The San Diego Tourism Marketing District is a nonprofit, mutual-benefit corporation dedicated to improving tourism and hotel room night consumption in the City of San Diego.

**Purpose**
SDTMD provides a private, nonprofit funding vehicle to stimulate hotel room demand through tourism promotion, marketing and advertising programs. The judicious allocation of these resources creates a positive economic, fiscal and employment impact on lodging businesses in the City of San Diego.

**Goals**
- Enhance destination marketing
- Enhance tourism activity
- Increase hotel room night consumption/occupancy
- Compete aggressively with major travel markets
- Deliver $10.5 million in Transient Occupancy Tax annual savings to the City of San Diego General Fund (Total: $52.5 million over five years)
- Raise approximately $25 million in assessments annually

... by far, the most important benefit is the delivery of hotel room nights.
MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR

The San Diego Tourism Marketing District (SDTMD) is advancing with purpose and optimism, following Fiscal Year 2010. Overall, in our second year of operation, we realized a preliminary 18:1 Return On Investment (ROI), learning from the successful FY2009 audited programs. Our Board, comprised of experienced, locally-based travel and tourism executives from SDTMD-assessed properties, strategically deployed SDTMD funds with added insight and economy of scale. The SDTMD, through assessment fees from 183 San Diego city hotels, provided the much-needed funding to generate effective marketing, sales and promotional efforts critical for the San Diego visitor industry at large.

During FY2010 (July 1, 2009 to June 30, 2010), more than $22 million in assessment fees were distributed. The majority of these funds were disbursed to San Diego Convention & Visitors Bureau (ConVis), as well as to local Convention and Visitors Bureaus (CVBs) and special event organizations. Several were strong-performing contractors from the SDTMD’s inaugural year, while others were new contractors with demonstrated uniqueness and long-term growth potential. Each embraced and pursued the SDTMD mission to improve tourism and hotel room night consumption. We are pleased to report impressive results, as individually and collectively, the SDTMD’s contractors performed well when measured against strict ROI requirements.

Successful ROI encompassed a range of small to large contractors. The San Diego Bowl Game Association, organizers of the 2009 Holiday Bowl college football game, attracted visitors that booked 55,000 rooms and generated more than $5.9 million in hotel room night revenue. Meanwhile, a smaller contractor, the California State Games, demonstrated a strong 44:1 return. Additionally, another SDTMD-funded program reported a stated ROI of 93:1 on leveraged dollars.

This focus on room nights, ROI and third-party audits distinguishes the SDTMD model. Our emphasis on accountability is being monitored closely in cities statewide and nationally, and the SDTMD model has inspired imitation. During the brief time that the SDTMD has been in operation, the number of similar TMDs has grown to more than 50 within the State of California, alone.

ConVis, as recipient of more than 50% of the SDTMD’s FY2010 funds, continued with strong programs of work and yielded some of the highest direct ROI results. The continued partnership with the SDTMD marks a shift from years of shrinking tourism promotion dollars and allows ConVis to focus on long-term strategic planning, research, group sales, marketing and public relations. Short term, ConVis’ portion of SDTMD dollars resulted in high-profile advertising launches in the spring and fall, a national cable campaign, and Online Travel Agency (OTA) campaigns with Travelocity, Orbitz and Expedia. According to market researchers at TNS, the early surveys from the top drive markets indicate that these campaigns scored high in ad penetration and hotel room night production.

We are ever-aware that the SDTMD’s creation was especially well timed. Nationwide, hotel performance continued to suffer from the effects of the worst economy since the Great Depression. Unemployment rates and gasoline prices remained high, and corporate travel and disposable family income diminished.

However, while overall hotel occupancy was down in San Diego, SDTMD-assessed hotels performed well. Specifically, during FY2010, SDTMD hotels had occupancy of 67.6%, which is 2.6% higher than the overall county. Also, quite significantly, SDTMD properties’ revenue per available room (RevPAR) ended the fiscal year at $88.56. This figure would rank seventh among the top 25 U.S. markets behind only New York, Oahu, Miami, San Francisco, Washington, D.C., and Boston. The SDTMD properties’ RevPAR exceeds hotels in Los Angeles, New Orleans, Anaheim, Seattle, Philadelphia, Chicago and Phoenix.

Performance reports for the “Big Three” online travel agencies (OTAs), Expedia, Travelocity, and Orbitz, continued to show concrete benefits from the SDTMD-funded campaigns for the City of San Diego hotels. SDTMD properties had an overall OTA production increase of 11.36% and a revenue increase of 5.74%, while the rest of the county saw declines in both OTA room production (-1.45%) and revenue (-4.61%). By comparison, those numbers are indicative of our immediacy, value and impact. If the SDTMD was not in place, the down economy would have taken an even greater toll.

The SDTMD’s story is still evolving. Our contract is in effect until December 2012 and our progress, to date, reflects the strong contributions of our staff, partners and Board. We thank them for their effort and leadership. A special “thank you” extends to the San Diego City Council for creating the SDTMD, and to Mayor Jerry Sanders for granting final approval for this vital public-private partnership.

We emerge from our second year more confident and committed than ever to be catalysts for San Diego’s tourism future. For the SDTMD hotels to thrive, we must continue to prudently distribute funds to established and promising contractors, foster economies of scale through collaboration, and mandate the highest contractor ROI. By adhering to such fundamentals, we can demonstrate our viability to our stakeholders and reward them what we all desire — San Diego’s leadership as a preferred travel destination, and resultantly, sustained economic impact and benefit.

C. Terry Brown
Chairman

Lorin Stewart
Executive Director
The San Diego Tourism Marketing District (SDTMD) is a nonprofit organization consisting of 183 lodging business owners and managers committed to maintaining San Diego’s leadership in the visitor industry. This collaborative effort is modeled after other successful Tourism Business Improvement Districts (TBID) — types of partnerships in which business owners self-assess fees and use them to create demand for tourism. SDTMD’s privately levied, mutual-benefit fee structure is an alternative to increasingly limited public funding resources for tourism, and is allocated for certain categories of expenditure and fixed funding. A minimum of 50% of SDTMD assessments are distributed to the San Diego Convention & Visitors Bureau (ConVis) to support long-term marketing. Additional funds are competitively awarded to local tourism groups and event organizers that demonstrate strategies and tactics designed to aggressively promote San Diego and capture overnight visitors. SDTMD’s creation as a funding engine for tourism marketing acknowledges tourism’s vital role in the local economy and reflects an ongoing, unified public-private effort to encourage and finance destination marketing.

December 2007
Hotels vote to participate in a tourism marketing district

January 2008
Collection of assessments begins on January 1, 2008

April 2008
SDTMD is approved for a five-year contract with the City of San Diego

April 2008
SDTMD Board constituted and first Board meeting held

July 2008
Studies show market share up

April 2009
Programs implemented

March 2010
FY2009 ROI audits completed

June 2009
FY2010 budget approved

Quick Facts: SDTMD Timeline
2009 total economic impact to the region: $15,934,000,000

(U.S. Travel Association - Economic Impact of Travel and Tourism 2009)

2009 total visitor spending: $6,958,000,000 at local businesses

(U.S. Travel Association - Visitor Industry General Facts)

Total of 29.6 million visitors to San Diego in 2009 (day visitors and overnight)

(U.S. Travel Association - Visitor Industry General Facts)

2009 transient occupancy tax collections in San Diego County: $174,299,009

(U.S. Travel Association - Economic Impact of Travel and Tourism 2009)

In 2008, the 53rd Congressional district (San Diego County) brought in more travel spending revenue than any other district in the state $4,597,500

(U.S. Travel Association - The Power of Travel: California)

Total of 152,000 tourism-related jobs in the county

(U.S. Travel Association - Visitor Industry General Facts)

In 2009, the T&T industry generated $186.3 billion in travel-generated payroll

(U.S. Travel Association - Economic Impact of Travel and Tourism 2009)

2009 travel-generated tax revenue: $113 billion

(U.S. Travel Association - Economic Impact of Travel and Tourism 2009)

$704.4 billion in direct travel expenditures for domestic and international travelers in 2009

(U.S. Travel Association - Economic Impact of Travel and Tourism 2009)

In 2009, the T&T industry supported 7.4 million jobs

(U.S. Travel Association - Economic Impact of Travel and Tourism 2009)

2009 total direct travel expenditures for 2009 averaged $1,929,863,014/day; $80,410,959/hour; $1,340,183/minute; and $22,336/second

In 2009, the T&T industry supported 7.4 million jobs

(U.S. Travel Association - Economic Impact of Travel and Tourism 2009)

Total direct travel expenditures for 2009 averaged $1,929,863,014/day; $80,410,959/hour; $1,340,183/minute; and $22,336/second
How the SDTMD Works
In April 2008, the City of San Diego agreed to a five-year contract with the SDTMD to implement the SDTMD. Per the agreement, the SDTMD does not represent a marketing entity, but rather a funding engine that drives promotion of San Diego to enhance tourism and hotel room night consumption.

SDTMD Hotels
> 183 hotels in the City of San Diego with approximately 38,908 rooms
> Only hotels with 70 or more rooms are assessed
> Assessment equals 2% of gross hotel room rate in addition to the 10.5% Transient Occupancy Tax (TOT)
> Assessments may be passed on to guests
> Hotel operators must remit assessments on a monthly basis (and separately from TOT collections)

SDTMD Contractors
> All contractors must undergo an application process that clearly articulates how they will benefit hotel occupancy in the City of San Diego
> Successful applications must clearly describe the strategies and tactics for delivering room nights, as well as estimated projections for occupancy and gross room revenue
> All ROI results are subject to third-party audit

Assessments
Assessment fees are strictly dedicated to securing visitor traffic and room nights through a diverse mix of marketing programs, projects and activities, including:
> Advertising
> Marketing promotion
> Direct sales
> Press and/or public relations
> New product development
> Prospective marketing and visitor services
> Marketing research
> eMarketing and Web strategies
> Partnership marketing
> Special events promotion

By FY2012, SDTMD expects to:

Protect the San Diego Transient Occupancy Tax
Maintain and increase San Diego’s market share against our regional and domestic competition

Relieve the City of certain tourism support obligations:
Thus far, $5.3 million (FY2008), $10.6 million (FY2009), and for FY2010 through FY2012, projections of $10.5 million per year (five-year projected total of $52.5 million at FY2008 level of support).

Raise approximately $25 million in assessments annually
Market Assessment

San Diego remains a preferred destination among business and leisure travelers. In 2009, there were 29.6 million day and overnight visitors, and they spent nearly $7.0 billion at local businesses. The temperate climate, natural attractions, lifestyle activities and special events of San Diego provide the perfect reasons to linger for enjoyment and discovery. These popular factors also provide a foundation upon which the SDTMD can achieve its mission to improve tourism and hotel room night consumption in the City of San Diego.

During FY2010, as with the one previous, the nation’s economic challenges intensified the already heated competition to capture valuable tourism dollars. San Diego squared off against Las Vegas and Orlando, among other domestic markets, as well as western region staples Los Angeles, Anaheim, San Francisco and Phoenix. Once again, San Diego’s aggressive and creative marketing approach kept the city firmly positioned within travelers’ sights and short-listed among preferred places to go.

ConVis’ emphasis on drive-market advertising helped deliver a solid boost to leisure demand. The 2009 Los Angeles Fall Stimulus Campaign titled “Fall into Happiness,” utilized traffic radio, regional print and online display ads. However, it was the heavy focus on television spots that enhanced San Diego’s presence and created recall and response from viewers, which helped the campaign yield an $85 ROI.

Tourism is San Diego’s third largest industry and its ongoing health is vital to the local and regional economy. The SDTMD supports the best interests of the City by being an ever-evolving catalyst for growth and an economic engine that inherently understands the importance of the visitor industry. In the face of recession and increased competition, the SDTMD not only supplements ConVis’ marketing efforts, but unique to many of California’s 50-plus tourism marketing districts, it also allocates funds to other local CVBs and organizations.

Below are the funding percentages as outlined in the SDTMD Management Plan:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>SDTMD and city administration</td>
<td>3%</td>
</tr>
<tr>
<td>Opportunity/catastrophe reserve</td>
<td>5%</td>
</tr>
<tr>
<td>San Diego North CVB</td>
<td>10%</td>
</tr>
<tr>
<td>Variable funding by competitive application</td>
<td>32%</td>
</tr>
<tr>
<td>Minimum assessment amount to ConVis</td>
<td>50%</td>
</tr>
</tbody>
</table>
29.6 MILLION VISITORS PER YEAR

dAYS INTO NIGHTS

9.0 MILLION TMD ROOM NIGHTS PER YEAR
Hotel Performance

The SDTMD’s contractors, capitalized on a proven strategy: Use San Diego’s brand appeal to target top competing markets, generate an emotional connection among potential travelers, and prime a path for eventual visitation. This year, those steps delivered a solid stabilizing effect as hotel occupancy modestly increased within the Tourism Marketing District. As of FY2010, SDTMD hoteliers realized a 1.1% year-over-year increase in hotel occupancy — 2.6% higher than the overall county hotel occupancy. This increase was significant, as collectively, the SDTMD hotels’ revenue per available room (RevPAR) ended the fiscal year at $88.56. This figure would rank seventh among the top 25 U.S. markets behind only New York, Oahu, Miami, San Francisco, Washington, D.C., and Boston. The SDTMD properties’ RevPAR exceeds hotels in Los Angeles, New Orleans, Anaheim, Seattle, Philadelphia, Chicago and Phoenix.

According to researchers at Tourism Economics, travel demand in the United States continues to improve for both business and leisure travel. For the latter, the improved national outlook is predominantly for overnight travel, which is already evident in recent San Diego patterns. During the second quarter, the total number of overnight visitors to San Diego grew nearly 4%. Preliminary data for the third quarter indicate continued strong performance across all visitor segments with day visits turning positive.

The SDTMD is doing its part to help San Diego maintain its lodging market share and its level of occupancy against San Diego’s regional competition. While SDTMD’s focus is to deliver benefits and ROI in many ways, by far, the most important benefit is the delivery of hotel room nights. The resulting benefits are an increased local sales tax and direct and indirect visitor spending. Such sustained and increased momentum in the vital area of tourism also creates an environment able to sustain and even increase employment in San Diego’s tourism industry workforce of approximately 152,300.

Production of “Big Three” Online Travel Agencies (OTA)

<table>
<thead>
<tr>
<th></th>
<th>Total SD County</th>
<th>TMD Properties</th>
<th>Rest of County</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10 Room Nights</td>
<td>1,191,510</td>
<td>935,583</td>
<td>255,927</td>
</tr>
<tr>
<td>FY09 Room Nights</td>
<td>1,099,871</td>
<td>840,179</td>
<td>259,692</td>
</tr>
<tr>
<td>YOY Increase Room Nights</td>
<td>8.33%</td>
<td>11.36%</td>
<td>-1.45%</td>
</tr>
<tr>
<td>FY10 Revenue</td>
<td>$139,026,088</td>
<td>$109,741,153</td>
<td>$29,284,935</td>
</tr>
<tr>
<td>FY09 Revenue</td>
<td>$134,484,071</td>
<td>$103,785,322</td>
<td>$30,698,749</td>
</tr>
<tr>
<td>YOY Increase Revenue</td>
<td>3.38%</td>
<td>5.74%</td>
<td>-4.61%</td>
</tr>
</tbody>
</table>

1 San Diego Convention & Visitors Bureau, 2010 Visitor Industry General Facts
2 TNS: Custom Data for SDCVB
3,4 Smith Travel Research: Custom Data for SDCVB
5 Tourism Economics research for U.S. Travel Association, Economic Impacts of Travel and Tourism, May 2010
6 Tourism Economics: Custom Data for SDCVB, September 2010
7 San Diego Convention & Visitors Bureau, 2010 Visitor Industry General Facts
The SDTMD’s leadership is in understanding the power of the visitor industry and capturing its full potential.

SAN DIEGO CONVENTION & VISITORS BUREAU (BASE FUNDING)
The San Diego Convention & Visitors Bureau (ConVis) is the sales and marketing engine for the San Diego region’s tourism. The organization is charged with monitoring the health of the tourism industry, promoting all areas of the region and stimulating inbound travel. Despite the impact of the global economic downturn, and a rapidly changing marketplace, ConVis has been nimble and aggressive. Program of work shifts and new marketing funds from the SDTMD have helped ConVis in its efforts to win market share and tout San Diego as a diverse tourism market, appealing to leisure and group travelers, and international, domestic and drive market visitors. ConVis highlights San Diego as a preferred destination brand, known for delivering a great experience and value.

Sales Highlights:
• Booked 677,417 definite room nights, thereby achieving 87% of the Sales Division’s goal and improving its conversion rate from 37.9% last year to 50.3% in FY2010.
• Launched a destination-wide, direct marketing group meetings initiative called “Have It All.” The program included direct mail, email, advertising and telemarketing. The $275,000 campaign generated 185 leads for a potential of 92,237 room nights. This includes 11,285 room nights going definite in FY2010 with the program continuing to create definite room nights in FY2011.
• Conducted 16 in-market customer events with an average of 11 member partners at each event. Six hundred eight customers were in attendance.
• Represented San Diego at 14 industry trade shows throughout the year. A total of 167,254 lead room nights were sent out based on these customer events and trade shows.
• Conducted a successful the Big Bay® San Diego’s Waterfront familiarization tour for the Port of San Diego tenants in May 2010. Thirty-one customers attended and generated 11 immediate leads in excess of 11,000 potential room nights.
• During FY2010, the new iLead system was launched. More than 800+ users were trained, including national sales directors and hotel property sales teams.

Marketing Highlights:
• The FY2010 base program of work included a total marketing investment of $12.25 million across advertising, promotions, public relations, web, interactive and travel trade development. Total marketing leverage generated was $16.8 million through unpaid editorial ($13.18 million), unpaid media promotions ($2.62 million) and cooperative advertising ($1.04 million). Total visitor inquiries reached 4.7 million website with website user sessions providing the bulk of contacts (nearly 4.4 million) and social media contacts growing rapidly (300,000).
• Promotions generated more than $2.6 million in unpaid media exposure in FY2010, surpassing goal by $300,000.
• Visitor inquiries, including visits to websites and social media sites, as well as telephone and e-mail inquiries, reached 4.7 million inquiries for the year. Facebook grew to 50,000 fans and Twitter reached more than 6,000 followers. Unpaid promotions and posts generated more than 300,000 page views of content on social media sites for the year. A total of 1.9 million emails were sent in FY2010, including the monthly general newsletter, as well as an email targeted at the Los Angeles market.
• In FY 2010, the ConVis public relations team generated $13,185,148 in unpaid media coverage in print, radio and television. The print readership was 405,093,125 and online readership was 910,021,133. Notable domestic coverage included Arthur Frommer’s Budget Travel, Good Morning Arizona TV, The Los Angeles Times, Men’s Journal, Modern Bride, The New York Times (twice), Phoenix Magazine, San Francisco Chronicle Magazine, Seattle Times, Sunset Magazine (four times), The Today Show and Westways (twice).
• The four-person Travel Trade Development Team participated in 31 tradeshows and sales missions, and hosted 45 customer familiarization tours in FY2010. The team also produced 121 leads and 49 referrals for member hotels, attractions, restaurants and services and certified 535 travel agents as San Diego specialists.
• ConVis was awarded five Adrian Awards for hospitality advertising — one gold in the Complete Campaign category ("Happy Happens" Spring 2009 Campaign); three, silver, with one in the Groups Category ("Have It All" campaign) and two in the Television (consumer) category ("Happy Happens"); and one bronze for direct mail (group meetings brochure).

Return on Investment:
FY2010 Funding Amount = $1,183,123

<table>
<thead>
<tr>
<th>Return on Investment: ROI FY2010</th>
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<tbody>
<tr>
<td>Hotel Room Nights</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
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<tr>
<td>Total Room Night Revenue</td>
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<tr>
<td>Total FY2010 Return on Investment:</td>
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</table>

NOTE: Projected ROI. Final reports pending and due December 2010

CONVIS: ONLINE TRAVEL AGENCIES
The Online Travel Agency (OTA) Campaign was created to generate year-over-year growth in room nights through advertising on three major online travel agency sites: Travelocity, Expedia and Orbitz.

Marketing Highlights:
• The FY2010 OTA campaign achieved more than 301 million impressions (bought and bonused), valued at more than $175 million dollars, with a total investment of slightly more than $1 million.
• Overall, San Diego County has seen an increase in room nights, up 8.33%, as well as revenue, up 3.38%.
• The SDTMD properties averaged 78% of all room nights produced, which saw an increase in room production, up 11.36% and revenue up 5.74%.

Return on Investment:
FY2010 Funding Amount = $10,948,437

<table>
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<tr>
<th>Return on Investment: ROI FY2010</th>
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<tbody>
<tr>
<td>Hotel Room Nights</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
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<tr>
<td>Total Room Night Revenue</td>
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<tr>
<td>Total FY2010 Return on Investment:</td>
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CONVIS/SDCCC: NATIONAL BUSINESS TRAVELERS ASSOCIATION
ConVis sponsored the opening reception, and along with the San Diego Convention Center Corporation (SDCCC), provided community support behind the National Business Travel Association (NBTA) conference held at the Convention Center, August 23-26, 2009.

The NBTA is the world’s premier business travel and corporate meetings organization. NBTA and its regional affiliates — NBTA Australia/New Zealand, the Brazilian Business Travel Association, NBTA Canada, NBTA Europe, NBTA Mexico and NBTA USA — serve a network of more than 17,000 business travel professionals around the globe with industry-leading events, networking, education and professional development, research, news and information and advocacy. Annually, NBTA...
members, numbering more than 5,000 in 30 nations, collectively manage and direct more than US$340 billion of global business travel and meetings expenditures on behalf of more than 13 million business travelers within their organizations.

Marketing Highlights:
- More than 5,600 corporate travel professionals, including more than 1,240 travel buyers, filled the San Diego Convention Center.
- More than 65 ground-breaking education sessions were conducted.
- More than 400 exhibitors populated the show floor.

Return on Investment:
FY2010 Funding Amount = $150,000

<table>
<thead>
<tr>
<th>Return on Investment: ROI</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Room Nights</td>
<td>$2,733</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
<td>$229.00</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$2,915,857</td>
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<td>Total FY2010 Return on Investment:</td>
<td>19:1</td>
</tr>
</tbody>
</table>

NOTE: Projected ROI. Final reports pending and due December 2010

CONVIS: SPRING NATIONAL CABLE CAMPAIGN
National cable television launched during the third quarter of FY2010 and ran from February 8 through March 21, 2010. The cable campaign Leveraged existing creative assets and promoted the “Happy Happens” brand message. It also capitalized on the California Travel & Tourism Commission national advertising campaign to position San Diego as the preferred California travel destination.

Marketing Highlights:
The campaign successfully met its objectives, which were to:
- Generate visitor demand to drive incremental hotel room nights throughout San Diego in FY2010.
- Strengthen the new San Diego brand through the use of high-impact national television advertising.
- Continue to drive response and room nights from key volume and opportunity markets in the West, as well as nationally, in order to extend the brand reach and “find new visitors.”

Return on Investment:
FY2010 Funding Amount = $2,886,868

<table>
<thead>
<tr>
<th>Return on Investment: ROI</th>
<th>FY2010</th>
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<tbody>
<tr>
<td>Hotel Room Nights</td>
<td>155,772</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
<td>$138.05</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$21,504,325</td>
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<td>Total FY2010 Return on Investment:</td>
<td>7:1</td>
</tr>
</tbody>
</table>

NOTE: Projected ROI. Final reports pending and due December 2010

CONVIS: LOS ANGELES MARKET SPRING-SUMMER STIMULUS
The Spring Stimulus Campaign was a program for the Los Angeles market that included a television partnership with KTLA (the CW affiliate), traffic radio and digital outdoor boards. The campaign objectives were to:
- Protect key volume market for travel to San Diego.
- Develop retail driving program in conjunction with cooperative partners.
- Drive interest and investigation for San Diego offerings to convert into room nights and attraction ticket sales.

Marketing Highlights:
- The campaign ran from April 12-June 30, 2010 and delivered more than 70 million gross impressions.
- The KTLA partnership leveraged the existing “Choose Happy” message and focused on dollar-stretching activities. This included five value propositions on the “Choose Happy” landing page: 50 Free Things, Perfect Day Itineraries, 5 to Try, $100-a-day and Local Favorites.
- In addition to running standard 30-second commercial spots, ConVis provided content and received exposure that included: Weekly Event Calendar, live webcam shot from downtown San Diego (during daily weather reports), a four-week sweepstakes giveaway promoted on air and online, and four “One-Tank Trip” segments (two- to four-minute segments focused on different areas of San Diego).
- The traffic radio buy included Clear Channel and Metro Networks for a total of 2,094 spots in Los Angeles, Riverside and San Bernardino. Spots featured a six-week sweepstakes promotion that ran on sandiego.org, a general “Choose Happy” spot, multiple “free things” spots and the La Jolla Arts and Food Fair.
- For the digital outdoor campaign, San Diego boards ran on two networks, 20 boards total, in Los Angeles and featured the “Choose Happy” brand message and more than 15 events and attractions taking place during spring and summer.

Return on Investment:
FY2010 Funding Amount = $1,028,400

<table>
<thead>
<tr>
<th>Return on Investment: ROI</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Room Nights</td>
<td>93,373</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
<td>$154.83</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$14,456,942</td>
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<tr>
<td>Total FY2010 Return on Investment:</td>
<td>14:1</td>
</tr>
</tbody>
</table>

NOTE: Projected ROI. Final reports pending and due December 2010

CONVIS: SAN DIEGO RESTAURANT WEEK
San Diego Restaurant Week was launched to spotlight the city as a premier dining destination. Held twice annually, this beloved culinary tradition features more than 180 of San Diego's best restaurants offering fixed-price, three-course meals for $20, $30 or $40. Restaurant Week represents an exciting chance to discover new restaurants and enjoy established favorites at a reduced price.

Marketing Highlights:
The 2010 analysis prepared for ConVis by American Express Business Insights, revealed that during the Restaurant Week period:
- 35% of diners came from outside of San Diego.
- 50% of out-of-town diners spent on lodging.
- Out-of-town diners accounted for 76% of total lodgers.
- Out-of-towners spent $1.4 million in lodging, which averages to more than $600 per diner.

Return on Investment:
FY2010 Funding Amount = $43,787

<table>
<thead>
<tr>
<th>Return on Investment: ROI</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Room Nights</td>
<td>709</td>
</tr>
<tr>
<td>x Average Daily Rate: ADR</td>
<td>$138.05</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$97,877</td>
</tr>
<tr>
<td>Total FY2010 Return on Investment:</td>
<td>2:1</td>
</tr>
</tbody>
</table>
Fall into Happiness.

San Diego’s Guide to Good Times and Great Values.
CONVIS: FY2010 FALL STIMULUS

The Fall Stimulus Campaign was designed to generate an immediate lift to San Diego from the Los Angeles market. Radio, web and television ads were launched to help stimulate overnight stays in San Diego. The campaign covered all of Los Angeles, but specifically targeted an affluent and energetic age group ($100K incomes, 25-54 travelers who have stayed in a hotel in the past year). Specifically, the campaign focused on key advertising metrics, advertising awareness, brand image, competition and return on investment.

Marketing Highlights:
A study of results from the campaign found that overall “San Diego clearly does advertising right.” Specifically:
- San Diego maintains an enviable destination position, leading most competitors on most destination choice attributes (value, beauty, climate, etc.) and image attributes (carefree, exciting, inspiring, etc.).
- San Diego’s advertising builds visitation, not just now but for the future by stimulating interest, information-gathering, trip bookings and trip extensions by Los Angeles residents.
- More than half (59% of total Los Angeles and 74% of target Los Angeles) recall seeing (aided) a ConVis ad — a result of strong television advertising and repeated campaigns.
- Strong awareness for the current Los Angeles stimulus campaign benefits from similar TV advertising during the national spring 2009 cable campaign.

Return on Investment:

<table>
<thead>
<tr>
<th>FY2010 Funding Amount = $941,360</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Room Nights</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
</tr>
<tr>
<td>Total Room Night Revenue</td>
</tr>
<tr>
<td>Total FY2010 Return on Investment:</td>
</tr>
</tbody>
</table>

NOTE: Projected ROI. Final reports pending and due December 2010

SDTMD is an economic engine and also an evolving incubator for new, high-profile programs that support jobs and draw tourism dollars.
San Diego Film Commission (Crews Only)
The San Diego Film Commission (SDFC) is dedicated to promoting San Diego as a film-friendly region, coordinating and facilitating the permission process, and serving as a liaison with local government, the community, and the production industry. SDFC continues to be supported and funded as an economic development program by the City of San Diego, County of San Diego and the Port of San Diego—all recognizing the increased jobs for San Diegans, priceless media exposure and positive economic and civic impact generated from filming. Today, SDFC remains one of the most effective film commissions in the world, recognized for its services and dedication to fostering the growth of filmmaking in the San Diego region.

Marketing Highlights:
- The SDFC successfully attracted a television series from Twentieth Century Fox called Terriers. The project shot its pilot episode in San Diego for 25 days in August 2009. Subsequently, the show was picked up by the FX Network for 12 more episodes, which began filming in San Diego in February 2010.
- Marvel Studios utilized San Diego's Black's Beach for a scene in its highly anticipated feature film Thor, which will be released in May 2011.
- Travel industry projects originating in Amsterdam, Norway and Germany came to San Diego. These shows promote our city, at no cost and air across the globe.
- Car commercial projects increased over the last year, as San Diego hosted Ford, Hyundai and Toyota for their national commercial spots.
- Shows on The Food Network, The Travel Channel, TLC and HGTV accounted for thousands of hotel room nights in FY2010.
- The Film Commission published the 2010 San Diego Film and Video Resource Guide in November 2009. Hundreds of San Diego hotels are listed for free in the guide, which is sent to all filming inquiries received by the Film Commission. It is one of the most effective marketing tools to attract filming to San Diego.

SAN DIEGO BOWL GAME ASSOCIATION
The San Diego Bowl Game Association produces two college football bowl games played at Qualcomm Stadium: the Holiday Bowl and the Poinsettia Bowl. The 32nd annual Holiday Bowl held December 2009 featured the Nebraska Cornhuskers and the Arizona Wildcats. The 6th Annual Poinsettia Bowl the same month featured the Utah Utes and the University of California Golden Bears. In addition to the influx of room nights from fans of the participating teams (during the "off peak" season), the games featured San Diego's sunny winter weather and were televised nationally by ESPN.

Marketing Highlights:
- During the games' respective telecasts on ESPN, the on-air talent frequently mentioned the city and the network featured a minimum of seven San Diego "beauty shots" to the combined eight million-plus household viewers. This further showcased San Diego as a "destination city."
- The Holiday Bowl and the Poinsettia Bowl worked closely with the participating schools to maximize promotion of game tickets they are required to sell.
- Both games worked with fellow SDTMD contractors — specifically, Convis, to promote San Diego as a travel destination, and Accessible San Diego, to promote travel among seniors and other patrons with disabilities.

Return on Investment:
FY2010 Funding Amount (approximate reimbursement) = $2,200,000

<table>
<thead>
<tr>
<th>Return on Investment: ROI</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Room Nights</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
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<td>Total Room Night Revenue</td>
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<td>Total FY2010 Return on Investment</td>
<td>3:1</td>
</tr>
</tbody>
</table>

SAN DIEGO SPORTS COMMISSION (BASE FUNDING)
The San Diego Sports Commission (SDSC) promotes its home region as the preferred destination for sports events and activities, and fosters economic development and quality of life through sports. The organization has upgraded its capabilities by successfully adding sports expertise from within and beyond the region and has transitioned its focus toward becoming San Diego's sports marketing agency.

Marketing Highlights:
- SDSC served as the agency for, or in support of, local organizing for several major events, including:
  - AFLAC All-American Baseball Classic
  - UCI BMX Supercross World Cup
  - NCAA Men's Soccer Regional
  - Foot Locker Cross Country National Championship
  - ABA/BMX U.S. Open Nationals
  - Alta Holding Field Hockey World Cup Qualifier
  - NCAA Women's Water Polo Basketball Tournament
  - NCAA Men's Golf Regional
  - Mountain West Conference Baseball Championship
  - USA Water Polo Masters
- San Diego was featured on national and international television during the AFLAC All-American Baseball Classic, UCI BMX Supercross World Cup and the NCAA Women's Water Polo Basketball Tournament.
- SDSC continued to support San Diego's status as one of six NCAA Championship cities through its work with the NCAA Women's Water Polo Basketball Tournament and the NCAA Men's Golf Regional. This designation offers San Diego a stable stream of future NCAA Championship events, which can further the city's image as a destination for tourists and events, build up community support and achieve NCAA brand equity.

Return on Investment:
FY2010 Funding Amount = $382,500

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</thead>
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<td>Total FY2010 Return on Investment</td>
<td>6:1</td>
</tr>
</tbody>
</table>

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Return on Investment:
FY2010 Funding Amount (approximate reimbursement) = $655,200

<table>
<thead>
<tr>
<th>Return on Investment: ROI</th>
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<tr>
<td>Hotel Room Nights</td>
<td>16,624</td>
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<td>x Average Daily Rate: ADR</td>
<td>$119.53</td>
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<tr>
<td>Total Room Night Revenue</td>
<td>$1,987,066</td>
</tr>
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<td>Total FY2010 Return on Investment</td>
<td>3:1</td>
</tr>
</tbody>
</table>
The San Diego Crew Classic actually enjoyed an increase in participation in 2010, which resulted in powerhouse collegiate teams to participate in the Copley Cup (men) and the Jessop-Whittier Cup (women) — this, despite a year of economic distress for virtually all rowing programs, at all levels. The 2010 Crew Classic attracted several United States. The event seeks to promote the highest ideals of amateur athletics and host an event that is a source of pride for the citizens of San Diego. The 2010 Summer Games sports included archery, badminton, baseball, basketball, gymnastics, judo, junior lifeguards, powerlifting, roller skating, skateboarding, soccer, softball, surfing, swimming, synchronized swimming, table tennis, team handball, track and field, water polo, and wrestling. The Winter Games included ice hockey, figure skating and roller skating.

The California State Games is the only statewide Olympics-style event held each year. It has become a very prestigious event on many coaches’ calendars. Since it is a youth event, it appeals to athletes and their families, which prompts many to take a family vacation in conjunction with the games.

Marketing Highlights:
• The Games hired a part-time marketing manager, who worked with each individual sport to determine the best ways to inform and entice coaches and athletes to attend the games.
• The Games focused on attracting Northern California participants by increasing distribution of printed collateral to events in that region, as well as by attending coaches’ meetings in various sports.
• For the second consecutive year, the Games used in-house staff to reserve and block rooms, which enabled close, productive relationships with various SDTMD hotels. This also provided convenience for the athletes by placing them in accommodations throughout the assessment district.

Return on Investment:
FY2010 Funding Amount = $41,579
Return on Investment: ROI FY2010
Hotel Room Nights 14,080
x Average Daily Rate: ADR $108.00
Total Room Night Revenue $5,993,352
Total FY2010 Return on Investment: 13.1

CALIFORNIA STATE GAMES

The 2009 California State Games hosted 9,153 athletes, who competed in 20 sports from July 16-19, 2010. The 2010 California Winter Games hosted 1,445 athletes in three sports. These athletes came from all over the state to compete in these premier amateur events and to vie for the gold, silver and bronze medals. The sports venues were located throughout San Diego, while the opening ceremonies were held at Qualcomm Stadium.

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Hotel Room Nights 14,080
x Average Daily Rate: ADR $108.00
Total Room Night Revenue $5,993,352
Total FY2010 Return on Investment: 13.1

SAN DIEGO CREW CLASSIC

The mission of the San Diego Crew Classic (SDCC) is to produce the premier rowing regatta in the United States. The event seeks to promote the highest ideals of amateur athletics and host an event that is a source of pride for the citizens of San Diego. The 2010 Crew Classic attracted several powerhouse collegiate teams to participate in the Copley Cup (men) and the Jessop-Whittier Cup (women) — this, despite a year of economic distress for virtually all rowing programs, at all levels. The San Diego Crew Classic actually enjoyed an increase in participation in 2010, which resulted in more hotel room nights.

Marketing Highlights:
• The SDCC continued its team payout policy. Now three years’ strong, this payout goes to the top-tier collegiate crews who participate in premier, invitational races. A competitive field for these races is paramount to the overall success of the regatta.
• SDCC pursued its first-ever national ad campaign, which met with great success. The event registration had the longest wait list ever — a direct result of the ad campaign in Rowing News Magazine, among other media. The ads reached rowers and coaches, who weren’t previously familiar with the Crew Classic. SDCC worked with ConVis to make the advertisements “San Diego-centric.”
• SDCC continued to enhance its video programming, resulting in an explosive rise in media impressions. In 2009 and 2010, a one-hour feature of the premier races was shown seven times on ESPNU. Each year, the broadcast has prominently featured San Diego and has provided ConVis with two free commercial spots in each airing. For 2011, ESPN would like to air not only the seven, one-hour broadcasts that are shown after the races, but also wants to broadcast the races live, on both Saturday and Sunday, for a total of two to three additional hours.
• SDCC made its website more functional and interactive by highlighting “things to do and see, while staying in San Diego.” Additionally, the website sold tickets for a tour to the Olympic Training Center (transportation provided) on the Thursday before the races started. Many participants stated that they extended their stay in order to take the tour.

Return on Investment:
FY2010 Funding Amount = $135,000
Return on Investment: ROI FY2010
Hotel Room Nights 5,842
x Average Daily Rate: ADR $129.00
Total Room Night Revenue $753,618
Total FY2010 Return on Investment: 6.1

ACCESSIBLE SAN DIEGO

Accessible San Diego (ASD) is a nonprofit information and resource center for travelers and locals with disabilities. ASD provides detailed information on accessible hotels, restaurants, attractions and transportation via its website, ASD Information Center, San Diego Guide publication and telephone hotline. ASD promotes local tourism at consumer and trade shows to the untapped market of people with disabilities, and generates increased hotel room nights and revenue. Additionally, ASD performs Americans with Disabilities Act consultation for major events, hotels and attractions.

Marketing Highlights:
• Printed and distributed 15,000 copies of the Access San Diego Guide 2010, a marketing and information publication, and the touchstone resource among travelers with disabilities choosing to visit San Diego. As of June 2010, most of the guides have been distributed and ASD is seeking to satisfy the ongoing demand.
• March 2010: ASD played an important role in bringing the CSUN Technology Conference for Persons with Disabilities to an Access Gold partner hotels — Manchester Grand Hyatt. This event is scheduled to return in March 2011.
• April 2010: ASD participated in the Abilities Expo Southern California, one of the largest consumer shows for people with disabilities, which was held in Los Angeles with 5,000 attendees. The Access San Diego Guide 2010 was handed out along with brochures of Access Gold partners such as Hornblower Cruises & Events.
• ASD communicated with ConVis to establish an “Accessible Travel” section on the ConVis website, which would feature articles on the latest accessible happenings and a direct weblink to AccessSanDiego.org.
California State Games

44:1 ROI

California State Games
Return on Investment:
FY2010 Funding Amount = $94,500
Return on Investment: ROI FY2010
Hotel Room Nights 1,289
x Average Daily Rate: ADR $138.05
Total Room Night Revenue $177,118
Total FY2010 Return on Investment: 4:1

SAN DIEGO BAY WINE & FOOD FESTIVAL
The San Diego Bay Wine & Food Festival is an international showcase of the world’s premier wine and spirits producers, chefs and culinary personalities. The festival, held each November, has quickly grown into a world-class wine and culinary extravaganza featuring wine-tasting seminars, cooking classes by James Beard award-winning chefs, a celebrity chef luncheon, VIP party, and an elegant reserve tasting and silent auction. The festival benefits the American Institute of Wine & Food’s culinary arts scholarship program.

Marketing Highlights:
• More than 9,000 wine and food aficionados attended the five-day festival in 2009.
• Participation from 70 of San Diego’s top restaurants and chefs.
• Participation from more than 170 wineries from wine-growing regions around the world.
• Ranked in the top five of the “Top 100 Southern California Events” by BizDash Magazine.
• Ranked in the top three of The Los Angeles Times’ “Favorite California Food Festivals.”
• More than 350 volunteers helped keep the event running smoothly.
• Celebrity chefs and James Beard award winners such as Top Chef contestants Brian Malarkey, Casey Thompson and Richard Blais; Food & Wine Magazine “Best Chef” Gavin Kayser; San Zien from San the Cooking Guy and Food Network TV star and acclaimed author Ted Allen, participated in the line-up of exciting and informative cooking demonstrations.

Return on Investment:
FY2010 Funding Amount = $45,000
Return on Investment: ROI FY2010
Hotel Room Nights 1,289
x Average Daily Rate: ADR $138.05
Total Room Night Revenue $177,118
Total FY2010 Return on Investment: 4:1

MULTI-CULTURAL CONVENTION SERVICES NETWORK
The Multi-Cultural Convention Services Network (MCCSN) is a full-service convention and tourism management company. MCCSN aggressively markets and promotes San Diego as a premier meeting destination to national multi-cultural convention planners and leisure travel groups. MCCSN’s goal is to ensure that visitors have the triple “E” effect: “Experiences that Exceed their Expectations” by connecting clients with the perfect venue and suppliers at the best possible value.

Marketing Highlights:
• Outreach to 380 multi-cultural meeting planners/executives via email, Internet and phone.
• Pending bookings for 2011 include:
  • National Association of Asian American Professionals (Retreat) — 170 room nights.
  • National Optometric Association — 225 room nights
  • National Association of Postal Supervisors (California Chapter) — 180 room nights.
• Branded the San Diego multi-cultural familiarization tour with the theme: “San Diego Heart and Soul.”
• Secured the Hilton San Diego Mission Valley as official host hotel for San Diego multi-cultural familiarization tour guests.

Return On Investment
FY2010 Funding Amount = $88,200
Return on Investment: ROI FY2010
Hotel Room Nights 4,988
x Average Daily Rate: ADR $119.00
Total Room Night Revenue $396,270
Total FY2010 Return on Investment: 4:1

SAN DIEGO NATURAL HISTORY MUSEUM: BODY WORLDS
Located in Balboa Park and founded in 1874, the San Diego Natural History Museum is the second oldest scientific institution in California — third west of the Mississippi. A bi-national museum, its mission is to interpret the natural world through research, education and exhibits; to promote understanding of the evolution and diversity of Southern California and the peninsula of Baja California; and to inspire in all a respect for nature and the environment.

Gunther von Hagens’ Body Worlds exhibitions are the original, precedent-setting, public anatomical exhibitions of real human bodies by physician, anatomist and inventor of Plastination, Dr. Gunther von Hagens. The exhibition (which closed October 4, 2009) offered visitors an in-depth view of the intricately designed human body, comparative anatomy showing wellness and disease, and the mysterious world of the brain.

Marketing Highlights:
• Total admissions: 89,540 (includes general admission ticket sales, school programs, public programs, special events and Seiton Boardroom usage).
• Group admission: 198 K through 12 groups, totaling 9,748 tickets sold.
• Percentage of visitors from out of town: Approximately 37% of visitors were from out of town during this reporting period.
• Passport sales: 4,672 passports and day passes were purchased anywhere in Balboa Park and were redeemed (used) at the San Diego Natural History Museum, including 580 that were purchased at the Natural History Museum.

Return on Investment:
FY2010 Funding Amount = $109,496
Return on Investment: ROI FY2010
Hotel Room Nights 19,915
x Average Daily Rate: ADR $144.41
Total Room Night Revenue $396,270
Total FY2010 Return on Investment: 4:1

THE OLD GLOBE
The internationally-acclaimed, Tony® award-winning Old Globe Theatre is one of the most renowned regional theatres in the country, and has stood as San Diego’s flagship arts institution for over 70 years. The Old Globe produces a year-round season of 15 plays and musicals on its three stages, including its highly-regarded Shakespeare Festival. The Old Globe has become a gathering place for leading theater artists from around the world, such as Tom Stoppard, Daniel Sullivan and Chita Rivera, among many others. Numerous Broadway-bound premieres and revivals, such as Dirty Rotten Scoundrels, The Full Monty and Dawn of the Dead have been developed at the Old Globe and have gone on to enjoy highly successful runs in New York and at regional theatres across the country.
Marketing Highlights:
- The Old Globe’s incremental grant from SDTMD funds was used to promote four theatrical productions during the “off peak periods” from September through November 2009 and January through February 2010.
- Direct mail to the mailing lists of Los Angeles County-based arts organizations, reaching more than 60,000 households.
- Advertising in Performances Magazine (distributed to 265,000 in Los Angeles each month).
- Insert in Sunday New York Times (distributed to 46,000 homes throughout Los Angeles County).
- Worked with ConVis to distribute promotional materials through AAA locations in Arizona and Nevada.
- Link to San Diego hotels on the Old Globe homepage yielded 7,405 page views (with 4,728 unique views) according to Google Analytics.
- Partnership with ARES has continued following completion of the campaign.
- Survey of 1,262 of the out-of-town attendees who saw Sammy, The Savannah Disputation, Whisper House or Lost in Yonkers.

Return on Investment:
FY2010 Funding Amount = $21,967

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<td>Total FY2010 Return on Investment:</td>
<td>16:1</td>
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</table>

CRAFt BREWERS GUIlD: BEEr WEEK
San Diego Beer Week (SDBW) promotes San Diego’s thriving craft beer culture by sponsoring a 10-day countywide festival that attracts beer tourism, fosters knowledge of our regional brewing heritage and serves as a showcase for local breweries, restaurants, pubs and other businesses with ties to the craft beer community. The Second Annual San Diego Beer Week occurs November 5-14, 2010.

Marketing Highlights:
- During the First Annual San Diego Beer Week in 2009, SDBW organizers:
  - Hosted more than 300 events throughout 10 days with record profits reported among participating venues.
  - Benefitted from strategic drive-market and out-of-state strategies executed through a variety of national online, print and radio advertising.
  - Offered exclusive rates with SDTMD hotels via the SDBW.org website.
  - Performed in-person and online surveys, as well as received social media feedback via Facebook.

Return on Investment:
FY2010 Funding Amount = $22,320

<table>
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<td>Hotel Room Nights</td>
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<tr>
<td>x Average Daily Rate: ADR</td>
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<td>Total Room Night Revenue</td>
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<tr>
<td>Total FY2010 Return on Investment:</td>
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</table>
LOOKING FORWARD

The San Diego Tourism Marketing District is uniquely positioned to bring North America and the world to San Diego where we live, work and play. Proudly, we are ambassadors to and evangelists for a special city. More importantly, as an economic and marketing engine, we seek to responsibly develop programming within a competitive, global race for desired tourism dollars.

Fundamentally, the SDTMD is committed to its mission to help San Diego remain a leading destination. However, we can always evolve and pledge to do more to achieve that mission. Now, and moving forward, the SDTMD will seek to:

• Increase dollars received through the Transient Occupancy Tax
• Initiate and incubate programming that creates competitive tourism advantages
• Educate resident San Diegans about the importance of tourism to their everyday lives

The SDTMD’s work is valuable year-to-year, resulting in verifiable marketing momentum. This is a product of the cooperative spirit we enjoy with our contractors and the solid support from the Mayor and the City Council. It has been said before, but bears repeating: This is an unprecedented public-private partnership — and it works.

Individually, organizationally and collectively, we all make it happen by spotlighting San Diego tourism’s established strengths: hotels, attractions, service, location and climate.

Looking forward, the future is bright — poised for recovery and growth — and the SDTMD welcomes both continued local cooperation and nightly opportunities to host the world in our great city.

bOARD OF dIRECTORS

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