



Management Report

March 2012

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Reason for Confidentiality:

The Confidential Attachment to this report is confidential as it involves security of property belonging to the Canadian National Exhibition, and it is recommended that this information not be disclosed in order to protect the economic interests and competitive and legal position of the Association.

General Manager's Comments

2012 CNE

Plans for this year's CNE are included in several of the sections below. As you will see, there are new initiatives being undertaken in all areas. We are cautiously optimistic that 2012 will be another very good year.

Independence:

On March 5, 2012, City council gave its approval for the transition to independence on terms that were previously approved by the CNEA and BOG. Therefore, we are proceeding with all the required documentation and planning. This will be a year of transition as we prepare for independence in April 2013. Please see the separate report to the Executive Committee regarding staffing plans for the CNEA after independence.

Casino:

The possibility a full-scale, year-round casino in the GTA has serious implications for the CNE. In 2012, we are budgeted to earn about \$3.4 m in net revenues from the CNE Casino. Therefore, we are treating the announcement made March 12 very seriously. CNE Management will step-up efforts in three ways:

Lobbying: We will take every opportunity to put forward our concerns and advocate to the Alcohol Gaming Corporation of Ontario (AGCO), the Ministry of Tourism, the Ministry of Finance, the City of Toronto and the Ontario Lottery & Gaming Corporation (OLG). We will also be advocating for partnership opportunities or other forms of working relationships given our existing experience and skill set.

Research: Now that the GTA Casino is being openly discussed and actively planned we need to get opinions from our existing clients. This may take the form of one or more customer research studies. This research will be vital to our understating of how a new casino may affect attendance at our casino. The results of this research will assist in future planning and in the lobbying efforts mentioned above.

New / alternative sources of revenue (Plan B): With the move towards independence, we have already been exploring new or alternative revenue sources. This is an important activity that will take on more urgency as we try to spread out our revenue sources to reduce the exposure to the organization when one of our key revenue centres is threatened.

Ontario Place:

We were invited to make a presentation to the Minister's Advisory ("John Tory") panel on Ontario Place on March 20th. President Brian Ashton and I presented to the panel to make the case that the revitalization of Ontario Place Corporation must be comparable with the annual CNE.

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Marketing and Communications

The Marketing and Communications Plan for the 2012 CNE was presented to the Marketing Committee on Wednesday, March 7th and a number of new ideas emerged from that meeting which staff will be following up on. We continue to develop communication strategies and messaging regarding both CNEA Independence, the redevelopment of Ontario Place, and the possibility of a year-round casino in the GTA. The department is now moving out of the planning phase of the marketing cycle into the execution of the Marketing Plan. An overview of this plan is outlined below:

Overview of 2012 CNE Marketing Strategy

Goals - Building on the strengths of the 2011 Campaign, the goals of the 2012 CNE Marketing Strategy are to:

1. Increase attendance over 2011.
2. Continue to drive more people into the early days of the fair.
3. Attract visitors who had never been to the CNE, as well as lapsed visitors, with a particular focus on the (905) communities on the GO Train lines.

4. Sustain the growth we achieved in 2011.

Challenges

- The weather is a perpetual “wild card” and given the warm winter we are currently experiencing, the summer weather could be equally unusual.
- The Ontario economy remains relatively soft; the local economy will continue to be impacted by the current financial crisis in the Eurozone.
- The price of gasoline may well hit the \$1.50 per litre mark by the summer.
- The unemployment rate in the province is at 8.1% according to February 2012 Statistics Canada data.

Opportunities

- Often when the economy is weak, people stay closer to home.
- The price of gasoline may well hit the \$1.50 per litre mark by the summer.
- By keeping our ticket prices the same as the past two years, and with our numerous discounted price points, we are well placed to position ourselves as an affordable “staycation”.
- The CNE is operating in a highly populated region with many new residents and the fair is easily accessible by public transit.
- The closure of Ontario Place may also create an increased appetite in people for a summer attraction experience by the waterfront.

Strategy

- Position the CNE as a great “value for money” attraction
- Target residents within the GTA, encouraging them to experience the CNE.
- Leverage the CNE’s marketing arsenal of:
 - 1) **Paid Media**,
 - 2) **Owned Media**, and
 - 3) **Earned Media**

1) Paid Media

The CNE uses three different currencies to negotiate advertising space: 1) cash, 2) CNE Admission & Ride tickets, and 3) on-site visibility at the CNE and exposure to our 1.3 million visitors.

Cash

- Out-of-Home advertising (on transit vehicles & on screens in subway platforms etc.)
- Newspaper Advertising
- Insertion of Guidebooks into Newspapers throughout the GTA
- Radio commercials
- Online advertising on targeted websites
- Mobile phone advertising
- Targeted advertising on social media sites

Contra (in exchange for tickets and/or onsite visibility)

- Advertising within the GTA and Southern Ontario media outlets in which space/air time is secured in exchange for CNE tickets.
- Additional promotional advertising with paid media partners in exchange for tickets and/or an on-site presence during the CNE. (i.e. Cents of Taste and Bandshell Advertising in the Toronto Star)

2) Owned Media

- CNE Website
- CNE Eblasts
- CNE Smartphone App & Mobile Website
- CNE Blog
- CNE Brochures

- CNE Guidebook
- CNE Daily Schedules
- CNE Family Fun Guide
- CNE Tickets
- Signage on-site at the fair

3) Earned Media

- News & Editorial coverage in newspapers, on radio, television, online & in blogs
- News feeds, features, comments & the sharing of content on Facebook, Twitter, YouTube, Google +, Pinterest and Instagram
- Public awareness through a CNE presence at community events & programs
- Word of Mouth

Target Markets

- Once again, we will seek to appeal to two highly populated cohorts: **Boomers** (born 1946-1964) and the **Echo Boomers** also known as Generation Y (people 18 to 29 years of age). This does not mean that we shall abandon our traditional base of adults 25 to 54 with children 12 and under; or teens 12 to 17 years, but will look to expand upon it.

Creative Direction

- The new CNE branding and creative that was introduced last year will remain in place and will be rolled out into more areas including on-site signage such as our street pole banners.

New Initiatives in 2012

- **CNE App for Android Smartphones** (*to expand upon the mobile apps & mobile website developed last year*)
- **Expanded distribution of the CNE Guidebook**
- A customized **Plan Your Day Guide**, which will be available on the CNE website
- CNE presence on **Pinterest, Google + and Instagram**
- A new **Come Visit Us at the CNE** piece for CNE Exhibitors to distribute
- Re-brand the **Rising Star** Youth Talent Competition to emphasize the Talent Competition message
- **Pizza Nova Youth Tuesday** – On Tuesday, August 28th, youth 19 years and younger will get free entry into the CNE from 10 am to 3 pm

Ongoing Initiatives in 2012

- Emphasis on Canadian National Exhibition and CNE in print and Out-of-Home advertising, while maintaining “Let’s Go to the Ex” as our call to action
- Fine-tune the CNE app for Blackberry
- Further develop the CNE’s online ecosystem expanding and interconnecting our social media initiatives
- Further enhance the CNE website to help people plan their visit to the fair
- Continue to distribute 1.2 million Kids Passes in elementary schools, integrating ideas that emerged from the March 7th Marketing Committee meeting
- Continue to work with **Mac’s Convenience Stores** as our Advance Sale retail partner as well as **GO Transit**, which sells CNE tickets both in advance and throughout the fair

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Programs

The Program Department has spent the past months in heavy negotiating mode. While we will maintain the major features, such as the Aerial Acrobatic Ice Show, the FLOWRIDER, the Celebrity Stage, the Bandshell Concerts and SuperDogs, filling the line-ups for the stages has been challenging.

A number of offer sheets have gone out to artists for the Bandshell Stage, and we are waiting to hear back. We continue to pursue local chefs to fill the weekday Celebrity stage, however the weekends are fully booked with chefs such as Michael Smith and David Rocco.

We have tendered bids for the resident farmer role in the Farm and the sound and lighting needs for the various stages across the grounds.

Please see the Confidential Attachment to this report for a detailed programming preview of the 2012 CNE.

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Operations

The Operations Department has been working on the 2012 site plan incorporating all of the new programs, exhibits and features into the overall plan. Staff have been working on reconfiguring the midway to accommodate the new CNE Sky Ride and the Nitro Roller Coaster, two new features of the 2012 CNE midway. In addition preparing the mix of existing and new concessionaires has been an ongoing process.

Staff have been working with Event Staff Canada in reconfiguring the gates to address the closing of Ontario Place while providing access to the site for those patrons wishing to park in Ontario Place lots. Plans are already underway incorporating the required staffing and operational modifications required for this year's fair.

The RFQ for the installation of the Sky Ride tower bases recently closed and staff will be busy working with Exhibition Place contractors to ensure completion of this project in order to ensure opening of this new ride in time for the 2012 CNE.

Many of the seasonal staff will be joining our team shortly and so a lot of the teams' current focus has been on hiring staff. Also, meetings have been held with a number of suppliers to plan training sessions for staff in the areas of crisis management, specific job training, emergency procedures, health and safety.

Sales efforts are continuing in the area of outdoor retail, with the majority of space now sold. All concession locations have been filled. Staff are now focusing on a proposal call for one of our licensed areas and planning feature outdoor areas.

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Exhibitor Sales & Services

We are pleased to report that the sales figures in the Shopping Pavilions which include the Arts, Crafts & Hobbies, Shoppers Market, At Home Pavilion, International Pavilion, Warehouse Outlets and the Food Building are on track with last year's figures and it is anticipated that all revenue targets will be achieved this year.

New application submissions continue to be received. Applications are reviewed and assessed by the Review Committee on a monthly basis to ensure a diversified product mix is achieved and is relative to the number of exhibitors participating in each pavilion, while ensuring product categories are not saturated throughout the fair – indoors and out.

The first round of assessments took place in February and out of the 71 new applications received, 57 were accepted and awarded booth space. The 14 applications that were not awarded space have been placed on a waiting list until a booth within their product category becomes available.

A Sales Outreach Campaign is scheduled to be deployed to over 2500 prospective companies from various business categories across Canada in the coming weeks – ranging from small business to big box retailers, to artists, designers and non-profits groups as an invitation to submit their application for consideration for the remaining booth spaces available in the halls. We expect to sell out.

The Food Building continues to be a viable marketplace to introduce new food innovations. We are currently reviewing Food Building proposal submissions, which range from healthy options to the wild culinary creations our visitors come to expect for the 2012 season, that's sure to attract foodies with an insatiable interest and devotion to food. What could top last year's Donut Burger culinary craze? Just wait and see...

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Corporate Secretary & Government Relations

The Corporate Secretariat has been doing follow up, preparation and organization from last month's and the upcoming executive and board meetings, committee meetings as well as supporting the General Manager and President.

Recent communications to the membership include a 'hold the date' communications for the Annual Financial Meeting and Annual General Meeting as well as an update communication during the week of March 5th, following Toronto City Council approval of the move to independence. The membership seems well informed on this matter as this communication update did not generate any replies or questions.

As in past years, the Corporate Secretariat handles the Opening Day invitations and the first steps are underway. We've had an initial organization meeting about the Opening Day reception and we've circulated the 2012 Opening Day reception invite list to prepare for a 'hold the date' reminder in April. Our plan is to get the invitations out as early as possible.

The Marketing committee met on March 7th and the following committees will be meeting in the near future: Agriculture/Horticulture, Programs and Finance. The Annual Financial Meeting (AFM) is booked for May 17th.

On the Government Relations side, we attended City Council on March 5th to ensure that there were no concerns or problems with the final step in the approval process. As a follow up to that approval, thank you letters have been drafted to send to council from President Brian Ashton.

With regards to the recent Drummond report, Ontario Lottery and Gaming (OLG) report and upcoming provincial and federal budgets, the two reports have been delivered and the dates of the budgets have been announced. The Drummond report recommended closing one of the Casino's in Niagara (although that has since been announced as something the government will not be pursuing), had suggestions on gaming and slots that were then picked up in the OLG report (March 12th) but of interest, the Drummond report did not mention the word 'tourism'. The dates of the Ontario and Federal budgets have now been set as March 27th and March 29th respectively.

There are a number of other on-going projects that we are working on which include:

- Initial CNEA by-laws review & governance research
- A long-term government relations plan
- CNEA receptions/VIP events during the 2012 CNE

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Air Show

The CIAS operations team is working on the performer strategy and Air Demonstration Schedules for the four show days (Practice day, Saturday, Sunday and Monday). This new schedule should better fit the "players" at the Island airport and highlight the performers at the show site (waterfront).

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Upcoming Travel:

IAFE Spring Management Conference - Des Moines, Iowa - April 23 to 26

In April Virginia Ludy will be attending the IAFE Spring Managers Conference. This year's conference is focused on crisis management.

SIAL Canada (Salon International de l'Alimentation) - Montreal, QC - May 9-11

Jeannette Mintz will attend this trade event to network, seek new ideas, keep up with latest trends and develop new business relationships food-industry professionals. The show is one of the industry's most important meeting places for North America, hosting around 700 exhibitors and 13,000 visitors from over 60 countries over the course of 3 days each year. SIAL Canada is the world's leading network of food-industry shows—which has a presence on 4 continents (Paris, Montreal/Toronto, Shanghai, São Paulo and Abu Dhabi).

CAEM (Canadian Association of Exposition Management) - Halifax, NS - June 24-26

CAEM is the national association for professionals involved in the production, management, and planning of trade and consumer shows, and for events of a similar size and scale.

Gilbert Estephan will be attending the annual convention for exposition industry professionals to network with peers, partners and suppliers, attend educational seminars, brainstorm about industry trends and learn about new changes in the industry happening across Canada.

Pixar Studios - San Francisco, CA – early July

Zis Parras will be attending the travelling exhibit of Pixar Studios, with the intention of reviewing to see if this exhibit would fit with our show. During this trip, Zis will also visit the Alameda County Fair and the Napa County Fair. Zis will tie this trip in with his visit to Calgary.

Calgary Stampede - Calgary, AB - July 6 to 15

Virginia Ludy, Zis Parras and Michael Knott are also scheduled to attend the 100th anniversary of the Calgary Stampede. This visit will include reviewing the Stampede's operational changes and meeting with NAME regarding the new Nitro Roller Coaster to be featured at this year's event.

Canadian Sponsorship Forum – Montreal – July 25 to 27

Eamonn will be attending this event in Montreal to keep up with the latest trends in Sponsorship and to network with potential new sponsors. The Canadian National Forum is Canada's prime sponsorship event. Eamonn has attended this event on several occasions in the past and has always found it of benefit and on some occasions has generated new business as a result of contacts made.

Global Gaming Expo - Las Vegas, NV - September 30-October 5

Sean Higgins will be attending the Global Gaming Expo 2012 in Las Vegas. Sean will be attending conferences and seminars dealing with topics ranging from the latest advancements in security and surveillance technology, to what is new in casino table games. The Global Gaming Expo gives Sean Higgins the opportunity to network with many of the leading organizations within the gaming industry.

Respectfully submitted,

David Bednar
General Manager