

President's Update: November 2010

At the upcoming Annual Shareholder Meeting scheduled for January 10, 2011, the shareholders will vote to fill three seats on the Island Inn Board of Directors. A formal Notice of Meeting and Proxy materials will be mailed to shareholders in mid-November.

Before casting your vote for the Island Inn Board of Directors, there are a few things I would ask you to consider. A small number of shareholders have taken exception to the actions of the current Board of Directors. While there is always room for improvement, criticism and comment, there is also a responsibility to fully understand the critical issues facing the Island Inn and the financial consequences of any steps taken.

The current Board took actions which in its collective business judgment it felt were essential to preserve the Inn from imminent financial collapse. Those actions have shown immediate and positive financial results and have been reported in previous newsletters. The current Board is also undertaking measures to improve and enhance the long-term sustainability of the Island Inn.

The election of individuals to the Island Inn Board of Directors is an important decision and one that will have consequences for the Inn's future financial viability. Nomination forms were previously provided to all shareholders in an earlier Newsletter. Three candidates have been selected by the Nominating Committee—Al Paladino, Dick Notebaert, Dick Williams and Bill Hanger—and will be presented to shareholders for consideration. Proxy letters, description of candidates and ballots will be mailed to shareholders November 15th.

Two of those candidates, Betsy Cummins Jolley and Ralph Scott have served a three year term and are eligible for re-election. The third, Merrell Rushworth, is seeking a first term. Both Merrell and Ralph grew up and attended school on the Island. All three candidates have a deep understanding of the Inn and are committed to see it succeed. Please read and consider their qualifications and long-term ties to the Inn.

The Inn is at a critical juncture and your vote at the upcoming meeting and election will determine its future.

Sincerely,
Joe Orndorff, President and Chairman
The Island Inn Company

ELECTION PROCEDURES: (See By-laws, Article II and Article III)

QUORUM: To call a Shareholder Meeting to order, there must be a quorum. To constitute a quorum, a majority of all eligible voters must be present either in person or by proxy. There are 170 shares, of which 10 were repurchased by the Inn several years ago and are non-voting treasury shares. Three shareholders own two shares, but per the By-Laws, may only cast a single vote. Estates are eligible voters. At this time there are 157 eligible voters. Therefore a quorum of 79 is required to call the Meeting to order. Just over 90 shareholders cast their ballot in January 2010; one third of that number attended the meeting in person. As described below, the election of members to the Board of Directors requires an affirmative vote of a majority of all existing shareholders and not just a majority of the quorum present at the meeting.

PROXY: Each year the Inn sends the primary shareholder (first named on the certificate) a proxy letter that includes information about the meeting time and date; the candidates selected by the nominating committee, a ballot and a return envelope. Shareholders are asked to mark and mail their proxy ballot. Shareholders attending the annual meeting may reclaim their proxy and opt to vote in person. (Art. II Sec. 2.5)

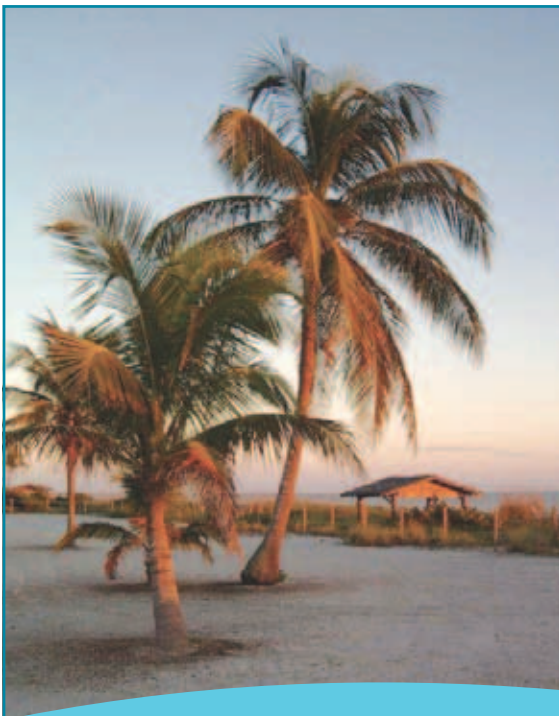
ELECTION OF DIRECTORS: Election of members to the Board of Directors requires the affirmative vote of the holders of a majority of the outstanding shares of the corporation. Therefore, election to the 2011 Board of Directors requires 79 votes in favor of a candidate. Should that number not be attained by a candidate at the January 2011 meeting, a candidate is not elected. If subsequent votes at the Annual Meeting do not achieve the required 79 votes, the current Board is held over "until their successors are elected and accept." (Art II, Sec. 2.5) (Art III, Sec. 3.1)

APPOINTMENT OF BOARD MEMBERS: Following the annual meeting, the Board of Directors meets to elect officers for the coming year and, if necessary, appoint individual/s to serve any vacant Board position/s for the balance of the term. (Art. III, Sec. 3.1)

NEW ISLAND INN WEBSITE LAUNCHED:

As scheduled, Chris Davison and his team launched the Island Inn's newly redesigned website (www.islandinnsanibel.com) which lists the Inn's available room inventory—including rental of cottages for two days or more. Today's prospective guests shop online and demand a 24/7 online reservation system that permits immediate booking confirmation and visually presents the distinctive attributes of the campus. In addition, the myriad of available off-campus activities are listed and linked so guests can conveniently see that the Inn offers a distinctive vacation destination. Another special feature is the "live cam" which presents a continuous 24 hour live view of the Inn's beachfront—rain or shine.

Information for shareholders may be seen at the Shareholder Only page. Select "Plan Your Stay" then select "About the Inn" and finally select "Shareholders Only." You will be asked to furnish the two access codes: **shareholder-2006** and **meeting-2007**. You will note that all previous Newsletters are available, along with official documents, share application forms, financial reports and several pictures showing Hurricane Charley's damage to the campus. Please visit our new site and see the improvements which have already increased sales.



TRADITIONS RESTAURANT:

Traditions Restaurant will again offer an extensive breakfast buffet for its winter guests, which is included in the room rate. Given the change of dietary and travel patterns, breakfast was selected as the most likely time for guests to mingle and get acquainted with other guests. The evening meal will offer a wider menu selection and include the option to order heart smart items and smaller portions at a lower price.

MISSING SHAREHOLDERS:

One of the many challenges facing the Inn has been the timely updating of the share ownership mailing list. Unfortunately, some share holders do not contact the Inn when they move nor do their families inform the Inn when there is a death. John Campbell and our archivist Nan Leeming are working to track down these missing shareholders. Please complete the shareowner information below so that our 2011 directory can be as accurate as possible.

Sales and Financial Report- October Results 2009-2010

October	2009	2010	% Change
Unit Revenue:	\$71,900	\$107,720	49.8% Increase
Occupancy:	30.6%	54.3%	77.5% Increase
YTD Revenue:	\$418,553	\$511,201	22.1% Increase