ìuam Visitors Bureau's
:itizen Centric Report

Citizen Centric Report
Fiscal Year 2012

GUAM VISITORS BUREAU

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GENERAL MANAGER'S *Message*

2013 marks a significant milestone in tourism on Guam with the fiftieth anniversary of the Guam Visitors Bureau. Over the past fifty years Guam's tourism product has matured into a world-class destination serving nearly 1.3 million visitors annually.

We've made great strides in 2012 and look forward to increased growth in 2013.

KARL A. PANGELINAN

Who we are: Our Vision Re-Imagined

Mangement & Staff of the Guam Visitors Bureau - Setbision Bisitan Guåhan.

The Guam Visitors Bureau was established in 1963 as the Guam Tourist Commission under the auspice of the Guam Department of Commerce, signaling the beginning of the Tourism Industry on the tropical island. In 1970, the commission was renamed to the Guam Visitors Bureau, and re-established as a public non-stock, non-profit membership corporation to promote Guam as a visitor destination. GVB is funded by the Tourist Attraction Fund and membership dues (less than 1% of total funding).

Tourism provides thousands of employment opportunities for Guam's residents. Tourism accounts for over 50% to the Gross Island Product and is considered to be the main economic contributor to Guam's economy. As the official marketing agency for the Government of Guam, GVB strives to promote and develop Guam as a viable destination overseas. Additionally, programs, campaigns and events also support the duration and awareness of the local community in regards to the importance of tourism.

As GVB joins the island in welcoming the future of our industry, GVB envisions a healthy, vibrant, and ever growing visitor industry that generates business opportunities and employment for all residents, protecting the island's heritage, cultural values and natural resources, and making positive contributions to the local community's quality of life.

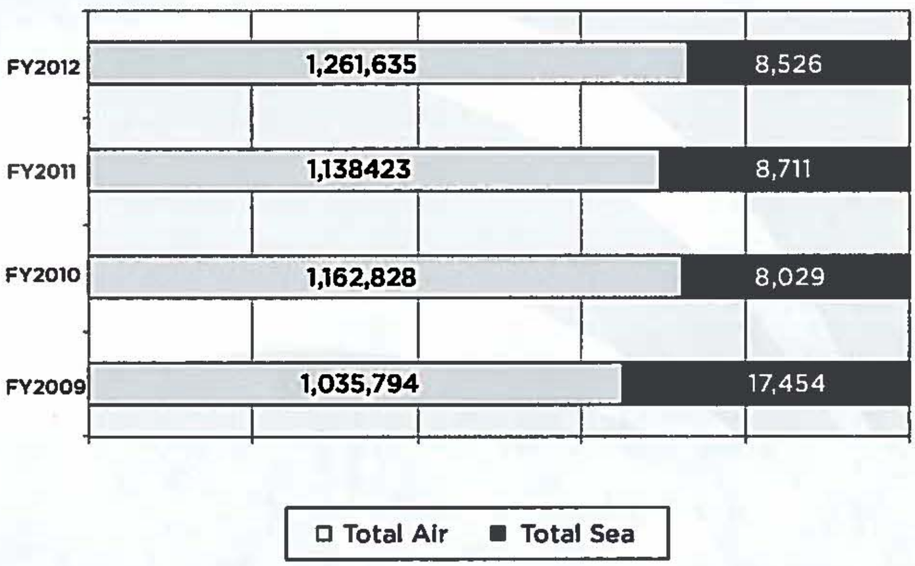
This is GVB's vision re-imagined; our "Guam" version 2.0.

GVB Strategic Guiding Principles

1. Increase Arrivals
2. Focus marketing efforts on diversification throughout source markets
3. Grow small & emerging markets
4. Continue the development of the destination
5. Maintain a moderate growth rate
6. Focus on Guam's unique Chamorro culture
7. Secure guaranteed funding
8. Improve GVB operations
9. Encourage community participation
10. Promote Guam as Micronesia gateway

PERFORMANCE

Total arrivals to Guam



$1.4bn
total tourism economy sales (Economic Report 2012).

One-Third
of all jobs on Guam are supported by the Tourism Industry.

18,000
number of jobs in the tourism industry.

$150m
in tax revenue generated for the Government of Guam.

$26.2m
in Hotel Occupany Taxes (2012).

$1,100
in on-island spend by each visitor (Economic Report 2012).

If the Tourism Industry did not exist, every household on Guam would have to contribute an additional $3100 a year to make up the revenue lost. From Real Estate to Retail, Tourism has a positive impact on every industry.

FY2012 Arrivals Summary

Guam experienced an overall 10.7% increase in total arrivals, ending the year with a combined 1,270,161 visitors from all markets. The Japan market fully recovered from the 3/11 triple disasters, with the island welcoming 907,765 travelers from its largest source market. The Korean market also continued its upward trend with 165,143 visitors (+13.8%), and combined, Japan and Korea represent almost 85% of all arrivals. Taiwan positioned itself as the third largest Asian source market with 49,851 visitors (+22.5%).

Travel from Chinese markets remained mixed, with Hong Kong slightly down (-1.4%) and China (+46.3%) continuing to see significant gains, but together still account for only 17,436 visitors, or 1.4% of total arrivals. There was positive growth from the U.S. Mainland (53,329 pax, +10.1%), Hawaii (11,437 pax, +2.1%) and Australia (4,071 pax, +11.2%), while the Philippines (10,240 pax -4.7%) declined slightly. Collectively, Micronesia (CNMI, Palau, FSM, RMI) made up 2.5% of total arrivals to Guam, with 32,156 visitors from the region. The biggest percentage increase for the year came from Russia (2,931 pax, +455%), which was granted visa waiver status in January 2012.

Japan Outbound & Market Share

	Oct-11	Nov	Dec	Jan-12	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Japan Outbound	1,571,525	1,497,704	1,461,425	1,331,144	1,572,587	1,737,033	1,410,963	1,431,204	1,481,674	1,598,016	1,964,041	1,622,996
MARKET SHARE	4.1%	4.72%	5.13%	6.06%	5.40%	5.73%	4.33%	3.87%	4.32%	4.80%	4.99%	4.92%

FINANCIAL REPORT

GVB's operations is funded through an eleven percent (11%) hotel occupancy tax, authorized through the Guam Legislature's annual budget appropriations. In fiscal year 2012, Public Law 31-77 appropriated $14,487,625 to GVB, of which $13,314,823 for operations and $1,172,802 for special projects.

Hotel Occupancy Tax collections in Fiscal Year (FY) 2012 were up over 12% versus FY2011, and the Bureau's operational budget of $13,314,823, was fully funded. However, Special Projects, which includes projects like Tumon and Hågatña beach cleaning, Tumon landscaping and islandwide road maintenance, was underfunded by $82,096. GVB's board, management and staff maintained a financially conservative philosophy in managing its expenditures to avoid statutory penalties associated with expenditures beyond allotments. Operating expenditures totaled $11,880,788 and $1,097,939 for Special Projects for the year, which does not include pass through appropriations, promotional in-kind contributions, community programs, and depreciation.

The Bureau received an additional $530,376 for pass through appropriations, $944,184 for Rainy Day fund and FESTPAC Trust Account (restricted), and $380,221 for prior year appropriations. This totaled $15,169,604 in allotment revenues. In addition, $172,243 in Federal revenues was granted to GVB through the American Recovery and Reinvestment Act (ARRA) 2009 for the completion of the Design Build Energy Upgrade project.

Direct appropriations from the Tourist Attraction Fund decreased 32% this year, from $10,001,716 in FY2011 to $6,792,247. This was primarily because of the $2,855,889 reduction in payments due to the Limited Obligation HOT Bond, Series 2011A.

Marketing was the largest expenditure at $7.6 million, almost 5% more than in FY2011. Japan and Korea represented the largest share at a combined $5,686,784. At $1,838,358, personnel salaries and benefits increased 6% over last year due to increments, but represent only 16% of all operational expenditures.

Hotel room inventory (8,285) was down 6% from last year, with the decrease primarily due to GVB's efforts to resurvey the properties to get a more accurate accounting of actual available accommodations. The weighted hotel occupancy rate (78%) was up 8 points versus FY2011, and the average daily room rate rose from $114 to $121. This year, the Bureau recognized $37,600 in membership dues, up 24.5% from the prior year due to it being an election year for membership directors, which occurs every other year.

FY2012 saw the launch of capital improvement projects that use proceeds from Hotel Occupancy Tax (HOT) Revenue Limited Obligation Bonds to fund the building of the Guam Museum as well as upgrade and refurbish some of our island's historic sites, tourist attractions and community projects. Architects Laguana & Cristobal were selected to design the $27 million Guam Museum, with groundbreaking scheduled for early 2013 with a completion date target of late 2014. Other key projects that were initiated were San Vitores flooding mitigation, the Plaza de España and Inarajan Community Center restoration

INDEPENDENT AUDIT: An independent audit, performed by Deloitte & Touche, resulted in the GVB receiving an unqualified (clean) audit opinion. The Office of Public Accountability released the audited financial report dated February 21, 2013 and can be found on the OPA's website, www.guamopa.com.

	2012	2011
Revenues:		
Consumption tax refund	196,118	224,468
In-kind contributions from members and others	88,550	1,122,635
Memberships	37,600	30,200
Total revenues	322,268	1,377,303
Less:		
Bad Debts	-	-
Net Revenues	322,268	1,377,303
Expenses:		
Professional services	8,844,374	8,086,548
Personnel	1,838,358	1,738,183
Miscellaneous	881,722	896,654
Pass-thru appropriations	530,376	1,151,605
Travel	473,445	442,102
Rent/lease	271,488	286,979
Utilities	210,964	211,584
Grants	188,850	276,607
Community Programs	162,315	45,735
Materials and supplies	152,570	115,706
Depreciation	109,364	113,975
Promotional in-kind contributions	88,550	1,122,635
Equipment	42,039	22,744
Advertising	35,022	77,848
Insurance	23,458	19,940
Repair and maintenance	16,437	31,741
Total operating expenses	13,869,332	14,640,586
Operating revenues net of operating expenses	(13,547,064)	(13,263,283)
Nonoperating revenues (expenses):		
Grants-in-aid from Government of Guam		
Operations	15,729,934	13,177,625
Pass-thru	530,376	1,151,605
Federal	172,243	100,000
Other nonoperating income (expense), net	221,224	390,172
Interest income	12,925	10,147
Total nonoperating revenues, net	16,666,702	14,829,549
Change in net assets	3,119,638	1,566,266
Net assets at beginning of year	14,255,440	12,689,174
Net assets at end of year	17,375,078	14,255,440

LOOKING TO THE FUTURE

Fiscal year 2013

Guam remains well positioned to see continued arrival growth in FY2013. Assuming no catastrophic events occur, GVB has set an arrival target for next year at 1,310,000 (+3%). GVB also forecasts that Hotel Occupancy Tax collections, based on increases in hotel occupancy and room rates, is $26.2 million (+1.7%).

Japan outbound travel is projected to remain strong in 2013, and if Guam can regain some lost market share, Japan arrivals should grow to 930,000 arrivals.

Based upon the Japan Exit Survey, the main motivations for selecting Guam is the beaches and short travel time. The goal for FY2013 is to continue to focus on the MICE market, improve brand image and increase market share. GVB will continue to work with our industry partners to promote longer stays, increased spending and more group travel.

The forecast looks positive especially with the addition of Jeju Air in late September 2012, and the announcement of Korean Air service from Busan in October 2012. Air seat capacity saw an 11% increase over FY2011, but next year should see an even greater increase of around 50%. This equates to 200,000 total visitors from Korea, which would be a record for the island.

A major challenge next year will be the shortage of quality hotel room inventory during peak seasons. This creates a bottleneck and hinders growth in new markets that do not have room blockages. GVB continues to work with the industry to mitigate the issue, and the opening of a new hotel, the Dusit Thani, will add 414 rooms. In the off-peak seasons, business (MICE) and group travel can address the historic shoulder periods.

The Bureau will continue to diversify by developing new markets like Russia and China. In mature markets like Japan, GVB will target higher yield, longer staying sub-markets such as the silver, wedding and honeymoon segments. Efforts to improve and develop the destination and promote the island's unique culture will also make Guam more competitive and drive demand for the Guam's tourism product. The China Visa Waiver opportunity is still very possible, and the Bureau stays prepared to take advantage if it is granted.

For more information about the Guam Visitors Bureau, please call 671-646-5278 or visit us online at www.visitguam.org

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GVB Supported Organizations

Department of Administration
Department of Parks & Recreation
FESTPAC & Folklife Festival
Guam Community College
Guam Council on the Arts & Humanities Agency
Guam Environmental Protection Agency
Guam Hotel & Restaurant Association
Guam International Film Festival
Guam Museum Foundation
Guam Police Department
Guam Territorial Band
Guam Tourism Foundation
Guampedia Foundation
Haya Cultural Preservation Foundation (Sinanga-ta Outreach)
Historic Inalahan Foundation
Mayor's Council of Guam
Micronesia Cruise Association
Pa'a Taotao Tano
Pacific War Museum Foundation
The A's and Å's of Chamorro Project
Tourism Education Council
Traditions About Seafaring Islands (TASI)
Traditions Affirming our Seafaring Ancestry (TASA)
University of Guam
World War II Survivor History - Video Commentary

GVB MEMBERSHIPS

U.S. TRAVEL ASSOCIATION

USA
DiscoverAmerica.com

PATA
Pacific Asia Travel Association

MICRONESIA
Experience the Warmth

HOTEL OCCUPANCY TAX BOND

What is the HOT Bond?

HOT stands for Hotel Occupancy Tax, which was created to fund the operations and functions of the Guam Visitors Bureau. HOT Bond Projects are Capital Improvement Projects that use proceeds from HOT Revenue Limited Obligation Bonds to fund the building of Guam's first permanent and comprehensive cultural and educational museum as well as upgrade and refurbish some of our island's historic sites, tourist attractions and community projects. The HOT Bond Projects were established by Public Law 30-228.

The Guam Museum

As Administrator of the Guam Economic Development Authority, current GVB General Manager Karl Pangelinan, successfully began projects under the Hotel Occupancy Tax Bond, which funds different projects on island to benefit the Tourism Industry, Guam's largest economic contributor. One of the projects under the HOT Bond is the long awaited and anticipated Guam Museum.

The original Guam Museum was built in 1932 and about a decade later it was completely destroyed during World War II, with many artifacts dispatched for safe keeping to other museums and private collectors around the world.

In 1954, the Museum was under the Department of Land Management. In 1960, the Museum was transferred to Guam Public Library Board, where it remained for the next 30 years. In 1999, the Guam Museum became a division under Department of Chamorro Affairs.

Today, over a million artifacts of Guam are in storage, in warehouses or off-island until an adequate facility is available. Artifacts are currently being held in Rome, Italy; Madrid, Spain; Acapulco, Mexico; Washington, D.C.; Annapolis, Maryland; Manila and Cebu, Philippines and Honolulu, Hawaii

The vision of the Guam Museum Foundation, Inc is to build a world class facility that is home for artifacts and historic documents; a dynamic cultural destination that reflects a sense of Guam and the Chamorro culture and stimulates community ownership and involvement.

For more information on the HOT Bond Projects:
www.guamhotbond.com

Other HOT Bond Projects

Restoration of Plaza de España

San Vitores Road Flooding Mitigation

Hagåtña Vicinity Street Light Installation

Governor Joseph Flores Memorial Park Enhancements (Ypao Beach)

Guam Visitors Bureau
Citizen-Centric Report (CCR)
Fiscal Year 2011

OUR VISION

"A healthy, vibrant, and growing visitor industry generating business opportunities and employment for all residents, protecting the island's heritage, cultural values and natural resources, and making positive contribution to the community's quality of life."

Enabling Statutes & Funding

The Guam Visitors bureau is a public, non-stock and non-profit corporation. It is a unique organization where its members and the people of Guam share an interest in the island's tourist industry.

GVB is governed by a 13-member Board of Directors. They oversee the overall operations of the Bureau to insure that we meet our goals and objectives.

GVB is funded by the Tourist Attraction Fund and membership dues (less than 1% of total funding).

There are ten guiding principles that lead our strategic direction:

1. Maximize arrivals
2. Focus marketing efforts on Japan, Korea and Business Travelers
3. Grow small & emerging markets
4. Improve destination with new attractions, events, & improvements
5. Maintain a moderate growth rate
6. Focus on our Spanish-Chamorro cultural heritage to promote Guam's unique image
7. Secure guaranteed funding
8. Explore ways to improve GVB operations
9. Encourage the community to participate
10. Promote Guam's regional location in Micronesia

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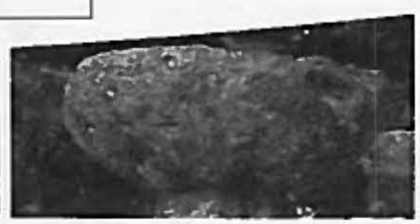
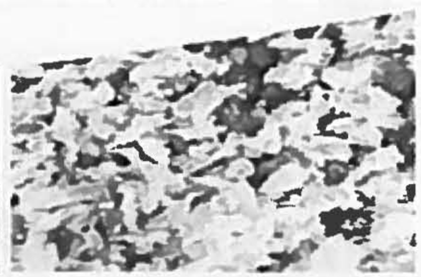
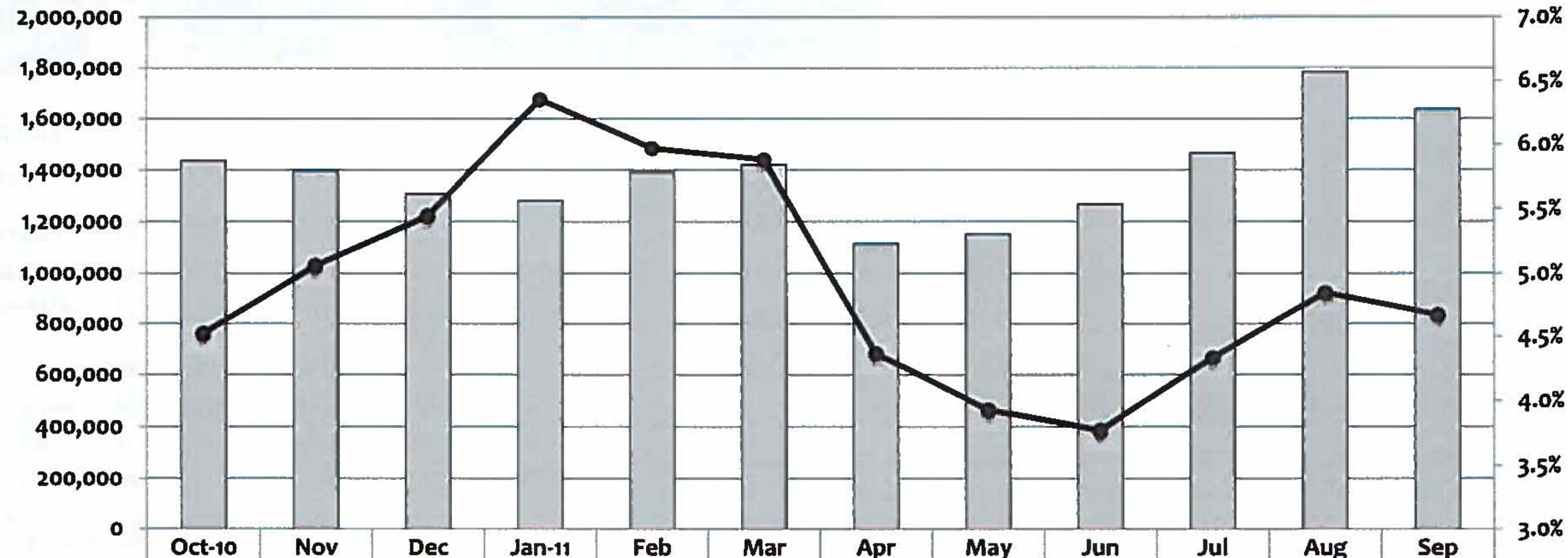
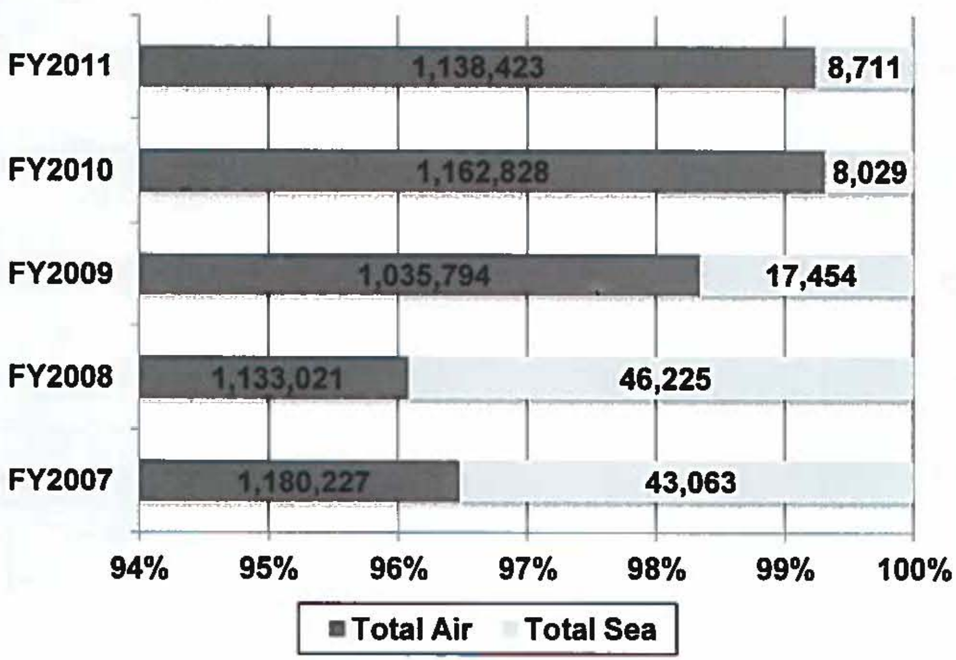



GUAM

PERFORMANCE



	Oct-10	Nov	Dec	Jan-11	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Japan Outbound	1,437,105	1,397,424	1,308,822	1,282,348	1,391,193	1,420,584	1,114,906	1,152,339	1,267,227	1,465,379	1,786,412	1,637,158
MARKET SHARE	4.5%	5.1%	5.4%	6.4%	6.0%	5.9%	4.4%	3.9%	3.8%	4.3%	4.8%	4.7%



Guam experienced an overall 2.0% decline in total arrivals, ending the year with a combined 1,147,134 visitors from all markets. Following the March 11th Triple Disaster, arrivals from Japan declined by an average of 16.1% from April to September, with the largest decrease of 27.2% in May.

The first five months of FY2011 started strong, with arrivals increasing 7.1% compared to the same period the previous year, highlighted by a 6.4% market share of the total Japan outbound in January.

F I N A N C I A L R E P O R T

An 11% hotel occupancy tax funds the Bureau's operations as authorized through the Legislature's annual budget appropriations. In fiscal year 2011, Public Law 30-196 appropriated $13,177,625; $12,191,179 for GVB operations and $986,446 for special projects. The Bureau was able to recognize the full operations appropriation, of $12,191,179, including an additional $1,151,605 for pass-thru appropriations totaling $13,342,784 in allotment revenues.

In addition, direct appropriations from the Tourist Attraction Fund increased 34% in FY2011, adding up to $10,001,716. Comparing the total appropriation from the TAF ($24,319,341) and the actual collections ($23,050,767), there was a $1,268,574 shortfall.

Marketing was the largest expenditure at $7.2 million, but almost 11% less than FY2010 with Japan and Korea representing the largest share at a combined $5,071,076. At $1,738,183, personnel salaries and benefits increased 13% over last year due to implementation of the Hay Study pay adjustment, but still only make up 14% of all expenditures.

Hotel Occupancy Tax collections in Fiscal Year (FY) 2011 were up over 6.1% versus FY2010, which resulted in fully funding the Bureau's operational and Special Projects budget of $13,177,625, authorized by Public Law 30-196. Bureau management and staff maintained a financially conservative philosophy in managing its expenditures to avoid statutory penalties associated with expenditures beyond allotments. Therefore, Operating expenditures totaled $12,139,319 for the year, which does not include Pass-thru appropriations, Promotional In-Kind Contributions, Community Programs, Depreciation, and Consumption Tax expenditures.

Hotel room inventory (8,844) and the average room rate ($114) increased slightly, up 1% and 4% respectively, while the weighted occupancy rate remained unchanged at 70%. This year, the Bureau recognized $30,200 in membership dues, down 43% from the prior year due to it being a non-election year for Directors. Documented in-kind contributions continued to improve, up 14% to $1,122,634 compared to FY2010 and 57% better than 2009.

INDEPENDENT AUDIT: An independent audit, performed by Deloitte & Touche, resulted in the GVB receiving an unqualified (clean) audit opinion. The Office of Public Accountability released the audited financial report dated March 02, 2012 and can be found on the OPA's website, www.guamopa.com.

	2011	2010
Revenues:		
In-kind contributions from members and others	1,122,635	988,083
Consumption tax refund	224,468	210,376
Memberships	30,200	52,700
Total revenues	1,377,303	1,251,159
Less:		
Bad Debts	-	-
Net Revenues	1,377,303	1,251,159
Expenses:		
Professional services	8,086,548	8,903,368
Personnel	1,738,183	1,542,224
Promotional in-kind contributions	1,122,635	988,083
Travel	442,102	451,233
Pass-thru appropriations	1,151,605	391,395
Rent/lease	286,979	283,172
Community Programs	45,735	282,600
Grants	276,607	275,585
Materials and supplies	115,706	184,357
Utilities	211,584	186,606
Depreciation	113,975	113,975
Equipment	22,744	72,723
Advertising	77,848	69,009
Repair and maintenance	31,741	51,107
Insurance	19,940	21,500
Miscellaneous	896,654	977,464
Total operating expenses	14,640,586	14,794,401
Operating revenues net of operating expenses	(13,263,283)	(13,543,242)
Nonoperating revenues (expenses):		
Grants-in-aid from Government of Guam	13,177,625	13,537,490
Other nonoperating income (expense), net	1,641,777	189,936
Interest income	10,147	10,748
Total nonoperating revenues, net	14,829,549	13,738,174
Change in net assets	1,566,266	194,932
Net assets at beginning of year	12,689,174	12,494,242
Net assets at end of year	14,255,440	12,689,174

FUTURE OUTLOOK

Assuming no catastrophic events occur, arrivals should see an increase in FY 2012, due to Japan's recovery and the continued growth of Korea and Taiwan. The strong yen remains a concern, but GVB will continue to work with industry partners to encourage longer stays and increased spending. We predict that the delay in the military buildup will slow business and military related travel from the US. Our forecast for FY 2012 is an 8% to 10% increase in total visitor arrivals, which would lead to an increase in the Tourist Attraction Fund of 4.9% at $24,175,003.

Moving forward, the Bureau's focus will be to grow market share in Japan with an effective consumer marketing advertising campaign and ramping up efforts to attract more group travel. Increasing air service from Korea and Taiwan will be key to growing these markets, and GVB will work with the Guam Airport and airline partners to attract new carriers and increase flight frequency. The Bureau will also continue to diversify by developing untapped markets like Singapore and Russia, which are both visa waiver countries, while we continue to lay the groundwork in China so Guam is prepared if China is granted visa waiver status.

GUAM VISITORS BUREAU
CITIZEN-CENTRIC REPORT (CCR)
FISCAL YEAR 2010

GUAM VISITORS BUREAU

GUAM

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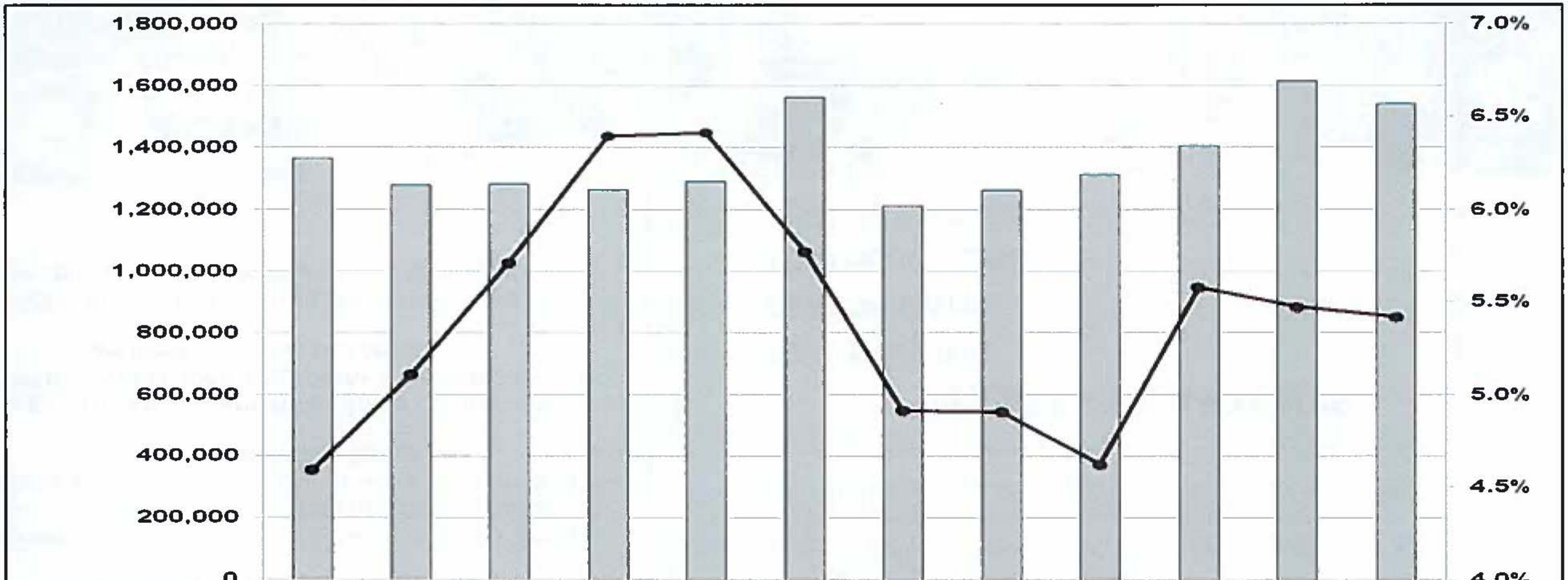
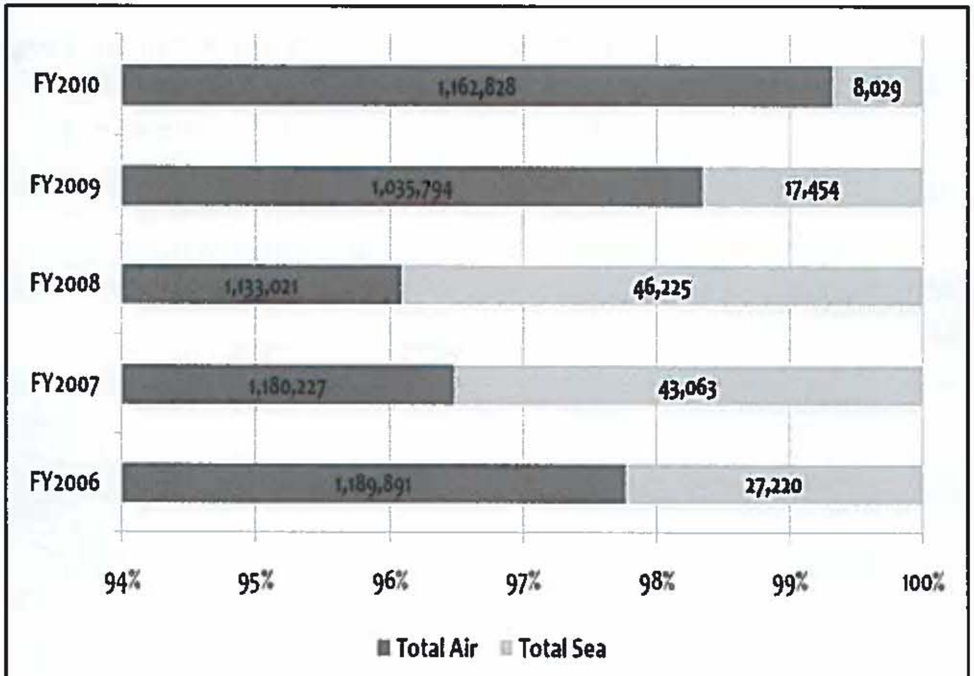


	Oct-09	Nov	Dec	Jan-10	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Japan Outbound	1,364,447	1,279,318	1,281,390	1,264,299	1,289,825	1,563,113	1,212,959	1,262,453	1,312,608	1,405,335	1,616,438	1,542,000
MARKET SHARE	4.6%	5.1%	5.7%	6.4%	6.4%	5.8%	4.9%	4.9%	4.6%	5.6%	5.5%	5.4%



Guam finished the year very strong with the best September arrivals in the last five years. A total of 1,170,857 visitors came to Guam in FY 2010, up +11.2% over 2009, and exceeded expectations despite the weak global economy and continuing economic and political uncertainties in Japan.

Airlift capacity and frequency from Japan increased +12% in total seats before the October 2010 forced bankruptcy announcement of Japan Airlines, which subsequently led to the carrier's suspension of Osaka service, a reduction of Tokyo flights, and down gauging of their daily jumbo service to a smaller B-757 aircraft. Continental's resumption of Osaka service, additional flights by Delta Airlines, and charters at Haneda all contributed to the increase in Japan's seat inventory, as did Skymark Airlines' Haneda charters in the summer and Korean Air's incremental impact at both Osaka and Tokyo.

FINANCIAL REPORT

An 11% hotel occupancy tax funds the Bureau's operations as authorized through the Legislature's annual budget appropriations. In fiscal year 2010, Public Law 30-55 appropriated $13.1 million for GVB operations and special projects. Although the Bureau received its full allotment in fiscal year 2008, this was not the same for fiscal year 2009 as the Bureau only recognized $10.7M. This equates to 88% of the fiscal year appropriation for operations of $12.2M.

Bureau management and staff maintained a financially conservative philosophy in managing its expenditures to avoid statutory penalties associated with expenditures beyond allotments. Buoyant arrivals enabled us to fully fund the projects planned during the year, while staying within budget. At $8 million, marketing represented the largest expenditure category in 2010, with Japan and Korea consuming the largest share combined ($7.1 million). At $1,542,224 GVB personnel salaries and benefits accounted for 11% of all expenditures and professional services; 57%, or $7.9 million mostly for contracted advertising and marketing vendors in Japan, Korea, Taiwan, Hong Kong/China, and the Philippines.

Our purchasing power in source markets was seriously impacted by the yen's +17% rise since 2008, thereby limiting our advertising and public relations expenditures, especially in Japan. The Bureau's foreign exchange account ended with a loss of $55,843.48, and more than twice the $24,872 amount recorded last year because of the stronger yen impact.

Off island travel expenses for sales, marketing and promotional events, which accounted for 3% of expenditures, increased +26% over last year to $451,233 in 2010, but still -6% below the $477,309 spent two years prior.

About $900,000 (6%) was spent on signature events such as the Guam Micronesia Island Fair (GMIF), Guam Ko'Ko' Road Race, GHRA New Year's fireworks, Ladies Pro Am Golf Tournament, and a number of cultural or community events such as Historic Inalahan and the Miss Universe and Miss Earth pageants, in addition to group travel campaigns.

INDEPENDENT AUDIT: An independent audit, performed by Deloitte & Touche, resulted in the GVB receiving an unqualified (clean) audit opinion. The Office of Public Accountability released the audited financial report dated January 27, 2011 and can be found on the OPA's website, www.guamopa.com

	2010	2009
Revenues:		
In kind contributions from members and others	988,083	715,216
Consumption tax refund	210,376	226,608
Memberships	52,700	41,969
Total revenues	1,251,159	983,793
Less:		
Bad Debts	-	95,000
Net Revenues	1,251,159	888,793
Expenses:		
Professional services	8,903,368	7,985,697
Personnel	1,542,224	1,448,263
Promotional in kind contributions	988,083	715,216
Travel	451,233	359,155
Pass-thru appropriations	391,395	340,467
Rent/lease	283,172	279,881
Community Programs	282,600	743,750
Grants	275,585	133,750
Materials and supplies	184,357	49,931
Utilities	186,606	190,764
Depreciation	113,975	90,919
Equipment	72,723	33,329
Advertising	69,009	31,860
Repair and maintenance	51,107	258,031
Insurance	21,500	19,978
Miscellaneous	977,464	893,133
Total operating expenses	14,794,401	13,574,124
Operating revenues net of operating expenses	(13,543,242)	(12,685,331)
Nonoperating revenues (expenses):		
Grants-in-aid from Government of Guam	13,537,490	13,112,019
Other nonoperating income (expense), net	189,936	96,869
Interest income	10,748	25,811
Total nonoperating revenues, net	13,738,174	13,234,699
Change in net assets	194,932	549,368
Net assets at beginning of year	12,494,242	11,944,874
Net assets at end of year	12,689,174	12,494,242

FUTURE OUTLOOK

Guam is well positioned to see continuing improvement in 2011's visitor arrivals, assuming no catastrophic events occur. However, our original 2011 forecasts for arrivals and hotel occupancy taxes (FY 2010 Annual Report) have been negated by the March 11, 2011 earthquake in Japan and the subsequent tsunami devastation along Japan's northeastern coast. Guam did not suffer physical damage from either the tsunami or radiation fallout. However, our proximity to East Asia and the tsunami damages to Hawaii and North America created negative perceptions to our detriment.

There is also concern over the full impact of JAL's 66% fewer seats instituted in October 2010 as part of the carrier's bankruptcy recovery plan. Fortunately, however we can expect more seasonally operated charters originating from the new Haneda International Airport under Japan's new open skies policy.

Korea's continuing improvement is likely to be supported by both KE's seasonal charters and Jin Air, the latter to see year on year passenger comparables normalize following the carrier's late April first anniversary of service. The Korean won had remained fairly stable in the ¥1170 ~ ¥1200 range throughout most of 2010. Recent expectations of repatriated export income are strengthening the won and should also sustain the Won's stability in the near term. And since the shock to financial markets from north Korea's recent shelling of Yeonpyeong island has been mostly absorbed, according to Finance Minister Yoon Hyun, Korean travel to Guam appear not to be adversely affected.

Air service to our smaller regional markets is expected to remain stable, with Hong Kong arrivals outperforming them and demand expected to pick up in that market, as will charter-driven visitors from the tri-polar source markets of Beijing in the north, Shanghai in the east, and Guandong/Shengyang in the south of China.

History has shown resiliency in Guam's Tourism industry and believe that significant recovery will come as early as the 4th quarter. Based on this even, we forecast flat arrivals to last year and hotel tax revenues between $20 million and $21 million.

The Bureau's focus for 2011 will continue to be on key markets, development of the China opportunity, improvements in our destination product, and vigorous support of our community outreach and brand building initiatives. Key metrics in the new 2010 Japan marketing contract relate to improvements in market share, repeat visits, average lengths of stay, local spending, and affluent visitor mix.

Guam Visitors Bureau
Citizen-Centric Report (CCR)
For Fiscal Year 2009

Our Vision

- "A healthy, vibrant, and growing visitor industry generating business opportunities and employment for all residents, protecting the island's heritage, cultural values and natural resources, and making a positive contribution to the community's quality of life."

Guiding Principles and Strategic Direction

There are ten guiding principles that lead our strategic direction:

1. Maximize arrivals
2. Focus marketing efforts on Japan, Korea and Business Travelers
3. Grow small & emerging markets
4. Improve destination with new attractions, events, & improvements
5. Maintain a moderate growth rate
6. Focus on our Spanish-Chamorro cultural heritage to promote Guam's unique image
7. Secure guaranteed funding
8. Explore ways to improve GVB operations
9. Encourage the community to participate
10. Promote Guam's regional location in Micronesia

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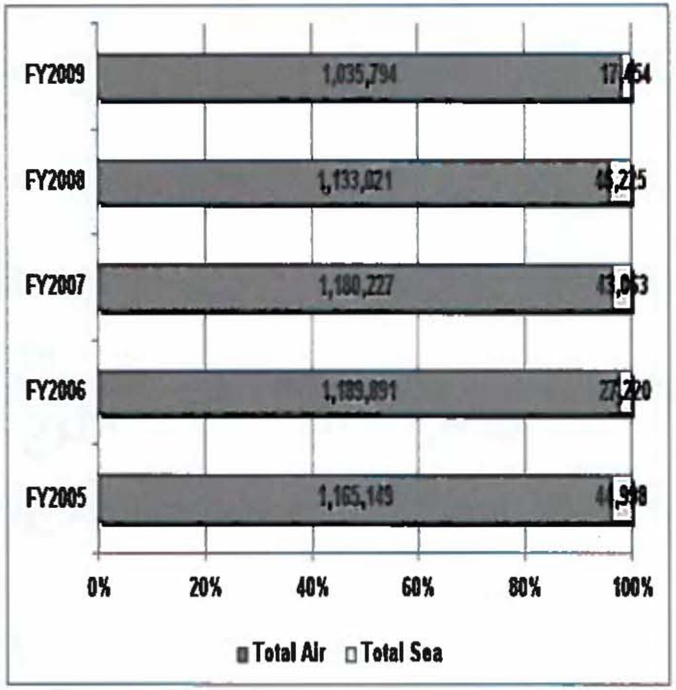
Enabling Statutes & Funding

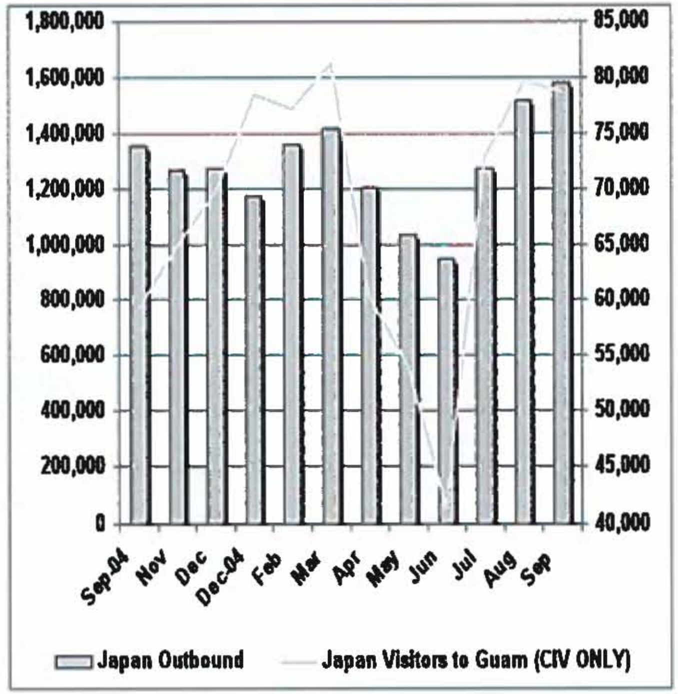
The Guam Visitors Bureau is a public, non-stock and non-profit corporation. It is a unique organization where its members and the people of Guam share an interest in the island's tourist industry.

GVB is governed by a 13-member Board of Directors. They oversee the overall operations of the Bureau to insure that we meet our goals and objectives.

GVB is funded by the Tourist Attraction Fund and membership dues (less than 1% of total funding).

PERFORMANCE





Guam suffered an overall -10.7% drop in arrivals, ending the fiscal year 2009 with a combined 1,053,248 visitors from all markets. The serious decline in island visitors, which was anticipated to moderate following international measures aimed at resolving the global credit crisis in late 2008 and early 2009, worsened in late April through July when fears from the H1N1 virus "epidemic" impacted the leisure travel market. This negative travel environment went through the rest of the year, although Japan saw some recovery in the last quarter with an increase of +8.6%.

The Bureau continued an aggressive marketing strategy that helped to maintain Guam's Japan tourist market share. We continue our brand building drive by investing in community events at the village level with support of fiestas and festivals. This combined approach will ensure Guam's place as a viable tourist destination in this dynamic and ever changing market.

FINANCIAL REPORT

	2009	2008 (As Restated)
Total Assets	$14,071,948	$13,867,626
Liabilities	2,000,713	2,116,862
Net Assets	12,071,235	11,750,764
Total Liabilities and Net Assets	$14,071,948	$13,867,626
Operating Revenue	$888,793	$623,750
Operating Expense	12,852,812	12,679,676
Revenues net of Expenses	(11,964,019)	(12,055,926)
Appropriation from TAF	12,852,812	13,441,198
Change in Net Assets	$320,471	$1,385,272

INDEPENDENT AUDIT

An independent audit performed by Deloitte & Touché resulted in the GVB receiving an unqualified (clean) audit opinion. The Office of Public Audit released the audited financial report dated February 23, 2010.

HIGHLIGHTS

• A very difficult travel environment prevailed throughout the year, dominated first by the global financial meltdown and then later by the H1N1 virus. Financially, the Bureau did receive its full appropriation, however, the delay in receipt did not allow for some of the programs to be implemented during the fiscal year.

• The Bureau received $713,279 in membership "in-kind" contributions, which represented 6.2% of total cash allotments received during the year, and up more than two and a half times the $268,513 contribution last year.

• The allotments received in 2009 were spent as follows; 62% was spent on marketing, 19% in destination development, visitor satisfaction, and cultural or special events, and 18% on administrative expenses including payroll, building maintenance, rent, security, etc. An additional $2 million was also appropriated (P.L. 30-22 and P.L. 30-23) and funds were used to intensify village outreach and cultural brand building initiatives, support eradication of the rhinoceros beetle, and update our Japan website.

FUTURE OUTLOOK

Currently, Guam is ranked 8th out of 36 insular economies for tourism penetration index (TPI). Jobs in the tourism industry make up 35% of Guam's total employment and tourism constitutes 60% of Guam's business revenue.

A favorable final ruling by the U.S. Department of Homeland Security is anticipated, allowing easier entry by Chinese and Russian visitors. Both markets are significant to Guam for the value and spending they can inject into the island and their support of our source markets of Japan and Korea. The positive impact from this development, however, will not be felt until FY2011 and beyond.

The Bureau's focus for 2010 will continue to be on key markets, development of the China opportunity, improvements in our destination product, and vigorous support of our community outreach and brand building initiatives. Key metrics in the new 2010 Japan Marketing contract relate to improving Guam's market share, increasing tourist repeat visits, increasing average lengths of stay, and increasing local spending.

Additional information regarding the Bureau can be found on our website at www.gvb.org. There you will find a wealth of information on the Bureau, its staff, annual report and fiscal information, upcoming events and many interesting links. Please visit our site regularly for updates.

Give Us Your Comments

What did you think of this report? Is there other information you would like to see included in this report for the future? Please send your comments to Mr. Gerald SA Perez, General Manager at 401 Pale San Vitores Road, Tumon, Guam 96913 or fax to 646-3917.