

BRAND USA

**OPEN TO THE PUBLIC
MEETING
OF THE BOARD OF DIRECTORS**

November 19, 2013

A public meeting of the Board of Directors (the "**Board**") of The Corporation for Travel Promotion d/b/a Brand USA (the "**Corporation**" or "**Brand USA**") was held today in Washington, DC and open to the public via webinar commencing at 1:00 p.m. EST. The following members of the Board participated in the meeting:

Daniel Halpern, Chair
Tom Klein, Vice Chair
David Lim, Vice Chair
Caroline Beteta
George Fertitta
Randy Garfield
Mark Schwab
Diane Shober
Roy Yamaguchi
Lynda Zengerle

Arne Sorenson was not in attendance. Attending from Brand USA were Chris Thompson, Don Richardson, Anne Madison, Yvonne La Penotiere and Alfredo Gonzalez. Also in attendance was Robyn Mandel, Esq. of the law firm of Katten Muchin Rosenman LLP and George Schutzer, Esq. of Patton Boggs LLP. Ms. Mandel served as recording secretary. There being a quorum present, Chair Halpern called the meeting to order.

Chair's Introduction and Administrative Matters

Chair Halpern welcomed the members of the general public who were listening to this webinar and introduced the people who were participating in the meeting in Washington, D.C.

Minutes

Chair Halpern asked the Board to approve the minutes of the Board meeting held on August 15, 2013, which were circulated to the members of the Board prior to this call. With no comments, there was a motion and a second, and the Board unanimously approved the August 15, 2013 Board meeting minutes.

Revised Budget for FY 2014

Chair Halpern explained that Brand USA had a “high class problem.” Since the team’s fundraising efforts were so successful, bringing in in excess of \$100 million, the Board needs to approve a revised budget with increased expenditures. Chair Halpern read the following resolutions:

WHEREAS, the Board of Directors at its August 15, 2013, meeting adopted a budget for fiscal year 2014;

WHEREAS, the budget was adopted before the Corporation had completed its fundraising efforts for fiscal year 2013;

WHEREAS, the Finance Committee has reexamined the approved fiscal year 2014 budget in light of fiscal year 2013 performance and has recommended that the Corporation’s fiscal year 2014 budget be updated and has presented a revised fiscal year 2014 budget for the Corporation; and

WHEREAS, the Board of Directors desires to adopt a revised fiscal year 2014 budget;

NOW, THEREFORE, BE IT RESOLVED, that the Fiscal Year 2014 budget is revised to increase expenditures by \$ 30,987,404 for Partner Marketing and Services LOA.

Upon motion and second, the Board unanimously approved the resolutions as read.

Establishment of a Conflict-of-Interest Committee

Chair Halpern explained that in an effort to address conflicts of interest in an expeditious manner as they arise, a Conflict of Interest Committee should be established. He read the following resolutions which would accomplish such:

WHEREAS, the Brand USA Conflict of Interest Policy contemplates that after an “interested person” discloses a “financial interest,” the Board of Directors or a committee of the Board will determine whether a conflict of interest exists and, if a conflict of interest exists, whether a proposed transaction or arrangement is in Brand USA’s best interest;

WHEREAS, Article V, Section 1 of the Bylaws authorizes the Board of Directors to establish committees of the Board of Directors; and

WHEREAS, the Board of Directors desires to establish a Conflict-of-Interest Committee to address potential conflicts of interest as they may arise from time to time;

NOW, THEREFORE, BE IT RESOLVED, a Conflict-of-Interest Committee be, and hereby is, established as a committee of the Board of Directors with responsibility for

making determinations that a committee is permitted to make under Brand USA's Conflict of Interest Policy; and

BE IT FURTHER RESOLVED, for Brand USA's fiscal year ending September 30, 2014, the members of the Committee shall be the directors appointed in accordance with the following clauses of subsection (b)(2)(A) of the Travel Promotion Act of 2009:

- (1) (ii) expertise and experience in the restaurant sector,
- (2) (iii) expertise and experience in small business or retail sector,
- (3) (ix) expertise in immigration law, and
- (4) (x) expertise in the intercity transportation sector;

and

BE IT FURTHER RESOLVED, the Conflict-of-Interest Committee be, and hereby is, authorized and instructed to elect one of its members to serve as its chair and that until such election occurs Daniel Halpern shall serve as its chair.

Upon motion and second, the Board unanimously approved the resolutions as read.

FY13 Highlights

Chair Halpern turned the meeting over to Chris Thompson, Chief Executive Officer, to discuss Brand USA's successes in FY13. CEO Thompson noted that Brand USA desires to bring more engagement of industry through its programs and is doing so by unveiling and presenting its FY14 Business Plan, which members of his team would highlight during the meeting. CEO Thompson also reminded participants in the webinar that Brand USA will entertain questions at the end of the presentation and monitor questions that come in via chat.

CEO Thompson provided a short background on Brand USA and its mission. Emphasizing the importance of travel on the economy, CEO Thompson stated that travel and tourism is the #1 services export with 67 million international visitors. This accounts for 2.8% of the GDP and supports 14.6 million jobs in the U.S. Brand USA was formed pursuant to the Travel Promotion Act of 2009 because U.S growth in international travel was flat though worldwide it had grown by more than 60 million people annually, which equals a 37% drop of market share in the U.S.

Brand USA is part of a 3 legged stool with USTA (advocacy) and TTAB (advisory). Brand USA is the nation's DMO (destination marketing organization) focusing on:

- Adding and creating value
- Marketing the welcome
- Promoting the entirety of the USA (Beyond the Gateway strategy)
- World-Class Marketing Emphasis
- Industry Engagement
- Partnerships

The Brand USA team was very successful in attracting over \$133 million in contributions in FY 2013 and is proud to have more than 300 partnerships.

Financial Situation

Don Richardson, Chief Financial Officer, discussed Brand USA's financial position, reporting the success of bringing in over \$130 million in partner contributions (total for in-kind and cash). He thanked Brand USA's partners for their support and detailed some of the successes.

- More than doubled the contributions from the prior year
- Partnerships expanded from 260 in FY12 to 345 in FY13
- 97% of partners continued to support Brand USA from FY12 to FY13

The success in fundraising arose from increased cash contributions and the number of LOA partners including:

- Increased cash contributions from \$28.2 million in FY12 to \$32.2 million in FY13
- More than double the number of LOA partners from 39 to 81
- Average contribution from LOA partners increased 17%: from \$639,000 per partner to \$748,000 per partner

Brand USA had an excellent year as a result of new partners and partners that stuck with Brand USA.

Land of Dreams Campaign

Anne Madison, Chief Communications Officer, provided an update on how effective the Land of Dreams Campaign was in FY13 based on survey results. The impact on travel is tracked from a number of standpoints. The results demonstrate that Brand USA has increased the intent to travel of international visitors anywhere from 12 to 22%. The results also show recognition of the campaign. For example, in Canada 61% recognize the Brand USA campaign.

FY14 Business Plan

Yvonne La Penotiere, Chief Marketing Officer, explained that after success in FY13, Brand USA is trying to sustain growth and continue to provide value. The FY14 Business Plan provides an outline for Brand USA's strategic imperatives and plans through October 2014. The whole plan will be available on the Brand USA website.

When the Travel Promotion Act was signed, it was President Obama's goal to have 100 million annual visitors by 2021. Brand USA is working on the path towards that goal focusing on the markets that drive 80% of US visitors and finding the best balance of short and long term objectives.

Market Share

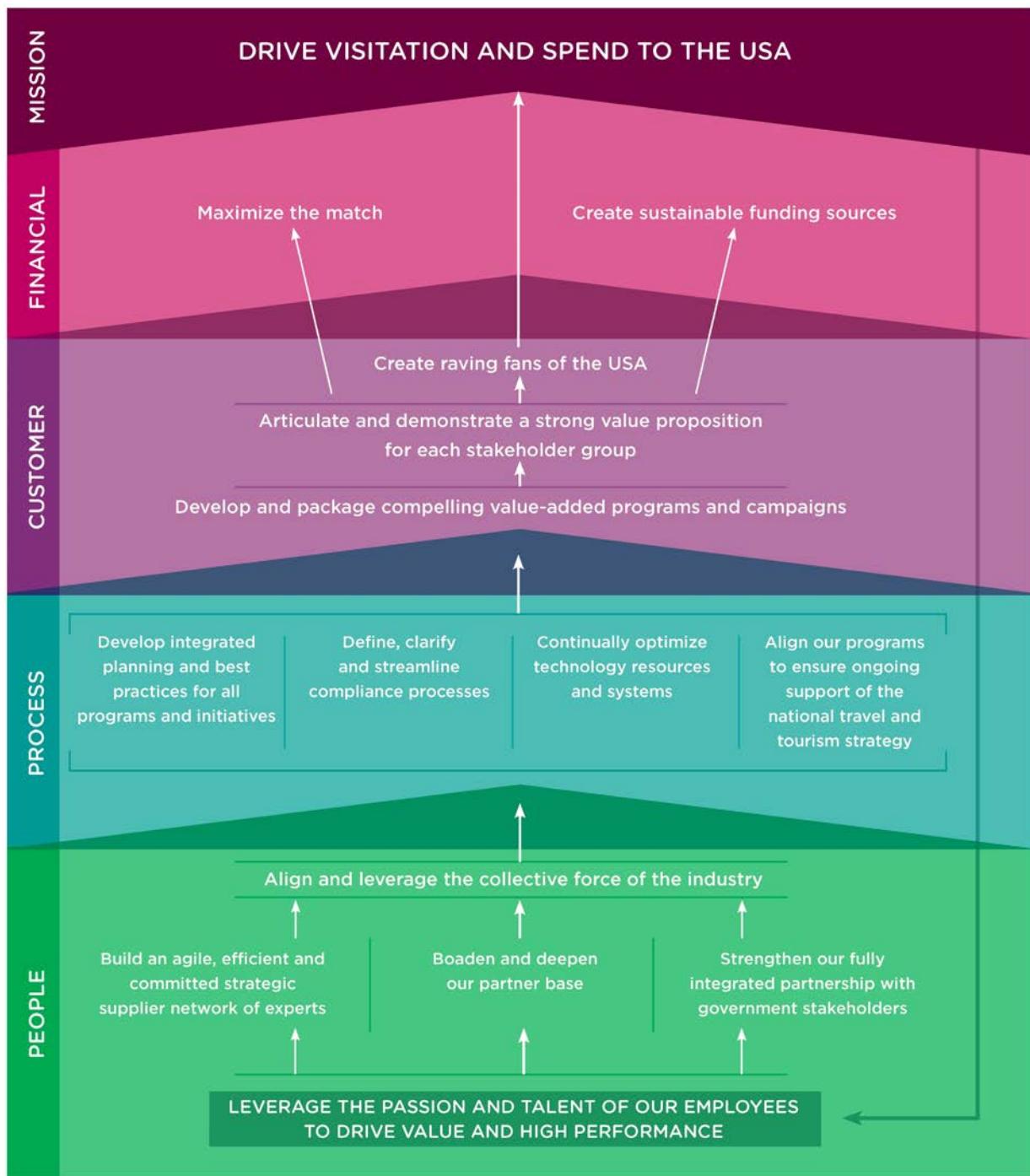
Market share is a key factor in determining how to select markets by understanding growth potential in specific markets. Arrival trends alone do not tell the whole story. A proprietary model is being developed at Brand USA to measure projected growth and market share. For example, Canada delivers more visitors than anyone else; however, growth will be moderated because it is already so high. This is in contrast to Russia where the number of travelers is currently small but the growth rate is good.

Market Activation/Travel Cycle Phase

Brand USA is focused on appropriate market activation, considering the travel life cycle phases, which include dream, consider and activate phases. There is an inverse correlation between aspiration and attainment. As attainment is achieved, aspiration drops; therefore, in emerging markets, there is more aspiration and less attainment. There is less dreaming and more attainment in UK, Mexico and Canada, so different marketing activities are appropriate to account for these differences.

Strategy Map

In Brand USA's Strategy Map, the team tells the story of how Brand USA does business to ultimately drive visitation and spend to the U.S. There are four categories - people, process, customer, and financial – which ultimately lead to fulfillment of the mission.



Strategic Imperatives

- Operational Ease
- Customer Focus
- Value Creation
- Revenue Growth
- Collaboration

CMO La Penotiere further explained how the Strategy map works. People relates to having a corporate culture that attracts and retains a high caliber people. This is the foundation of success that starts with leveraging the passion and talent of employees to drive value and high performance. To achieve this objective, Brand USA is taking actions around training. Tactics that are being employed to improve Process include establishing criteria to evaluate programs, building operational ease and efficiencies, and continually optimizing technology resources and systems. Brand USA management is currently testing CRM (customer relationship manager) systems and will be issuing a RFP soon. With the right people in place, Brand USA can understand Customer needs, execute strategies such as expanding digital strategy and create raving fans of the U.S.

Brand USA's participation in events and tradeshows is expanding the USA's trade presence globally. Brand USA will participate by hosting USA pavilions at 27 trade shows in FY14. The USA pavilion allows partners to exhibit under the Brand USA umbrella addressing Customer needs.

In May 2013, Brand USA hosted a MegaFam, which was the largest multi-destination familiarization trip in the U.S., involving 93 travel agents from UK on 7 different itineraries, who all concluded in Florida to compare experiences. Another MegaFam is being planned for travel agents from Australia with 5 itineraries and concluding in L.A.

The top of the strategy map is focused on Financial Objectives. Brand USA needs to draw down on the \$100 million of matching funds available from Department of Commerce. The team is working to create diverse revenue sources because currently 90% of contributions come from the travel industry. One such way that Brand USA is diversifying is through an IMAX film that it is producing with McGillivray Freeman Films to feature national parks and federal lands, which is scheduled for release in 2015. This will create sponsorship and in-kind contribution opportunities. Another program that Brand USA is working on is the Welcome Ambassador program to "Market the Welcome". This will allow Americans to be the voice and invite people to come visit the U.S.

These are just a few of the highlights of the business plan.

Brand USA Marketing Campaign

CMO La Penotiere discussed Brand USA's market campaign in further detail.

- Consumer campaign
 - Is now in 11 markets
 - Increasing digital and social footprint to 11 languages
- Trade Outreach
 - Expanded international representation to 20 markets

- Doubled the number of USA pavilions to 29 international shows
- Sales Missions and Destination Sales Training
- Introducing additional Mega Familiarization Trips
- Programs and Platform
 - Expanded Co-Op Opportunities and adding new platforms (sports/entertainment)
 - Created PR and Travel Trade Social Platforms with TravTrade/TravMedia
 - Brand USA global Inspiration Guide (500,000 copies)
 - Establishing Vertical Marketing Strategies (i.e. retail)
 - Building Air Team USA to increase airlift in the USA
 - Investing in Research (Competitive Set, Predictive, Performance)

CMO La Penotiere continued. The consumer advertising campaign will continue in the UK, Canada, Japan, Mexico, Brazil, China and Taiwan, and begin in Australia, Germany and South Korea. These markets cover 80% of inbound travel to and spend in the U.S. Every 1% increase in visitation equals 500,000 more visitors, \$1 billion and 15,000 jobs in the U.S. International representation through global representation firms, when fully established, will cover 90% of in-bound travel to the U.S.

One of Brand USA's social media programs is Road Trips. CMO La Penotiere thanked industry members who participated in the webinar where this program was previewed (which is available on the website). Road Trips promotes well-known and mostly undiscovered road trips by topic and geography. It is currently in the content generating stage to be pushed out to the end user soon.

Brand USA has engaged in marketing with sports teams. They have a partnership with ESPN involving broadcast sponsorship and digital promotion on their networks across Europe and on the website. Such programs inspire travel to the U.S. by focusing on sports across all 50 states. One program entitled "Get in the Game" Online "Sports & Team" Picker allows visitors to answer questions about themselves to guide them as to which U.S. sports team they would have an affinity for. Brand USA was a global sponsor of the World Baseball Classic in March 2013 which generated \$1 million of in kind value from MLB, led to 1 million fans and followers and produced great product placement for Brand USA.

Brand USA has developed a relationship with the NFL and is leveraging the League's rapidly growing popularity in Canada, UK and Germany. Brand USA will be a global sponsor for the International Series games and the Canadian Touchdown Tour events.

Closing Summary

CEO Thompson concluded by reminding the public that the full business plan is available on Brand USA's B to B website. There is a lot more information available than what was presented and it is the roadmap for how the Brand USA team expects to achieve its goals.

Brand USA relies on its partners for success. This can be summed up with 4 C's.

- Contribute – support the exponential power of the global campaign with a cash or in-kind contribution to tap into the matching government funds that are available
- Connect – connect with the international representation network in 20 markets, which is an invaluable tool to partners that have their own representation on the ground in those regions and those that do not
- Co-op – participate in co-marketing platforms that exist and/or develop new co-marketing platforms
- Collaborate – collaborate with Brand USA's research initiatives that measure intent to travel and conversion of actual visitation and spend

Open Meeting Q/A From the Public

COO Madison reminded participants that they can send questions through e-mail and Brand USA will post FAQ's along with the presentation on the website later in the week.

The first question was what was the percentage of in-kind and cash contributions from FY13? 25% in cash and 75% of in-kind.

The second question was what is the largest segment that partners with Brand USA? Destination marketing organizations and convention and visitors' bureaus. Brand USA is able to amplify their efforts. Hotels, travel agents and tour operators represent the next largest segment of partners.

Closing Remarks from the Chair

Chair Halpern thanked the Brand USA staff again for putting together this presentation and webinar. He also thanked his predecessor Caroline Beteta, noting that she did a great job during her tenure and led the organization through a large growth time. Chair Halpern also congratulated CEO Thompson and his staff for raising \$133 million in FY13. Finally, Chair Halpern thanked Brand USA's partners.

Adjourn

There being no further business before the Board, the Chairman adjourned the meeting at 1:45 p.m. EDT. The schedule of meetings in 2014 will be posted soon.

The foregoing minutes approved by the Board of Directors on _____, 2014.

Secretary