

*American Resorts International's Holiday Network, Ltd.*  
*Two Transam Plaza Suite 300*  
*Oakbrook Terrace Illinois 60181*

December 10, 2008

Dear Holiday Network Member:

This past year has seen many changes in the political and economic climates of our own country and that of the world. A new President, high-energy prices, mortgage foreclosures and the meltdown of the global capital and stock markets have made all of our lives more challenging. Throughout these many changes, we have been able to maintain the highest ratings from Interval International on your timeshare program.

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 2008, the overall actual operating expenses were \$5,257,381 compared to the overall budgeted expenses of \$5,091,453. The difference between the actual and budgeted maintenance fee expenses represents approximately 3.25% variance or approximately \$165,000. The primary reasons for the variance was additional legal costs incurred in the Slodki class action litigation and the depreciation of the dollar in the last three months of 2007 compared to the budgeted exchange rate.

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: 72% for the resorts operations, 12% for management fee, 5% for payroll, 4% for collection services and 6% 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. Through the first nine months of 2008, the average exchange rate of the Euro to the Dollar was approximately 1.50. This average is very consistent with our 2008 budget of 1.55. As such, this has resulted in keeping the actual costs of resorts within the budgeted amounts. In the past several months, the Dollar has shown strength against the Euro. As of the middle of November 2008, the exchange rate was trading in the 1.30 range. This appreciation of the Dollar against the Euro is a primary factor in computing the costs associated with the 2009-operating budget of the timeshare program. The 2009 budget with respect to the resort expenses assumes a 2.6% inflation rate to be applied to the actual 2008 resort operating expenses.

As many of you already know, Slodki class action litigation against the Holiday Network commenced in 2002. Now, almost seven years later, the litigation continues and is a cost factor that impacts your maintenance fees. We have estimated that since the commencement of litigation in 2002 that the litigation costs to the timeshare program are in excess of \$1,000,000. These costs have been borne by you, the Membership. We expect that there will be an additional \$300,000 incurred in 2009 or 6% of the total 2009 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 highest rating from Interval International at a reasonable cost structure. As such, we expect to utilize almost 69% of the 2009 maintenance fee budget on the resorts.

As stated earlier, the costs of operating the timeshare program through September 30, 2008 were approximately 3.25% over the budgeted amounts. Consequently, this 2008 budget shortfall requires an upward adjustment to the 2009 maintenance fee. This amount is \$27 annually or \$2.25 per month per interval week.

As a result of the appreciation of the Dollar, the forecasted cost structure, and the 2008-budget shortfall as described above, your 2009 maintenance fee will be decreased by approximately 0.1% to \$720 per interval week or \$60 per month.

A complete 2009 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,

A handwritten signature in black ink, appearing to read "Robert L. Pioso". The signature is fluid and cursive, with a large initial "R" and "P".

Robert L. Pioso  
Chief Financial Officer