total value equal to from 40% to 100% of their base salaries, with the value of the stock option and RSU components constituting 75% and 25%, respectively, of this total value. At the time of the annual meetings in 2007 and 2008, the Compensation Committee granted equity incentives to the executive officers based on these guidelines. For 2009, the Compensation Committee determined to grant all of that year's long-term incentives in the form of RSUs. This determination was based on the following factors:

the amount of dilution that would have resulted from the grant of stock options at a time when our stock price was depressed by general market conditions;

a desire not to unduly deplete the pool of shares available under our 2006 Stock Incentive Plan; and

the perceived trend at many companies to rely more heavily on RSUs because they provide more stable incentives for executives.

## **Stock Options**

Stock options provide for financial gain derived from the potential appreciation in stock price from the date that the option is granted until the date that the option is exercised. The exercise price of our stock options is set at fair market value, which is the closing selling price of our common stock on the NYSE on the grant date. The vesting provisions of the stock options we have granted in the past have varied. Although no stock options were granted in 2009, stock options granted to the executive officers in prior years have generally vested in equal annual increments over a period of four years from the date of grant.

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Under the shareholder-approved 2006 Stock Incentive Plan, we may not grant stock options at a discount to fair market value or with a so-called reload feature, and we may not reduce the exercise price of outstanding stock options except in the case of a stock split or other similar event. We do not lend funds to employees to enable them to exercise stock options.

We do not backdate options or grant options retroactively. In addition, we do not plan to coordinate grants of options so that they are made before announcement of favorable information, or after announcement of unfavorable information. Our options are granted at fair market value on a fixed date or event, with all required approvals obtained in advance of or on the actual grant date. All grants to executive officers require the approval of the Compensation Committee.

Our long-term performance ultimately determines the value of stock options, because gains from stock option exercises are entirely dependent on the long-term appreciation in the price of our common stock. As a result, we believe stock option grants encourage executives and other employees to focus on behaviors and initiatives that should lead to an increase in the price of our common stock, which benefits all our shareholders.

Under Section 162(m) of the Code, we generally may not deduct compensation paid to an executive officer in a calendar year if it exceeds \$1 million. Certain compensation that is considered performance-based is deductible without regard to this \$1 million limitation. We believe that any compensation attributable to stock options held by our executive officers will be considered performance-based, so Section 162(m) of the Code should not limit our ability to deduct it for federal income tax purposes.

**Restricted Stock Units**

RSU grants provide for the issuance of shares of our common stock if the recipient has met certain continued service requirements. Under the RSUs granted to our executive officers in 2009, an executive will receive one-fourth of the shares subject to his award on each of the first four anniversaries of the date of grant so long as he remains continuously employed with us until the applicable anniversary.

Unlike stock options, RSUs may have value even if the price of our common stock does not increase. Nevertheless, we award RSUs because they promote retention and we believe they also create incentives for executives to focus on increased share prices so that the common stock subject to the award will be as valuable as possible when it is eventually issued. Although we do not impose any restriction on the sale of common stock issued pursuant to RSUs, we expect that our executives will continue to hold some if not all of the shares issued, which will also keep their interests aligned with those of our shareholders.

Our RSUs do not qualify as performance-based compensation under Section 162(m) of the Code. As a result, the value of common stock ultimately issued to an executive officer pursuant to an RSU will not be deductible to the extent that value, when aggregated with the executive officer's other compensation that is subject to Section 162(m), exceeds \$1 million.

**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth summary information concerning the compensation awarded to, paid to or earned by our named executive officers for all services rendered in all capacities to us in 2007, 2008 and 2009.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity Incentive Plan	All Other	Total (\$)
						Compensation (\$)(2)	Compensation (\$)(3)	
Anupam Narayan (4)	2009	357,363		331,543			6,051	694,957
Former President, Chief Executive Officer and Director	2008	345,715		89,550	247,324		5,496	688,085
George H. Schweitzer (5)	2007	259,941		48,750	145,580	106,345	8,988	569,604
Executive Vice President and Chief Operating Officer, Hotel Operations	2009	208,461		77,362			22,365	308,188
Thomas L. McKeirnan	2008	148,615		37,497	138,995		18,241	343,348
Senior Vice President, General Counsel and Corporate Secretary	2009	207,469		76,991			8,463	292,923
Anthony F. Dombrowik (6)	2008	206,808		20,688	52,140		7,702	287,338
Senior Vice President, Chief Financial Officer	2007	186,946		19,006	56,741	55,296	10,602	328,591
	2009	173,718		72,525			8,463	254,706
	2008	164,980		17,323	43,658		7,702	233,663

(1) Represents the grant date fair value of these stock awards and option awards. See Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009 for information regarding the assumptions underlying the valuation of these equity awards.

(2) Represents amounts earned under our Executive Officers Variable Pay Plan. This plan is further discussed under the caption "VPP and Other Annual Cash Awards" in the Compensation Discussion and Analysis.

(3) Amounts shown for 2009 include or represent the following discounts accorded the executive officers from contributions otherwise required for participation in our self-insured medical, dental and vision plan: Mr. Narayan, \$6,051; Mr. Schweitzer, \$8,463; Mr. McKeirnan, \$8,463; and Mr. Dombrowik, \$8,463. The amount shown for Mr. Schweitzer for 2009 also includes \$13,902 in commuting expenses that we paid on his behalf. The total value of all perquisites and personal benefits received by each other executive officer in 2009 was less than \$10,000.

(4) Mr. Narayan's employment terminated effective January 13, 2010.



- (5) Mr. Schweitzer was hired effective April 1, 2008.
- (6) Mr. Dombrowik was appointed as our Senior Vice President, Chief Financial Officer on March 26, 2008. Prior to that time, he served as our Senior Vice President, Controller.

**Table of Contents****2009 Grants of Plan-Based Awards**

The following table sets forth summary information regarding all grants of plan-based awards made to our named executive officers for the year ended December 31, 2009.

Name	Type of Award	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock Awards (\$) (4)
			Threshold (\$)(2)	Target (\$)	Maximum (\$)		
Anupam Narayan (4)	Annual Incentive Award		0	205,200	684,000		
	Restricted Stock Award	5/21/09				73,417	331,543
George H. Schweitzer	Annual Incentive Award		0	59,850	199,500		
	Restricted Stock Award	5/21/09				17,131	77,362
Thomas L. McKeirnan	Annual Incentive Award		0	59,565	198,550		
	Restricted Stock Award	5/21/09				17,049	76,991
Anthony F. Dombrowik	Annual Incentive Award		0	49,875	166,250		
	Restricted Stock Award	5/21/09				16,060	72,525

(1) These represent the Threshold, Target and Maximum award payouts that were available for the 2009 performance period under our Executive Officers Variable Pay Plan (the VPP). This plan is further discussed under the caption VPP and Other Annual Cash Awards in the Compensation Discussion and Analysis. The actual award payouts are reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(2) Award payouts for 2009 under the VPP were based on multiple company performance goals, so we did not consider the VPP to have any Threshold award level. If our company had achieved the minimum level of performance required for that achievement to result in some contribution to award payout under the VPP, the respective percentages of base salary and award payouts that these executives would have received would have been as follows: Mr. Narayan, 16.2% and \$55,404; Mr. Schweitzer, 8.1% and \$16,160; Mr. McKeirnan, 8.1% and \$16,083; and Mr. Dombrowik, 8.1% and \$13,466.

- (3) These awards are restricted stock units awarded under our 2006 Stock Incentive Plan. These units will vest in equal installments on the first four anniversaries of the grant date, subject to continuous service with us or one of our affiliates. When restricted stock units vest, we will issue one share of our common stock for each unit that vests as soon as is administratively practicable.
- (4) Mr. Narayan s employment terminated effective January 13, 2010.

**Table of Contents****2009 Outstanding Equity Awards at Fiscal Year End**

The following table sets forth summary information regarding the outstanding equity awards held by each of our named executive officers at December 31, 2009.

Name	Option Awards (1)				Stock Awards (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 (\$)(2)
Anupam Narayan (3)	80,000	0	5.10	11/22/14		
	15,000	15,000	7.46	11/10/15		
	24,980	8,326	12.21	11/21/16		
	16,696	16,694	13.00	5/17/17		
	13,184	39,550	7.80	2/13/18		
	11,842	35,526	8.74	5/22/18		
					951	4,698
					1,876	9,267
					4,327	21,375
					3,862	19,078
					73,417	362,680
George H. Schweitzer	11,250	33,750(4)	8.80	4/1/18		
					3,196(5)	15,788
					17,131(6)	84,627
Thomas L. McKeirnan	10,451	0	5.98	7/1/13		
	25,000	0	5.10	11/19/14		
	3,750	3,750(7)	7.46	11/10/15		
	8,586	2,861(8)	12.21	11/21/16		
	6,508	6,506(9)	13.00	5/17/17		
	5,500	16,500(10)	8.74	5/22/18		
					326(11)	1,610
					732(12)	3,616
					1,794(13)	8,862
					17,049(6)	84,222
Anthony F. Dombrowik	7,525	0	5.98	6/23/13		

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5,000	0	5.10	11/19/14		
2,500	2,500(7)	7.46	11/10/15		
6,511	2,170(8)	12.21	11/21/16		
4,624	4,623(9)	13.00	5/17/17		
4,606	13,815(10)	8.74	5/22/18		
				247(11)	1,220
				520(12)	2,569
				1,502(13)	7,420
				16,060(6)	79,336

- (1) The vesting of unvested options and restricted stock units is subject to continuous service with us or one of our affiliates through the respective scheduled dates of vesting disclosed in the footnotes to this table. Under certain circumstances, these vesting dates may be accelerated. See *Employment Agreements; Severance and Change of Control Arrangements*.
- (2) The value of these restricted stock units is calculated by multiplying the number of unvested units by \$4.94, the closing market price of our common stock on December 31, 2009.

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- (3) Mr. Narayan's employment terminated effective January 13, 2010. All of his stock awards shown in the above table vested in full immediately upon such termination, and all of the shares underlying those awards, net of shares withheld to satisfy tax withholding obligations, were issued to him on January 29, 2010. All of the option awards shown in the above table expired unexercised in accordance with their terms, except for the option for 80,000 shares at an exercise price of \$5.10 per share, which we agreed would remain exercisable until July 30, 2010.
- (4) This option vested as to one-third of the remaining shares on April 1, 2010 and will vest as to the remaining shares in two equal installments on the next two anniversaries of that date.
- (5) This restricted stock unit award vested as to one-third of the remaining shares on April 1, 2010 and will vest as to the remaining shares in two equal installments on the next two anniversaries of that date.
- (6) Each of these restricted stock unit awards will vest in four equal installments on May 21, 2010 and the next three anniversaries of that date.
- (7) Each of these options will vest as to the remaining shares on November 10, 2010.
- (8) Each of these options will vest as to the remaining shares on November 21, 2010.
- (9) Each of these options will vest as to the remaining shares in two equal installments on May 17, 2010 and May 17, 2011.
- (10) These options will vest as to the remaining shares in three equal installments on May 22, 2010 and the next two anniversaries of that date.
- (11) Each of these restricted stock unit awards will vest on November 21, 2010.
- (12) Each of these restricted stock unit awards will vest in two equal installments on May 17, 2010 and May 17, 2011.
- (13) Each of these restricted stock unit awards will vest in three equal installments on May 22, 2010 and the next two anniversaries of that date.

**Table of Contents****2009 Option Exercises and Stock Vested**

The following table summarizes the option exercises and vesting of stock awards for each of our named executive officers for the year ended December 31, 2009.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Anupam Narayan (2)	0	0	4,616	19,043
George H. Schweitzer	0	0	1,065	3,142
Thomas L. McKeirnan	0	0	1,288	6,191
Anthony F. Dombrowik	0	0	1,007	4,842

(1) All of these stock awards were restricted stock units. The value of the shares of common stock acquired upon vesting of these units is calculated by multiplying the number of shares by the closing market price of our common stock on the date the units vested.

(2) Mr. Narayan's employment terminated effective January 13, 2010.

**Employment Agreements; Severance and Change of Control Arrangements*****Interim President and Chief Executive Officer***

On January 13, 2010, Jon E. Eliassen was appointed to serve as our interim President and Chief Executive Officer. He previously had served on our Board as an independent director since 2003. Under an at-will unwritten employment agreement, Mr. Eliassen's salary for 2010 is \$360,000. In addition, he is separately compensated for service as a director on the same basis and under the same terms and conditions as our non-employee directors. Mr. Eliassen does not participate in our Executive Officers Variable Pay Plan ( VPP ), does not receive any equity awards outside of those granted to him in his capacity as a director, and is not entitled to any severance upon termination of his employment.

***Employment Agreements with Other Executive Officers***

We have written employment agreements with George H. Schweitzer, Thomas L. McKeirnan and Anthony F. Dombrowik that provided for 2010 base salaries of \$210,000, \$209,000 and \$175,000 respectively. In early 2009, in conjunction with a company-wide 5% reduction of salaries for all salaried employees, the agreements with our executives were amended to reduce the base salaries by 5% for the remainder of the first six months of 2009. Each of our executives indicated his willingness to continue to receive this reduced level of base salary so long as the company-wide 5% salary reduction remained in place. The agreements with our executives were subsequently amended on July 1, 2009 to continue the reduced salary levels during the last six months of 2009, and on January 1,

2010 to continue the reduced salary levels for all of 2010.

The following is a summary of the other material terms of these employment agreements.

***Term of Agreements; Restrictive Covenants***

Each of these executives will serve in his current position through December 31, 2010, unless his agreement terminates earlier in accordance with its terms. Thereafter, each agreement automatically renews for additional one-year periods, unless terminated by either party upon 120-days notice (a Non-renewal Notice ) prior to the end of the initial or any renewal period. If not terminated earlier, the agreements with Messrs. Schweitzer and Dombrowik will terminate automatically on May 31, 2012. Following termination of an agreement for any reason, the executive will generally be prohibited from competing with us for a period of one year or soliciting any of our employees for a period of two years.



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***Annual Bonuses***

If an executive officer attains the target performance measures determined under our VPP for a particular year, he must be eligible, subject to any discretion accorded the Compensation Committee under the terms of the VPP to withhold a bonus otherwise payable, to receive a bonus equal to at least 30% percent of his base salary for that year.

No bonuses will be awarded under the VPP for 2009. The maximum bonuses available under the VPP for 2010, measured as a percentage of base salary, are 100% for each of Messrs. Schweitzer, McKeirnan and Dombrowik. The maximum goals and corresponding bonus levels for 2010 were increased over those determined for 2009 in order to incentivize higher achievement.

***Severance Arrangements***

If we deliver a Non-Renewal Notice to Mr. Schweitzer, McKeirnan or Dombrowik or terminate his agreement without cause, or if one of these executives terminates his agreement for good reason within six months following the occurrence of the event that constitutes good reason, then:

any stock options held by the executive will immediately vest and be exercisable, except that, in the case of Messrs. Schweitzer and Dombrowik, this will not apply to any stock option for which the exercise price is more than 10% higher than the closing market price of our common stock on the date of termination;

any stock granted to the executive will immediately vest, all restrictions on restricted stock issued to the executive will terminate, and any restricted stock awarded but not yet issued to the executive will be issued;

we must provide a lump-sum severance payment equal to cash compensation for the prior year (but not less than his total annual base salary rate), plus the target award amount available under the VPP for the year in which the termination occurs (prorated for the portion of the year elapsed at the time of termination), plus a continuation of all life, health and insurance benefits for a one-year period; and

to the extent that the foregoing severance payments or benefits received by an executive are deemed excess parachute payments within the meaning of Section 280G(b)(1) of the Internal Revenue Code of 1986, as amended (the Code), and thereby result in the imposition upon the executive of the excise tax imposed by Section 4999 of the Code, we must pay the executive an additional amount (the Gross-Up Payment) such that the net amount retained by the executive, after deduction of (i) any excise tax payable on such excess parachute payments and the Gross-Up Payment, and (ii) any federal, state and local income and employment taxes payable on the Gross-Up Payment, is the same as it would have been if such excise tax had not been imposed.

The circumstances that constitute good reason entitling an executive to severance benefits following a voluntary termination of employment generally relate to: (i) assignment to the executive of duties materially inconsistent with the executive's positions and responsibilities as described in the agreement; (ii) the removal of the executive from such positions; (iii) any material continuing breach of the agreement; and/or (iv) a change in our headquarters office location. However, the executive will not have good reason unless the executive gives us written notice that the specified conduct or event has occurred giving rise to his having good reason, and we fail to cure such conduct or event within 30 days after receipt of such notice.

If the employment of Messrs. Schweitzer, McKeirnan and Dombrowik had terminated immediately following the end of our fiscal year ended December 31, 2009 under circumstances entitling them to the severance benefits described above, the lump-sum severance payments payable to the executive officers, and the value of the other severance benefits they would have received, would have been as shown in the following table (due to the fact that



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there would have been no excess parachute payments on the assumed date of termination, no Gross-Up Payments would have been payable with respect to such terminations):

**Table of Severance Payments and Benefits**

<b>Name</b>	<b>Severance Payment (1)(2)</b>	<b>Accelerated Stock Options (3)</b>	<b>Accelerated Restricted Stock Units (4)</b>	<b>Life, Health and Insurance Benefits (5)</b>	<b>Total (6)</b>
George H. Schweitzer	\$ 210,000	\$ 0	\$ 100,415	\$ 13,714	\$ 324,129
Thomas L. McKeirnan	\$ 209,000	\$ 0	\$ 98,310	\$ 13,714	\$ 321,024
Anthony F. Dombrowik	\$ 175,000	\$ 0	\$ 90,545	\$ 13,714	\$ 279,259

- (1) The severance payment for each of Messrs. Schweitzer, McKeirnan and Dombrowik equals his total cash compensation for 2009 (but not less than his total annual base salary rate without taking into account the 5% reduction in salaries that was effective in 2009).
- (2) If the termination of employment entitling an executive officer to a severance payment and other severance benefits occurs other than at the beginning of a fiscal year, the executive officer will receive, in addition to the amount set forth in this column, the target award amount available to him under the VPP for the year in which the termination occurs (prorated for the portion of the year elapsed at the time of termination). The target award amounts available to the executive officers for 2009 were as follows: Mr. Schweitzer, \$59,850; Mr. McKeirnan, \$59,565; and Mr. Dombrowik, \$49,875.
- (3) The acceleration of the stock options would have resulted in no value to the executive officers, because the exercise prices of all of their stock options was greater than \$4.94, the closing market price of our common stock on December 31, 2009.
- (4) The value of the accelerated restricted stock units is calculated by multiplying the number of unvested units by \$4.94, the closing market price of our common stock on December 31, 2009.
- (5) The value of the continuation of benefits under our self-insured medical, dental and vision plan is estimated based on the average per-employee cost of that plan for various categories of employees in 2009.
- (6) Assumes that no amounts described in footnote 2 to this table are paid in connection with the termination of employment entitling the executive officers to severance payments and other severance benefits.

The following table shows the severance payments and benefits paid or accrued in connection with the termination of the employment of Anupam Narayan, our former President and Chief Executive Officer, effective January 13, 2010:

<b>Severance Payment</b>	<b>Modification of Stock Options</b>	<b>Accelerated Restricted Stock Units</b>	<b>Life, Health and Insurance Benefits</b>	<b>Total</b>
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\$ 727,693	\$ 59,200	\$ 407,807	\$ 20,607	\$ 1,215,307
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***Change of Control Arrangements***

If our company undergoes a change of control as defined in the respective employment agreements of Messrs. Schweitzer, McKeirnan and Dombrowik, then all of the stock options held by Mr. McKeirnan, and any of the stock options held by Messrs. Schweitzer and Dombrowik for which the exercise price is not more than 10% higher than the closing market price of our common stock on the date of the change of control, will vest and become exercisable; any stock granted to the executives will immediately vest; all restrictions on restricted stock issued to the executives will terminate; and any restricted stock awarded but not yet issued to the executives will be issued. If a change of control had occurred on December 31, 2009, the value of the acceleration of these equity awards would have been as shown in the above Table of Severance Payments and Benefits.

**Table of Contents****DIRECTOR COMPENSATION**

We pay our Chairman of the Board an annual retainer of \$70,000. We also pay or reimburse him for the cost of his office space and provide coverage to him and his domestic partner under our self-insured medical, dental and vision plan. We pay each of our other non-employee directors an annual retainer of \$30,000. The chair of the Audit Committee receives an additional annual fee of \$20,000. The chairs of each of the Compensation Committee and the Nominating and Corporate Governance Committee receive an additional annual fee of \$15,000. Non-chair members of these committees receive an additional \$5,000 annual fee for each committee on which they serve. All director fees are generally payable in advance in cash in equal quarterly installments. However, since the second quarter of 2009, director fees have been reduced by 5% and paid by issuance of shares of our common stock having a value equal to the applicable fee amounts. Until changed by the Board, director fees for future quarters will also be reduced by 5% and paid by issuance of our common stock.

In addition to annual fees, each non-employee director is entitled to receive, as soon as reasonably practical after each annual meeting of our shareholders while he continues to serve as a director, a grant of shares of our common stock that, based on the closing market price on the last trading day prior to the annual meeting, have a value of \$25,000.

In addition to the annual fees and stock grants, it is our policy to reimburse directors for their out-of-pocket expenses incurred in connection with their service on the Board and its committees.

Mr. Eliassen, our interim President and Chief Executive Officer, is separately compensated for service as a director on the same basis and under the same terms and conditions as our non-employee directors.

**2009 Director Compensation Table**

The following table shows compensation of the non-employee members of our Board for 2009:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Fees Earned or Paid in Stock (\$)</b>	<b>Stock Awards (\$)(1)(2)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Donald K. Barbieri	17,500	49,875	23,750	20,649(3)	111,774
Richard L. Barbieri	7,500	21,375	23,750	0	52,625
Raymond R. Brandstrom	0	3,950	11,875	0	15,825
Ryland P. Davis	10,000	28,500	23,750	0	62,250
Jon E. Eliassen	12,500	35,625	23,750	0	71,875
Peter F. Stanton	15,000	42,750	23,750	0	81,500
Ronald R. Taylor	13,750	39,186	23,750	0	76,686

(1) On May 21, 2009, each director named above other than Mr. Brandstrom received a grant of 5,086 unrestricted shares of our common stock. Mr. Brandstrom received a prorated grant of 2,361 unrestricted shares of our common stock on November 11, 2009, when he was first appointed to the Board. The amounts shown in this column represent the grant date fair value of these stock awards. We recognized the full value of these awards as compensation expense in 2009 for financial reporting purposes.

- (2) At December 31, 2009, Messrs. Stanton and Taylor each held options to acquire 1,000 shares of our common stock. At that date, none of our other non-employee directors held options to acquire our common stock.
- (3) Represents \$13,200 that we paid or reimbursed Mr. Barbieri for the cost of his office space during 2009 plus \$7,449 as the estimated value of coverage under our self-insured medical, dental and vision plan.

**Table of Contents****REPORT OF THE AUDIT COMMITTEE<sup>3</sup>**

The Audit Committee oversees our company's financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the committee reviewed and discussed the audited financial statements with management.

The committee discussed with BDO Seidman, LLP the matters required to be discussed by the Statement on Auditing Standards No. 114, as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The committee also received the written disclosures and the letter from BDO Seidman, LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the committee concerning independence, and has discussed with BDO Seidman, LLP the committee's independence.

In reliance on the reviews and discussions referred to above, the committee recommended to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the Securities and Exchange Commission. The committee and the Board have also recommended, subject to shareholder ratification, the selection of BDO Seidman, LLP as our independent registered public accounting firm for 2010.

Respectfully submitted,

***Audit Committee of the Board of Directors***

*Peter F. Stanton, Chairman*

*Raymond R. Brandstrom*

*Ryland P. Davis*

*Ronald R. Taylor*

*March 23, 2010*

**PRINCIPAL ACCOUNTANT FEES AND SERVICES****Fees Paid**

BDO Seidman, LLP billed our company the amounts shown in the table below for professional services performed during 2008 and 2009:

<b>Services Rendered</b>	<b>2008</b>	<b>2009</b>
Audit Fees (1)	\$ 594,000	\$ 595,000
Audit-Related Fees (2)	24,500	37,000
Total Audit and Audit-Related Fees	618,500	632,000
Tax Fees (3)	153,775	173,006

All Other Fees (4)

Total Fees \$ 772,275    \$ 805,006

<sup>3</sup> The material in this report is not soliciting material, is not deemed filed with the Securities and Exchange Commission and is not incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made on, before, or after the date of this Proxy Statement and irrespective of any general incorporation language in such filing.



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- (1) The audit fees covered the annual audit of our financial statements, Sarbanes-Oxley compliance work and quarterly reviews; and the audit of certain hotel properties. The audit fees for 2008 also covered review of an SEC comment letter.
- (2) The audit-related fees covered audit and attest services required by agreement on entities we consolidate, but not required by statute or a regulatory body. They also covered the audit of our employee benefit plan.
- (3) The tax fees covered tax returns, year-end tax planning and tax advice. They also covered an IRS exam in 2008 and a cost segregation study in 2009.
- (4) BDO Seidman, LLP did not bill us for any other professional services rendered during 2008 or 2009, and it did not provide our company during either of those years any professional services described in paragraph (c)(4) of Rule 2-01 of Regulation S-X.

## **Pre-Approval Policies and Procedures**

The Audit Committee is responsible for selecting, setting compensation and overseeing the work of our independent registered public accounting firm. The committee has adopted a policy that requires advance approval of audit, audit-related, tax, and other services ( audit and non-audit services ) performed by the independent registered public accounting firm.

The committee has delegated to its chairman authority to approve permitted services provided that the chairman reports any decisions to the committee at its next regularly scheduled meeting. On an ongoing basis, management communicates specific projects and categories of services for which the advance approval of the committee or chairman is requested. The committee or chairman reviews these requests and advises management if the engagement services of the independent registered public accounting firm are approved. On a periodic basis, management reports to the committee actual spending for audit and non-audit services compared to approved amounts.

## **Auditor Independence**

The Audit Committee has considered whether and determined that the other professional services provided by BDO Seidman, LLP are compatible with maintaining its independence.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Under our written Statement of Policy with respect to Related Party Transactions, a related party transaction (as defined below) may be consummated or may continue only if the Audit Committee of our Board, or in certain cases the full Board, approves or ratifies the transaction in accordance with the guidelines set forth in the policy. The policy applies to the following related parties:

our directors;

any of our executive or other officers who are required by Section 16(a) of the Securities Exchange Act of 1934, as amended, to file reports of ownership and changes in ownership of our common stock with the Securities and Exchange Commission;

any person who is the beneficial owner of more than 5% of our common stock;

any immediate family member, as defined in the policy, of any of the foregoing persons; and

any entity that is owned or controlled in substantial part by any of the foregoing persons.

Related party transaction is defined in the policy as a transaction between us and any of the foregoing persons.

Under the policy, the following transactions are deemed to be automatically pre-approved:

any compensation paid to a related party that has been approved by the Compensation Committee;

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any charitable contribution, grant or endowment by us to a charitable organization, foundation or university at which a related party's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$50,000 or two percent of the charitable organization's total annual receipts;

any transaction where the related party's interest arises solely from the ownership of our common stock and all holders of our common stock receive the same benefit on a pro rata basis (e.g. dividends);

any transaction where the related party's interest arises solely from participation in an employee benefit plan maintained by us for the general benefit of all of our employees; and

any transaction with a related party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

**Transactions with Related Parties**

Information is set forth below regarding certain related party transactions that occurred during 2009 or that are anticipated to occur during or following 2010. All of such transactions were reviewed and approved or ratified in accordance with our Statement of Policy with respect to Related Party Transactions.

***Goodale & Barbieri Company***

Goodale & Barbieri Company ( G&B ) was previously a wholly owned subsidiary of ours through which we conducted the management, leasing, brokerage and development portion of our former real estate division. In 2006, Thomas M. Barbieri, the brother of Donald K. Barbieri and Richard L. Barbieri, and another individual acquired G&B from us in a transaction approved by our four independent directors.

During 2009 we paid G&B \$39,000 for management of the Kalispell Center and \$12,000 for management of certain other properties. We expect to pay G&B additional management fees in the future. We believe that Thomas M. Barbieri owns 90% of G&B, so that the approximated dollar value of his interest in all of these transactions between G&B and us would be 90% of the respective total amounts disclosed.

***David Barbieri***

David Barbieri serves as our Vice President, Information Technology. He has been with our company since 1996 and has served as our Vice President, Information Technology, since 2000. He was previously a Manufacturing Engineer at Exabyte Corporation in Boulder, Colorado from 1993 to 1996 after graduating from Colorado University with a degree in Mechanical Engineering. He is the son of Donald K. Barbieri. The aggregate amount of salary and bonus that we paid David Barbieri for 2009 was \$137,435. His 2010 base salary is \$130,142 and his target bonus opportunity for 2010 is 30% of this salary.

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**PROPOSALS OF SHAREHOLDERS**

Proposals of shareholders to be considered for inclusion in the Proxy Statement and proxy for our 2011 Annual Meeting of Shareholders must be received by us on or prior to December 14, 2010.

A shareholder of record, who intends to submit a proposal at the 2011 Annual Meeting of Shareholders that is not eligible for inclusion in the Proxy Statement or proxy, or who intends to submit one or more nominations for directors at the meeting, must provide us prior written notice. Written notice of any such proposal or nominations should be addressed to our Secretary and received at our principal executive office at 201 West North River Drive, Suite 100, Spokane, Washington 99201 not later than December 14, 2010. The written notice must satisfy certain requirements specified in our By-laws, which are included in the excerpt from the By-Laws attached as Appendix B to this Proxy Statement. A complete copy of our By-laws will be sent to any shareholder upon written request to our Secretary.

**ANNUAL REPORT ON FORM 10-K**

A copy of our Annual Report on Form 10-K for the year ended December 31, 2009 as filed with the Securities and Exchange Commission is being mailed with this Proxy Statement to each shareholder of record. Shareholders not receiving a copy of such Annual Report may obtain one without charge by writing or calling our Secretary, 201 West North River Drive, Suite 100, Spokane, Washington 99201 ((509) 459-6100).

By Order of the Board of Directors

Thomas L. McKeirnan  
Secretary  
Spokane, Washington

April 15, 2010

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**APPENDIX A**

**Corporate Governance Guidelines Regarding Director Qualifications**

**Director Qualification Standards**

1. The Nominating and Corporate Governance Committee is responsible for recommending to the Board (1) nominees for Board membership to fill vacancies or newly created positions and (2) the persons to be nominated by the Board for election at our company's annual meeting of shareholders.
2. In connection with the selection and nomination process, the Nominating and Corporate Governance Committee shall review the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of our company and the Board. The Board will generally look for individuals who have displayed high ethical standards, integrity and sound business judgment. This process is designed to ensure that the Board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to the business of our company.
3. Independent Directors must comprise a majority of the Board.
4. A director will not be an Independent Director if any of the following situations set forth in the following categories apply:
  - (a) the director has been an employee of our company, or any of its consolidated subsidiaries, during the last three years, or the director has an Immediate Family Member who is, or who has been during the last 3 years, an executive officer of our company;
  - (b) the director or the director's Immediate Family Member has received more than \$120,000 per year in direct compensation from our company, or any of its consolidated subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) during any twelve-month period within the last three years;
  - (c) (i) the director is a current partner or employee of a firm that is our company's independent auditor, (ii) the director has an immediate Family Member who is a current partner of such a firm, (iii) the director has an Immediate Family Member who is a current employee of such a firm and personally works on our company's audit, or (iv) the director or an Immediate Family Member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our company's audit within that time;
  - (d) the director or the director's Immediate Family Member is, or during the last three years, has been, part of an interlocking directorate in which a current executive officer of our company, or any of its consolidated subsidiaries, served on the compensation committee of another company that concurrently employed the director (or any of his or her Immediate Family Members) as an executive officer;
  - (e) the director is a current employee, or the director's Immediate Family member is a current executive officer of a company that makes payments to, or receives payments (exclusive of charitable contributions that the Company discloses on its website or in its annual proxy statement) from, our company, or any of its consolidated subsidiaries, for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of the consolidated gross revenues of such other company;

(f) the director has a material relationship with our company, or any of its consolidated subsidiaries, either directly or as a partner, shareholder or officer of an organization that has a material relationship with our company, or any of its consolidated subsidiaries. For this purpose, material relationship is defined as one in which the person, or an entity of which the director (or the director's Immediate Family Member) is an employee, makes payments to, or receives payments from, our company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other entity's consolidated gross revenues.

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5. In addition to satisfying all of the independence criteria set forth in paragraph 4 of this Section, all members of the Audit Committee must also meet the following requirements:

(a) A member of the Audit Committee may not receive consulting, advisory or other compensatory fees from our company, or any of its consolidated subsidiaries, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other committee of the Board (compensatory fees do not include the receipt of fixed amounts under a retirement plan (including deferred compensation) for prior service with our company or any of its consolidated subsidiaries, provided that such compensation is not contingent in any way on continued service).

(b) No member of the Audit Committee may be an affiliated person of our company, or any of its consolidated subsidiaries, as such term is defined by the Securities and Exchange Commission.

6. The number of boards on which a director may sit may be reviewed on a case-by-case basis by the Board.

7. The Board has not established term limits for directors. Although term limits can promote the inclusion on the Board of people with diverse perspectives, the process described in paragraph 2 of this Section can achieve the same result. Moreover, term limits have the disadvantage of causing our company to lose the contributions of directors who have been able to develop, over a period of time, increasing insight into our company and its operations, thereby increasing their contributions to our company. However, in order to promote both continuity and turnover, and to further the expectation that Board members will be very actively involved in both the affairs of our company and the communities which our company serves, the Board will normally not nominate a person who would be serving on the Board after the age of 75.

8. Each director shall be obligated to notify the Chairman of the Board of our company promptly upon learning of any fact which causes such director not to be considered an Independent Director, as set forth in paragraph 4 above, or if any entity of which such director is an officer or director becomes a competitor of our company. The Nominating and Corporate Governance Committee shall review the situation and make a prompt recommendation to the Board.

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**APPENDIX B**

**Provisions of By-Laws Regarding Director Nominations**

**Section 3.3 Nominations and Qualifications of Directors.**

(1) Nominations of candidates for election as directors at an annual meeting of shareholders may only be made (i) by, or at the direction of, the Board of Directors or (ii) by any shareholder of the Corporation who is entitled to vote at the meeting and who complies with the procedures set forth in the remainder of this Section 3.3.

(2) If a shareholder proposes to nominate one or more candidates for election as directors at an annual meeting, the shareholder must have given timely notice thereof to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered to, or mailed and received at, the Principal Office (i) not less than one hundred twenty (120) days prior to the first anniversary of the date that the Corporation's proxy statement was released to shareholders in connection with the previous year's annual meeting; (ii) a reasonable time before the Corporation begins to print and mail its proxy materials if the date of this year's annual meeting has been changed by more than thirty (30) days from the date of the previous year's meeting; or (iii) not more than seven (7) days following the delivery to shareholders of the notice of annual meeting with respect to the current year's annual meeting, if the Corporation did not release a proxy statement to shareholders in connection with the previous year's annual meeting, or if no annual meeting was held during such year.

(3) A shareholder's notice to the Secretary under Section 3.3(2) shall set forth, as to each person whom the shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the number and class of shares of stock of the Corporation that are beneficially owned on the date of such notice by such person and (iv) if the Corporation at such time has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the Exchange Act), any other information relating to such person required to be disclosed in solicitations of proxies with respect to nominees for election as directors pursuant to Regulation 14A under the Exchange Act, including but not limited to information required to be disclosed by Schedule 14A of Regulation 14A, and any other information that the shareholder would be required to file with the Securities and Exchange Commission in connection with the shareholder's nomination of such person as a candidate for director or the shareholder's opposition to any candidate for director nominated by, or at the direction of, the Board of Directors. In addition to the above information, a shareholder's notice to the Secretary under Section 3.3(2) shall (A) set forth (i) the name and address, as they appear on the Corporation's books, of the shareholder and of any other shareholders that the shareholder knows or anticipates will support any candidate or candidates nominated by the shareholder and (ii) the number and class of shares of stock of the Corporation that are beneficially owned on the date of such notice by the shareholder and by any such other shareholders and (B) be accompanied by a statement in the form of a record, executed and acknowledged by each candidate nominated by the shareholder, that the candidate agrees to be so nominated and to serve as a director of the Corporation if elected at the annual meeting.

(4) The Board of Directors, or a designated committee thereof, may reject any shareholder's nomination of one or more candidates for election as directors if the nomination is not made pursuant to a shareholder's notice timely given in accordance with the terms of Section 3.3(2). If the Board of Directors, or a designated committee thereof, determines that the information provided in a shareholder's notice does not satisfy the requirements of Section 3.3(3) in any material respect, the Secretary of the Corporation shall notify the shareholder of the deficiency in the notice. The shareholder shall have an opportunity to cure the deficiency by providing additional information to the Secretary within such period of time, not to exceed five (5) days from the date such deficiency notice is given to the shareholder, as the Board of Directors or such committee shall reasonably determine. If the deficiency is not cured within such period, or if the Board of Directors or such committee determines that the additional information provided by the



shareholder, together with information previously provided, does not satisfy the requirements of Section 3.3(3) in any material respect, then the Board of Directors or such committee may reject the shareholder's notice.

(5) Notwithstanding the procedures set forth in Section 3.3(4), if a shareholder proposes to nominate one or more candidates for election as directors at an annual meeting, and neither the Board of Directors nor any committee thereof has made a prior determination of whether the shareholder has complied with the procedures set forth in this

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Section 3.3 in connection with such nomination, then the chairman of the annual meeting shall determine and declare at the annual meeting whether the shareholder has so complied. If the chairman determines that the shareholder has so complied, then the chairman shall so state and ballots shall be provided for use at the meeting with respect to such nomination. If the chairman determines that the shareholder has not so complied, then, unless the chairman, in his or her sole and absolute discretion, determines to waive such compliance, the chairman shall state that the shareholder has not so complied and the defective nomination shall be disregarded.

(6) All directors of the Corporation shall be at least twenty-one years of age. Directors need not be shareholders or residents of the State of Washington. At each meeting of shareholders for the election of directors at which a quorum is present, the persons receiving a plurality of the votes cast shall be elected directors.

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**ANNUAL MEETING OF SHAREHOLDERS OF  
RED LION HOTELS CORPORATION  
May 19, 2010**

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement and proxy card are available at <http://investor.shareholder.com/rlhcorp/annuals.cfm>  
Please sign, date and mail your proxy card in the envelope provided as soon as possible.

ê Please detach along perforated line and mail in the envelope provided. ê

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**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. To elect three directors to the Board of Directors:

FOR AGAINST ABSTAIN

**c FOR ALL NOMINEES**  
**c WITHHOLD AUTHORITY FOR ALL NOMINEES**

**NOMINEES:**  
O Donald K. Barbieri  
O Raymond R. Brandstrom  
O Ronald R. Taylor

2. RATIFICATION OF APPOINTMENT OF BDO SEIDMAN, LLP TO SERVE AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2010. c c c

**c FOR ALL EXCEPT**  
(See instructions below)

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. EXCEPT AS OTHERWISE DIRECTED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL DIRECTORS LISTED IN PROPOSAL 1 AND FOR PROPOSAL 2, AND IT WILL BE VOTED IN THE DISCRETION OF THE PROXIES ON ALL OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING.**

**The Board of Directors recommends a vote FOR ALL NOMINEES listed in Proposal 1 and FOR Proposal 2.**

**TO INCLUDE ANY COMMENTS, USE THE COMMENTS BOX ON THE REVERSE SIDE HEREOF.**

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR**

**ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: n

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. c

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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**PROXY FOR THE ANNUAL MEETING OF SHAREHOLDERS OF  
RED LION HOTELS CORPORATION**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**As an alternative to completing this form, you may enter your vote instruction by telephone at 1-800-PROXIES, or via the Internet at WWW.VOTEPROXY.COM and follow the simple instructions. Use the Company Number and Account Number shown on your proxy card.**

The undersigned hereby constitutes and appoints Thomas L. McKeirnan and Jon E. Eliassen, and each of them, the undersigned's true and lawful agents and proxies with full power of substitution in each, to represent and to vote, in such manner as in their discretion shall be deemed appropriate to carry out the authority as designated on the reverse side, all shares of Common Stock of Red Lion Hotels Corporation that the undersigned would be entitled to vote if present in person at the Annual Meeting of Shareholders of Red Lion Hotels Corporation to be held on Wednesday, May 19, 2010, at 9:00 a.m. local time at the Red Lion River Inn, Shoreline Ballroom, 700 North Division, Spokane, Washington and at any adjournments thereof, on all matters that may come before the meeting, including matters incident to the conduct of the meeting and any shareholder proposal omitted from the proxy statement and this proxy pursuant to the rules of the Securities and Exchange Commission. You are encouraged to specify your choices by marking the appropriate boxes, SEE REVERSE SIDE, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations.

**(Continued and to be signed on the reverse side)**

**COMMENTS:**

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**ANNUAL MEETING OF SHAREHOLDERS OF  
RED LION HOTELS CORPORATION  
May 19, 2010  
PROXY VOTING INSTRUCTIONS**

**INTERNET** - Access **www.voteproxy.com** and follow the on-screen instructions. Have your proxy card available when you access the web page, and use the Company Number and Account Number shown on your proxy card.

**TELEPHONE** - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card.

Vote online/phone until 11:59 PM EST the day before the meeting.

**MAIL** - Sign, date and mail your proxy card in the envelope provided as soon as possible.

**IN PERSON** - You may vote your shares in person by attending the Annual Meeting.

**COMPANY NUMBER**

**ACCOUNT NUMBER**

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:** The Notice of Meeting, proxy statement and proxy card are available at <http://investor.shareholder.com/rlhcorp/annuals.cfm>

Please detach along perforated line and mail in the envelope provided **IF** you are not voting via telephone or the Internet.

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**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. To elect three directors to the Board of Directors:

FOR AGAINST ABSTAIN

**NOMINEES:**  
c **FOR ALL** O Donald K. Barbieri  
**NOMINEES** O Raymond R. Brandstrom  
c **WITHHOLD** O Ronald R. Taylor  
**AUTHORITY**  
**FOR**  
**ALL**  
**NOMINEES**

2. RATIFICATION OF APPOINTMENT OF BDO SEIDMAN, LLP TO SERVE AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2010. c c c

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. EXCEPT AS OTHERWISE DIRECTED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL DIRECTORS**

c **FOR ALL**

**EXCEPT**

(See instructions below)

**LISTED IN PROPOSAL 1 AND FOR PROPOSAL 2, AND IT WILL BE VOTED IN THE DISCRETION OF THE PROXIES ON ALL OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING.**

**The Board of Directors recommends a vote FOR ALL NOMINEES listed in Proposal 1 and FOR Proposal 2.**

**TO INCLUDE ANY COMMENTS, USE THE COMMENTS BOX ON THE REVERSE SIDE HEREOF.**

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: n

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. c

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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