

LEISURE LIFESTYLES, INC.
INTERNATIONAL WORLD OF VACATIONS™
THE STRATEGIC PLANNING PROCESS

In the competitive, dynamic and opportunistic world of specialty travel and Web marketing, strategic planning plays a consequential role in the success and stability of a company. For this reason, Leisure Lifestyles, Inc. /International World of Vacations strategic plan and its development process are priorities for our Board of Directors and senior management. Our strategic planning process has been established for the purpose of diligently serving the long-term interests of our Company and its shareholders.

Our strategic plan as outlined in our Business Development Plan is formulated via a cooperative effort between our senior management and the Board. Due to the fast-changing nature of the travel industry in which we compete, we emphasize the importance of senior management regularly analyzing, adapting and refining our strategic plan.

In order to develop a sound strategic plan, it is important that an effective strategic planning process is established. The principal components of our current strategic planning process include:

- (1) Board of Director's oversight and involvement regarding strategic plan implementation
- (2) Regular and special senior management reports to the Board of Directors
- (3) Development of targets and long-term objectives
- (4) Participation in the plan by all levels of our employees and contractors.

Our Board has been and continues to be involved in working cooperatively with senior management to monitor and to evaluate our current strategic planning process.

Each year, senior management members allot time to discuss and evaluate our long-term strategic operating plan and overall corporate strategy. Items of focus generally include, but are not limited to, business growth and new market expansion, strategic alliance and marketing strategies, product line elimination or diversification, economic conditions, competitive factors and overall industry performance. Although these planning sessions focus on long-term objectives, short-term items also are discussed. Through a series of senior management presentations, conclusions reached during the planning sessions are reviewed with the Board. The Board in turn provides reactionary input regarding the assumptions, priorities and strategies discussed, and ultimately the framework for senior management's strategic plans and corporate strategy is established.

Upon resolution of the planning meetings, the resulting strategic plan is communicated to our corporate and field employees through various means could include large departmental presentations, video and electronic mail communications and cascading one-on-one meetings between managers and their direct reports. Successfully communicating appropriate components of the strategic plan to our employees is an important element in its facilitation, and ultimately impacts the level of success we achieve.

The Board monitors the effectiveness of our strategic plan outlined in Company's Business Development Plan primarily by analyzing operating results and evaluating certain performance metrics communicated through senior management presentations outlined in our model. Prior to each regularly scheduled Board meeting, the Board members are provided with a comprehensive information package that highlights operating results and business drivers compared with management expectations, as well as insights regarding industry trends, financial market conditions, economic indicators and competitive factors. Through Board meeting communications, the Board members are able to evaluate senior management's ability to implement components of the strategic plan, as well as to provide guidance regarding our corporate strategy.

The effectiveness of the Board's guidance, with respect to strategic planning, is directly linked to the prevalence of open, candid and complete communication between the Board and senior management, in an atmosphere of mutual respect. It is the objective of the Board and senior management to continually create shareholder value, while at the same time upholding highly ethical business practices and promoting corporate responsibility.



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