

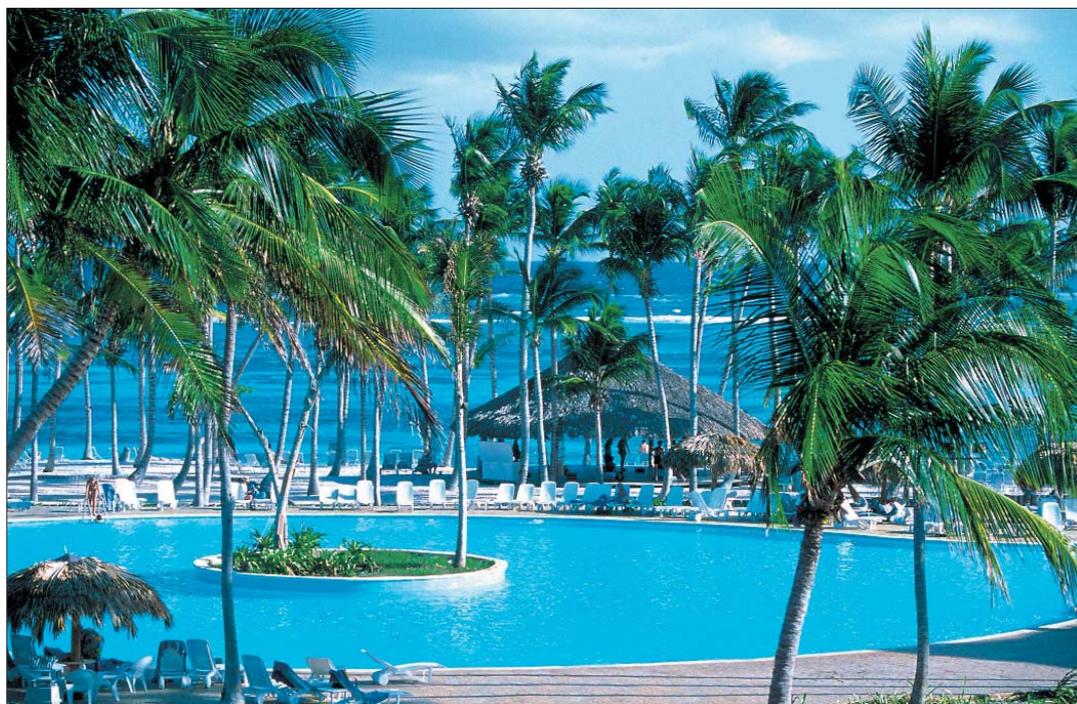
THE MARKET

In the early years, adventurous young people were Club Med's most enthusiastic members. And they still love Club Med. But today's typical Club Med vacationer is thirty-something; two out of three come as part of a family. Some villages offer a Mini Club Med program for children 4 to 11. Some also offer a Baby Club Med for infants and toddlers (from 4 months old) and a Petit Club Med for two- and three-year-olds. In addition, Club Med is reaching out to the growing number of lone travelers, single parents, and mature vacationers. Whatever their age, a very high proportion of Club members — about 70 percent — return year after year to soak up the sun, meet like-minded people, indulge in some golf, tennis, or water sports, whiz down the ski slopes, or try a new sport for the first time.

ACHIEVEMENTS

Half a century ago, Club Med invented the concept of the all-inclusive getaway. Now, Club Med is reinventing the concept, building a great future on a foundation of enduring values. As a first step, in 2003, Club Med launched "Total All-Inclusive"™ Vacations, introducing an open bar and snacking throughout the day and evening for one all-inclusive price. Over the next two years, every village will be repositioned. Family villages will offer every amenity that parents and kids need for the ultimate escape. At the adult villages, Club Med will redefine "sizzle."

Today, Club Med has more than 100 villages around the world, including 29 winter destinations, plus *Club Med 2*, which is the world's largest sailing



cruise ship. It sails the Mediterranean all summer and the Caribbean all winter.

Club Med has a total of 10 villages throughout the United States, Bahamas, Caribbean, and Mexico and three in Brazil. It would be hard to overstate the importance of the U.S. market today, or its potential for the future. After France — Club Med's historic home — the United States is the second biggest market, and thanks to a very aggressive marketing program, it may well become the number-one market within a few short years.

And Club Med feels completely at home in the United States. To the French recipe for gracious living,

Club Med has added a measure of American vitality, a dash of Americans' love for action, and a little zest borrowed from Broadway and Hollywood. On the continental United States, Club Med has two unique villages — Sandpiper-Florida, a country club-like resort with 19 tennis courts and professional golf course on site, and Crested Butte, a one-of-a-kind ski-in/ski-out village in Colorado.

HISTORY

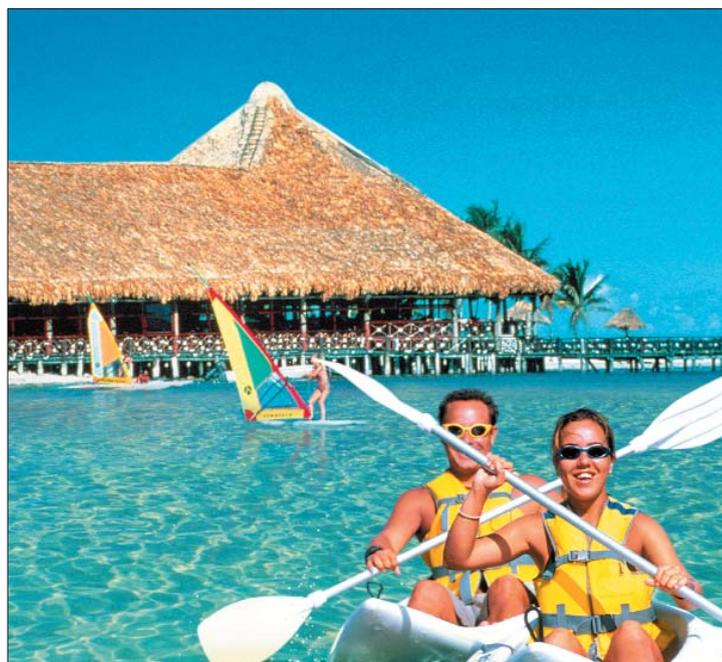
The year 2000 capped 50 years of Club Med history. The Club Med concept was born in 1950, when, during a camping trip with friends, Belgian sportsman Gerard Blitz recognized the

need for a unique escape from the hardships of postwar Europe. He placed two small advertisements, announcing the first all-inclusive vacation on the exotic island of Majorca. The response was overwhelming — and Club Mediterranean was born. The very first village consisted of a number of army surplus tents in Alcudia, on the Balearic Island of Majorca. The first of Club Med's famous straw hut villages opened in 1952 on the island of Corfu, Greece. Five years later, Club Med opened its first ski village in Leysin, Switzerland, becoming one of the world's first ski tour operators.

THE PRODUCT

Club Med offers dream destinations — but is just as concerned about the dreams as the destinations. Club Med is the original, the largest, and the most comprehensive of the world's all-inclusive vacation organizations. One price covers round-trip airfare and transfers, world-class accommodations, endless gourmet buffets with complimentary beer, wine, and soft drinks with lunch and dinner. It also includes an array of sports and activities with daily lessons, Mini Club Med programs, and live entertainment. Winter sports vacations also include lift tickets and daily ski and snowboard lessons for the whole family.

Club Med has updated and improved its matchless array of more than 60 sports activities — everything from sailing and golf to inline skating and yoga. Levels of instruction range from beginner to advanced. Winter destinations offer many activities and excursions, including horse-drawn sleigh rides, dog sled tours, or snowmobile rides.



Of course, Club Med continues to offer more traditional activities, including golf and tennis. And when it's time to relax, there are fabulous meals and spectacular shows.

As the leisure industry grows in coming years, Club Med is poised to play a major role in shaping not only travelers' leisure activities, but also their way of thinking about leisure. Club Med's unique model makes it much more than just another tour operator or hotel organization.

To book a Club Med vacation, guests become Club Members or Gentils Membres (G.M.s), making Club Med the world's largest and most cosmopolitan Club in the world.

The founders invented the notion of the "Gentil Organisateur" (G.O.) — a term that translates roughly as friendly host. About 9,000 of Club Med's employees are G.O.s, and they are hosts, guides, friends, and coaches, combining a commitment to service with specialized skills and talents.

The Club Med brand now encompasses cosmetics and sportswear, and may expand to include insurance, television, a magazine, entertainment, music, sports.... The possibilities are endless.

RECENT DEVELOPMENTS

Club Med is the expert in all-inclusive vacations, with more than 100 villages in exotic locations in more than 40 countries worldwide, spanning the United States, the Caribbean, Latin America, Europe, and Asia. After 53 years of bar beads, books, and bracelets, Club Med will redefine itself with the launch of its Total All-Inclusive™ vacations for summer 2003, allowing guests to enjoy an all-day premium open bar, all-day meal service, and improved amenities (including newly added CD players in each room), in addition to more than 60 sports and leisure activities, endless gourmet buffets, and live nightly entertainment, for one all-inclusive price for three-, four-, or seven-night stays.

Building on its reputation as the leader in discovering pristine, exotic locations throughout the world, Club Med has opened Trancoso, its third village in Brazil. Trancoso resembles a traditional Brazilian fishing village. Its design is completely in harmony with the local architecture.

Marketing innovations allow Club Med to offer more customized solutions — with world-class comfort ratings plus upgraded amenities that help members find the village that best meets their needs and budgets. Villages are suitable for all lifestyles. Whether guests are single, married, or with children, everyone will find the right village so they vacation their way. More than \$100 million has been invested in a state-of-the-art worldwide reservations system, allowing sales staff to respond more quickly to customers' requests. Club Med also developed a Travel Agent Web site to provide agents with trade news, collateral ordering system, and virtual tours; what's more, at the touch of a button, agents can create personalized promotional offers for their clients. Also available to Travel Agents is a "Custom Air Desk" that offers travel agents



and customers air-inclusive packages to accommodate special requests and take advantage of low fares.

Club Med has opened two Club Med Worlds, in Paris and Montreal. Staffed by G.O.s, Club Med World represents a whole new way to spend time right down the block — a place where members can chat, spend an hour, an afternoon or all evening long, enjoy a fabulous meal, and, while they're at it, climb a while or swing on a flying trapeze.

PROMOTION

Club Med is reaching new members with an integrated global communications strategy that focuses on "Total All-Inclusive" value, high-quality accommodations and freedom to do what you want when you want.

Of course, you can come to Club Med to just chill out. But those who want to play can take advantage of more than 60 sports, with different levels of instruction from beginners to advanced.

Children (from 4 months to 13 years) can join in the fun in award-winning children's programs. A multitude of facilities and pros makes Club Med the world's largest Golf Club and Tennis Club. Special events scheduled for 2003 feature amateur tournaments (ski games, beach volleyball, water polo, football, sailing, kayaking, and other sports and games), as well as visits and demonstrations by pro teams (freediving, in-line skating, wakeboarding, and other sports). Mega-parties are part of the fun.

The Club Med brochure, *The Trident*, is available in 10 languages and has a huge print circulation as well as a strong Internet presence. Promotional efforts have been intensified by means of international partnerships in over 40 countries, such as those signed with Coca-Cola and COTY.

In addition, the Web site www.clubmed.com developed by Club Med Online is becoming a major international Internet player. The Web site now accounts for 8 percent of the company's individual revenues in France and 6.4 percent of individual revenues in the United States.

BRAND VALUES

A key to understanding Club Med's brand is realizing that the company is committed to redefining what it means to have or be a "brand." Club Med is not a destination — it is an identity. It is not a place people go to; it is something they become part of, and that becomes part of them. Club Med is an experience, a way of life, an attitude, an adventure. It is about being oneself and enjoying every experience to the fullest. These essential values define the Club Med brand.

Club Med is dedicated to constant improvement and innovation, building on its three strategic assets: its members, its G.O.s, and its brand. The goal is nothing less than total transformation, with a view toward achieving strong growth in all aspects of leisure, relaxation, sports, and vacation enjoyment.

THINGS YOU DIDN'T KNOW ABOUT CLUB MED

- Club Med incorporates the latest amenities in each of its superior rooms, from telephones to CD players, so that guests can find the comforts of a home during their vacation.
- Club Med is the only tourism group integrated under a single brand name worldwide.
- Each Club Med village is located on an average of 50 acres in exotic locations that embody the local country's culture, architecture, and people.
- Club Med Villages have tour desks where they offer a host of excursions to enhance vacation experiences by discovering local talent and treasures of that country.
- 53 Club Med villages offer children's programs.
- Club Med is truly multicultural. Its 9,000 G.O.s come from 80 countries and speak at least 40 different languages.
- Circus schools, complete with flying trapeze, are available to adults and children in over 20 villages worldwide.
- Club Med Decouverte (Discovery) now offers small-group, in-depth travel experiences — everything from week-long tours to short weekend getaways.