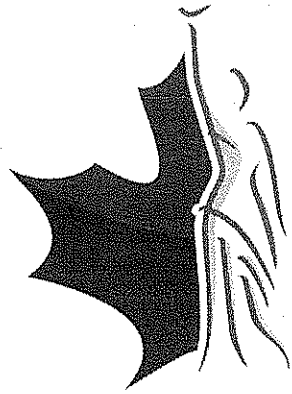


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Canadian
National
Exhibition

Management Report

February 2011

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General Manager's Comments

As you will see in this report and in other reports on the agenda, planning for the 2011 CNE is in great shape. We are working to improve from last year's event in order to build on the audience growth we experienced last summer, which was unfortunately undermined by the inclement weather we experienced on Labour Day (Air Show) Weekend.

I would encourage the Board to spend some time reviewing our Strategic Plan (STRAP), the extensive research that was done in 2010 as well as that from previous years, and our relationship with Exhibition Place as outlined in our Memorandum of Understanding (MOU), which you will find in your Directors' Manual. These are the elements that will most influence the ongoing governance of the CNE and the future of the fair.

Strategic Plan (STRAP)

The Strategic Plan approved by the Board last fall was adapted from the 2007 STRAP in such a way that it would complement and support the strategic plan of the Board of Governors. CNE staff continues to follow the plan.

Goal #1 (Event Development) - In preparation for the 2011 CNE will continue to grow by way of concerted efforts to coordinate all aspects of programming, marketing and running the fair. Please also refer to the Research section of this report, the reports on Budget Transfers, and the Special Program Day as concrete examples.

Goal #2 (Infrastructure) - This is a major focus of the New Midway Attraction report, and of our participation in the selection of a firm to lead Exhibition Place towards the development of Festival Plaza, including CNE midway layout.

Goal #3 (Advocacy) - Our relationships with the Board of Governors and all orders of government are vital to the CNEA. I am in the process of developing a list of simple and straight forward "talking points" that can be used by all CNEA directors and members when discussing (or advocating for) the CNE, examples would be:

- the CNE pays its own way. It is not subsidized by taxes,
- the CNE is clean, safe fun and good value (last year's research reminds us that we have a big problem of perception among non-users),
- the CNE is the first, and (to date) the only, fair in North America to receive Eco-Logo Certification,
- the CNE delivers social and economic benefits to the community and the region,
- the CNE helps to bridge the urban/rural divide by providing agricultural education to its predominantly urban audience.

Goal #4 (Environment) - Working hand in hand with Exhibition Place, the CNE continues to be a green leader in every environment category, from energy conservation to waste diversion to water consumption.

2010 Research

As mentioned in the December Management Report, staff has been working on plans for the 2011 CNE, taking into account the research results from last year. Our research firm, Experience Renewal Solutions (ERS) uses methods based on ethnology, which has its roots in anthropology. Essentially, it is the study of human behaviour in its natural context involving observation of behaviour and physical setting. Generally we have found this form of research much more "actionable" than the exit surveys conducted in the past. It brings to our attention what are often seemingly small problems, however when fixed, make a BIG difference to our customer's overall experience of the fair.

By way of re-cap, the following chart shows a number of the issues that surfaced in our research from previous years and the actions that have been taken to address them.

<u>Issues</u>	<u>Solutions</u>
Not enough Seating throughout the grounds	Our Operations Department had more benches built. This past year, working TDSB & school kids, we introduced the Chairs with Flair Program
Wanted more Water Fountains	Our Operations Department built water fountains which we have expanded upon each year
Had problems Navigating the Grounds	We completely re-designed the CNE Grounds Map
Didn't know about all the Things that were FREE with Admission	We emphasized FREE events in all our advertising
Couldn't get strollers into Washroom trailers & complaints about overall cleanliness of washrooms	Worked to increase the staffing and thereby cleanliness of washrooms Endeavoured to find ways to accommodate strollers in trailers
Couldn't figure out where train stops were	Embellished train stop stations with Tents & Signage
Parents with small children were stressed by the experience of the fair. Couldn't find services & attractions for young children	Created the Family Fun Guide which was available online at TheEx.com and onsite throughout the CNE.
Found staff unfriendly	Hired professional Customer Service trainer to work with staff & partners

During the 2010 CNE, ERS talked to more people than before in our recent history. Both CNE attendees and non-attendees were interviewed in the following ways:

- 1000 people through a pre-fair online survey (both users & non-users)
- 608 In-Experience Interviews during the CNE
- Four Focus Groups after the fair (both users & non-users)
- Captured 10 In-Experience Video Stories (*We paid an honorarium to 10 non-users equipped them with a video camera and asked them to video tape their experience of the fair*).

This past year we wanted to explore:

- what particular attractions drew people to the CNE.
- what the pattern of decision making was
- If people were NOT attending the fair.....we wanted to learn what was keeping them away – and thus identify “opportunities” for growth

In the past, ERS has focused their interviews on Young Families in Kids World, the Farm etc. This year, we broadened the net and talked to people of all ages at a wider variety of events: Bandshell Concerts, Celebrity Chef Demonstrations, Aerial Acrobatic & Ice Skating Show, the Air show etc.

The results were a bit of a wake up call. For years we have perceived our primary target audience to be families: Adults 25 to 54 with children 12 years and younger. What we learned this year is that a huge chunk of our audience is not attending with kids.

We learned that our Bandshell Concerts & Celebrity Chef demonstrations were significant draws – and of the people attending these events, for the most part, came without children;

- 87% of the people who attended the Bandshell Concerts attended without children and
- 79% of the people who attended the Celebrity Chef demos attended without children

The Air show continues to be a major draw, 37% of people who said they came for a particular attraction, came for the Air Show.

SuperDogs and the Aerial and Acrobatic Skating Show continue to be popular especially with young families. CNE shopping also continues to be popular with everyone.

We are happy to report that a lot of the issues that were problems for our patrons in past such as not enough seating, not knowing where the Train Stops are, problems with navigating the grounds, cleanliness of washrooms, and all the stuff I just mentioned did not even appear on the radar this year. So the improvements that we have made in these areas, are recognized and appreciated by our customers.

They love our new water fountains; they just want more of them.

Here are some of the other things we learned this year and how we plan to correct the issues.

FAIR GOERS

<u>2010 Issues</u>	<u>Proposed Solutions for 2011</u>
People found the overall experience of the fair very expensive	Not raising admission prices for 2011 CNE Encouraging partners including concessionaires, exhibitors & midway company to hold or reduce prices
Not enough seating at Celebrity Chef demonstrations	Add more seating; change floor plans for Hall A & B to increase flow
New Express Trains are too slow	Increase training for staff to load trains particularly for wheelchairs & strollers
Delays in Air show are Irritating	Better communicate why there are delays (due to Porter Airlines) and enhance the waiting experience. Present delays as Intermissions....good time to visit a concession, washroom etc. Bring down CNE Performers to entertain during gaps

Loved Water fountains but couldn't always find them	Build more water fountains
Kids World is not FUN; same thing every year	Develop long-term strategy to introduce new programming to Kids World each year
Want more healthy food choices	Work with Concessionaires to offer more healthy foods

PEOPLE WHO DO NOT ATTEND

2010 Issues	Proposed Solutions for 2011
Non-attendees didn't think there was anything for them at the CNE – <i>until they saw the CNE Guidebook and all the attractions that were free with admission</i>	Get the Guidebook into more people's hands prior to the Opening of the Fair
Non-users thought the CNE was just for kids	Re-brand advertising Creative so that it is less kid focused and more appealing to Boomers & Gen Ys (<i>two highly populated & relatively affluent cohorts</i>)
Lack of awareness with non attendees of key events such as Bandshell Concerts and Celebrity Chefs	Focus on key events in advertising Advertise ONLY the events that have proven themselves to be "draws" Invest more money in Concerts & Demonstrations to make a bigger impact
Non-attendees perceive the CNE as cluttered, dirty and unsafe. Too much traffic congestion	Get testimonials from visitors about CNE cleanliness & overall safety Ensure that all advertising materials are crisp, clean & uncluttered Promote public transit & easy ways to get to the CNE

Memorandum of Understanding (MOU)

As reported in December, a committee has been called together to review the agreement between the CNE and Exhibition Place. The members of this subcommittee are: Jim Melvin, Brian Ashton, Knox Henry, Debbie Woodman, John Downing, Bob Bowman; staff participation consists of myself and Virginia Ludy. This committee has not met again since our last Board meeting. We are still at the stage of gathering information prior to further negotiation with Exhibition Place. The financial relationship between the CNEA and the Board of Governors consists of three significant factors: the Site Usage Fee, the allocation of funds for Finance & Administration, and the budgeted operating surplus. With regard to the Site Usage fee, we have asked for comparable information from six other large fairs: ExpoCite (Quebec), Capital EX (Edmonton), Calgary Stampede, Pacific National Exhibition (Vancouver), Indiana State Fair (Indianapolis) and the Texas State Fair (Dallas). The results of this survey are still coming in. With regard to the Finance & Administration Fee, we have asked for help from the Internal Audit department of the City of Toronto (IA) to assess the reasonableness of this fee. Having assisted us for many years with our internal controls and audit of our partners during the CNE

period, and also having done similar consulting for other city agencies, IA is well positioned to give us an informed opinion.

As soon as this information is available, the committee will re-convene to discuss these matters as well as the broader aspects of our relationship with Exhibition Place going forward. Board members are encouraged to review the current MOU (in your Directors Manual) and communicate any comments or questions either to a member of the committee or myself.

Marketing and Communications

As previously reported, the 2010 research results provided much insight into how both users and nonusers perceive the CNE, and uncovered a number of opportunity areas for marketing the fair. (please see Research Section above).

Staff is currently in the process of developing a Marketing Plan to address the changes in approach that need to be made for the 2011 fair. A new design for our advertising creative is also underway. At the request of the CNEA Marketing Committee, a long term Media Buy growth strategy (with the associated dollars required for growth) is being developed so that each year we can reach more and more people who currently do not attend the CNE in addition to those that do.

The Marketing Plan will also address the new initiatives (such as CNE application (app) for smart phones) and the enhancements to the current marketing mix that are being planned for the 2011 CNE. This plan, with the proposed 2011 media buy, will be reviewed by the CNEA Marketing Committee before being presented to the Board.

Operations

Since the last management report was submitted in December, a number changes have taken place with respect to areas of responsibility for members of the Operations team. These changes have provided some members of the team with an opportunity to oversee other areas within the Operations Department and have been made with a view of improving the level of service provided by the department.

In mid-January staff had an opportunity to meet with Tony Diaz, of North American Midway and Entertainment (NAME). A number of topics were discussed including addressing some of the points included in the IA audit report, findings from the 2010 research program, NAME's participation in a new attraction at the 2012 CNE, and their participation in a special day at the CNE as outlined in a separate report of this agenda (Special Program Day).

Staff attended the National Independent Concessions Association and Outdoor Business Association meetings and trade show held in Tampa, Florida. These are annual events with sessions geared towards concessionaires and fair managers. This provided an opportunity for staff to meet with a number of concessionaires who are not local. In addition, staff visited the Florida State Fair and Busch Gardens theme park.

Jim Sinclair of the Minnesota State Fair led a session called "Creating an Atmosphere for Success". The session focused on how the Minnesota State Fair selects operators for their independent midway and their philosophy in working with their partners to ensure the overall success of the event. Although there were a number of similarities with how the CNE develops the product mix required on the midway and the way in which operators are selected, some interesting variables were outlined that we, as an organization, may want to include in our evaluation process. These include how the concessionaire creates the emotional experience

for the visitor and how they ensure the guest is considered in all the environmental aspects of their presentation, in particular how to trigger the sensory part of the experience for the guest. The Minnesota State Fair requires all of their partners to provide an overview of how they are going to create the experience for the visitor not only through sensory triggers such as smell and taste but through the overall presentation and the use of lighting and thematic effects.

Since 1999, the Minnesota State Fair has achieved great success in the area of concession sales. Total increase in sales from 1999 to present is 115% with gross concession sales at the Minnesota State Fair in 2010 of \$31 million dollars and a per cap on food concessions alone of \$17.50 per person. Some other methods used to drive concession sales at the Fair include the "Blue Ribbon Bargain Book" which has \$500 worth of money-saving coupons and can be purchased in advance of the Fair for \$4 or during the event for \$5. This book includes some significant coupons for midway which have been provided by both the Fair and their partners. They also have the "Fair Finder" on their website which has three unique portals that the visitor can enter. One is the Food Finder which provides information on all the food offered at the Fair and where visitors can find specific products or items. The Fun Finder which uses a search engine to find entertainment dates and times, demonstrations, and attractions dates and times and the Merch Search which allows guest to search for any type of merchandise sold on the fairgrounds by using keywords, phrases and categories. The Merch Search also includes information on vendors participating in special all day deals and discounts.

The Florida State Fair provided an opportunity for staff to see in operation a wide variety of food concessions offering a number of new and unique products. It also provided an opportunity for staff to see the many programs being offered at the Fair.

A special tour of Busch Gardens was arranged with a focus being on their many environmental initiatives. The park produces 12,868,053 pounds of garbage annually, of which 3,554,000 pounds is solid waste incinerated on site. The products to be recycled are taken to an in-house recycling depot. Within this depot is an area for composting all of their animal waste which over time is turned into rich black compost that is used in the many gardens in the park. Any solid landscaping material such as tree and bush cuttings are put through a chipper and turned into mulch that is used under rides. In 2009 over 1 million pounds of this mulch was used throughout the park. The park also has a program for staff where they encourage their employees to bring their recyclables to work from home.

Over the past month staff has been working on budget transfers. In addition, staff is currently working with Exhibition Place Purchasing Department for the issuing of Requests for Quotations for security services, show services provider and tent supplier for our outdoor retail area. Staff will be working begin work on a Request for Proposal for gate operations in the very near future as our current contract with Event Staff Canada (formerly Outdoor Box Office) expires at the conclusion of this Fair.

In the next few weeks staff will be meeting with all concessionaires to review their performance in 2010 and review any applications for 2011. Once this process is complete, staff will take to the Concessions/Exhibitor Task Force their recommendation for 2011 concessions roster. In addition staff will be reviewing all licensed venues this year with a hope of looking towards introducing new themes in these venues for 2011.

Programs

The Programming staff has been working on the Program Plan (as part of the Strategic Plan), on the Special Program Day, and on the Ontario Association of Agricultural Societies conference. Please refer to the attached Appendix A for the current confirmed programming for

2011 (listed from the west to east end of the grounds). It is still early in the year and there are many more activities yet to be planned.

Exhibitor Sales

The Exhibitor Sales staff is responsible for the Arts, Crafts & Hobbies, Food Building, Shoppers Market (previously Shoppers Bazaar), At Home Pavilion, International Pavilion, Warehouse Outlet and Warehouse Extension. Immediately following the Christmas break, our Exhibitor Sales Manager Scott Lytle tendered his resignation. Scott started 23 years ago with Exhibition Place security, worked for a number of years in CNE concessions, and has been the manager of this area since 2003. He has decided to take a sales management position with another firm. He was a real asset to the CNE management team and will be missed. We wish him all the best for his future endeavors.

Exhibition Place Human Resources has conducted a thorough internal and external search for a new manager. As of the writing of this report, that process has not been concluded. However, I do hope to be able to make an announcement prior to the Board meeting next week.

I am pleased to tell you that Andrew Sihelnik has joined our Exhibitor Sales department on a full time basis. Andrew has worked for us on a seasonal basis in both sales and floor supervision. He has also worked for other shows such as the Royal Agricultural Winter Fair and the Boat Show. We look forward to having as part of our full-time team.

Upcoming Staff Travel

New Orleans, for Mardi Gras, March 2011

Danielle Bourre will be traveling down to New Orleans to research the Mardi Gras festivities in an effort to add new components to our parade, to create a wider network of musicians and other performers and to attend showcases that will be highlighted during Mardi Gras.

IAFE Leadership Summit, Indianapolis – March 2011

Mike Knott will be attending the International Association of Fairs and Expositions (IAFE) summit to complete their Fair Institute Courses as well as attend zone meetings. Mike Cruz is unable to attend due to family obligations, however he will continue taking other institute courses on-line and will complete these courses offered in Indianapolis at a future institute summit.

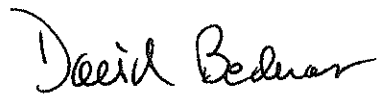
IAFE Spring Managers Conference, Louisville, KY – April 2011

Virginia Ludy, Karen Lynch and David Bednar will be attending this conference which is for senior managers of fairs from the IAFE association. Sessions are planned on relevant topics geared to this group of attendees. The conference also provides a number of networking opportunities. Members of the Programming staff may attend this conference as well.

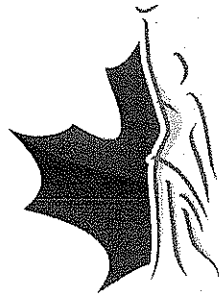
CAFE Board meetings, Ottawa, ON – Spring and Fall

As a Director on the Canadian Association of Fairs & Exhibitions (CAFE) Board, Virginia will attend two Board meetings in Ottawa one in the spring and the other in the fall.

Respectfully submitted,



David Bednar
General Manager



Canadian
National
Exhibition

PROGRAMMING UPDATE – FEBRUARY 2011

BALL PARK

Baseball

- 55th Annual Lions-CNE Peewee Baseball
- Other baseball initiatives:
 - Beaches Men's Fastball League Reunion
 - 12th Annual Provincial PeeWee All-Star Tourney
 - Annual Women's Fastball Tournament
 - Girls' PeeWee/Bantam Exhibition Games
 - Rookie-Ball Exhibition Games

BANDSHELL PARK

The Bandshell

- Rib Fest - *daily, except Mondays*
- Canadian Forces Musical Salute - *August 19 and 20*
- Marianas Trench - *Sunday August 21*
- The Spinners with The Manhattans *August 24*
- Lights - *August 25*
- Marie Osmond - *August 26*
- Blues Festival - *August 28*
- My Darkest Days - *September 1*
- Tommy James and the Shondells - *September 3*
- Rising Star Talent Finals - *September 4*

CENTENNIAL PARK

Kids' World

- Feature Stage
 - Splash 'n Boots
- KidStreet
 - Family Centre
 - KidScience – new components
 - Craft Gallery
- Kids' World Park
 - Backyard Circus & Family Puppet Parade
 - Ken Jen Petting Zoo
 - Playground

OUTSIDE THE BETTER LIVING CENTRE

Kitchen Theatre

The Casino Outdoor Patio

BETTER LIVING CENTRE

The Farm

- Kids AgVenture
- Butter sculpting

HorseCapades - August 19-September 5

QUEEN ELIZABETH THEATRE

Ambassador of the Fairs Competition – August 21

QUEEN ELIZABETH EXHIBIT HALL

Arts, Crafts and Hobbies

- Art Gallery of Ontario
- Canadian Theatre Museum
- The Ontario Artists' Porcelain Guild are conducting workshops
- Workshops by various artists

WEST OF FOOD BUILDING

Variety Stage

- Rising Star Talent Competition
- Comedy Hypnotist Fernandez - 2 shows daily - 3 shows Labour Day Weekend
- Michel Lauziere (comedy variety act) - 2 shows daily - 3 shows Labour Day Weekend

TTC Subway Musicians Auditions Stage – August 19, 20 & 21

EAST SIDE OF BMO FIELD

Strikers Bar & Grill - daily

HORSE PALACE

HorseCapades.

- Meet, Feed and Learn about Horses - August 2 - 18

Miniature Horse Show - August 28, 29

RICOH COLISEUM

The Horse Show

- Light Horse Show - August 2, 3, 4
- Heavy Horse Show - August 6, 7, 8
- Jumper Show - August 9, 10, 11
- Sport Ponies - August 13

Acrobatic and Ice Skating Show - August 19 – September 5

DIRECT ENERGY CENTRE, HERITAGE COURT

The Garden Show

- Feature Gardens
- "Rock on Rock" display
- International Sand Sculpture Competition
- Archives Exhibit
- Flower and Vegetable Competition

DIRECT ENERGY CENTRE, HALL A

At Home Pavilion - At Home Celebrity Stage

- David Rocco - August 20
- Michael Smith - August 27
- Bal Arneson - August 28

DIRECT ENERGY CENTRE, HALL B

The International Pavilion Main Stage

- Black Angels Acrobats from Africa – 2 daily shows
- Jazenka Song and Dance Ensemble from the Czech Republic – to be confirmed

DIRECT ENERGY CENTRE, CAFÉ SOLEIL

The 40th Annual Cat Show - August 27 & 28

DIRECT ENERGY CENTRE, HALL D

The SuperDogs Show

PRINCES' BLVD.

On the Midway Stage - Weekdays 4 - 11pm., Weekends 2 - 11pm.

FlowRider SplashZone

- FlowRider demonstration/show
- Summer/beach interactives
- Public rides

Canadian Forces Display

THROUGHOUT THE GROUNDS

Parades

- Warriors' Day Parade - August 20
- Labour Day Parade - September 5
- Mardi- Gras Parade - daily

Park Entertainers

- John Beattie (strongman) - 4 shows daily
- Sheldon Casavant (magician) - 3 shows daily
- The Mat Velvet and Charlie Show (comedy acrobats) - 3 shows daily
- Showbot (interactive robot) - 4 shows daily
- Strolling bands

Sports Day - Saturday, August 27

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