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 straightforward “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.

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

<table>
<thead>
<tr>
<th>2010 Issues</th>
<th>Proposed Solutions for 2011</th>
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| 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

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

[Signature]

David Bednar
General Manager