

RED LION HOTELS CORP

FORM 8-K (Current report filing)

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Symbol	RLH
SIC Code	7011 - Hotels and Motels
Industry	Hotels & Motels
Sector	Services
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

Current Report

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

**April 2, 2012 (March 27, 2012)
Date of Report (Date of earliest event reported)**

RED LION HOTELS CORPORATION

(Exact Name of Registrant as Specified in Charter)

Washington
**(State or Other Jurisdiction
of Incorporation)**

001-13957
(Commission file number)

91-1032187
**(I.R.S. Employer
Identification No.)**

**201 W. North River Drive
Suite 100
Spokane, Washington 99201**
(Address of Principal Executive Offices, Zip Code)

(509) 459-6100
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On March 27, 2012, the Compensation Committee of our board of directors approved the Executive Officers' Variable Pay Plan Effective January 1, 2012 (the "VPP"). The VPP provides for potential bonuses for our President and Chief Executive Officer, Executive Vice Presidents and Senior Vice President. The target bonus for our President and Chief Executive Officer is 60% of his 2012 base pay. The target bonus for each of the other executives is 40% of his or her 2012 base pay.

Bonuses under the VPP will be based on our 2012 earnings before interest, taxes, depreciation and amortization ("EBITDA"). The Compensation Committee has established two levels of EBITDA: cliff and target. At cliff EBITDA, each executive will be entitled to receive one-half of his or her target bonus. At target EBITDA, each executive will be entitled to receive his or her target bonus. If EBITDA is between the cliff and target levels, the bonuses will be adjusted on a straight-line basis between the cliff and target amounts. If EBITDA exceeds the target level, one-half of the excess will be allocated to a pool that is to be divided, subject to plan maximums, among the executives under the VPP and other senior employees participating in separate incentive plans. The maximum bonus payable under the VPP to each executive is 100% of his or her 2012 base pay. Bonuses may be paid in cash or our common stock.

An executive must be employed by us at the time of payment in order to receive a bonus. All payments under the VPP are subject to previous approval by the Compensation Committee. The Compensation Committee has the discretion to decrease all or part of a bonus otherwise payable under the VPP.

The foregoing is a summary of the VPP. A copy of the VPP is being filed as Exhibit 10.1 to this report. In the event of any difference between the foregoing summary and the provisions of the VPP, the provisions of the VPP will govern.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit</u>
10.1	Executive Officers' Variable Pay Plan Effective January 1, 2012

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

RED LION HOTELS CORPORATION

Dated: April 2, 2012

By: /s/ Thomas L. McKeirnan
Thomas L. McKeirnan
Senior Vice President,
General Counsel and Secretary

March 27, 2012



RED LION HOTELS CORPORATION

RLH Corporate Office Executive Officers' Variable Pay Plan Effective January 1, 2012

Plan Overview

Effective Date of Plan	Begins January 1, 2012 and ends December 31, 2012
Criteria for Measurement	Measured results in EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) determine each eligible associate's bonus. Full target payout will only be accrued and paid if the company achieves 100% of Target EBITDA (as adjusted for acquisitions, dispositions, major transactions and bonus accruals, and as approved by the Board) and all bank covenants are met. Adjustments to EBITDA will only be considered and approved after the end of the year.
Date of Eligibility	Associates become eligible immediately after hire or transfer into an eligible position.
Earnings Potential	Varies by position. A target and a maximum bonus percentage (percentage of base pay) has been established for each position. Based on achievement of specific results, associates may exceed the target payment and receive a higher percentage through a pool-sharing model, up to designated maximums by position.
Frequency of Payments	The Plan is based on annual measurements of results. Payments will be made to associates as soon as administratively possible following the end of the bonus period.
Participant Eligibility	President & CEO; Executive Vice Presidents; Senior Vice President, General Counsel. Eligible associates must be employed at the time of payout to receive the incentive payout.

PLAN DOCUMENT
Executive Officers' Variable Pay Plan
Effective January 1, 2012

This RLH Executive Officers' Variable Pay Plan ("the Plan") applies to the President & CEO, Executive Vice Presidents, and the Senior Vice President, General Counsel. The purpose of the Plan is to reward eligible associates for achievement of certain targeted levels of EBITDA. Measurement of results occurs at the end of each calendar year once financial results have been finalized with earnings paid as soon as administratively possible thereafter.

Effective Date

All provisions of the Plan are effective beginning January 1, 2012 and will continue until RLH communicates a change or cancellation of the Plan. This Plan supersedes all previous bonus plans in existence and past written or verbal communication to any associate regarding the terms of any bonus plan.

Eligibility

An associate becomes eligible immediately upon commencement (hire, promotion, or transfer) into a bonus-eligible position. Any bonus earned upon commencement into a bonus-eligible position through the end of that year (December 31st) will be prorated based upon the number of days in the position.

Notwithstanding the above, to be eligible to receive any bonus payment, the associate must be employed by RLH at the time of payout.

Targets and Maximums:

Each position that is eligible to participate in the Plan has a Target Bonus and a Maximum Bonus:

Targets:

- President & CEO – 60%
- EVPs and SVP, General Counsel – 40%

Maximums:

- All eligible positions within this Plan have a Maximum Bonus potential of 100%.

The percentage earned for the achievement of goals in each category will be applied to the participant's base pay earned for the period January 1, 2012 through December 31, 2012.

Explanation of Core Criteria:

Criteria for the 2012 Executive Officers' Variable Pay Plan is EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization. The actual EBITDA dollars for the period will be compared to the Target EBITDA dollars for the same period. Target EBITDA is defined as that which is adjusted for acquisitions, dispositions, major transactions and bonus accruals, and as approved by the Board of Directors. Adjustments to EBITDA will only be considered and approved after the end of the year.

In addition to the requirements and criteria noted within this document, the bonuses are not accrued or paid if doing so would create a debt covenant violation.

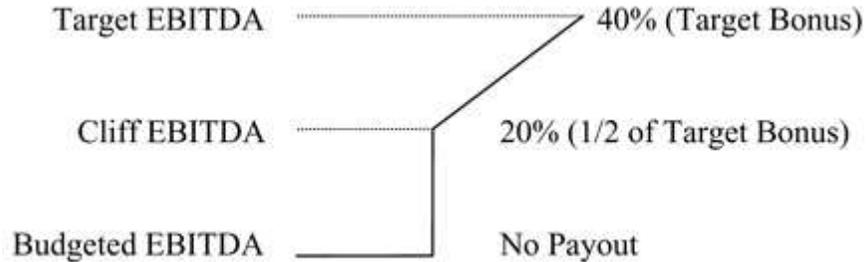
The various EBITDA targets (Budgeted, Cliff and Target) will be separately established by the Compensation Committee. Their accompanying payouts are as follows:

At Budgeted EBITDA:	No payout
At Cliff EBITDA:	50% of Target Bonus
At Target EBITDA:	Target Bonus

Using a Target Bonus of 40% on a salary of \$200,000 as the example:

At Budgeted EBITDA:	No payout
At Cliff EBITDA:	\$40,000 payout (20% of \$200,000)
At Target EBITDA:	\$80,000 payout (40% of \$200,000)

Between cliff EBITDA and Target EBITDA, a straightline payout will occur from 50% of Target Bonus to Target Bonus:



For every \$1 earned in EBITDA beyond the Target EBITDA, \$.50 will go into a pool. The pool will then be distributed amongst all eligible participants, including participants that have met the requirements under this Plan, the Corporate Office Officers' Plan and the Corporate Office Directors & Managers' Plan. The weighting by position is based on a position's maximum bonus as a percent of the total of maximum bonuses of all other eligible participants.

Calculation, Approval & Payment of Bonuses

At the end of the period, all payouts will be subject to review, audit, and final approval.

Payments will be made to associates as soon as administratively possible following the end of each bonus period. Typically, payouts are approved following the February Board meeting and paid prior to March 15th. Payments may be made in either cash or stock at the Company's sole discretion.

Effect of Change in Employment Status/Termination

Transfers: An associate that transfers from a bonus-eligible position to another bonus-eligible position will receive pro-rated amounts for each position, based upon the criteria established for each position and will not have a waiting period to be eligible.

Leaves of Absences: To the extent an associate qualifies for an approved leave of absence, that associate's bonus will not be forfeited, but rather will be prorated. If the leave involves accrued paid leave, the bonus will be unaffected. If the leave involves unpaid leave, your bonus will be prorated based upon the actual number of days worked plus any paid leave as a proportion of the full bonus calculation period.

Terminations: Participants must be employed at the time of payout of bonuses in order to be eligible for the payout. Any associate whose employment terminates prior to this date forfeits all rights to any bonus payment.

General Provisions

In situations where a bonus has been earned based on the plan criteria, a participant may be disqualified from receiving part or all of such bonus payment at the discretion of RLH. Instances when this might occur include overall substandard work performance of the associate, failure to follow company policy and procedures, exposing the company to legal liability, inappropriate behavior, withholding information, or inadequate follow-through on critical incidents.

Notwithstanding anything to the contrary in this policy, individual or company-wide bonus payments may be deferred, partially paid or withheld in their entirety at the sole discretion of RLH in consideration of the overall best interests of the company. RLH reserves the right to cancel, change, modify or interpret any and all provisions of the Plan at any time without notice. Participation in or eligibility for the Plan does not create any entitlement to employment or continued employment and does not alter the at-will status of employees. This Plan will be governed and construed in accordance with the laws of the state of Washington.