

*American Resorts International's Holiday Network, Ltd.*  
*Two Transam Plaza Suite 300*  
*Oakbrook Terrace Illinois 60521*

December 1, 2007

Dear Holiday Network Member:

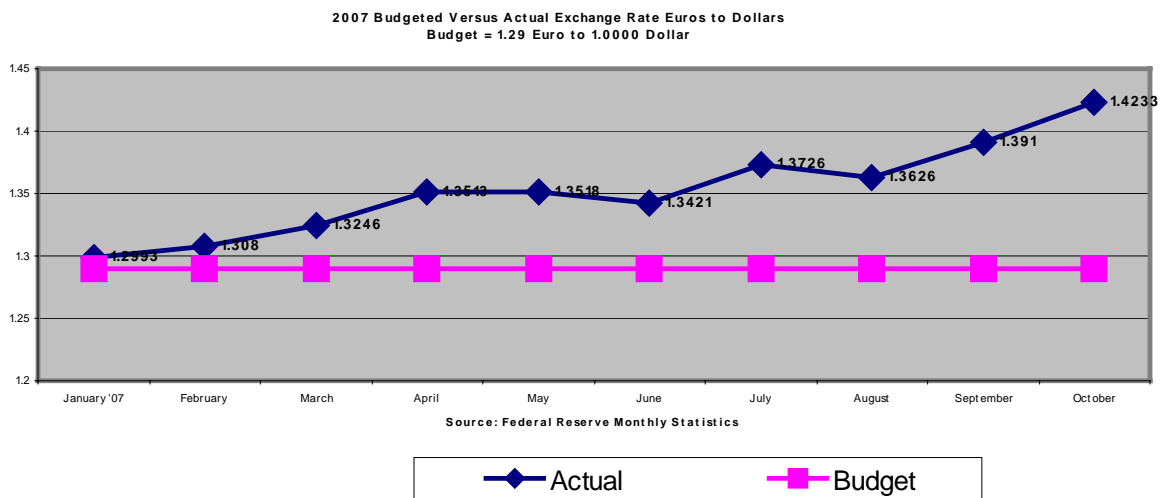
I wish to share some of the achievements over the past year with you and discuss the impact upon your 2008 maintenance fee. First, once again the resorts that make up American Resorts International's Holiday Network, Ltd. have been awarded the prestigious 5-Star rating from Interval International. This coveted award is a testament to the high standards of both product and service that you as a Holiday Network member have come to expect. You should be aware that only about 20% of the resorts affiliated with Interval International are 5-Star rated. The process of maintaining a 5-Star rating requires the highest attention to detail and relies heavily upon your continued support.

We, in Management, have continued to focus on areas of cost control, while preserving the highest possible service offered to the membership. Over the past 12 months and through the third quarter of 2007, the overall actual operating expenses were \$4,599,805 compared to the overall budgeted expenses of \$4,570,565. The difference between the actual and budgeted maintenance fee expenses represents approximately 0.6% variance or approximately \$29,000.

Most of the maintenance fees that you pay are spent on operating, managing and upkeep of the resorts. Over the past 12 months, your maintenance fees have been expended as follows: 70% for the resorts operations, 15% for management fee, 7% for payroll, 5% for collection services and 3% for legal.

Since the resorts of the Holiday Network are located in Austria, most of the maintenance expenses are paid in Euros. Thereby, the performance of the Dollar compared to the Euro is paramount to maintaining effective cost controls over your annual maintenance assessments. Unfortunately, since January, the Dollar has depreciated by over 10%. This depreciation of the dollar makes the cost of operating, managing and repairing the resorts more expensive. The fluctuation of the Dollar is an important factor in determining your maintenance fees in the future.

I have enclosed the following table to demonstrate clearly the affect of the Dollar against the Euro and the impact upon the 2007-year actual maintenance fees from the budgeted amount



As a result of the poor performance of the US dollar against the Euro, this has made the cost of operating the resorts considerably more expensive. Additionally, we have created the 2008 budget upon the anticipation of the continued weakness of the dollar. Both of these factors will have a significant impact upon the your 2008 maintenance fees.

As many of you already know, class action litigation against the Holiday Network commenced in 2002. Now, almost six years later, there have been some very positive developments in the potential to end this litigation. Unfortunately, the legal costs associated with this litigation will certainly continue and is budgeted at about 5% of the total 2008 budget. Other costs such as payroll and collection fees are both budgeted at approximately 5% of total maintenance fee expenditures; both in line with prior years.

As described earlier, Management's intention is always to preserve the 5-Star rating from Interval International at a reasonable cost structure. We expect to utilize almost 74% of the 2008 maintenance fee budget on the resorts. The overall cost structure at the resort level is expected to remain fairly consistent from that of 2007. The 2008 budget assumes a very modest 2% inflation rate to be applied to the actual 2007 resort operating expenses.

However, the depreciation of the Dollar makes these costs considerably more expensive. We have created the budget for 2008 using a 1.55E to \$1.00 exchange rate. This represents over a 20% increase in the exchange rates used from the prior year.

As stated earlier, the costs of operating the timeshare program through September 30, 2007 were approximately 0.6% over the budgeted amounts. Consequently, this 2007 budget shortfall requires an adjustment to the 2008 maintenance fee. This amount will be \$4 annually or \$.33 per month per interval week.

As a result of these factors described above, your 2008 maintenance fee will be increased by approximately 27%.

A complete 2008 budget for the Holiday Network is available on our website at [www.resortintervals.com](http://www.resortintervals.com). This budget is available to be downloaded or viewed online. For those members that do not have access to the internet, please contact your member services representative and they will be happy to mail a budget to you.

We thank you for your understanding and continuing support.

Best wishes for a happy and healthy holiday season,



Robert L. Pioso  
Chief Financial Officer