



Memories for Generations®

November 15, 2009

Re: 2010 Budget and Annual Dues

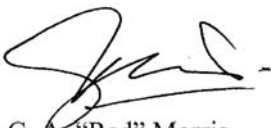
Dear Members:

More than a year has passed since the beginning of the global financial crisis that swept every corner of the world, and there are many hopeful signs that the worst is over and the US economy is embarking on a road to recovery. Still, many Americans, including some RAVC members, continue to be affected by the remnants of the crisis; the road to recovery for some of them could be long and agonizing. When we started preparing next year's budget, our goal was to keep any dues increase to the lowest possible amount. Recognizing that we exercise little control over many major expenses of the Club, such as condominium fees, real property taxes, and utilities charges, etc., we examined every detail of our administrative and resort operations for possible areas of economizing without compromising on the quality standards that RAVC members and guests expect. We are delighted to report that we have successfully produced a balanced budget for Fiscal Year 2010 without any increase in your annual dues.

Total operating expenses for FY 2010 are projected to be \$167,000 less than the FY 2009 budget, the first year-to-year decrease in total operating expenses in 15 years. Except for Waikiki, every resort and the Executive office will have a smaller operating budget in FY 2010 (Waikiki has been hit by a larger-than-average increase in condominium fees and mandatory employee benefit cost). All the austerity measures adopted in 2009, such as curtailed travel, suspension of salary increases, etc., will be continued in 2010. Other savings are possible by taking advantage of technological advancement, which allows us to deliver some of our services in a new and more economical way. Some expense reductions may result in minor inconvenience but we believe that the overall quality of your vacation experience will remain intact. We are grateful to RAVC employees, at every level, who are being asked to do more with less.

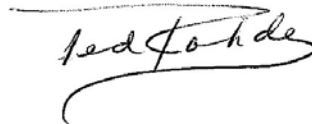
In spite of the \$167,000 reduction in operating expenses, the operating component of your 2010 annual dues will be increased by \$10/\$12 for one-bedroom and two-bedroom weeks, respectively; however, the increase will be offset by a decrease of an equal amount in the reserve component of your annual dues, resulting in no changes in the overall annual dues amount. The decrease in the reserve component of the annual dues is possible due to rescheduling of many discretionary refurbishment expenditures that do not affect the overall quality of the vacation unit. Our long-term refurbishment plan still includes \$12.5 million of refurbishment work over the next 10 years. The increase in the operating component is needed because of a smaller membership base. As the Club celebrates over 30 years of services to our members, some have reached a point in their life that they no longer travel and have decided to relinquish their memberships. Unfortunately, the remaining members will have to shoulder a slightly higher cost until those relinquished memberships are assumed by others. In the coming months, you will be receiving tremendous offers from the Club to purchase some of these weeks at unprecedented prices. It will be a good time to consider acquiring an additional week for your family members, especially the younger generation, so they can also enjoy the lifetime benefit of vacation ownership.

During these turbulent economic times, it is easy to forget that the people we care for are the most important in our life. There is no better way to reconnect with your loved ones than taking and enjoying a vacation together. Vacation is also good for the children. A U.S. Department of Education study found that children who travel do better in reading, math and general knowledge than their peers who don't vacation. Travel broadens children's horizons and opens their minds to learning. So please take advantage of your membership and start planning for your next family vacation. Bring the joy of togetherness to your family, and we vow to make your vacations as memorable and as affordable as possible, today, and for many years and generations to come!



G. A. "Red" Morris
Chairman
Board of Directors

Aloha,



Ted Rohde
Chairman
Audit and Finance Committee