



RESORT TIMESHARING

in the United States



Key Findings

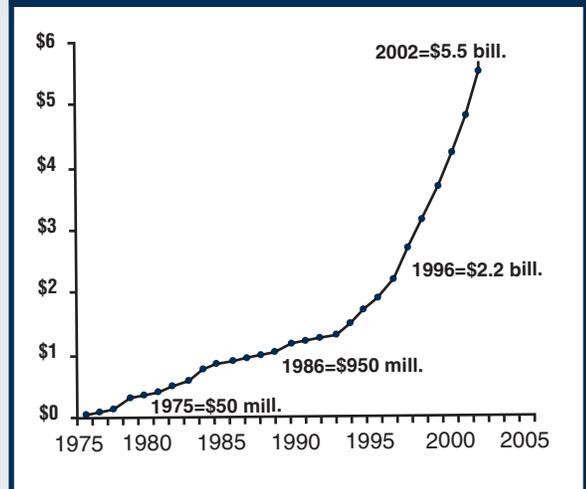
The U.S. timeshare industry continued its strong growth record in 2002, with sales volume up better than 14% to \$5.5 billion, despite weakness in the overall tourism and travel sectors due to the economic recession and aftermath of September 11th. Nearly 1,600 U.S. timeshare resorts serve 3.0 million households, who own about 4.9 million weeks or the equivalent in points. In response to consumer demand for flexibility, points emerged as the most common use plan now being sold.

Satisfaction among timeshare owners remains high at 84%, resulting in better than 92% utilization of timeshares. Heavy expenditures accompany this use, with timeshare owners and other guests spending more than \$5.4 billion annually in local communities while on U.S. timeshare vacations.

IS TIMESHARING A GROWTH INDUSTRY?

Sales of U.S. timeshares by developers reached \$5.5 billion in 2002, continuing past successes with annual growth of over 14%. Industry leaders recorded even stronger growth, while the two largest developers each reportedly surpassed \$1 billion in total vacation ownership sales. In fact, timeshare sales show strong volume growth since 1990, fueled by widespread consumer acceptance of the concept, recognition in the financial community of the industry's growth capabilities, and increased skill levels in developing, selling, and operating a quality product.

Timeshare Developer U.S. Sales Volume



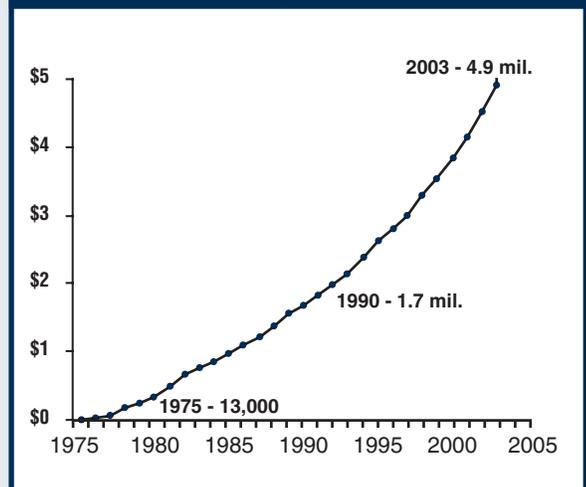
HOW MANY RESORTS OFFER TIMESHARES?

Some 1,590 U.S. resorts offer timeshares, or a total of more than 5,400 resorts worldwide. In the U.S. the industry offers more than 132,000 timeshare units. Florida leads by a wide margin among the states in number of resorts, followed by California and South Carolina.

DO MANY HOUSEHOLDS OWN TIMESHARES?

Some 3.0 million households own about 4.9 million weeks of timesharing located in U.S. resorts. The number of weeks owned by households grows by almost 9% annually.

Weeks In U.S. Resorts Owned By Consumers

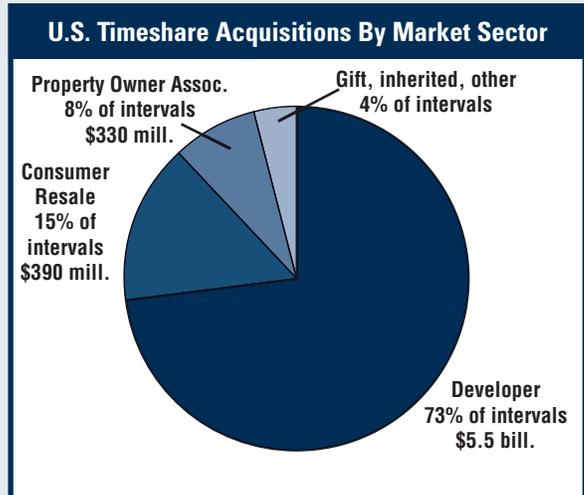


WHAT IS THE GROWTH POTENTIAL?

Despite strong sales, fewer than 3% of all U.S. households own a U.S. timeshare. The market penetration rate of timesharing increases with higher income, as might be expected of a discretionary product, reaching over 7% among households with incomes of \$100,000 or more. This still leaves plenty of room for growth, however, with over 20% of all U.S. households with incomes of \$25,000 or more indicating some chance of purchasing a timeshare within three years.

WHO IS SELLING?

Developers sold about 73% of the U.S. timeshares acquired during 2002, for total sales of about \$5.5 billion. Consumer resales grew to 15% of acquisitions, for strong growth in market share during the past two years.

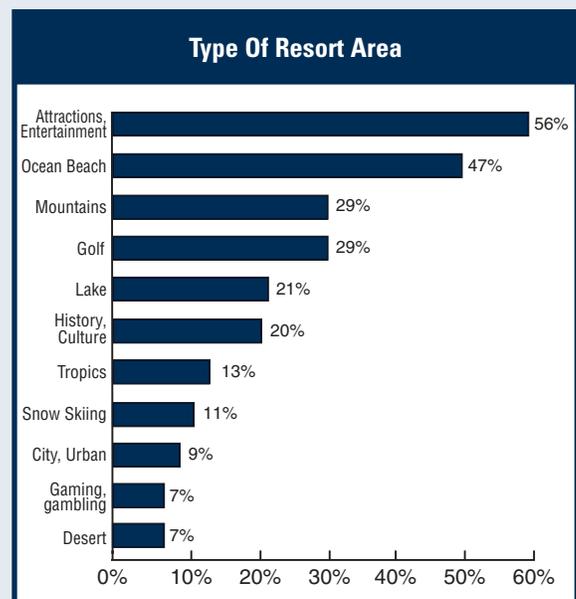


HOW MUCH DO BUYERS PAY?

The average purchase from a developer during the study period totaled \$14,800. For non-points purchases, prices averaged \$14,200 per week of annual use, up about 3% annually over the past two years. The average consumer-to-consumer resale sold for about \$5,000 per week of annual use.

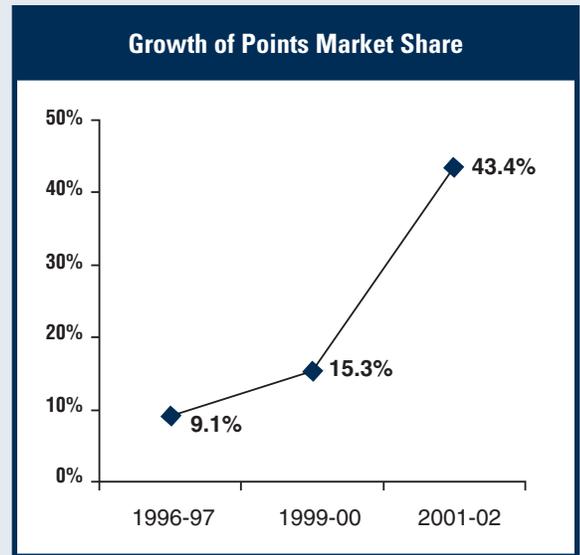
WHAT ATTRACTIONS DO BUYERS SEEK?

Attraction and entertainment-oriented resort areas, including Orlando, Branson, Las Vegas, Gatlinburg, and elsewhere, rank tops in sales (56%). Ocean beach areas continue to run a close second (47%), followed by mountain, golf, lake, and history/culture locations. (Figures add to more than 100% because buyers could cite more than one attraction.)



ARE POINTS A GROWING SEGMENT?

Over the past two years, points-based timeshares emerged as the most common timeshare access plan, growing to 43% of all purchases from developers. Points provide the ultimate in flexibility, typically allowing timeshare owners to select their choice of location, time, and unit size, as well as other travel and leisure services. Floating time, formerly the most common format, dropped to 29%. Biennials, which permit use of the timeshare only every second year, continue their growth surge, now 30% of all purchases from developers.



WHY DO THEY BUY?

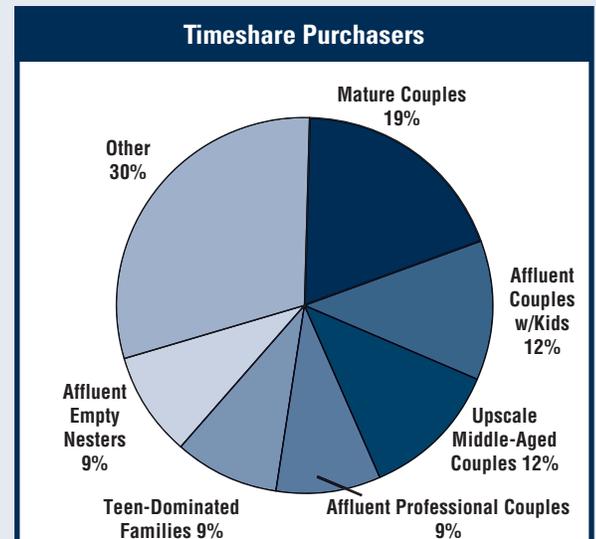
Flexibility – defined as the ability to use different locations, unit sizes, and times of year – attracts 86% of those who buy from developers, the most widely cited motive for buying a timeshare. The ability to exchange through RCI or another provider also draws 86%. Certainty of quality vacation accommodations (85%), and credibility of the timeshare company (80%), round out the reasons most often provided by consumers.

WHY DO THEY HESITATE?

Concern about future maintenance fee increases and the pressure to make a same-day purchase decision represent the main hesitations (59% each) of timeshare buyers.

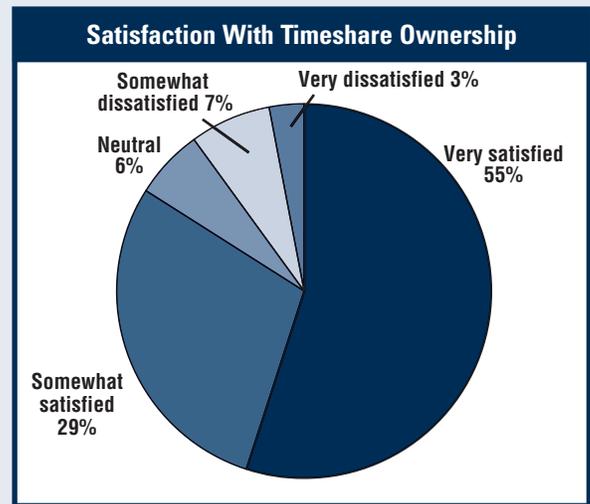
WHO IS BUYING?

Just six Looking Glass Cohorts® account for 70% of all timeshare buyers, even though these Cohorts® represent less than 28% of U.S. households. Timeshare buyers tend to be affluent (median income \$79,000), middle-aged (median 50 years), married, and homeowners. A more detailed profile of buyers, including complete information about which Looking Glass Cohorts® are key to this market, can be found in the full report.



HOW SATISFIED ARE TIMESHARE OWNERS?

Fully 84% of owners report satisfaction with their timeshares. The track record of high timeshare satisfaction rates extends back many years.

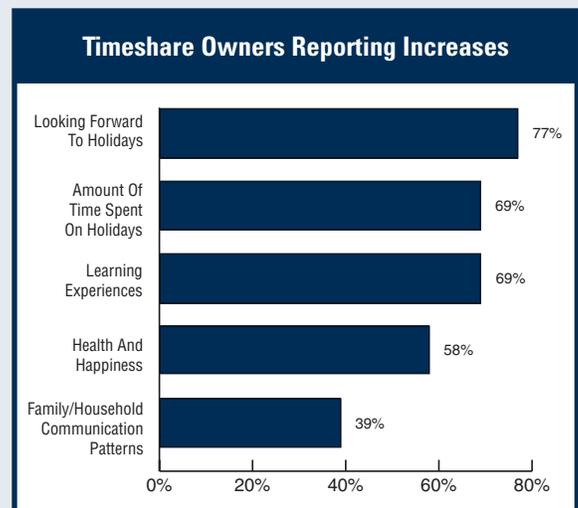


HOW DOES SATISFACTION AFFECT BUYING?

The high repeat purchase behavior of timeshare owners serves as proof of their satisfaction. The average number of weeks owned per household increases from 1.5 among those who first purchased within the past five years to 1.8 among those who first bought more than 12 years ago. More than 500,000 U.S. timeshare owners would like to buy more time during the next three years in a resort area where they already own, and over 650,000 want to buy more time in another resort area. In fact, during any given year existing timeshare owners are 18 times more likely to buy a timeshare than the average U.S. household!

WHAT ARE THE BENEFITS OF OWNING?

Timeshare owners happily identify exactly why they are so satisfied. More than three out of four report that ownership increases their looking forward to holidays. Over two-thirds say ownership increases the amount of time they spend on holidays, and their learning experiences. Over half cite increases in health and happiness.



DOES TIMESHARING BENEFIT RESORT COMMUNITIES?

Timesharing represents perhaps the most beneficial form of resort development for local communities. A combination of high vacation expenditures, on-going jobs and purchases to maintain the resorts, increased repeat visitation, and year-round high occupancy provide many advantages.

HOW MUCH DO THEY SPEND?

Timeshare owners and their guests spend in excess of \$5.4 billion annually in U.S. resort areas while enjoying their timeshare vacations. The average timeshare visitor party spends \$1,205 during their stay: about \$152 per day, or \$39 per person per day.

Timeshare dollars support local restaurants, retail stores, car rental companies, and tour providers. Timesharing even brings revenue into area hotels and rental companies when timeshare owners extend their stays.

Annual Timeshare Owner/Guest Expenditures By Category (\$million)



ARE THERE OTHER EXPENDITURES?

In addition to the purchase price of their timeshare, which creates local jobs in construction, marketing, and other industries, timeshare owners are assessed an annual fee, averaging \$382, to pay for on-going maintenance and operations at their resort plus local property tax assessments. During 2002, owners of U.S. timeshares spent about \$1.55 billion in communities to maintain their resorts, plus \$319 million in local property taxes that helped support local schools and other community services.

Annual Maintenance And Operations Expenditures

Maintenance fees		\$1.55 billion
Property taxes	+	\$319 million
Total	=	\$1.87 billion

HOW DOES OWNING AFFECT AMOUNT OF TIME SPENT IN THE RESORT AREA?

Timeshare owners report visiting the resort area where their timeshare is located 58% more often and staying 55% longer than before they owned their timeshares. This results in an average 146% increase in the overall amount of time spent in the resort area. These figures do not even count visitation by exchange, rental, and other timeshare guests. More visits translate into more income for the local community.

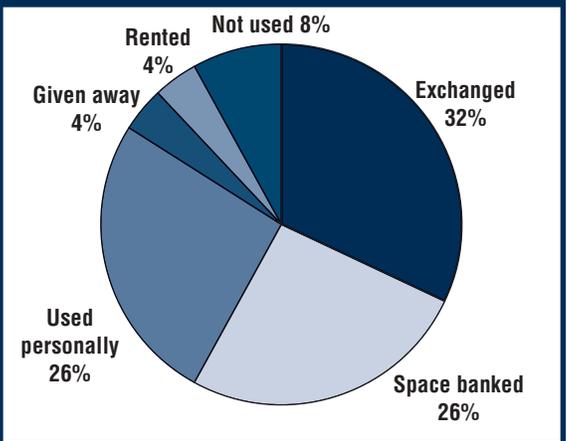
Increased Visitation With Purchase Of Timeshare

	5 Years Before Purchase	5 Years Since Purchase	% Change
Number of Visits	1.2	1.9	+58%
Average Nights per Visit	3.3	5.1	+55%
Total Nights	3.9	9.6	+146%

WHAT IS THE USAGE FACTOR?

Timeshare owners say they use 92% of their time, far exceeding the typical 70% occupancy rate of resort hotels. In most timeshare resorts, between 50 and 52 weeks per year are sold to consumers. Thus, a high utilization rate means the timeshare is occupied nearly year-round once sold out, minimizing the seasonal fluctuations in expenditures and employment that afflict most resort communities.

How Owners Use Their Time



This report is based on results from two surveys of randomly selected RCI members: 1,184 responses from households that purchased a U.S. timeshare between August 2001 and July 2002; 1,857 responses from households that owned timeshares purchased before August 2001. It also includes data collected during surveys of U.S. timeshare resorts and obtained from the RCI resort database.

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Full copies of the complete report are available exclusively to RCI affiliated resorts/companies through regional RCI Global Business Group account executives.

Ragatz Associates, a business unit of RCI, serves the international timeshare industry, offering market research, feasibility analysis and comprehensive consulting services to established resort developers, marketers, operators and prospective industry entrants.

RCI (RCI.com) is the world's leading global provider of products and services to the timeshare industry, with more than 3,700 affiliated resorts in 100 countries. In pursuit of its mission to be the market maker in global travel and leisure, RCI offers the world's leading timeshare exchange services through RCI Points, the first worldwide points-based exchange system, and RCI Weeks, RCI's traditional week-for-week exchange system. In 2001, more than 2.1 million exchanges were booked through RCI, sending an estimated 7.5 million people on vacation. RCI provides integrated timeshare solutions in addition to exchange including consulting, travel agency and technological support. RCI is a subsidiary of Cendant Corporation.

Cendant (NYSE: CD) is one of the foremost providers of travel, real estate, vehicle, and financial services in the world. Cendant's Real Estate Division is the leader in the world's largest industry, with affiliates responsible for more than one out of every four homes sold or purchased in the U.S. Cendant also runs one of the country's largest retail mortgage originators, the leading relocation services company, and franchises a leading commercial real estate brokerage system. As one of the world's leading franchisers of mid-economy market lodging brands and the world's largest vacation ownership company, Cendant's Travel Division is one of the largest providers of travel services around the globe. Cendant's Vehicle Services Division is the leader in the vehicle management industry. In addition to providing fleet and fuel-card management services, Cendant also runs the largest non-municipally owned car park in the U.K. and the second-largest general-use car rental company in the U.S. Cendant's Financial Services Division includes the second largest tax preparation company in the country. The Division also offers insurance and loyalty marketing programs to financial institutions that are looking to enhance the value-added services they offer to their customers. Cendant's Travel Distribution Division has four principal components: reservations transactions systems provider WizCom, which handles reservations for more than 115 hotel and car rental chains in over 40 countries; Cendant's travel agency business; Galileo, Trip.com and the off-line operations of Cheap Tickets, Inc.

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