

Tourism Toronto
BUSINESS PLAN & ANNUAL BUDGET 2011

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*The accompanying 2011 budget has been prepared on a going-concern basis (Aug 2010).

CHAIR'S MESSAGE

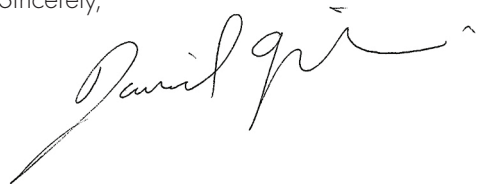
On behalf of our entire Board of Directors and Tourism Toronto team, we are pleased to present the proposed 2011 Business Plan and Budget. This plan and budget is designed to fulfill the stated objectives and goals in keeping with our mission and covenants with our strategic partners as well as to capitalize on strategies and tactics that will continue to help us rebound from the economic challenges experienced in 2009 and early 2010. Perhaps most important, the 2011 Business Plan and Budget is strategically focused on targeting and growing priority segments of the leisure visitor and meetings markets in the short-term and for the future.

Tourism Toronto's continued fundamental purpose is the effective and efficient stewardship of resources designed to promote the Greater Toronto Area as a premier destination of choice for leisure travellers, travel planners, meeting delegates, meeting planners and travel-related media. Within that stewardship is support from over 1,200 members as well as our strategic partnership with the Greater Toronto Hotel Association and a myriad of corporations, associations and governmental bodies that share and support our objectives. 2011 ushers in a new direct relationship with the Province of Ontario and the Ministry of Tourism. Provincial funding as a result of the Harmonized Sales Tax will sustain Tourism Toronto's role as a Regional Tourism Organization (RTO). This new alignment is designed to not only help develop and lead the industry in Ontario but to develop new and expanded strategies that will support the Province's stated goal of doubling tourism receipts in the next 10 years.

We thank our Board, our Committee Chairs and all of the members and supporters of our organization for their contribution to this plan. We look to continue to sustain our momentum as we emerge from a challenging business environment. The 2011 Business Plan and Budget will support programs designed to help grow our base of visitors and clients and allow for Toronto to continue its ascent as one of the top performing destinations in North America.

I look forward to continuing to serve you in the coming year.

Sincerely,

A handwritten signature in black ink, appearing to read "David Ogilvie", with a stylized flourish at the end.

David Ogilvie
Chair, Board of Directors

PRESIDENT'S MESSAGE

It is with great sense of pride and confidence in our staff and volunteer leadership team that I present the proposed 2011 Business Plan and Budget. The enclosed plan has been prepared by our executive team and our staff in consultation with our members, partners and organizational committees. The overall plan is designed to build upon prior success and address both the current challenges and opportunities we are facing. The plan aggressively targets and proposes strategies and tactics to grow market share and our pool of visitors and business clients.

The successful implementation of this plan continues to rely on four key pillars to support our vision:

Planning

The 2011 Business Plan and Budget takes into account the significant adjustments that were made as we progressed through 2009 and on into 2010 as we responded to challenging market conditions. The 2011 Plan builds on rebounding from those adjustments with an eye toward seizing this opportunity to focus on new markets to nurture and grow business where the potential for growth is greatest while continuing to cultivate our core business sectors.

Resources

Tourism Toronto continues to be extremely fortunate to have the tremendous support of the Greater Toronto Hotel Association and over 1,200 member partners as well as major partnerships with local, provincial and national organizations that share our mission. A significant new alignment is incorporated into this plan with the implementation of the Province's Harmonized Sales Tax and the transition from traditional Destination Marketing Fee-generated funding to a direct funding agreement with the Province of Ontario and the Ministry of Tourism and Culture. This adds a welcome and important responsibility to manage and invest these resources to deliver optimum results for Tourism Toronto, our constituents and our partners.

A key component of the plan in terms of consumer marketing, public relations and international sales includes the continued implementation of our "Key Cities Initiative" designed to grow overnight visitors in 30 target markets around the world that have tremendous potential for growth. The plan also expands critical resources to continue to cultivate our efforts to target, convert and serve the meetings and conventions market in close collaboration with our key stakeholders.

PRESIDENT'S MESSAGE

Integrity

Important as a continued priority and key philosophy during this transitional period is our stewardship of our resources and our pledge to conduct the business of our organization with an openness, transparency and commitment of corporate responsibility to the community and the constituents we serve. The staff of Tourism Toronto will continue to rely upon and support our Board of Directors, our Committee Chairs and Members and the member partners and stakeholders to fulfill this commitment. The goals associated and integrated throughout the Plan continue to provide realistic but, where applicable, "stretch" goals in support of key priorities.

Partnerships

The fundamental strength and success of any community-based organization, including Tourism Toronto, is the level and degree of partnerships that we are able to establish and foster. The 2011 Business Plan and Budget includes a number of initiatives that seek to expand upon these partnerships especially as a result of our designation as a Regional Tourism Organization. We will look to build upon current partnerships and expand where applicable and opportunistic.

On behalf of all involved, I want to take this opportunity to join our Chair in thanking those who share in and support this partnership. On a personal note, I sincerely thank all who have contributed their time, expertise and support of the Tourism Toronto Family and our industry.

Yours Truly,

A handwritten signature in black ink, appearing to read 'D. Whitaker', with a long horizontal flourish extending to the right.

David Whitaker
President & CEO

2010 IN REVIEW / 2011 LOOKING AHEAD

The number of leisure visitors and meeting/convention delegates coming or committing to Toronto continue to be tracked. The “rebound and recovery” from declines in late 2008 and almost all of 2009 are measured both by a benchmark to prior levels as well as desired growth.

The current 2010 plan was initially created with a modicum of caution and relatively flat to the prior year (which experienced an overall 12-13% decline in revenues). As of this writing, the encouraging news is that during the first seven months of the year (January – July) revenue generated by hotel performance (Revenue-Per-Room or RevPar) is projected to increase 16%. This is supported by a projected increase in occupancy of 12% and Average Daily Rate (ADR) of 4% during this initial seven month period in 2010. Uncertainty continues to be the rule of thumb for the remainder of the year with legitimate concern toward the ability for hotel or related visitor demand to drive ADR back to prior levels for a sustained period.

This uncertainty and volatility make it even more imperative that Tourism Toronto invest resources in growing new market segments in 2011. This strategy and commitment is reflected in over \$2 million in additional funding approved by Tourism Toronto’s Board to launch the Key Cities Initiative in 2010 with comparable funds continued in the 2011 Budget and Business Plan.

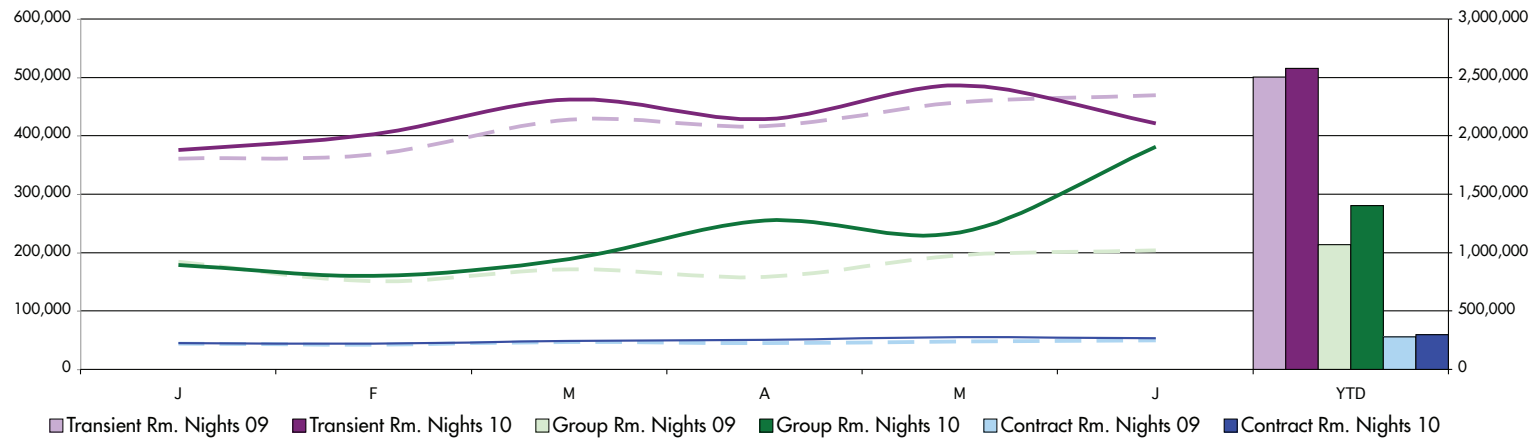
The significant loss of corporate and group room nights experienced in 2009 has stabilized to some degree in the first half of 2010 with overall group room nights increasing 31.5%. Transient room nights increased 3% during this same time period and overall, room nights sold in the first six months increased 11.2%. This reflects the importance of both markets (leisure and group) in a healthy balance of business and the critical emphasis needed to not overly rely on either and the need to invest in growing both in 2011.

In the 2011 Business Plan and Budget each operating unit will report budget expenditures and metrics of the prior year, a forecast projected for 2010 and a 2011 Budget.

In summary, 2010 will be recorded as a recovery and rebound year but much work remains in order to grow our core and new business opportunities in the year to come — a recurring theme throughout this plan.

2010 IN REVIEW

ROOM NIGHTS SOLD BY BOOKING TYPE



2009 numbers shown as dotted lines and faded columns.

Group' refers to bookings of 10 rooms or more, 'Transient' refers to bookings of 9 rooms or less, such as airlines etc. 'Contract' refers to bookings under contract to companies.

	2010 Total		Group		Transient		Contract	
	Room Nights	% Change	Room Nights	% Change	Room Nights	% Change	Room Nights	% Change
Jan	600,385	1.7	179,315	-2.9	375,906	4.0	45,164	2.1
Feb	608,400	8.0	160,690	6.2	403,536	9.3	44,174	2.6
Mar	701,490	8.3	189,771	10.2	462,557	8.0	49,162	3.6
Apr	736,304	18.6	255,851	61.3	429,431	3.0	51,022	12.3
May	777,162	10.7	234,956	20.2	486,530	6.2	55,676	14.6
Jun	856,946	18.3	381,785	87.2	421,359	-10.4	53,801	6.9
YTD	4,280,687	11.2	1,402,368	31.5	2,579,319	3.0	298,999	7.2

THE COMPETITIVE SET

RANKED BY 2009 OCCUPANCY (AS %)
FINAL YEAR JAN-DEC

City	2008	2009	Change (%)	2008 Rank	2009 Rank
New York	81.9	77.2	-5.7	1	1
Oahu Island	75.0	73.3	-2.3	3	2
San Francisco	75.3	71.6	-4.9	2	3
Miami	71.4	65.2	-8.7	4	4
Washington	67.0	64.9	-3.1	12	5
Los Angeles	71.1	64.3	-9.6	5	6
Vancouver	70.1	64.3	-8.4	6	6
Anaheim-Santa Ana	68.7	64.1	-6.7	8	8
San Diego	69.5	63.3	-8.9	7	9
Toronto	67.6	62.3	-7.8	10	10
Boston	66.5	62.2	-6.5	13	11
Philadelphia	65.3	61.7	-5.5	15	12
Seattle	67.9	61.6	-9.3	9	13
Orlando	65.8	60.7	-7.8	14	14
Canada	63.9	59.0	-7.7		
Montreal	62.4	57.9	-7.1	19	15
Denver	63.1	57.9	-8.2	17	15
New Orleans	62.9	57.7	-8.3	18	17
Chicago	63.3	56.6	-10.6	16	18
Minneapolis-St Paul	61.9	56.1	-9.4	20	19
Houston	67.3	55.8	-17.1	11	20
USA	60.3	55.1	-8.6		
Nashville	60.4	55.0	-8.9	21	21
St Louis	58.6	54.7	-6.7	25	22
Norfolk-Virginia Beach	55.0	53.2	-3.3	28	23
Atlanta	58.8	53.0	-9.9	23	24
Tampa-St Petersburg	56.7	52.7	-7.1	26	25
Phoenix	59.4	52.4	-11.8	22	26
Dallas	58.7	51.5	-12.3	24	27
Detroit	55.1	48.0	-12.9	27	28

Source: Smith Travel Research

RANK BY 2009 AVERAGE DAILY RATES (AS \$)
FINAL YEAR JAN-DEC

City	2008	2009	Change (%)	2008 Rank	2009 Rank
New York	275	215	-21.8	1	1
Oahu Island	169	150	-11.6	2	2
Washington	153	145	-5.4	6	3
Miami	160	141	-12.1	3	4
Boston	154	137	-10.5	5	5
Vancouver	145	136	-6.0	7	6
San Francisco	156	134	-14.4	4	7
Toronto	144	130	-10.0	8	8
Montreal	136	128	-6.0	10	9
Canada	133	126	-5.0		
San Diego	142	124	-12.7	9	10
Los Angeles	129	114	-11.1	12	11
New Orleans	118	114	-4.0	17	12
Seattle	127	113	-11.1	11	13
Chicago	132	113	-14.5	13	13
Philadelphia	123	111	-9.9	15	15
Anaheim-Santa Ana	123	109	-10.7	16	16
Phoenix	125	106	-15.4	14	17
Tampa-St Petersburg	107	98	-8.4	18	18
USA	107	98	-8.8		
Denver	106	93	-12.1	20	19
Orlando	106	93	-12.2	19	20
Houston	101	92	-8.5	22	21
Minneapolis-St Paul	102	91	-10.5	21	22
Nashville	96	90	-5.9	23	23
Dallas	94	86	-8.6	24	24
Norfolk-Virginia Beach	88	84	-5.3	26	25
Atlanta	91	83	-8.8	25	26
St Louis	87	82	-6.1	27	27
Detroit	87	78	-9.8	28	28

Source: Smith Travel Research
Canadian destinations are in CA\$, U.S. are in U.S.\$

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

Demand is a critical recovery sign that acts as a bellwether of performance in a given market segment. MC&IT has recently experienced a significant shift in business sentiment in the meeting and convention industry, which was so adversely affected in the past 18 months, resulting in increased sales lead generation.

Without a healthy pipeline of prospects, there can be little long-term growth or proper short-term results for the Toronto community. In 2010, highest priority has been given to casting a wider net to develop more business opportunities for the destination in one of the toughest economies our industry has seen.

The MC&IT team is poised to exceed the 2010 goal of 1.6 million tentative room nights and is pacing ahead of target in definite room night conversion. MC&IT is currently projecting to achieve its goal of 550,000 total room nights, which will deliver \$545 million in future direct visitor spending in Toronto.

The results of this year's 2010 PCMA/AMEX/Y partnership Meeting Planner Intentions Survey reveal that the industry is poised for recovery, although there are still some cautionary signs on the horizon.

In summary:

- There is an increase in the number of off-site meetings planners expect to book in 2010 and 2011 versus 2009;
- There is an increase in expected attendance at off-site meetings in 2010 and 2011 versus 2009;
- Corporate meeting planners were more likely than association meeting planners to expect the number of meetings they book in 2010 and 2011 to increase;
- Consistent with last year's results, professional planners intend to make greater use of alternative meeting methods in the months ahead including webinars (52 per cent) and videoconferencing (29 per cent). Teleconferencing continues to be popular this year, but not to the same extent as reported last year (48 per cent vs. 33 per cent);
- Among meeting planners who intend to book fewer meetings next year, the main reason cited is the general state of the economy.

The Canadian dollar has fallen back after reaching parity with the U.S. dollar, but it remains high by historical standards. Increased demand and rate tolerance from Canadian organizations combined with increased travel costs (particularly airfare to Toronto) makes it more difficult to compete (especially as a value proposition) for U.S. business given lingering uncertainty within its economy. The practice of rotating meetings among various destinations is no longer as common, as planners are seeking out destinations offering the best value. A "buy American" sentiment is still prevalent, perhaps in response to the lingering high unemployment rate south of the border.

Perception of cross border travel costs for customs/duties, complex tax rebate processes and stringent pharmaceutical and medical device codes of conduct continue to top the list of reasons for lost business among Tourism Toronto's members.

With that said, Toronto remains an attractive destination for U.S. and international business, however our position is threatened by the growth of second and third tier U.S. cities. Second tier cities continue to grow available convention centre square footage, unique venues and offer a compelling financial picture to price-sensitive buyers.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

Most notably we have seen increased competition from cities such as Houston, Baltimore, Indianapolis and Phoenix, all of which are touting urban renewal. Convention centre expansions and renovations are being planned in cities such as Anaheim, Boston, San Diego, San Jose, Nashville, New York and San Francisco, all targeting the medical and health industry convention market, Toronto's most desired market segment. Canadian competitors such as Vancouver, Niagara and Ottawa, augmented by their facility expansion, new venue offerings and several new hotels being built, will erode Toronto's historic base of annually recurring programs.

Canada ranks fifth in a recent study of countries bidding for and/or hosting major international sport events between 2004–2014. Provincial and municipal levels of government across Canada have invested significantly in local facilities as communities strive to host major sporting events and tap into the \$3.4 billion sport tourism segment. MC&IT will focus on educating key stakeholders on how to position a competitive bid, facilitating access to funding channels and coordinating a concerted effort amongst members to grow market share for the Greater Toronto Area.

Procurement (or SMMP - strategic meetings management programs) continues to evolve to take a more prominent role in annual meetings and events as a means to reduce meeting costs, reduce contractual risk and improve service. An ongoing symptom of the economic downturn, many organizations continue to second-guess large exotic incentives and resort meeting locations. Toronto being a business hub creates a safe environment for meetings and events.

A trend that continues to affect our business model is a focus by planners on minimizing financial liability by understating contractual room blocks to avoid attrition. This perceived need is fuelled by the abundance of available discounted web-based inventory and housing pirates as well as loyalty programs. Toronto's competitive set has addressed this issue by negotiating attrition policies and industry associations such as ICCA, are promoting new practices by members to evaluate business on the merit of overall attendance, rather than on peak or total room night consumption to combat this escalating concern.

Today's meeting planner is a fierce price negotiator and feels empowered to expect concessions. The aftermath of 2009 is that planners come to pricing discussions today armed with negotiation skills carefully honed over the last 12 to 18 months. Their expectation is for destinations to extend significant concessions across the board to pump up value for the meetings budget.

Toronto's successful pursuit of global events will elevate MC&IT's international presence and, in time, will improve upon Toronto's ICCA standing. (Toronto is ranked 43rd with Montreal and Vancouver at 30th and 38th respectively). International congress planners view ICCA rankings as a reliable benchmark for a destination's viability.

The Canadian Tourism Commission's decision to realign its priorities will affect Canada's visibility within the U.S.-based meeting and convention market. This is a greater concern when compared with the mobilization of the U.S. Travel Association, which plans to reach \$200 million in funding to target additional inbound business travel to the U.S.

The strength of the Toronto hospitality community continues to be the service experience delivered across the board, a shining example of which is both Tourism Toronto and the Metro Toronto Convention Centre's recent #1 ranking in service in our respective market segments by the Watkins Research Group's annual market survey among the North American meeting destinations. This commitment to client services extends to Tourism Toronto's support and partnership with all meetings and convention venues and our participating hotels. The "We've Been Expecting You" service promise ultimately results in greater rebook potential and word of mouth or "guerrilla" marketing by our clients paving the way for increased sales across all regions of the Greater Toronto Area.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES OBJECTIVES

Objective #1 – Wave the Flag:

The life line of the MC&IT sales team is a pipeline filled with prospective customers who have been exposed to the value of doing business with Toronto. Word of mouth will overwhelmingly have the greatest effect on accelerating customer decisions as the “We’ve Been Expecting You” philosophy evolves.

Innovation within our Signature Service strategies will allow Toronto to defend our top ranking as North America’s #1 CVB in Service. (Watkins Research Group Inc.). Throughout 2011, the team will give highest priority to delivering authentic experiences while addressing evolving client needs such as attendance marketing and the growing emphasis on Corporate Social Responsibility mandates including producing “EcoEasy” meetings and “Voluntourism”.

Objective #2 – Work Smarter and Harder:

Re-align our sales efforts to strategically pursue higher value peak-night business for the community across all market segments to bolster base business on the books for future years. Senior sellers will be deployed to cultivate opportunities within the 1,200 to 1,499 peak night and above category to capture market share from this risk-averse, high-value client base. Small meeting market sales specialists will be assigned to organizations that are producing smaller and shorter-term events, allowing sellers a sharper focus on prospecting in order to foster increased annual sales growth.

Objective #3 – Reaping the Rewards:

Cultivate relationships both locally and globally with procurement professionals and become part of the SMMP Strategic Meeting Management Programs for organizations by hosting high-profile niche market events. With the corporate meetings market rebounding and many meeting planners seeking business-focused destinations for their events, Toronto is poised to deliver more business opportunities from within these specialized market segments. Further penetration of third party organizations via strategic partnerships and hosting opportunities will keep Toronto top of mind when their clients become ready to book their meetings.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES OBJECTIVES

Objective #4 – More At Bats:

Sport Tourism is a priority for our municipal and provincial partners and we will be targeting major sport events that benefit many of our tourism stakeholders in Greater Toronto. As the cities of Toronto, Mississauga and Brampton are ramping up for more sport hosting opportunities in the next 10 years, the Sport segment team will be adding a third seller to increase prospecting and bidding opportunities for major sporting events.

Objective #5 – Building Bridges:

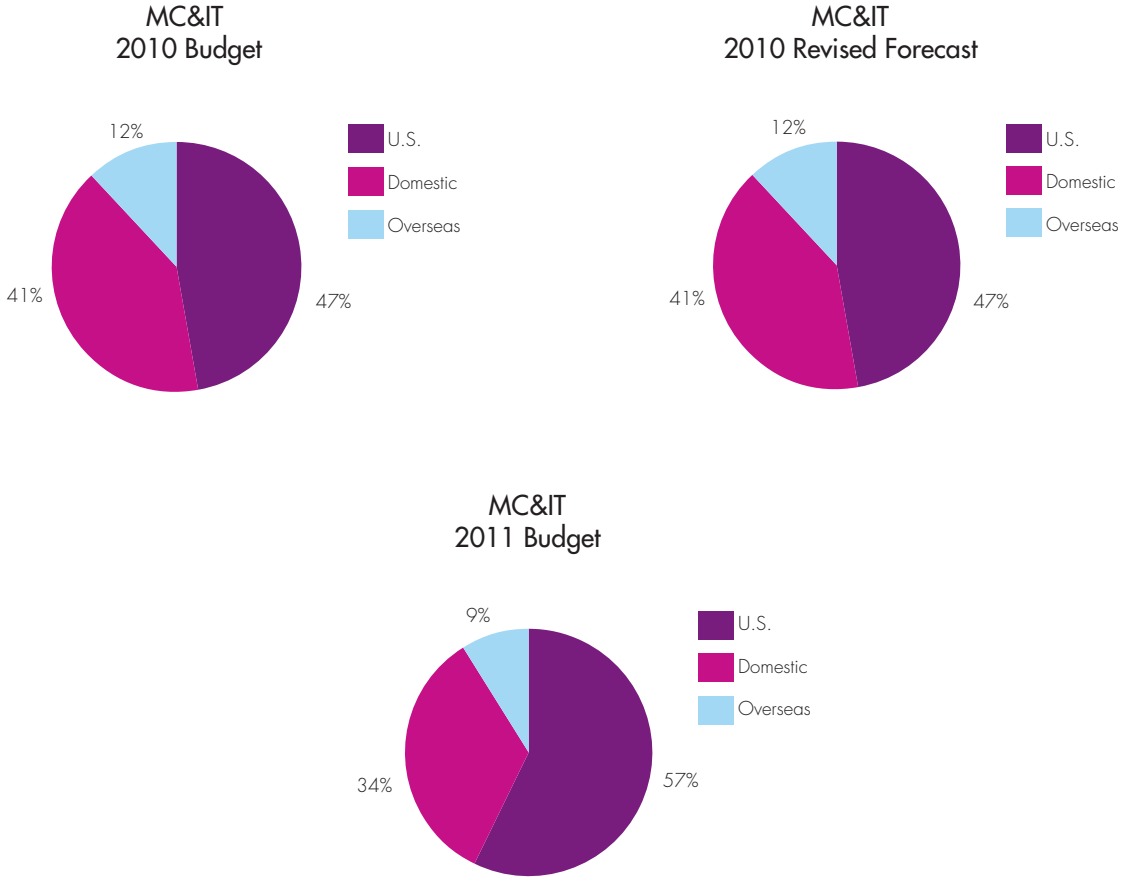
Remain focused on strategic partnerships and performance measures that translate into the best return-on-investment for the destination in the short and long-term while maintaining an advantageous relationship with vital meetings industry events. We will embrace new industry event opportunities as they seek to bring successful European business models to the North American market. In addition MC&IT will develop higher level relationships with key third party organizations to expand the reach of our sales and marketing efforts and capitalize on the growth of these companies in the association marketplace.

Objective #6 – Casting Call for International Events:

Leverage the global exposure that hosting the G20 has brought to Toronto by using prominent local leaders to champion new bid opportunities. Tourism Toronto's ability to influence key stakeholders to endorse bids for conventions and assure our ambassadors of the broad-based community support they need, will elevate sales within this market.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

GEOGRAPHIC INVESTMENT



MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

BUDGET & INVESTMENT SUMMARY (\$)

	2008 Actual	2009 Actual	2010 Budget	*2010 Forecast	2011 Budget
Client Services	1,063,400	700,820	800,000	800,000	813,000
U.S. Association	2,228,625	2,201,644	2,070,000	2,070,000	2,161,000
U.S. Corporate	811,924	546,662	499,000	499,000	628,000
CDN Corporate	223,777	249,230	260,000	260,000	190,000
CDN Association	253,492	184,310	230,000	230,000	250,000
Regional Sector Sales	894,282	590,618	720,000	720,000	850,000
International Congress Sales	638,971	568,685	732,000	732,000	710,000
Convention Development Fund (CDF)	500,000	–	250,000	250,000	1,500,000
Promotional Incentive Fund	105,554	260,146	250,000	250,000	250,000
Targeted Meeting Incentive Fund (TMIF)	–	118,043	250,000	250,000	250,000
	6,720,025	5,420,158	6,061,000	6,061,000	7,602,000

*Forecast #6 is based on June 30 results and was completed on July 15, 2010.

MEETINGS, CONVENTIONS & INCENTIVE TRAVEL (MC&IT) SALES

PERFORMANCE METRICS

	2008 Actual	2009 Actual	2010 Plan	2010 Forecast	2011 Plan
Definite TRN's	513,621	592,524	550,000	550,000	580,000
Tentative TRN's	1,588,292	1,512,979	1,600,000	1,600,000	1,700,000
Future Definite City-wides	14	12	13	13	13
City-wide Definite RN's	195,888	194,943	162,000	162,000	166,860
City-wide Tentative RN's	849,911	688,387	770,000	770,000	785,000
Self-Contained Definite RN's	317,733	397,581	368,000	388,000	413,140
Self-Contained Tentative RN's	738,381	824,592	830,000	830,000	915,000
Regional Definite RN's	59,974	126,410	60,000	60,000	60,000

INTERNATIONAL LEISURE TRADE SALES

Tourism Toronto will maintain a strong sales and marketing presence in our core overseas markets, while commencing new sales activities in-line with our Key Cities Initiative. The U.K. and Germany will continue to see consumer/trade partner marketing programs that target urban experiences specific to each of these international markets and evolve to account for shorter term booking windows and online booking engines. In the Key Cities of Amsterdam, Rome, Paris and Madrid, trade development and destination product education will be a focus with the assistance of in-market representatives as we look towards developing trade partner sales and marketing initiatives to raise the destination profile and grow visitor arrivals from these cities.

Year two of our Joint Marketing Program in partnership with Brazilian trade and industry partners gained traction and TT's first marketing partnership with a consortium of Argentinean trade partners and Air Canada was implemented. We will build upon these programs in 2011 while looking towards establishing an in-market rep and developing trade relationships in the Key City of Santiago, Chile. Maintaining Toronto's profile with strategic Mexican travel trade will be the focus as the market slowly adapts to the Canadian visa requirements that continue to impact visitor numbers from this region.

Japan and Korea will see trade development partnerships evolve to re-engage travellers in those markets after a period of downturn tied to the economic climate. Public relations will continue in China while new trade sales and marketing partnerships take hold with Toronto and Canada's ability to directly market to leisure consumers now that Approved Destination Status has been granted to Canada.

Trade and product development will be the focus in the Key Cities of Mumbai and Delhi while we will continue to foster our relationships with identified trade and airline partners in Dubai and Abu Dhabi. Increased air lift out of these markets with help spur visitor growth in the future.

In the United States, emphasis will be on the Key Cities Initiative and working on joint marketing partnerships and sales initiatives with tour operators that have a national reach targeting "high-value" consumers in the identified U.S. Key Cities. As well, work will continue with online travel agencies ensuring we push product development and marketing placement to capitalize on direct consumer purchasing channels and late booking patterns. An increase in Tourism Toronto member sales missions to the identified U.S. Key Cities is planned given the Canadian Tourism Commission's reduced in-market presence within the U.S. As well, the domestic and U.S. student educational travel sector will remain a focus and partnerships with clients who influence this market segment will continue.

Tourism Toronto will also continue to collaborate with key partners including the Ontario Tourism Marketing Partnership Corporation, the Canadian Tourism Commission and airlines.

INTERNATIONAL LEISURE TRADE SALES OBJECTIVES

To implement and achieve its 2011 plan, the International Leisure Trade Sales Department will engage in a myriad of programs and sales activities in support of the following objectives:

Objective #1: Evolve tactical consumer/trade partner programs and joint marketing agreements with the aim of raising awareness of the destination and increasing package and FIT sales and room nights from both the mainstream and LGBT sectors in our core markets and those identified in the Key Cities Initiative.

Objective #2: Continue market diversification and trade development and partnerships resulting in new business growth from non-traditional markets.

Objective #3: Expand Online Travel Agent (OTA) Marketing Programs to deliver 2011-2012 FIT room nights around lifestyle and key product, events and experiences in line with the Key Cities Initiative.

Objective #4: Execute sales initiatives and engage members to position Toronto's value proposition with key client groups during sales missions, sales calls, familiarization and product testing tours, site inspections and industry events and tradeshows resulting in increased Toronto awareness, in-market presence and member leads/referrals.

Objective #5: Continue to focus and expand upon the Toronto/Niagara and other regional experiences in key markets resulting in broader destination appeal and expanded length of itinerary/stays and provide market-specific collateral materials and ads to push product development.

INTERNATIONAL LEISURE TRADE SALES PERFORMANCE METRICS

	2008 Actual	2009 Actual	2010 Plan	2010 Forecast	2011 Plan
TOGA On-line Marketing Program	18,021 RN	23,427 RN	33,000 RN	33,000 RN	TBD (based on 2010 year-end results)
Member Leads/Referrals	275	331	364	364	382
Tradeshows/Sales Trips	38	25	30	30	37
Fams/Product Testing Tours/ Sites	900	467	589	589	650
Client Interactions - Tradeshows/Sales Trips/ Training	500	1,336	973	973	1,000

INTERNATIONAL LEISURE TRADE SALES BUDGET & INVESTMENT SUMMARY (\$)

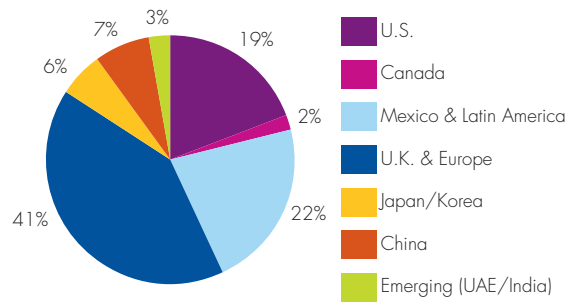
	2008 Actual	2009 Actual	2010 Budget	*2010 Forecast	2011 Budget
Canada	77,372	183,248	46,000	46,000	43,000
U.S.	201,188	221,018	382,000	382,000	301,000
Mexico & Latin America	496,381	224,053	437,000	437,000	437,000
U.K. & Europe	1,437,137	660,028	826,000	826,000	826,000
Japan/Korea	115,633	119,533	120,000	120,000	172,000
China	113,395	130,262	131,000	131,000	143,000
Emerging Markets (UAE/India)	31,422	29,257	55,000	55,000	75,000
SUB-TOTAL	2,472,528	1,567,399	1,997,000	1,997,000	**1,997,000
Key Cities (DMF Fund)	–	–	–	700,000	400,000
TOTAL	2,472,528	1,567,399	1,997,000	2,697,000	2,397,000

*Forecast #6 is based on June 30 results and was completed on July 15, 2010.

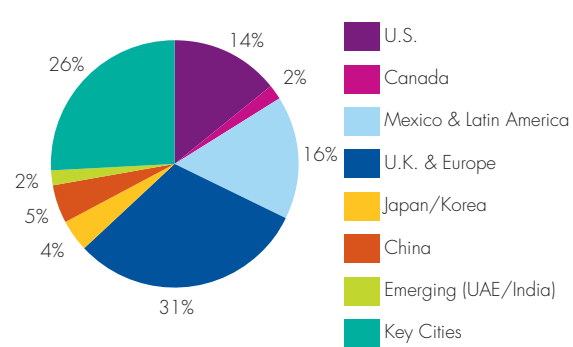
**Budget 2011 includes core budget funding of Key Cities of \$290,000.

INTERNATIONAL LEISURE TRADE SALES BUDGET

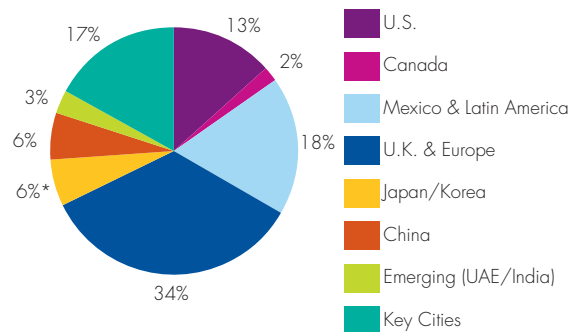
International Leisure Trade
2010 Budget



International Leisure Trade
2010 Forecast



International Leisure Trade
2011 Budget



*Excludes additional 14.5% for Key Cities in other International Leisure Trade Sales core program investments.

COMMUNICATIONS & PUBLIC RELATIONS

As Toronto's reputation and brand grow among consumers in major urban centres around the world, what they read and hear about Toronto continues to shape those new perceptions. The story of a vibrant, urban Toronto full of energy 24 hours a day at street level is best told through first-hand accounts in influential media as well as social media channels that are increasingly trusted by a sophisticated base of travellers.

Public relations play a central role in raising and sustaining Toronto's profile and for 2011 we will intensify our focus on the Key Cities and urban travellers, while continuing to keep Toronto top-of-mind among our loyal customers in nearer markets. Performance targets will again be ambitiously set to reflect the increased investment in public relations and the importance of a strong media presence in both emerging and established markets.

With more and more media moving online in various formats, a great portion of PR activities will bring Toronto to the fore through online and social media. In 2010 that included feature stories in the *Huffington Post* and *Daily Candy*, as well as the viral video of *Michael Cera's Toronto* and the Twitter activity generated by the innovative "social media invasion" event for bloggers in New York City, which will be rolled out in our Key Cities. At the same time, having prominent travel stories appear in traditional media remains an important goal in all major markets.

We continue to improve our dialogue with members and stakeholders. Our bi-weekly e-newsletter, *Tourism Now*, is now two years old and reaches more than 2,500 tourism industry leaders, partners and government officials. This year presented numerous opportunities to manage delicate issues in the local media and also use media relations as a means of communicating with our industry and government partners about the importance of a thriving tourism industry.

Corporate Social Responsibility initiatives, including our environmental program, scholarships and our flagship *Relax, Recharge, Renew* program for local parents of children with special needs, form the foundation of our commitment to the community. The RRR program has now provided weekend getaways to more than 170 families and has showcased the participation of more than 220 Tourism Toronto members. The program has also won several prestigious international awards for innovation and social responsibility.

Expanded research efforts are bringing more market insights and information to our sales and marketing programs. Our own Tourism Toronto Visitor Survey helps us know our customers better by asking more than 5,000 visitors each year about what they did and how they experienced Toronto, enabling us to target future marketing campaigns to the specific interests and motivations of our visitors.

COMMUNICATIONS & PUBLIC RELATIONS

OBJECTIVES

Objective #1: Sustain and grow the Region's profile as a vibrant, urban destination through placement of stories in media that influence travellers. This means building relationships with targeted media to generate press visits to the Region so they can experience the destination first-hand. Expand programming through the Key Cities Initiative.

Objective #2: Grow the Region's presence and profile within popular culture and online, through targeted influencers who command a large online and social media following.

Objective #3: Expand research program to provide more insights and information about the Region's visitors and potential visitors to enable more specific targeting in marketing programs.

Objective #4: Continue to improve our dialogue with members and local stakeholders, including the local media.

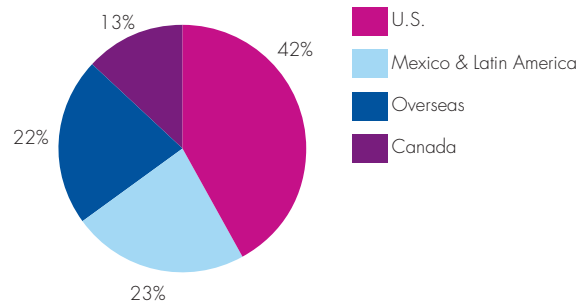
Objective #5: Expand and manage Tourism Toronto's Corporate Social Responsibility initiatives including Relax, Recharge, Renew, educational scholarships and Environmental Sustainability/Eco-Tourism

Objective #6: Undertake Destination Development Initiatives (TBD and Pending Board Approval) including programs to support:

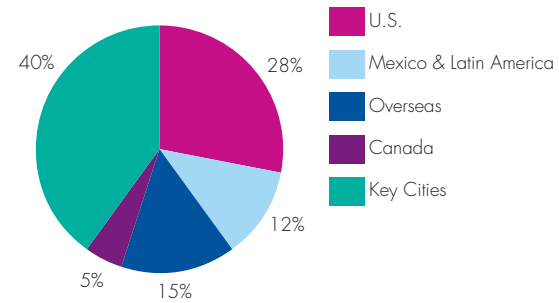
- Product Development
- Investment Attraction Tactics and Programs
- Workforce Training and Development including Labour and Customer Service.

COMMUNICATIONS & PUBLIC RELATIONS

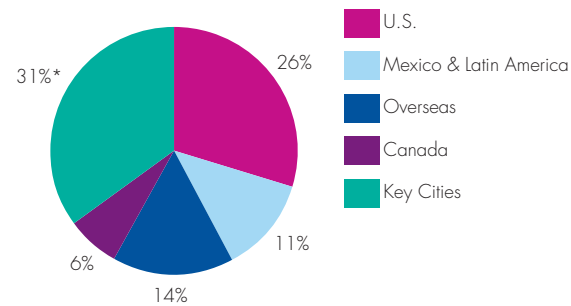
Communications
2010 Budget



Communications
2010 Forecast



Communications
2011 Budget



*Excludes additional 21.7% for Key Cities in other Communications core program investments.

COMMUNICATIONS & PUBLIC RELATIONS BUDGET & INVESTMENT SUMMARY (\$)

	2008 Actual	2009 Actual	2010 Budget	*2010 Forecast	2011 Budget
Destination Media Relations	761,091	685,832	743,000	687,000	743,000
Corporate Communications	129,131	131,434	465,000	448,000	465,000
Destination Development Initiatives	–	–	–	–	1,000,000
SUB-TOTAL	890,222	817,266	1,208,000	1,135,000	**2,208,000
Key Cities (DMF Fund)	–	–	–	449,000	550,000
TOTAL	890,222	817,266	1,208,000	1,584,000	2,758,000

PERFORMANCE METRICS

	2008 Actual	2009 Actual	2010 Plan	2010 Forecast	2011 Plan
Earned Media Value	\$36.7M	\$32.3M	\$34.5M	\$38.5M	\$42.0M
Media Hosted	477	583	520	520	550
Destination Development Initiatives					TBD

*Forecast #6 is based on June 30 results and was completed on July 15, 2010.

**Budget 2011 includes core budget funding of Key Cities of \$143,000.

CONSUMER MARKETING

Our overall task as the lead destination marketing voice for the Toronto region is to inspire potential visitors with the range and quality of experiences they can have in Toronto. In pursuit of this goal, Tourism Toronto will continue to investigate new methods of engaging potential visitors in meaningful ways through online marketing and social media communication channels in order to reinforce the positive perceptions of the Toronto Region as a travel destination. Marketing campaigns will focus on the unique experiences available in our vibrant and cosmopolitan city.

As we emerge from a global recession which has depressed travel across all major international markets, Toronto is continuing to evolve as a vibrant destination attracting travellers seeking urban escapes. The city's festivals, events, attractions and entertainment offerings — anchored by Scotiabank Contact, Luminato, Pride, NXNE, WestJet Just for Laughs, Scotiabank Caribana, the Toronto International Film Festival, Scotiabank Nuit Blanche, and the Cavalcade of Lights, to name just a few festivals — continued to innovate and shine throughout 2010. Sporting events including the Honda Indy, the Canadian Open, Rogers Cup Tennis and Buffalo Bills football in Toronto highlighted the richness of high profile events on the Toronto schedule. With a daily canvas of outstanding culinary, theatre, concerts, gallery and museum experiences, Toronto is now a leading cosmopolitan destination.

Among the most culturally rich, ethnically diverse and multi-faceted cities in North America, Toronto is one of the most sophisticated metropolitan areas in the world — but is not typically perceived as such. New media represents an exciting and effective means to engage with Toronto's potential audience, to change staid perceptions of the city and to inspire visitors to come to Toronto. In 2010, innovative programs such as our joint campaign with Tourisme Montréal let residents in both cities know *"It's OK to Cheat on Your City."* Our partnership with Montreal remains on track for 2011. Capturing the excitement of visitors in the moment as they enjoyed iconic Toronto events and attractions, *"Toronto Looks Good on You"* used a street team to solicit video endorsements that could be shared via Facebook or Twitter. Visitor testimonials were posted on our website and selected to target our audience in Key U.S. Cities.

As the entertainment centre for a large market of travelers encompassing Ontario and upstate New York, Toronto continues to attract visitors who enjoy the range and sophistication of its entertainment offerings. Our traditional market programs emphasize the summer and holiday seasons, as well as year round escapes for couples, families and girlfriends.

CONSUMER MARKETING

Outside of Canada, our largest market continues to be the United States where we will be investing to attract potential travellers' attention and engage both young up-and-comers and mature adult couples with Toronto's story. We expanded our efforts to focus on ten major U.S. urban areas in 2010 – Boston, New York City, Philadelphia, Washington DC, Atlanta, Chicago, Houston, Dallas-Fort Worth, Los Angeles and San Francisco — and will continue to focus on these Key Cities in 2011. To gain the attention of U.S. consumers, we will seek to attract visitors interested in the vibrant urban scene in Toronto — people who travel as part of their lifestyle. Our emphasis continues to be on high-value customers with the ability to spend more and to influence and inspire other consumers. The LGBT community, as an example, remains an important upscale market for which Toronto is extremely well positioned.

Partnership activities were approached differently in 2010 in order to leverage available marketing funds from partners in our region. Co-op marketing efforts in 2011 will continue to pattern on the success of the past year including our three-year relationship with Ontario Tourism Marketing Partnership, Toronto Pearson Airport and Air Canada. The opening of the Bell Lightbox this fall is a leading partnership opportunity. The International Indian Film Academy Toronto 2011, more popularly known as the "Bollywood Oscars," represent a unique opportunity to promote the richness of the South Asian culture in Toronto to U.S. and international visitors, and will be a platform for bringing together many partners throughout Toronto, Brampton and Mississauga. Leveraged Coop Marketing Programs will promote signature regional events and experiences capable of attracting out-of-town visitors for overnight stays and a high level of media attention as we co-invest with our marketing partners.

CONSUMER MARKETING

OBJECTIVES

Objective #1: Continue to lure visitors from our traditional markets (Ontario and border states) using multi-media integrated marketing campaigns with strong retail offers. Programs will continue to be designed to increase sales and traffic to our website through Tourism Toronto's online booking engine and sales centre.

Objective #2: Grow visitor numbers from markets identified in the Key Cities Initiative (U.S. and international markets) by developing innovative marketing and PR campaigns that will raise the profile and increase awareness of Toronto.

Objective #3: Continue to develop and expand co-operative out-of-town marketing opportunities to leverage investment in signature events, programs and exhibitions with our marketing partners. Collaborate effectively with our funding partners to increase ROI in select, overnight markets.

Objective #4: Increase sales through Tourism Toronto's online booking engine and sales centre with a focus on major events, member hotel packages and referrals.

Objective #5: Design and develop creative marketing initiatives and collateral that will spark conversations between the Tourism Toronto sales team and an increased number of meeting planners and decision makers.

Objective #6: Produce and distribute the annual Toronto Magazine and Toronto Visitor Guide to inspire potential visitors with a comprehensive view of the lifestyle and entertainment opportunities available from Tourism Toronto's members.

Objective #7: Manage and enhance the family of the Tourism Toronto websites including www.SeeTorontoNow.com and the related international language sites (French, German, Spanish, Portuguese (Brazil), Japanese, Korean and Chinese).

Objective #8: Conduct and apply consumer research to help focus marketing strategies and plan.

CONSUMER MARKETING BUDGET & INVESTMENT SUMMARY (\$)

	2008 Actual	2009 Actual	2010 Budget	*2010 Forecast	2011 Budget	Comments
Marketing Campaigns	6,097,046	5,877,031	6,563,000	6,163,000	6,357,000	Traditional and Investment campaigns maintained at 2009 levels.
LGBT	569,328	462,121	–	250,000	500,000	LGBT commitments consolidated at 2010 levels.
Marketing Alliances	1,747,146	1,954,025	1,850,000	2,000,000	1,800,000	Contracted Partnerships with City, Region and others.
Research & Development	144,929	254,416	–	–	–	
Cultural Enhancement Partnerships	519,721	214,614	–	–	–	
Luxury Program	1,462,262	1,170,658	1,050,000	1,051,000	1,200,000	Increased investment targeting high-value travellers.
Creative Services (incl. Visitor Guides)	812,463	1,222,215	1,098,000	1,067,000	962,000	Reflects savings achieved in printing. Program maintained.
Destination Animation	400,000	200,000	–	–	–	
Distribution Fulfillment	191,532	302,227	210,000	241,000	244,000	Program maintained.
Leveraged Co-op Marketing Fund	-	-	1,500,000	1,776,000	1,500,000	
	11,944,427	11,657,307	12,271,000	12,548,000	12,563,000	
TOGA	–	–	–	750,000	500,000	Effort will depend on partnership renewal.
G20	–	–	–	625,000	–	
SUB-TOTAL	11,944,427	11,657,307	12,271,000	13,923,000	**13,063,000	
Key Cities (DMF Fund)	–	–	–	750,000	1,050,000	Enhanced efforts growing Key City markets.
TOTAL	11,944,427	11,657,307	12,271,000	14,673,000	14,113,000	

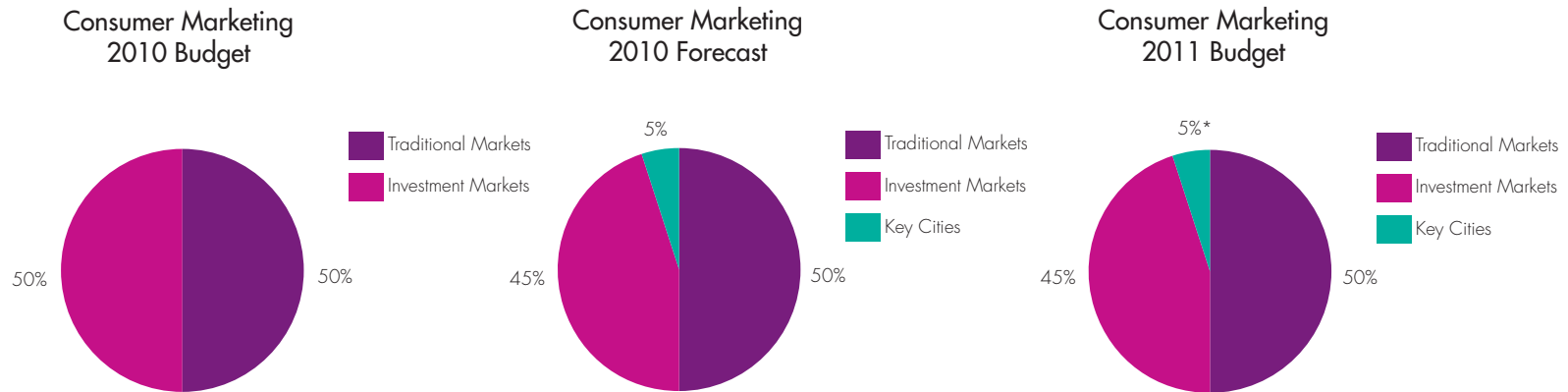
*Forecast #6 is based on June 30 results and was completed July 15, 2010.

**Budget 2011 includes core budget funding of Key Cities of \$200,000.

TOGA = Tourism Toronto, Ontario Tourism Marketing Partnership Corporation, Greater Toronto Airport Authority and Air Canada.

CONSUMER MARKETING

TRADITIONAL MARKETS VS. INVESTMENT MARKETS



PERFORMANCE METRICS

	2009 Actual	2010 Plan	2010 Forecast	2011 Plan
Web Visits	1,365,473	1,782,000	1,908,000	2,186,000
Web Visitors	1,284,631	1,465,000	1,770,000	2,031,000

NOTE: These metrics are now being calculated using Omniture (not WebTrends as used for previous 6 years) and totals have been restated to reflect this new reporting & analytics tool.

*Excludes additional 1.6% for Key Cities in other Consumer Marketing core program investments.

MEMBER CARE

A vibrant and representative membership base is always a key indicator of Tourism Toronto's success and forms the foundation of our vital partnerships. Following a challenging year for many members in 2009, membership stood at 1,267, with the strongest growth in the prior two years coming in the Attractions category. This year the membership is growing as new partners in Brampton join along with the addition of businesses across all industry categories throughout the region.

More than 600 members have participated in association events through the first half of the year. In the annual member survey, 75 per cent of members said they are satisfied or extremely satisfied with their membership benefits, a fact reinforced by Tourism Toronto's 90+ retention rate for members.

In the months and year ahead a new focus on Destination Development will become an important priority in partnership with the provincial government as well as municipal and other partners. Under the leadership of the Industry Relations Committee, through these initiatives we will work to improve way-finding, create a sense of welcome for visitors through the *We've Been Expecting You* program, and develop specialized tourism themes to elevate our story in areas such as culinary, nightlife, parks and shopping.

OBJECTIVES

Objective #1: Grow the membership through targeted outreach to priority categories, including restaurants and nightlife, as well as broadening representation from the diverse areas within our region.

Objective #2: Increase overall satisfaction with membership benefits by facilitating active engagement of/participation in our programming, business opportunities, and member-to-member engagement.

Objective #3: Play a leadership role in Destination Development initiatives including way-finding and elevating the sense of arrival and welcome for visitors.

MEMBER CARE

BUDGET & INVESTMENT SUMMARY (\$)

	2008 Actual	2009 Actual	2010 Budget	2010 Forecast*	2011 Budget
Member Care	250,412	99,527	109,000	142,000	130,000
	250,412	99,527	109,000	142,000	130,000

PERFORMANCE METRICS

	2008 Actual	2009 Actual	2010 Plan	2010 Forecast	2011 Plan
Total Memberships	1,263	1,267	1,370	1,310	1,375
Retention Rate	91%	90.6%	92%	92%	92%
New Member Acquisition	190	137	175	165	185
Member Satisfaction (from annual survey)	70%	74%	74%	75%	75%

*Forecast #6 based on June 30 results completed July 15, 2010.

FINANCE & ADMINISTRATION

Finance & Administration ("Finance") includes Human Resources (HR), Information Systems (IS) and Office Services. Finance is responsible for overall financial risk management and control. Finance works closely with Senior Management, the Audit Committee and Board of Directors to maximize the most effective and ethical return-on-investment and value-for-money stewardship of the Association's financial resources.

Objective #1: Continue to manage the Association's assets and liabilities prudently and appropriately in an environment of moderating uncertainty.

Objective #2: Continue to preserve, protect and enhance the Association's internal financial controls.

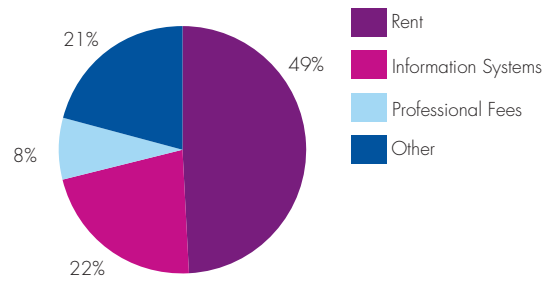
Objective #3: Continue to ensure that all partnership agreements, contracts and other commitments are honoured.

In 2010, Finance completed a comprehensive risk-management re-assessment and re-write of all procurement policies aligning internal financial controls for transparency and accountability to best practices.

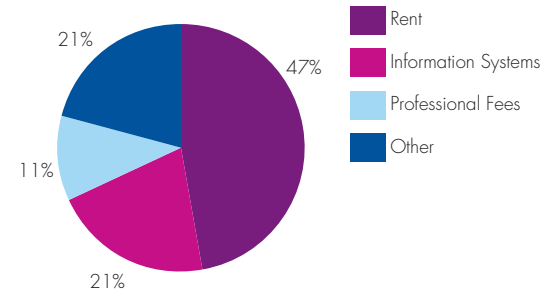
In 2011, Finance will continue to work closely with the Province, Greater Toronto Hotel Association and others to help further establish the Province's new Regional Tourism Initiative.

FINANCE & ADMINISTRATION

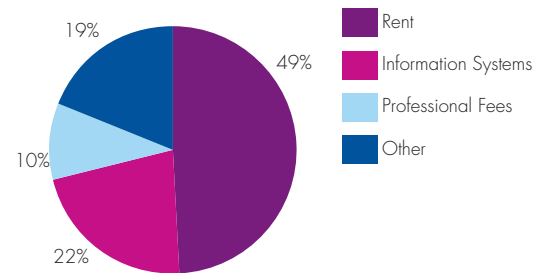
Finance & Administration
2010 Budget



Finance & Administration
2010 Forecast



Finance & Administration
2011 Budget



FINANCE & ADMINISTRATION BUDGET & INVESTMENT SUMMARY (\$)

	2008 Actual	2009 Actual	2010 Budget	*2010 Forecast	2011 Budget	Comments
Rent	727,186	673,570	684,000	684,000	700,000	Fixed costs for Toronto office lease July 1, 2008
Professional Fees	313,571	188,274	110,000	152,000	136,000	Fixed costs for audit, tax, legal & HR professional advisory fees
Information Systems	507,953	281,787	303,000	306,000	301,000	Fixed costs for annual software licenses, service fees, access costs
Other	419,934	350,091	300,000	295,000	260,000	Fixed costs for insurance, office maintenance, telephone, postage, courier, stationery & supplies, staff training & functions, transaction processing fees, accounting software upgrades & support, kitchen services
SUB-TOTAL	1,968,644	1,493,722	1,397,000	1,437,000	1,397,000	
Amortization	302,840	366,390	475,000	446,000	515,000	Fixed amortization for computer equipment and existing leasehold improvements and furniture & fixtures over 3-5 years.
TOTAL	2,271,484	1,860,112	1,872,000	1,883,000	1,912,000	
% of Overall Tourism Toronto Budget	9.3%	8.8%	8.5%	7.6%	7.5%	
**Transition Costs				170,000		

*Forecast #6 is based on June 30 results and was completed on July 15, 2010.

**Extraordinary HST/Ontario funding transition costs/professional fees

BUDGET 2011

CAPITAL INVESTMENTS (\$)

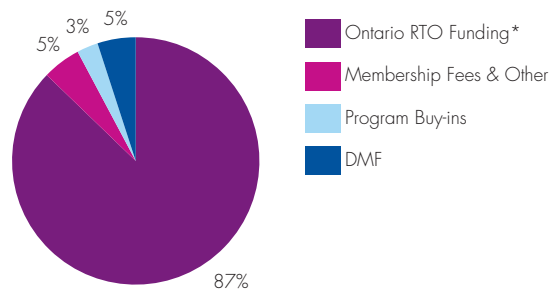
	2008 Actual	2009 Actual	2010 Budget	2010 Forecast*	2011 Budget
New Toronto Office	1,576,427	–	–	–	–
New Mississauga Office	214,089	–	–	–	–
Computers	–	–	70,000	75,000	–
Printers	–	–	100,000	67,000	–
Computer Servers	–	–	200,000	228,000	–
	1,790,516	–	370,000	370,000	–

*Forecast #6 based on June 30 results completed July 15, 2010.

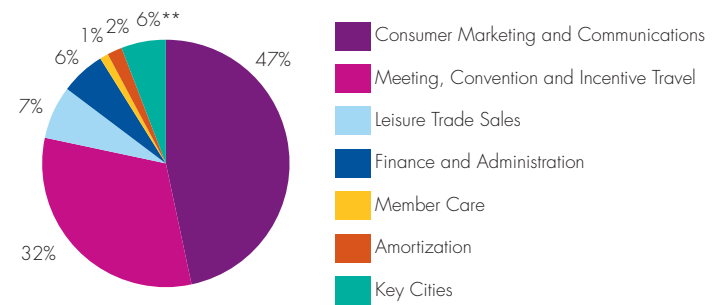
BUDGET 2011

REVENUES AND INVESTMENTS

Revenues 2011



Investments 2011



*Tourism Toronto has been identified as the Regional Tourism Organization (RTO) for Ontario Tourism Region #5.

**Excludes additional 2.0% for Key Cities in other core program investments.

 SeeTorontoNow.com