



April 2, 2010

Dear Member,

The Ford's Colony Country Club, in cooperation with its principal lender, Prudential Financial, filed a Chapter 11 Reorganization on Friday, April 2, 2010. The purpose of this note is to inform you of this business decision and to minimize rumors and concerns. The Club is the centerpiece of our community and affects all the residents' lifestyles and property values. The Club is also a significant corporate citizen and employer in James City County, so there is little doubt that media interest and public inquiry will be immediate. None of us can control those opinions and assumptions. The Club will communicate with its Members and the Ford's Colony community in a factual and frequent basis over the next several months. The Club will schedule a Special Meeting for the Members as soon as practical.

The economy, real estate, and golf business continue to suffer. The general economy affected our Members spending priorities, as well as tournament and special event business, and the Club's ability to finance monthly cash flows. Our real estate business is a prime driver of economic activity at the Club in terms of new membership initiation fees, and dues. Considerable revenues are derived from visiting marketing guests enjoying the golf and restaurant to get a sense of the community. The delays in Realtec's ability to sell an approved CCRC parcel to a health care partner and subdivide new inventory in Westport were very costly and ultimately resulted in missing the remains of the 2007 market. Consequently, Realtec had to withdraw its 23-year financial support of the Club in 2008 due to the lack of those land sales. As you know, Realtec also forfeited ownership of certain real estate parcels due to its inability to refinance real estate assets in this economy. The wet and colder weather of 2009 and 2010 severely impacted golf revenues. Golf revenues are mostly straight to the bottom line.

The decision to work with Prudential Financial to structure this reorganization was made in the best interests of the Club, its Members, and Prudential. Despite a lean but viable 2010 operating budget, that included no dues increases, the golf and restaurant business could not service its debt through the first quarter of 2010. Our financial forecasts do not anticipate a reliable recovery, under the current debt, until well into 2011. Decisions facing Prudential and the Club were generally forbearance, foreclosure, liquidation, refinancing or reorganization of the debt. A structured bankruptcy, pre-approved by the principal lender, will be one of the least disruptive alternatives for the Members, ensure continuous operations, be less costly, and give ownership time to establish new investors or simply operate under less onerous debt.

Obviously, the Club did not enter into this agreement without due consideration of the several aspects of this decision, including the temporary stigma this creates. However, we are confident that the Club will emerge in a stronger financial position, which benefits us all long term. We ask for your patience, understanding, and support.



240 Ford's Colony Drive • Williamsburg, Virginia 23188  
757-258-4100 • Fax 757-258-4168  
1-800-334-6033 • [www.fordscolony.com](http://www.fordscolony.com)

★★★★★  
by Golf Digest "Places To Play."  
The highest rating in Virginia