OUTLINE

• Overview of industry – global, national and Michigan
• 2008 Michigan tourism year-in-review
• 2009 Michigan tourism forecast

TOURISM INDUSTRY ON THE GLOBAL LEVEL (I)

• The Travel & Tourism Economy (TTE) grew by 1% in 2008.
• The TTE is projected to contract by 3.5% in 2009, and to grow by
  0.25% in 2010; but longer term prospects remain good, with an
  average growth rate of 4% for annum projected through 2019.
• The contribution of Travel & Tourism to Gross Domestic Product
  (GDP) is expected to rise from 9.4% (US$5,474bn) in 2009 to 9.5% 
• The contribution of the TTE to employment is expected to rise from
  219,810,000 jobs in 2008 (7.6% of total employment, or 1 in every
  13.1 jobs) to 275,688,000 jobs (8.4% of total employment or 1 in
  every 11.8 jobs) by 2019.


TOURISM INDUSTRY ON THE NATIONAL LEVEL (I)

The Travel Industry Association of America’s (TIA) statistics show that travel is ...

• One of the country’s largest industries with
  - $740 billion in direct travel expenditures
  - $1.6 trillion in direct, indirect and induced travel expenditures
  - $110 billion in tax revenue for local, state and federal
governments
• One of the country’s largest employers with
  - 7.5 million direct travel-generated jobs and
  - $178 billion direct travel-generated payroll

TOURISM INDUSTRY ON THE NATIONAL LEVEL (II)

- 2008 will be the 20th consecutive year that the travel and tourism industry has generated a balance of trade surplus
- For Jan-Nov 2008 (relative to Jan-Nov 2007)
  - International visitors + 6%
    - Canadian visitors + 8%
    - Mexican visitors + 7%
  - Overseas visitors + 7%
  - International visitor spending + 19%

Source: The U.S. Office of Travel and Tourism Industries (OTTI), 2009.

TOURISM INDUSTRY IN MICHIGAN

In 2007:
- Direct travel expenditures equaled $18.1 billion, a decrease of 3.6% over 2006
  - Resident travel spending down 10.2%
  - Non-resident travel spending up 4.0%
- Approximately 192,000 employed statewide
- $874 million generated annually in state taxes

Source: Travel Michigan Economic Development Corporation.

MICHIGAN TOURISM: A LOOK BACK AT THE YEAR 2008

- Weather
- Traffic counts, bridge crossings and gas prices
- Sales and use tax
- Visits to attractions
- Hotel occupancy
- Assessments

MICHIGAN TOURISM INDUSTRY INDICATORS:
TOTAL PRECIPITATION BY SEASON

<table>
<thead>
<tr>
<th>Season</th>
<th>2008 vs. 2007</th>
<th>2008 vs. Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter '07-'08</td>
<td>-25%</td>
<td>-25%</td>
</tr>
<tr>
<td>Spring '08</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Summer '08</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Fall '08</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Winter '08-'09</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Source: Midwestern Regional Climate Center.

MICHIGAN TOURISM INDUSTRY INDICATORS:
AVERAGE MAXIMUM TEMPERATURES BY SEASON

<table>
<thead>
<tr>
<th>Season</th>
<th>2008 vs. 2007</th>
<th>2008 vs. Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter '07-'08</td>
<td>-12.4%</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Spring '08</td>
<td>2.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Summer '08</td>
<td>-2.1%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Fall '08</td>
<td>-14.7%</td>
<td>-14.7%</td>
</tr>
<tr>
<td>Winter '08-'09</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Midwestern Regional Climate Center.
MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007 WEATHER AND TRAFFIC

Source: Midwestern Regional Climate Center; Michigan Department of Transportation.

Annual Changes:
Precip. + 16.5%   Temp. - 4.5%   Traffic - 6.2%

MICHIGAN HIGHWAY TRAFFIC COUNTS YEAR-TO-YEAR CHANGE

Source: Michigan Department of Transportation.

Annual Change: -8.9%
MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007 WEATHER & MACKINAC BRIDGE CROSSINGS

Source: Mackinac Bridge Authority; Midwestern Regional Climate Center.

Annual Change:

<table>
<thead>
<tr>
<th>Bridge</th>
<th>Precip.</th>
<th>Temp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.9%</td>
<td>+16.5%</td>
<td>-4.5%</td>
</tr>
</tbody>
</table>

MACKINAC BRIDGE TRAFFIC COUNTS YEAR-TO-YEAR CHANGE

Source: Mackinac Bridge Authority.

MACKINAC BRIDGE TRAFFIC COUNTS YEAR-TO-YEAR CHANGE

Source: Mackinac Bridge Authority.

MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007 GAS PRICES

Source: AAA Michigan.

Annual Change: +14.4%
MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007
MONTHLY CHANGES IN HOSPITALITY TAXES (SIC 701)

-50% -30% -10% 10% 30% 50%
Percentage change
Sales & Use Taxes
Sales Taxes
Use Taxes

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis.

HOSPITALITY TAX COLLECTION AND TRAFFIC COUNT TRENDS IN MICHIGAN

Traffic Counts
Sales and Use (SIC 701) Tax Collections
Average annual change (1995-2008): Traffic counts 3.4%, SIC 701 tax collections 2.9%
Average annual change (2003-2008): Traffic counts 0.3%, SIC 701 tax collections 0.6%

Source: Michigan Department of Transportation and Michigan Department of Treasury.

MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007
WEATHER AND TAXES

-75% -50% -25% 0% 25% 50% 75% 100% 125% 150%
Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec
Percentage change
Precipitation
Temperature
Sales and Use Taxes

Source: Midwestern Regional Climate Center; Michigan Department of Treasury.

Average annual change
Precipitation +16.5% Temperature -4.5% Taxes +0.5%

MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007
TOURISM ACTIVITY INDICATORS

-9.7% -8.9% -0.3% 3.2% 8%
Percentage change
Sources: Flint Cultural Center; The Henry Ford; Mackinac Bridge Authority; US National Park Service.


Occupancy %
USA Michigan Detroit

Source: Smith Travel Research, 2009.

MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007 HOTEL DATA

<table>
<thead>
<tr>
<th></th>
<th>Occupancy</th>
<th>ADR</th>
<th>RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>-4.2%</td>
<td>+2.4%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Michigan</td>
<td>-3.2%</td>
<td>+1.5%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Detroit</td>
<td>-5.2%</td>
<td>+1.8%</td>
<td>-3.5%</td>
</tr>
</tbody>
</table>

Source: Smith Travel Research, 2009.
Michigan Tourism Outlook 2009

Michigan State University, Department of CARRS

MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007
PERCENT CHANGE IN ASSESSMENTS AND PROPERTIES


<table>
<thead>
<tr>
<th>Region</th>
<th>Assessments</th>
<th># of Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.P.</td>
<td>-5.8%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>N.L.P.</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>S.L.P.</td>
<td>-4.2%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Statewide</td>
<td>-2.3%</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

CVBs Responding: UP: 10, NLP: 12, SLP: 14 (36).

SUMMARY OF MICHIGAN TOURISM INDUSTRY 2008 VS 2007 INDICATORS

• Weather: 2008 was cooler (-4.5%) and wetter (+16.5%) than 2007
• Travel activity: down
  - Traffic counts - 6%, Mackinac Bridge crossings - 9%
• Gas prices: +14.4%
• Sales and use tax: +0.5%
• Visits to attractions: variable
  - Urban/local ↑ but natural/remoter ↓
• Hotel occupancy: down 3-5%
• Assessments: down 0.5%

COMERICA BANK MICHIGAN TOURISM INDEX, Q1 2000 – Q4 2008

Michigan Film Production Incentive Program

• Enacted April 2008, provides a 42% tax credit
• In 2008
  - 32 productions completed
  - $65.4 million in spending generated
  - 2,763 jobs created
• Great potential for film-induced tourism


MICHIGAN TOURISM INDUSTRY INDICATORS: 2008 VS 2007 CONSUMER CONFIDENCE INDEX


Annual Change: -44.1%

Michigan Tourism Forecast 2009

Michigan State University, Department of CARRS
HOW ACCURATE WERE MSU'S PROJECTIONS FOR MICHIGAN TOURISM IN 2007 & 2008?

<table>
<thead>
<tr>
<th>Year</th>
<th>Travel Volume</th>
<th>Travel Spending</th>
<th>Travel Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Projected by MSU</td>
<td>Actual data</td>
<td>Projected by MSU</td>
</tr>
<tr>
<td>+1-2%</td>
<td>-1.5%</td>
<td>-2%</td>
<td>-6.2%</td>
</tr>
<tr>
<td>2008</td>
<td>+3-4%</td>
<td>+2.8%</td>
<td>0%</td>
</tr>
<tr>
<td>+4-5%</td>
<td>+3.2%</td>
<td>+3-4%</td>
<td>+3.2%</td>
</tr>
</tbody>
</table>

Source: MSU Department of CARRS; Michigan Department of Transportation; Michigan Department of Treasury.

HOW ACCURATE WERE MSU'S PROJECTIONS FOR MICHIGAN TOURISM OVER THE YEARS?

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>-12%</td>
</tr>
<tr>
<td>2000</td>
<td>-8%</td>
</tr>
<tr>
<td>2001</td>
<td>-4%</td>
</tr>
<tr>
<td>2002</td>
<td>0%</td>
</tr>
<tr>
<td>2003</td>
<td>4%</td>
</tr>
<tr>
<td>2004</td>
<td>8%</td>
</tr>
<tr>
<td>2005</td>
<td>12%</td>
</tr>
<tr>
<td>2006</td>
<td>19%</td>
</tr>
<tr>
<td>2007</td>
<td>-12%</td>
</tr>
<tr>
<td>2008</td>
<td>-8%</td>
</tr>
</tbody>
</table>

Source: MSU Department of CARRS; Michigan Department of Treasury.

WHY 2008 RESULTS WERE BELOW THE LONG-TERM TREND?

- Michigan's unemployment rate remained high
- Gasoline prices rose significantly (over $4 during peak season)
- Housing crisis worsened – mortgage defaults, steep price declines
- Consumer spending slipped
- Limited new products were offered to stimulate Michigan travel
- Automobile industry, suppliers continued to suffer
- Major declines in stock markets

DEVELOPING THE FORECAST – THEN

- Michigan travel activity was tracked by tourism researchers at MSU throughout the year
- Current data were added to extend the long-term trend
- We reviewed weather patterns, economic trends, and industry performance data for the previous year
- Trend data and economic forecasts were reviewed for their expected impacts – positive and negative
- We surveyed CVBs to collect performance data and their forecasts
- We reviewed the data and "tweaked" the long run trends up or down based upon feedback from the "Brain Trust"

DEVELOPING THE FORECAST – NOW

- This year is different; Past trends are less meaningful and economic forecasts more unreliable.
- We decided to temper reliance on the past and forecasts with a healthy dose of subjective judgment.
- There is no doubt that 2009 will be a challenging year for Michigan's tourism industry, so we looked for opportunities to mitigate the challenges it is facing.
- Participants in 2009 "Brain Trust" meeting: Bill Sheffer, Dave Lorenz, Dave Morris, George Moroz, Tracy Padot, Dr. Don Holecek, Dr. Sarah Nicholls, Dr. Robert Richardson, Dr. Christine Vogt, Lori Langone and Dave Smyth.
TRENDS IN FACTORS THAT INFLUENCE TRAVEL (I)

Currency Exchange Rates

<table>
<thead>
<tr>
<th>Per US$1</th>
<th>April 11 2008</th>
<th>March 6 2009</th>
<th>% change</th>
<th>US $ is... Value in 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>1.02</td>
<td>1.29</td>
<td>+ 26.4%</td>
<td>Stronger 1.46</td>
</tr>
<tr>
<td>Euro</td>
<td>0.63</td>
<td>0.80</td>
<td>+ 27.0%</td>
<td>Stronger n.a.</td>
</tr>
<tr>
<td>Pound</td>
<td>0.50</td>
<td>0.71</td>
<td>+ 42.0%</td>
<td>Stronger 0.64</td>
</tr>
<tr>
<td>Peso</td>
<td>10.57</td>
<td>15.40</td>
<td>+ 45.7%</td>
<td>Stronger 9.36</td>
</tr>
<tr>
<td>Yen</td>
<td>101.19</td>
<td>154.00</td>
<td>+ 45.7%</td>
<td>Stronger 9.36</td>
</tr>
<tr>
<td>FRB Broad Index (Feb.)</td>
<td>30.16</td>
<td>30.50</td>
<td>+ 1.3%</td>
<td>Stronger 30.50</td>
</tr>
</tbody>
</table>

Source: Currencies - www.oanda.com; Federal Reserve Bank.

TRENDS IN FACTORS THAT INFLUENCE TRAVEL (II)

Interest rates – March 6

<table>
<thead>
<tr>
<th>30-year mortgage (average)</th>
<th>10-year treasury bond</th>
<th>90-day treasury bill</th>
<th>Prime rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.73%</td>
<td>2.61%</td>
<td>1.29%</td>
<td>5.25%</td>
</tr>
<tr>
<td>- 9.4%</td>
<td>+ 12.6%</td>
<td>- 78.3%</td>
<td>- 38.1%</td>
</tr>
</tbody>
</table>

Gasoline prices

Unleaded regular - Michigan

$3.38 (April) 5.73% 2.61% 1.29% 5.25%

Source: WSJ 3/6/09; AAA Michigan.

TRENDS IN FACTORS THAT INFLUENCE TRAVEL (III)

Stock Market

<table>
<thead>
<tr>
<th>Dow Jones Industrial Avg.</th>
<th>Nasdaq Composite</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 07: 13,089</td>
<td>May 07: 14,000</td>
<td>n.a.</td>
</tr>
<tr>
<td>Apr 11, 2008</td>
<td>12,325</td>
<td>2,290</td>
</tr>
<tr>
<td>March 5, 2009</td>
<td>6,594</td>
<td>1,300</td>
</tr>
<tr>
<td>12-month change</td>
<td>- 731</td>
<td>- 990</td>
</tr>
<tr>
<td>% change (year-to-year)</td>
<td>- 46.5%</td>
<td>- 43.2%</td>
</tr>
<tr>
<td>% change (year-to-date)</td>
<td>- 24.9%</td>
<td>- 17.6%</td>
</tr>
</tbody>
</table>

Record highs

Apr 07: 13,089
Nov 07: 14,000
Oct 07: 1,565


TRENDS IN FACTORS THAT INFLUENCE TRAVEL (IV)

Consumer Confidence Index – Another all time low

U.S. March 64.5 Feb. 25.0 - 61%

Unemployment

U.S. (Feb.) 4.8% 8.1% + 69%

Michigan* (Jan.) 7.1% 11.6% + 63%

* Lowest unemployment rate in Michigan was 16.9% in March 2000


CONSUMER CONFIDENCE INDEX U.S. RESIDENTS

Projected Change in Michigan Jobs by Sector – 2008 vs. 2009

<table>
<thead>
<tr>
<th>Sector</th>
<th>2008-2009 Change (%)</th>
<th>2008-2009 Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>- 10.1</td>
<td>Prof. &amp; Business Services</td>
</tr>
<tr>
<td>Ed. &amp; Health</td>
<td>- 0.4</td>
<td>Retail</td>
</tr>
<tr>
<td>Finance</td>
<td>- 6.0</td>
<td>Transport &amp; Warehousing</td>
</tr>
<tr>
<td>Government</td>
<td>- 0.4</td>
<td>Utilities</td>
</tr>
<tr>
<td>Information</td>
<td>- 2.5</td>
<td>Leisure &amp; Hosp.</td>
</tr>
<tr>
<td>Nat. Res. &amp; Mining</td>
<td>- 14.3</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Other Services</td>
<td>- 1.8</td>
<td></td>
</tr>
</tbody>
</table>

Source: Moody’s Economy & USA Today.

Projected Regional Employment Change by Selected Sector – 2008 vs. 2009

<table>
<thead>
<tr>
<th>Sector</th>
<th>2008-2009 Change (%)</th>
<th>2008-2009 Change (%)</th>
<th>2008-2009 Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>- 5.0</td>
<td>Illinois</td>
<td>- 5.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leisure &amp; Hosp.</td>
<td>- 4.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ed. &amp; Health</td>
<td>- 0.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Govt.</td>
<td>+ 0.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>- 3.0</td>
</tr>
<tr>
<td>Illinois</td>
<td>- 7.8</td>
<td>Indiana</td>
<td>- 4.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ 1.7</td>
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<td></td>
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<td></td>
<td>+ 0.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- 3.0</td>
</tr>
<tr>
<td>Indiana</td>
<td>- 14.3</td>
<td>Michigan</td>
<td>- 5.0</td>
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<td></td>
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<td>- 0.4</td>
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<td>- 5.0</td>
</tr>
<tr>
<td>Michigan</td>
<td>- 3.3</td>
<td>Minnesota</td>
<td>- 3.9</td>
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<tr>
<td></td>
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<td></td>
<td>+ 1.6</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>- 0.8</td>
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<td></td>
<td></td>
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<td>- 2.2</td>
</tr>
<tr>
<td>Minnesota</td>
<td>- 6.3</td>
<td>Ohio</td>
<td>- 3.8</td>
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<td>- 0.7</td>
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<td></td>
<td></td>
<td></td>
<td>- 3.6</td>
</tr>
<tr>
<td>Ohio</td>
<td>- 5.2</td>
<td>Wisconsin</td>
<td>- 6.8</td>
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<td>- 0.2</td>
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<td>- 3.0</td>
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<td>Wisconsin</td>
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<td></td>
<td></td>
<td>- 0.2</td>
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<td></td>
<td></td>
<td></td>
<td>+ 0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- 2.5</td>
</tr>
</tbody>
</table>

Source: Moody’s Economy & USA Today.

How bad is it and when will it get BETTER??

- This recession – in its 15th month; longer than only two since WWII
- Unemployment - @ 8.1%, a 25 year U.S. peak
  - Will increase further to 9-10% sometime next year
  - Typically continues to rise a while into recovery
- Housing – Prices down 26% in last 18 months
  - May fall 20% more beforebottoming in late 2010
  - Fell only 30% in Great Depression but no bubble then
  - Slow recovery after bottoming
- Stock Markets – Down ~ 50%; dropped 89% in Great Depression
  - Typical recovery 4-6 months before the economy
  - Typically climb quickly; 40-50% possible
  - But 50% rise would leave markets 25% off peaks

Are We There Yet? (I)

“The only function of economic forecasting is to make astrology look respectable” (John Kenneth Galbraith)

Stocks: (We may be there or close to the bottom)
- Stock market hits bottom before the economy does
- The P/E ratio for the S&P 500 Stock index adjusted for inflation on March 3, 2009 was 12.
- The average is 16.37 (1890-2009); was 7 in 1982; and was 44.2 in 1999.

Always Try to See The Glass Half Full

A few months from now after we have clearly put this recession behind us, quantitative market analysts and economists are likely to see the last few months as a dramatic, but to be expected, time of “reversion to the mean.”
Are We There Yet? (II)

Home Prices – (Probably not nationally but close in some regions)
- Prices have fallen by nearly one-third from 2006.
- But, an inflation adjusted home index reached 200 in 2006. It has varied between 110 & 120 since 1960. And, it is about 140 today.
- Will require still lower prices, easier lending & an improving economy to stabilize.

Source: NY Times 3/15/09.

Are We There Yet? (III)

Consumer Spending – (Probably not until economy recovers)
- Spending fell 1% in second half of 2008; the first such decline since 1980.
- But, consumers still spent 98¢/dollar earned vs. 93¢/dollar on average since 1929.
- Consumers are still paying down accumulated debt, rebuilding retirement plans, and nervous about their jobs. (my view here)
- Latest retail sales data suggest that the decline has slowed, but growth will require earnings to increase as long as consumers are in a saving mode. (my view here)

Source: NY Times 3/15/09.

Comerica Bank's Michigan Tourism Index

Comerica’s Michigan Tourism Index fell to its lowest reading in 16 years (81). It stands 11% below its level last year at this time.

"Similar to so many other measures of economic activity, the decline in our tourism index accelerated markedly in late 2008. With the national and state economy still clearly contracting in early 2009, further declines in the Michigan Tourism index seem inevitable, as households and businesses cut back on discretionary travel. By mid-year, however, declines in tourism are likely to become less severe, as recessionary pressures begin to moderate."

- Dana Johnson, Chief Economist at Comerica Bank

FORECAST FOR U.S. TRAVEL IN 2009

Travel volume: - 5.6% Business travel
- 3.5% Leisure travel
Travel volume - International: - 3% Overall (includes Canada and Mexico)
- 4% Overseas only
Travel spending: - 7% Overall
Travel prices: - Major reductions overall (not specified)
- 6-11% Revpar (Lodging sector)

Source: Travel Industry Association of America (Annual Travel Forecast).

What Consumers are Saying About Their Vacation/Leisure Travel Plans for 2009 (Recent consumer poll findings)

- "A USA Today/Gallup Poll finds that 59% of people who normally take an annual vacation away from home will shrink their vacation spending this year – or just not go."
- D.K. Shifflet & Associates "...forecast Americans will spend 9.7% less on leisure travel in April, May and June, and 9.0% less in July, August and September than in 2008."
- The February travel horizons survey’s U.S. Travelers’ Sentiment Index rose to 90.2 from 78.2 last October due to the perceived affordability of travel (U.S. Travel Assn/Peter Yesawicki/3/17/09).

Source: USA Today.
Some Positive Trends – Near Term

- Lower gasoline prices
  - Reduces travel costs and boosts travelers’ “psychology”
  - Functions as an overall multi-billion dollar stimulus
- Most things cost less which partially offsets income losses.
- Forced retirement, lay offs, shorter work hours provide increased leisure hours – more time to travel.
- People are seeking to escape the bad news, reduce stress.
- Federal stimulus spending will begin to impact.

Some Positives – Insights, Long Trends

- Aging population with high propensity to travel.
- 2008 was challenging but performance wasn’t too bad.
- Retail sales have improved; people are spending but seek value.
- Michigan’s travel product generally appeals in this value sensitive consumer environment.
- The pendulum has swung back from irrational exuberance to irrational pessimism across housing and the markets.

Retail Shows Signs of Life

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<td>Overall retail sales</td>
<td>-1.5</td>
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| Source: WSJ 3/16/09.

February Sales

- Walmart + 5.1%
- Discount + 2.9%
- Macy’s - 8.5%
- Department - 9.0%
- Saks - 26.0%

Gaming – Thought to be Recession Resistant But Mixed Results in 2008

- Vegas and Atlantic City are experiencing major revenue declines and deeply discounting lodging
- Large operators experiencing major financial stress (bankruptcy?)
- Because they are overleveraged – they believed!
- Detroit casinos’ revenues up 1.8% over 2007 but MGM and Motor City opened up their hotels
- Detroit casinos’ revenues down 0.8% through February

MSU GROWTH PROJECTIONS FOR MICHIGAN TOURISM IN 2009

- Travel volume: -3.4%
- Travel spending: -3.4%
- Travel prices: -1.2%

THE WILD CARDS

- The economy
  - Housing
  - Employment
  - Energy prices
  - Inflation/deflation
  - Consumer spending
- Disruption in fuel supply and/or gasoline prices back to the $3-4 range
- Weather variability
Regional Revenue Projections and Actual Assessments – (CVB Survey Results)*

- Upper Peninsula: -5% - 5.8% - 7.7%
- Northern Lower Peninsula: -4% - 1.6% - 1.7%
- Southwestern region: + 3% + 0.1% - 3.8%
- Southeastern region: -2%

* Not all CVBs reported and results weighted by CVB scale.