

NYC & Company 2009 Annual Summary



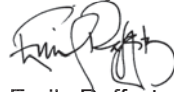
Dear Friends and Colleagues:

More than 45 million visitors experienced New York City in 2009, giving the local economy a boost estimated at \$28 billion. NYC & Company played a key role, not only in drawing those travelers here and making them feel welcome, but also in ensuring that upon their arrival they found the energy, vibrancy and diversity that make NYC unlike any other place in the world.

New York City is America's most popular travel destination, thanks in no small measure to its unparalleled dining, shopping and, especially, its cultural offerings. Now more than ever, these institutions are key to the tourism and hospitality industry's success: in 2009 attendance at arts and cultural organizations popular with our visitors rose by nearly 8 percent, and that trend has accelerated in the first quarter of 2010. NYC & Company, through its foundation, has helped sustain the momentum through such events and programs as the Leadership in Tourism dinner and the Culture Spot campaign. And we're also highlighting the City's other strengths through programs such as NYC Restaurant Week and Fashion's Night Out.

Thanks to our members, City officials and the people of New York City, we overcame significant obstacles to make 2009 a terrific year for NYC & Company. Even during challenging economic times, tourism has remained a strong industry and a cornerstone of the New York City economy. With our innovative, talented team continuing its hard work, I know that 2010 will be even stronger.

Sincerely,



Emily Rafferty
Chairman, NYC & Company
May 2010

Dear Friends and Colleagues:

For both New York City and NYC & Company, 2009 was a challenging but remarkably successful year.

Despite a slowing international economy and some somber predictions, the City welcomed 45.6 million visitors, including 8.6 million from outside the United States. New York became the number one US travel destination, passing Orlando, Florida, for the first time in more than two decades, and NYC hospitality and tourism employment remained higher than prerecession levels.

NYC & Company helped bolster the City's position by creating countless engaging programs, initiatives and events to attract visitors, whether they are from the local tristate area, the larger US domestic market or the broader international community. Each of the departments at NYC & Company—including Membership, Marketing, Tourism, Communications, Research, Arts & Culture and the newly added Sports Marketing and Entertainment divisions—is working tirelessly to support the organization. The departments' hard work has paid off tremendously in 2009, and continues to pay off in 2010 as we work toward Mayor Bloomberg's ambitious goal of 50 million visitors annually by 2012. Our projections anticipate a 3.3 percent increase in tourism for this year, and we're doing more than ever to share the City's vibrancy with potential travelers.

The tourism industry has been vital to helping New York weather the recession, and NYC & Company remains committed to strengthening the City's job market, culture and quality of life for years to come. Leading the way, as always, are our members; they are our greatest assets, and it is their work and offerings that make NYC worth visiting in the first place. Together with our members, under the guidance and support of Mayor Bloomberg, Deputy Mayor Lieber, Chairman Rafferty and our senior management, we will continue to enrich our great City.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Fertitta', with a horizontal line extending to the right.

George Fertitta
CEO, NYC & Company
May 2010

This is NYC & Company.

New York City and NYC & Company made history in 2009: For the first time in more than two decades, NYC was ranked the number one tourist destination in the United States. The industry generated an impressive \$28 billion in spending and supported 308,000 jobs, thanks in part to a record 23.6 million room-nights sold—all this despite a global economic crisis that posed serious challenges to every industry, tourism included.

NYC & Company helped the City weather the storm and out-perform expectations through smart, targeted programs that conveyed New York City's energy, excitement and diversity to a global audience numbering in the tens of millions. Our publications—including the *NYC Official Visitor Guide*, *NYC Official Travel Planner* and *NYC Official Meeting & Event Planner*—and our Webby Award-winning website offered timely, useful information about events, offers and travel opportunities throughout the five boroughs. Domestic and international visitors, travel professionals, commuters and residents participated in initiatives that showcased and enhanced what makes New York City unlike any other place in the world—programs like NYC Restaurant Week, Fashion's Night Out, NYC Extreme Local, NY400, Wild Things Week NYC, On the House, Oscar Night® and the City, and Culture Spot. These programs and those we plan for the future would not be possible without such key partners as American Express, American Airlines, AT&T, Coca-Cola Company, Google, JetBlue, the National Geographic Channel, Red Bull, Travelocity, YellowPages.com and, of course, our members, whose outstanding products, services and attractions are vital to our continued success.

As strong as 2009 was, 2010 promises to be better still. A number of new and returning campaigns will bring the City closer to Mayor Bloomberg's goal of 50 million visitors annually by 2012. Get More NYC, our new tourism campaign launching in June, offers travelers exclusive deals on hotels, travel packages, transportation, events, shopping and almost everything else they'll need to get great value during their visit—while also communicating the unmatched vitality that makes the New York City experience priceless. This September, Fashion's Night Out will come back even bigger than last year's debut, this time opening with the largest fashion show in NYC history. American Airlines will help us promote the five boroughs in key domestic markets through the NYC Road Show, while NYHarborWay introduces low-cost ferry service along the City's waterfront.

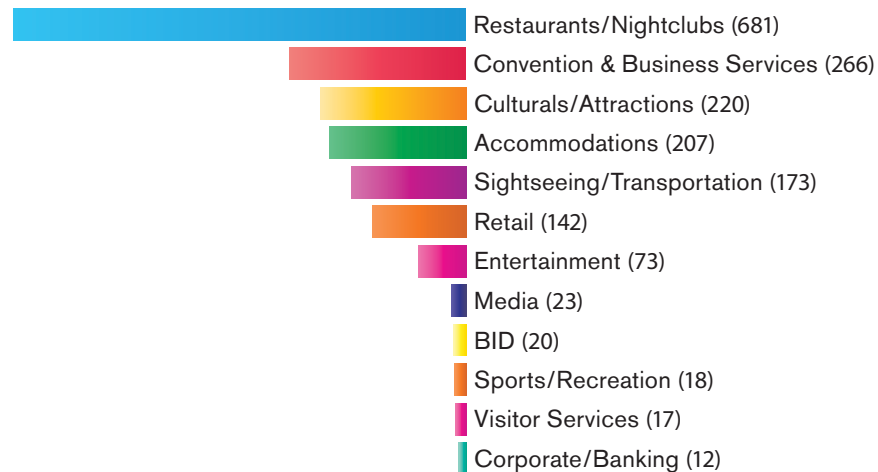
Our website, nycgo.com, will be relaunched with new features designed to help visitors' experiences and give them more of what they're looking for, such as an enhanced Broadway section. And because Broadway musicals are perennially popular with visitors from around the world, we recently partnered with Broadway Inbound to launch The Broadway Collection, which promotes a selection of new and classic shows to the travel trade industry. Additionally, the new NYC Urban Race—the first athletic event created and operated by NYC & Company under our new Sports Marketing division—will bring 3,000 competitors to New York City for a fun-filled eight-mile test of endurance, complete with obstacles inspired by the cityscape, while our new Entertainment division will continue to create events and media opportunities to showcase New York.

We've had a strong performance in the last year—and we have no intention of slowing down as we strive to foster prosperity for our members, the tourism and hospitality industry, and the City at large. After all, this is a place where people band together to achieve success despite adversity. This is only the beginning. This is New York City.

MEMBERSHIP

NYC & Company's membership is composed of nearly 1,900 businesses, both large and small, spanning every business sector connected to the tourism, convention and hospitality industries.

NYC & COMPANY'S MEMBERSHIP COMPOSITION:



Membership continued to grow in 2009, showing confidence in the hospitality industry. More than 250 businesses were added in the dining, retail, cultural and entertainment categories, as well as 25 new hotel members.

Businesses join NYC & Company with the common goal of extending their marketing reach and expanding their marketing budgets. They benefit from the numerous assets and features we offer for their membership dues. Members received the benefits on the following page:

nycgo.com

NYC & Company's website, nycgo.com, is the official source of information for both visitors and locals on all there is to do and see in the City. Members have a guaranteed presence on nycgo.com, with a property page displaying an extensive description of the business, along with multiple photos and a callout to special offers. All members have a hyperlink to their own site from their nycgo.com property page, a key feature.

Official NYC Information Center

NYC & Company's Official NYC Information Center is a state-of-the-art facility providing the most compelling and comprehensive information about what to do and where to go in NYC, including information about our member businesses. We have satellite locations in Times Square and at The Studio Museum in Harlem, as well as kiosks at City Hall and in Chinatown.

Official NYC Publications

NYC & Company's four specialized publications offer direct, unparalleled access to every segment of the tourism market, from international leisure travelers to travel professionals. Each member has a listing in our consumer publications, the *NYC Official Visitor Guide* and the *NYC Official Visitor Map*, which are distributed throughout the City at more than 200 key tourist locations. This year we added additional distribution on New York Water Taxi boats. Our trade publications reach thousands of industry professionals: The *NYC Official Travel Planner* is a one-stop guide for domestic and international travel agents, tour operators and incentive travel planners while the *NYC Official Meeting & Event Planner* is a comprehensive resource for decision-making meeting and event professionals that is also distributed at our sales missions and industry trade shows.

Networking Events

Networking is a key benefit to members, who continually cite such events as among the top reasons to join NYC & Company. Some of the City's most notable venues, including The Russian Tea Room, the Central Park Zoo and Lucky Strike Lanes & Lounge, hosted NYC & Company members this year. Our member breakfasts and "speed networking" events allow for concentrated one-on-one opportunities for NYC professionals to mix and mingle.

Marketing Programs

As the official marketing organization for New York City, NYC & Company develops a wide array of marketing initiatives and platforms that support and promote the City and help drive visitors and locals alike to our member businesses. These programs, described in the Marketing and Partnerships section of this report, are promoted on nycgo.com and through international marketing and advertising campaigns that highlight our member businesses.

Research

Another key membership benefit is access to our research information about who is visiting the City and when and where they are spending. Members can use this data to their advantage, employing it to inform their own marketing strategies and initiatives.

TOURISM DEVELOPMENT AND CONVENTION DEVELOPMENT

The Tourism Development team leverages trade relationships, creates cooperative promotions and works jointly with the Public Affairs department and its network of international PR teams to encourage continued growth in NYC tourism. In 2009 the department developed more than 70 cooperative activities and tactical promotions with tour operators in 25 markets worldwide to drive business to New York City. Key activities included the integration of the NYC: The Real Deal campaign throughout Italy, Spain and the United Kingdom. Travel-agent education remained a priority as the NYC Online Travel Training Academy expanded to a total of 21 markets with 8,500 registered users. The Tourism team attended 27 trade shows and eight sales missions spanning 11 countries with more than 150 members participating.

NYC & COMPANY'S INTERNATIONAL OFFICES:



- | | | |
|------------|----------|-----------------|
| -Argentina | -France | -Mexico |
| -Australia | -Germany | -Russia |
| -BeNeLux | -India | -Scandinavia |
| -Brazil | -Ireland | -South Korea |
| -Canada | -Italy | -Spain |
| -China | -Japan | -United Kingdom |

The Convention Development team's mission is to help book meetings, conventions and trade shows in NYC, serving as the critical conduit between planners and the New York City hospitality industry. In 2009 the team generated 776 qualified leads that resulted in 310 confirmed meetings with more than 238,000 room-nights, with an economic citywide impact of \$177 million. Sales activities were strong throughout the year, with a record 73 member companies co-exhibiting with the sales team at 31 industry trade shows. We also arranged nine familiarization tours, showcasing all that NYC has to offer to 95 qualified meeting planners. In response to the tough economic climate, NYC & Company launched new messaging to the meetings industry that stressed the timeliness of bringing business to NYC, highlighting the City's affordability, assured attendance, accessibility and the high level of service provided by our sales and services teams. In seizing the opportunity to promote the City as more cost-effective than ever before, we were able to keep the destination at the forefront of decision-makers' minds.

MARKETING AND PARTNERSHIPS

NYC & Company's Marketing and Partnerships team promotes the dynamic New York City brand worldwide, highlighting its unparalleled dining, shopping, entertainment and cultural offerings. The impact of the marketing programs is amplified through the collaboration of other NYC & Company departments, including Arts & Culture, Communications, Creative Services, Entertainment, Interactive Media, Membership, Tourism and Sports Marketing. These marketing campaigns—supported by valuable partners such as American Express, American Airlines, AT&T, Coca-Cola, Google, JetBlue, the National Geographic Channel, OpenTable, Red Bull, *Time Out New York*, Travelocity and YellowPages.com—position NYC as a must-see-now destination while offering locals and visitors alike the tools to experience NYC in the most accessible and fulfilling manner. As a result, 2009 was another fruitful year for both international and domestic tourism, as well as for local economic development. Following is a summary of just some of the 2009 programs.

On the House

To promote New York City's thriving Off-Broadway theater community, NYC & Company created On the House, a two-for-one ticket promotion for more than 30 Off-Broadway shows. A limited-time offer, On the House was designed to encourage a sense of urgency among NYC theatergoers to attend Off-Broadway shows and discover the unique, often-quirky offerings in off-the-beaten-path neighborhoods.

NYC: The Real Deal

Running in spring, summer and fall, NYC: The Real Deal helped spread the message of value and opportunity in New York City to residents and visitors by offering a total of 260 deals throughout the City at attractions, museums, theaters, restaurants, shops and tours. Through the NYC: The Real Deal Summer Fridays promotion, created in partnership with American Express, Cardmembers received an additional 10% off when they used their registered American Express Card on Fridays during the summer. And NYC: The Real Deal Fall highlighted the season as a value-added time to visit the five boroughs while taking in the City's autumnal splendor.

NYC Restaurant Week

NYC Restaurant Week Winter and Summer 2009 marked the 18th year for the dining program, in which the City's finest restaurants offer prix-fixe meals to increase traffic during traditionally slow periods for the industry. NYC & Company developed online, print, outdoor and digital campaigns that focused on reinforcing reasons why people love to dine out. In the summer, "Reasons to Love NYC Restaurant Week" reminded visitors and residents that the program not only provides great value but also offers the opportunity to experience the City's diverse culinary scene.

Fashion's Night Out

Coordinated by *Vogue*, the Council of Fashion Designers of America, NYC & Company and the City of New York, Fashion's Night Out (FNO) was created with

the objective of stimulating business for NYC retailers. More than 800 participating retailers throughout the five boroughs remained open until 11 pm, hosting festivities with appearances by designers, celebrities and models. In conjunction with FNO and American Express, various restaurants throughout the City offered specials during Fashion Week. To support the City's new volunteer initiative, NYC & Company also introduced and coordinated a clothing drive that benefited the New York City AIDS Fund.

NYC Extreme Local

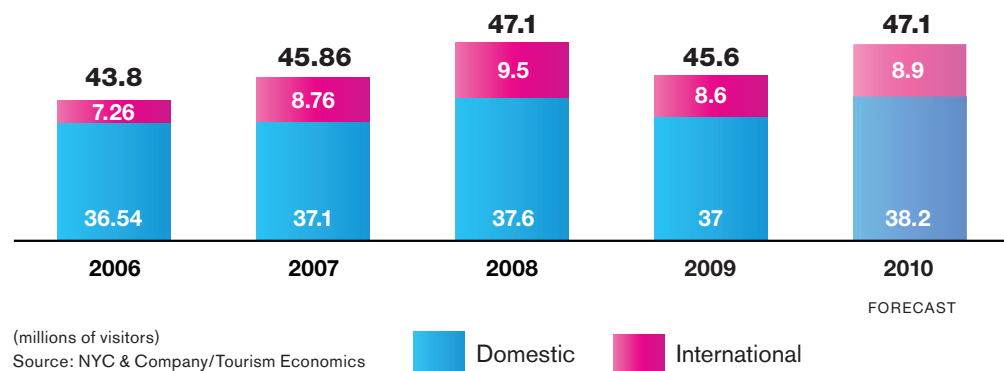
NYC Extreme Local was an insider's guide to 15 neighborhoods in Manhattan and Brooklyn showcasing the best in dining, shopping and arts and entertainment with special offers at over 650 merchant locations and exclusive access for American Express Cardmembers. The 24-day program highlighted the neighborhoods in depth on nycgo.com with dedicated content that gave insight about culture, venues and activities. During the program, American Express offered registered Cardmembers a \$50 statement credit after they spent a total of \$300 at three or more businesses participating in Extreme Local.

RESEARCH

The Research and Analysis department manages a comprehensive research and economic intelligence unit for the City's travel and tourism industry. It also functions as the office of record for vital statistics on New York City's travel sector. Reports and analyses are available to NYC & Company members, elected officials, city and state agencies and key stakeholders.

The Research and Analysis department compiles reports that measure the economic impact of NYC's tourism industry, profile visitors and track visitor volume from dozens of different origin markets and niche segments. Separate reports pinpoint citywide hotel-development projects and track average hotel occupancy and room rates. The department also conducts extensive proprietary research to evaluate key marketing programs and events.

NYC VISITOR TRENDS:



In 2009 the department expanded knowledge about NYC’s tourism sector and economic development in a number of areas. Of particular note was the expansion of NYC & Company’s innovative suite of forecasting and tracking models to inform marketing, tourism and strategic planning. These dynamic statistical tools help position NYC’s tourism economy in terms of market size, growth potential, propensity to visit NYC, risks, value and access.

Also in 2009, NYC & Company launched the first edition of the new annual survey of cultural audiences. An expanded second wave is scheduled for 2010.

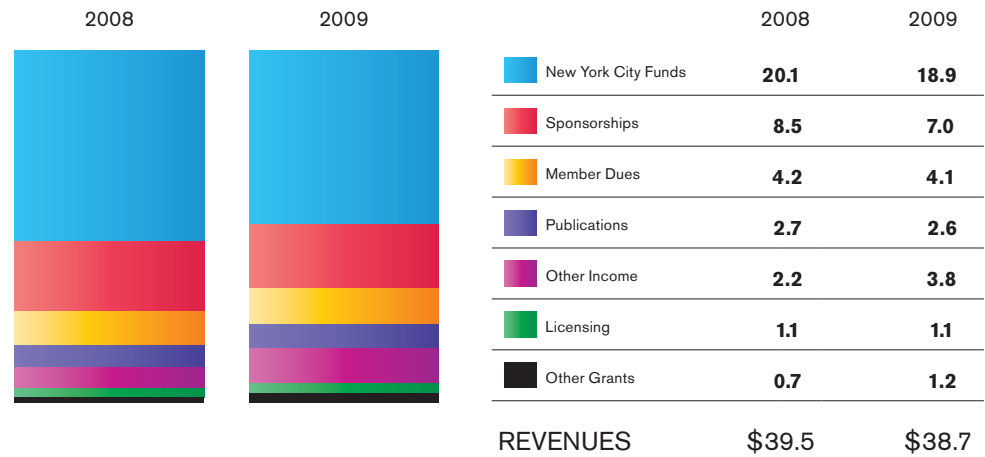
FINANCIALS

In 2009, as a result of City budget reductions, NYC & Company’s City contract funds decreased \$1.2 million compared with 2008. In addition, the City’s five-year marketing and vending partnership with Snapple concluded, which resulted in a \$2.8 million reduction in City marketing-program revenues.

Even with these challenges—and the tough economic climate of 2009—NYC & Company’s revenue remained consistent with 2008 levels.

Other sponsorship revenue grew \$1.3 million, or 32%, and online advertising sales from nycgo.com and ticket sales from the Official NYC Information Center added \$1.6 million in new revenues.

NYC & COMPANY’S REVENUES:



in millions (\$)
Excludes value of in-kind media contributions

Board of Directors.

Emily Rafferty

Chairman

George Fertitta

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David Adler

James Anderson

Adrian Benepe

Jaclyn Bernstein

Daniel A. Biederman

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John Calvelli

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Kyle Curtin

Vijay Dandapani

Matthew Daus

Ruben Diaz

Joel Fisher

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Thelma Golden

Stephen Hanson

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Paul Insalaco

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Thomas A. Madden Jr.

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Mitchell B. Modell

James P. Molinaro

James L. Nederlander

Tracy Nieporent

Katherine Oliver

Alicia Pierro

Christine Quinn

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Ben Shanley

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Joseph E. Spinnato

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Suzi Steiger

Michael J. Stengel

Scott Stringer

Francis Tedesco

Tim Tompkins

Nick Valenti

Robert Walsh

Peter Ward

Gerri Warren-Merrick

William White

Lloyd A. Williams

Jack Withiam Jr.

Tim Zagat

Julián Zugazagoitia

Names in bold indicate
Executive Committee members.

Names in italics indicate
ex-officio members.

As of December 31, 2009

Senior Staff.

George Fertitta

Chief Executive Officer

Jane Reiss

Chief Marketing Officer
Executive Vice President
Partnerships

Kevin Booth

Chief Financial Officer

Bryan Grimaldi

Chief Operating Officer
General Counsel

Kimberly Spell

Chief Communications
Officer

Willy Wong

Chief Creative Officer

Nevah Assang

Senior Vice President
Creative & Content

Paula Berry

Executive Director
NYHarborWay

Kelly Ann Curtin

Senior Vice President
Membership &
Destination Services

Fred Dixon

Senior Vice President
Tourism & Convention
Development

Andrew Gould

Senior Vice President
Sports Marketing

Donna J. Keren

Senior Vice President
Research & Analysis

Barbara H. Lorber

Senior Vice President
Arts & Cultural Programs
Executive Vice President
NYC & Company Foundation

Karen Sortito

Senior Vice President
Entertainment

Angela Tribelli

Senior Vice President
Interactive Media

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