

EXHIBITION PLACE

May 17, 1999

To: The Board of Governors of Exhibition Place

From: Fatima Scagnol
Corporate Secretary

Subject: CNEA Agreement with Show Bag Pavilion

Recommendation:

It is recommended that the Board of Governors concur with the recommendation of the Board of Directors of the CNEA with respect to a three-year agreement with WSP Marketing related to the "Show Bag" concept for the CNE, with the option to re-negotiate for an additional three years.

Background:

The attached report, which is self-explanatory, was approved by the Board of Directors of the CNEA at its meeting of May 13, 1999.

Discussion:

For the information of the Board, following the CNEA meeting it was discovered that Recommendation No. 1 of subject report should have been amended, thereby replacing the word "renew" with the word "re-negotiate." This amendment is reflected in the above recommendation.

Conclusion:

Given that the term is beyond one year, the foregoing requires approval of the Board of Governors.

Fatima Scagnol
Corporate Secretary

att.



April 27, 1999

To: The Executive and Board of Directors
Canadian National Exhibition Association

From: David Bednar
General Manager

Subject: Show Bag Pavilion

Recommendation:

This report is submitted for the approval of the Executive Committee and Board of Directors.

It is recommended that WSP Marketing be given exclusivity for the Show Bag concept, outlined below, with the following terms:

- 1) A period of 3 years exclusivity during the CNE be given to WSP Marketing, with the option to renew for an additional 3 years,**
- 2) The CNEA to receive 8% of their gross (net of GST) sales with a minimum fee equal to the applicable exhibit space rates,**
- 3) The CNEA will have approval of promotional and sponsorship partners.**

Background / Discussion:


A proposal from WSP Marketing has been received regarding establishing a Show Bag Pavilion at the CNE. The Show Bag is a bag (briefcase, knapsack, beach bag, etc.) filled with promotional products and coupons. The bag and contents are valued at between \$18 and \$45 and is sold for approximately one third of its value (\$6-\$15). A variety of bags will be available, themed according to consumer product, radio stations and television shows.

The Showbag Pavilion has had great success at Sydney's Royal Easter Show in Australia, and WSP Marketing would like to duplicate the pavilion here at the CNE. Their sales targets for the first year is 30,000 units, with an anticipated 8 to 10 participants. Their long term goal is to have an entire pavilion filled with Show Bag participants.

The concern of WSP Marketing is that the "show bag" concept will take off and other companies will want to copy the concept, thereby diluting the chances of their co-ordinating an entire pavilion. They are therefore requesting a period of 10 years with exclusivity during the CNE. We are recommending a 3 year period of exclusivity, with the option to renew for an additional 3 years. This exclusivity assumes they continue to exhibit each year.

I believe that WSP Marketing should have the opportunity to grown this business. The CNE will benefit from this project through increased revenues as their sales grow, and yet will not be risking direct exhibitor revenue.

Respectfully submitted



David Bednar
General Manager