

“For there is nothing in the world quite like New York. For generations, the power of the City has stirred men and women to the bottom of their souls, seeming the very embodiment of all ambition, all aspiration, all romance, all desire. New York has dazzled and sometimes dazed onlookers since the dawn of the modern age: inciting, defeating and reigniting the imaginative energy of citizens and visitors alike as they have struggled to embrace and comprehend and somehow come to terms with it.”



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**“Recognized around the world,
New York City is a powerful symbol to
which people have always been drawn.
New York has always evoked energy,
excitement, diversity and optimism...
the Chief Marketing Officer will capitalize
on our qualities and aggressively market
all of our competitive advantages.”**

Mayor Michael R. Bloomberg

April 2, 2003, announcing the first Chief Marketing Officer for the City of New York



FROM OUR FOUNDING BOARD MEMBERS

In the Bloomberg Administration's first term we knew there was much to achieve in rebuilding New York City. As part of the Mayor's economic development strategy to make the City more livable, more business-friendly and more economically diverse, we set out to enhance the global perception of New York City as dynamic, diverse and energetic.

NYC Marketing is based upon a powerful idea: New York City is a world-class brand – an exceptionally valuable asset that can generate enormous promotional and financial value for the City and its residents.

To do so, under Mayor Bloomberg's leadership, we devised a revolutionary model to promote New York City around the world and created an organization designed to help address the underlying need to centrally manage New York's brand and marketing assets. We believe that a strong brand image will influence the attitudes people have and behaviors they exhibit towards New York City. Ultimately, it will play a large role in attracting investment, talent, consumers and visitors, as well as generate revenue to support City priorities.

We are pleased to report that with the Mayor's guidance and support, the collective idea and strategy behind NYC Marketing is paying off and impressive results have been delivered to the City, its various agencies and our corporate partners. An economic, promotional and media engine, invaluable to our mission of reaching out to visitors, businesses and consumers worldwide, is now at work to benefit our citizens, just as it benefits our ability to achieve longer term goals and objectives for the City.

As we look ahead, we are proud of NYC Marketing's achievements, and look forward to its ongoing contribution to New York City.

Daniel L. Doctoroff
Deputy Mayor,
Economic Development & Rebuilding,
Chairman of the Board of Directors

Michael A. Cardozo
Corporation Counsel,
New York City Law Department,
Member of the Board of Directors

Andrew M. Alper
President,
Economic Development Corporation,
Member of the Board of Directors



This progress report describes our model, our principles and our achievements since NYC Marketing was launched in 2003. We are grateful for the vision and leadership of Mayor Michael R. Bloomberg and to each of our founding board members: Deputy Mayor Daniel Doctoroff, Corporation Counsel Michael Cardozo, and President of the Economic Development Corporation, Andrew Alper. Without them, NYC Marketing's successes would not have been possible.

As a true start-up enterprise unique to municipal government anywhere in the world, our approach has been to constantly push the boundaries of traditional destination marketing, drawing from the business models of sports, entertainment and cause marketing to manage New York City as a property. We created three primary businesses – Partnerships, Media and Licensing – that each contribute to New York City's objectives for growth, economic development and tourism.

I am very proud to announce our team's progress. From a standing start we have secured more than \$32 million in new revenue and \$50 million in new promotional exposure for New York City through fiscal year 2009. Additionally, NYC Marketing has funded important City initiatives and provided advertising space valued at \$29 million to City agencies, commissions and affiliates. NYC Marketing played a leading role in significantly growing the value of the City's outdoor media franchises, which will ultimately generate \$1 billion in cash and hundreds of millions of dollars in local and global media over the next 20 years.

In addition to generating unprecedented benefits for the City, NYC Marketing is fully funded through its own operations and does not rely on taxpayer revenue to operate. The corporation recorded an operating surplus of \$800,000 in its second year and by June 2006 will have repaid its initial loan from the Economic Development Corporation.

Much of this success is due to our team of can-do professionals and our City partners, NYC & Company and NYC Big Events. Our collaborative efforts have enabled the City to benefit from groundbreaking partnerships.

We are grateful to our 17 corporate partners, including Cadbury-Schweppes, A&E Television Networks, General Motors, Procter & Gamble, XM Satellite Radio and NBC Universal, and appreciate their willingness to embrace the pioneering spirit that has built the foundation for our current and future success.

We look forward to making a significant and ongoing contribution to New York City in the years and decades ahead.

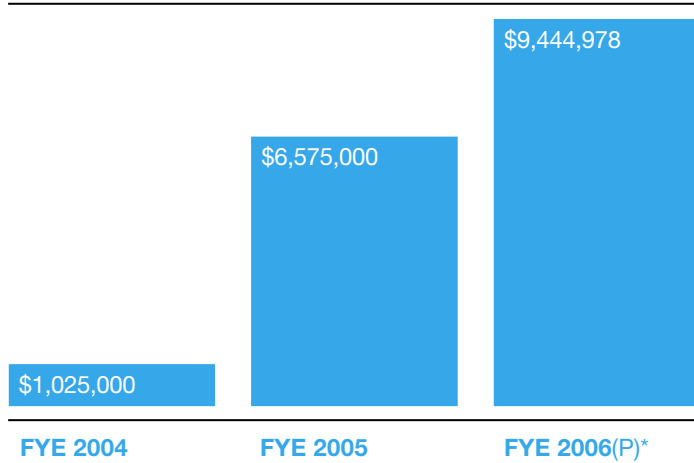
Joseph M. Perello
President, NYC Marketing
Chief Marketing Officer, City of New York
April, 2006



KEY INDICATORS & HIGHLIGHTS

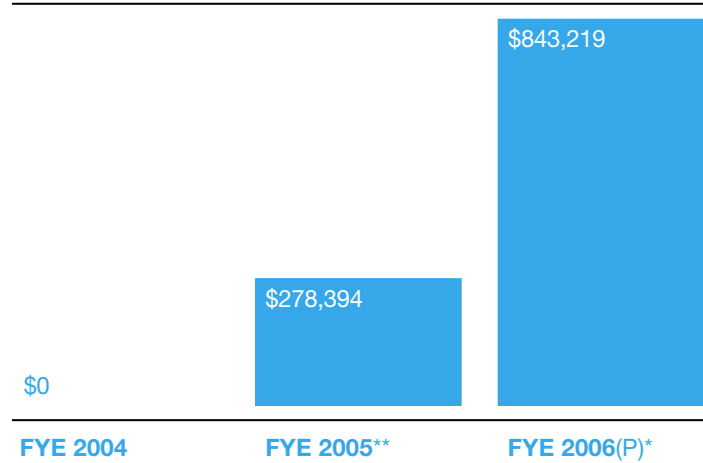
Partnership Revenue

Contracted gross fees from corporate partners



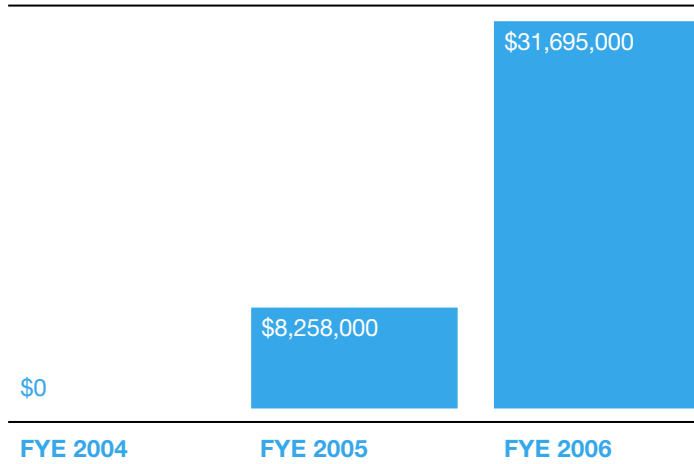
Licensing Revenue

Contracted licensing royalties and advance payments



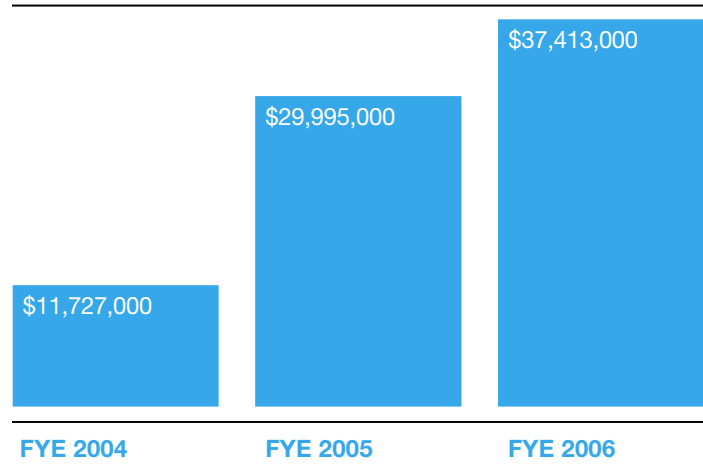
Promotional Value

Exposure provided by partners on the City's behalf



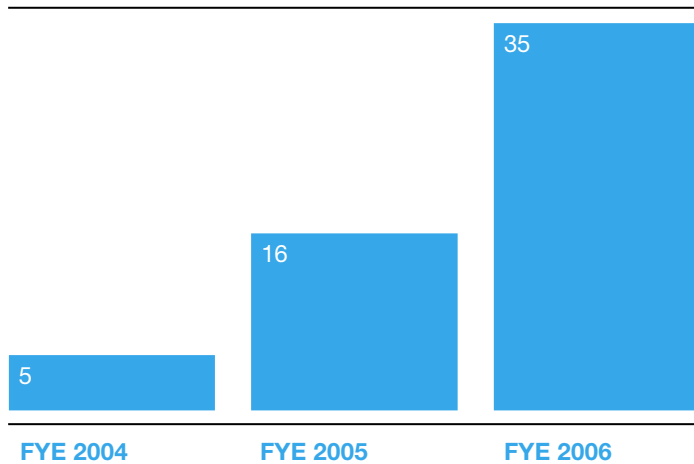
Managed Media

Value of media managed by City



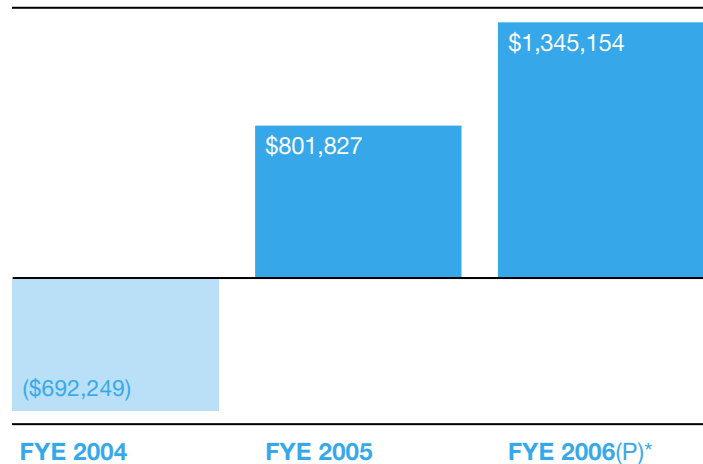
City Agencies Supported

Agencies, Commissions and Affiliates benefiting from partnerships or programs



Operating Income

Revenues less expenses



*Unaudited projection including actuals through 12/31/05 and only revenues under contract

**Represents a partial year of activity, as NYC Marketing assumed management of the NYPD & FDNY programs in April 2005

“NYC Marketing is an imaginative and bold way to organize the assets of the City, its brand and its vibrant character to the benefit of its residents. Like all successful marketing partnerships, everyone wins. I have been impressed at how quickly the marketing function has taken hold and the impact it has on the City. New York is already a great brand; this will make it even better.”

Kash Rangan, Malcolm P. McNair Professor of Marketing, Harvard Business School



A NEW APPROACH TO MARKET A CITY

NYC Marketing created an entirely new approach to market the City using a model based on sports, entertainment and cause marketing. Three new and fully operational businesses – Partnerships, Media and Licensing – are generating impressive results for New York City.

\$32 MILLION IN NEW REVENUE

Through fiscal year 2009, NYC Marketing secured \$32 million in sponsorship and licensing revenues, assuring the financial future of the three-year-old corporation.

\$50 MILLION IN NEW EXPOSURE FOR NYC

Through fiscal year 2009, NYC Marketing secured \$50 million in promotional exposure for New York City including television, online, promotions, events and sweepstakes.

NEW RESOURCES FOR OVER 30 CITY AGENCIES

Since its inception, NYC Marketing has provided over \$5 million in cash and over \$29 million in advertising space to or on behalf of City agencies, commissions and affiliates. Over 30 agencies have benefited from NYC Marketing’s sponsorship, media and licensing partnerships.

17 GLOBAL ADVERTISERS

Our corporate partners include leading global advertisers like General Motors, A&E Television Networks, NBC Universal, Cadbury-Schweppes and Procter & Gamble.

NEW FOCUS ON UNEXPECTED AND COMPELLING EVENTS

Together with NYC Big Events, NYC Marketing created a new model to attract and host unique, high profile events in New York with corporate sponsors. This model funded the 2005 Country Music Association Awards in New York City.

RECOGNIZED BY LEADING BUSINESS INSTITUTIONS

Harvard Business School and other leading business institutions have recognized and studied NYC Marketing as an innovative model for city marketing and social entrepreneurship.

A MODEL FOR CITIES AROUND THE WORLD

Global cities like Düsseldorf, Singapore, Amsterdam, London, Chicago, Boston, Atlanta and Los Angeles have sought to learn from NYC Marketing’s model as they build similar city organizations.

PARTNERSHIPS



“We’ve partnered with the CMA’s for many years and their bold business decision to come to New York City provided us with an opportunity to reach out to existing and new customers, combining the power of entertainment with the brand equity of New York City. So why does Chevy love New York? It’s the biggest platform in the world.”

Kim Kosak, General Director of Advertising and Sales Promotions, Chevrolet



THE CITY AS A MEDIUM FOR COMMUNICATION

NYC Marketing’s partnership group creates platforms that responsibly leverage New York’s intellectual and physical property to forge new types of corporate alliances. These platforms integrate unique experiences, brand associations and new ways to communicate by using the City as a medium. Our partnerships generate cash, support the City’s brand message and provide resources for City agencies.

GUIDING PRINCIPLES: DO WELL, DO GOOD, DO MORE

Our guiding principles ensure we provide real value for the City and prospective partners in a manner far surpassing that realized by traditional philanthropy-based partnerships, while supporting City initiatives and programs. We create opportunities for our partners to Do Well for themselves by helping them achieve their marketing goals through the appropriate use of the City’s assets; Do Good for New Yorkers by supporting City initiatives that align with the partner’s brand; and Do More for the City and the partner by activating its association with New York City in a way that reflects accurately and positively on both brands.

NYC Marketing evaluates a variety of criteria to help guide the process of qualifying, evaluating and selecting potential partners, including a demonstrated history of corporate responsibility, brand alignment, current or future role in the City, and the potential positive impact on revenue and economic development. By entering into several key partnerships, NYC Marketing has generated \$29 million in new sponsorship revenue through fiscal year 2009.

Our partnership with The Snapple Beverage Group established Snapple as the City’s first official marketing partner. It also funded C.H.A.M.P.S., a comprehensive physical fitness program for middle school children, 138 new public school athletic teams and dozens of free summer concerts in the City’s parks. The History Channel partnership helps the City create and reach a new market for tourism focused on heritage and history, provides \$15 million of on-air time to promote the City, and is helping to restore over 250 Parks monuments throughout the five boroughs, among other benefits.

NEW MODELS, NEW PLATFORMS, NEW OPPORTUNITIES

We collaborated with NYC Big Events and NYC & Company to create a new model enabling The Country Music Association to host and stage the 2005 CMA Awards in New York City, a CMA first. Together we created an exciting new platform to showcase all we have to offer as a unique destination. Our partnerships with 14 leading brands, including Chevrolet, helped to ultimately generate a \$30 million economic impact for the City. Our strategic alliance with Universal Studios, in collaboration with NYC Big Events and the Mayor’s Office of Film, Theatre & Broadcasting, enabled us to not just play host to the world premiere of Peter Jackson’s *King Kong*, but provided us with the unique opportunity to place a custom New York mini-film as a bonus element on 14 million domestic and international DVD units of *King Kong*.

“Snapple is synonymous with NYC and is always looking for unique ways to give back to our hometown and NYC residents. NYC Marketing understands the value of brands and cities working together to benefit the people of New York City. It took their understanding of both universes to make this partnership a successful venture.”

Jack Belsito, President, Snapple Distributing Company

“NYC Marketing’s commitment to create corporate partnerships with top brands for the 39th annual CMA Awards dramatically increased our visibility and expanded our reach. Their creativity and partnership in creating marketing platforms drew national attention and excitement.”

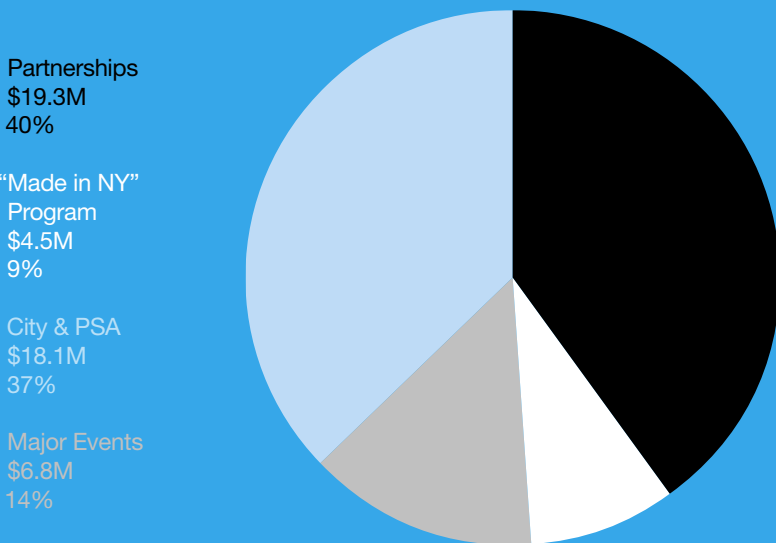
Rick Murray, Vice President, Country Music Association

“NYC Marketing understands how to marry the needs of New York City with the appropriate corporate partner to enhance the City and generate alternative streams of revenue. The History Channel partnership allowed the Parks Department to restore and preserve City treasures, and allowed The History Channel to leave a lasting legacy in its corporate hometown.”

Adrian Benepe, Commissioner,
NYC Parks and Recreation Department



Media Utilization by Purpose 2004-2006*



*\$48.7 million utilized and planned through fiscal year 2006



“We knew we needed a massive event for the world premiere of one of our most anticipated feature films. Having the ability to launch the film in the heart of Times Square created a truly one-of-a-kind event for Universal, our sponsors and fans around the world. NYC Marketing created an innovative marketing platform that broke through the clutter to put our premiere in a league of its own.”

Stephanie Sperber, Executive Vice President, Partnerships, Universal Studios



MANAGING MEDIA CENTRALLY

The establishment of a citywide media group marks the first time all City owned media assets, such as bus stop shelters, phone kiosks and street pole banners, have been centralized. NYC Marketing has increased the share of advertising space available to the City from franchisees, optimizing its value and cumulative impact.

NEW VALUE FOR AGENCIES, NON-PROFITS AND PARTNERS

The successful centralization and management of media assets enables NYC Marketing to generate real value to the City at no additional cost to taxpayers. Our local, national and international advertising vehicles promote New York City around the world and support corporate partners, City agencies and affiliates. Through fiscal year 2006, NYC Marketing has secured and applied over \$48 million in advertising space to help achieve the objectives of City agencies, commissions, affiliates, non-profit organizations and corporate partners.

The City's first official marketing partner, Snapple, has employed a variety of media to promote its local and nationwide campaigns, including recognition of public school athletic coaches and campaigns to promote dozens of free concerts. Chevrolet's application of City media as the title sponsor of the 39th Annual CMA Awards in New York City enabled the automaker to promote their free country music performances in Union Square Park. Together with Universal Studios, NYC Marketing coupled the City's media with space in Times Square and created a rare synchronized billboard roadblock on 20 video screens to promote the premiere of King Kong.

City agencies also benefit from NYC Marketing's media management program. The Mayor's Office of Film, Theatre & Broadcasting, for example, has enhanced its "Made in NY" tax incentives for films and television productions made in New York with the use of outdoor media. Since 2005, the group has helped recruit television and film productions to New York, and has increased exposure for these movies and shows by delivering \$4.5 million in advertising space to these productions.

EXPANDED GLOBAL TRADE HORIZON

Looking ahead, these powerful advertising opportunities in the world's most valuable advertising market are enabling us to further grow our media network and its reach. In 2006 we will complete the first of several media barter relationships with major cities in Germany, the Netherlands and the United Kingdom. This new communications tool will promote key New York City tourism and economic development initiatives, providing us with an efficient and growing platform to speak to the world.

“As a not-for-profit it is difficult for organizations like NEW to get our message out to the community in an effective way. Through media support from NYC Marketing we increased direct inquiries for our skills training programs by over 430% – an incredible success!”

Anne Rascon, Executive Director,
Non-traditional Employment for Women (NEW)

“When NYC Marketing came up with the idea to trade our media in Düsseldorf for media in New York City we knew it was a compelling opportunity. We are excited to be the first international city to engage in a media barter program with NYC. New York City is an unparalleled opportunity for us to reach the world.”

Alexander Leibkind, General Manager,
Düsseldorf Marketing & Tourismus GmbH



“Since NYC Marketing assumed management of FDNY licensing, they have helped us increase the awareness and value of the program. Through their marketing and operations efforts, we are now positioned to expand the sale of authentic products featuring our marks, helping to further support the FDNY Foundation.”

Daniel Shacknai, Deputy Fire Commissioner, FDNY



CENTRALIZED LICENSING AND INTELLECTUAL PROPERTY RIGHTS

As New York City itself is a powerful brand, NYC Marketing's licensing group manages and protects the City's intellectual property, and has centralized the rights to grant licenses to City's intellectual property under one authority. We manage all merchandise licensing agreements and have built a base of new licensees to increase the sale and distribution of City licensed products around the country and across the globe.

EXCLUSIVE LICENSEE

On behalf of the City, we currently manage 21 City marks for 7 City agencies, including the NYPD, FDNY, Parks & Recreation Department and the Taxi & Limousine Commission. NYC Marketing has revitalized the City's licensing efforts since assuming management in April 2005, reversing the downward trend of gross licensing revenue from a decline of 50% in fiscal year 2004 to a forecasted increase of 8% for fiscal year 2006.

GLOBAL TRADEMARK PROTECTION

To protect the City's intellectual property, NYC Marketing's centralized management has enabled our licensing group to introduce standard quality control requirements and enforcement guidelines. These quality control procedures provide our licensees with usage guidelines for all licensed products, which protect the brands and images of the City and its agencies. To provide consumers with the assurance that purchased merchandise is "official" and contributes to the City of New York, NYC Marketing has developed on-product authentication through hang tags and holograms. These new steps serve as a solid foundation for a global trademark protection program.

LAYING GROUNDWORK FOR CONTINUED SUCCESS

In 2005, NYC Marketing released a Request for Proposals (RFP) for the first citywide licensing rights to major merchandise categories including adult and children's apparel, souvenirs and replica vehicles, as well as overseas licensing agents. New official merchandise that will generate still more City revenue is scheduled to launch in Spring 2006. Looking ahead, NYC Marketing will continue to grow the program by developing stronger relationships with retailers.

“Creating a brand protection program from scratch is one of the most difficult tasks in our industry. Especially when you're dealing with one of the most well-known brand names in the world. You have to have an understanding of a number of issues (legal, licensing, marketing), a knowledge of the tools at your disposal, and the ability to execute. NYC Marketing has delivered exactly that.”

Lisa Lehman, Vice President Sales, OpSec Security, Inc.

FINANCIAL SUMMARY

NYC Marketing earns direct revenue from licensing and sponsorship fees. This revenue is used to develop marketing programs to support the City's economic development and tourism goals, and to support important City initiatives, creating an ongoing model not reliant on tax revenues.

Statements of Activities (for the years ended June 30)	2004	2005	2006(P)*
Sponsorship Revenue	\$1,025,000	\$6,575,000	\$9,444,978
Commision Revenue	41,016	466,155	550,328
Licensing Revenue	–	278,394	843,219
Other Revenue	544	–	–
Total Operating Revenue	\$1,066,560	\$7,319,549	\$10,838,525
Direct Program & Marketing Expenses	\$321,944	\$3,271,180	\$6,073,885
Personal Services	1,131,327	2,444,334	2,389,639
Other Operating Expenses	305,904	806,226	1,060,826
Total Operating Expenses	1,759,175	6,521,740	9,524,350
Operating Income (Loss)	(629,615)	797,809	1,314,175
Nonoperating Income	366	4,018	30,979
Change in Net Assets (Deficit)	(\$692,249)	\$801,827	\$1,345,154

Statements of Net Assets (as of June 30)	2004	2005	2006(P)*
Assets			
Total Current Assets	\$647,761	\$1,757,188	\$1,555,812
Capital Assets, Net of Accumulated Depreciation	66,211	37,890	9,570
Total Assets	\$713,972	\$1,795,078	\$1,565,382
Liabilities and Net Assets			
Total Current Liabilities	\$1,406,221	\$1,685,500	\$110,653
Total Net Assets (Deficit)	(692,249)	109,578	1,454,729
Total Liabilities and Net Assets	\$713,972	\$1,795,078	\$1,565,382

*Unaudited projection including actuals through 12/31/05 and only revenues under contract



“Over the past four years, we’ve created new partners for NYC & Company: NYC Marketing and NYC Big Events. Now they’ll work more closely together to create the best marketing and promotion effort serving any city in the world... With this bigger and better marketing strategy, we will set a new goal called ‘50 by 15,’ 50 million visitors annually by the year 2015.”

Mayor Michael R. Bloomberg

January 26, 2006, in the 2006 State of the City address

As we look ahead, we are excited by the opportunity to build on our progress and to create even greater lasting results for New York City.

We will soon complete the development of a new formal brand identity for New York City. This will be the focal point of our future communications efforts, and will help position New York as the defining city of the 21st century. This new brand, and the communications and imagery that will surround it, will build on the City's core strengths of energy, diversity and heart, and help dispel long-standing misperceptions.

We will expand our efforts to help manage the media and advertising portion of the City's new media franchise agreements. Through barter agreements with important, established and emerging global cities, we will grow New York's domestic and international media reach into exciting new markets.

Our partnership group will continue to help fund compelling events unique to New York City, and pursue new partnerships with the largest domestic brands as well as with online and traditional media firms, creating multiple platforms through which to communicate.

Finally, we will continue to extend our merchandise program and will focus on building lasting relationships with the world's most important retailers, helping to bring our brands to life.

By building on our success and further integrating our efforts with NYC Big Events, NYC & Company, the Mayor's Office and Film, Theatre and Broadcasting, the Economic Development Corporation and many other City entities, we can create even more tools to best communicate to the world the authentic New York City.

MANAGEMENT

NYC Marketing's accomplishments are a result of the dedication, insight, experience and vision of our uniquely diverse staff and management team.

BOARD OF DIRECTORS

Daniel L. Doctoroff
Michael A. Cardozo
Andrew M. Alper

SENIOR MANAGERS

Joseph M. Perello, President and Chief Marketing Officer

Kevin Booth, Finance and Operations
Jim Donofrio, Partnerships and Media
Jessica Eliasi, Strategy
Bryan Grimaldi, Law and Government Relations
Lloyd Haymes, Licensing
Kimberly Spell, Communications

TEAM

Elena Becker, Media
Laura Fernandez, Partnerships
Richard Genovese, Partnerships
Sean Greene, Licensing
Judson Hannigan, Partnerships
Minter Krotzer, Law
Joe Maltese, Operations
Michelle Nguyen, Media
Hector Ortiz, Operations
Desiree Peterkin, Government Relations
Ramona Roopnarine, Operations
Kate Rosen, Partnerships
Daniel Schloss, Law
Orian Sentner, Strategy
Gerry Singleton, Law
Doreen Steinbock, Creative Services

A very special thank you to the following individuals whose contributions were integral to establishing NYC Marketing or were instrumental to its success: First Deputy Mayor Patti Harris, Deputy Mayor Ed Skyler, Lisa Kraynak, Jennifer Falk, Howard Friedman, Marc Ricks, Nanette Smith, Jeff Sofka and Justin Steinberg.

THANK YOU

We gratefully acknowledge the contributions of the countless individuals, organizations and City entities that have supported our efforts including:

Commissioner Brian Anderson and the Department of Records and Information Services; Peter Arnell and the Arnell Group; Commissioner Adrian Benepe and the Department of Parks & Recreation; Roy Bickley and the Port Authority of NY & NJ; Daniel Biederman and the 34th Street Partnership; Jon Bond; Rick Boyko; Brian Boylan, Dean Crutchfield and the team at Wolff Olins; Carin Cardone and the Lower Manhattan Development Corporation; Felix Ciampa; John Cirolia; David Cohn, Stuart Ruderfer and Civic Entertainment Group; Brian Collins; Beth Comstock; Lee Ann Daly; George Davis; Pam Delaney and the New York City Police Foundation; Gretchen Dykstra; Paul Elliott; Charlie Flateman; Commissioner Thomas Frieden and the Department of Health & Mental Hygiene; Jeffrey Friedlander; Anne Sutherland-Fuchs; Murray Gaylord; Caroline Gehrels; Gary Gertzog; Nancy Greenberg; Jonathan Greenspun, Mildred Duran and the Community Assistance Unit; Lisa Grinberg; Commissioner Martha Hirst, Lew Finkleman and everyone at DCAS; Terry Jackson; Jon Kamen; Commissioner Ray Kelly, Chief Bruce Smolka and the New York Police Department; Chancellor Joel Klein, Kathleen Grimm, Marty Oestreicher and the Department of Education; Leslie Koch, Jay Kriegel & NYC2012; Peter Kohlmann; Susan Kupferman; Alexander Leibkind and Düsseldorf Marketing & Tourismus GmbH; Commissioner Kate Levin and the Department of Cultural Affairs; Valerie Lewis and the Downtown Alliance; M&C Saatchi; Commissioner Gino Menchini; Michael Mendenhall; Betsy Miccio; Henry Miller; Commissioner Jonathan Mintz and the Department of Consumer Affairs; Mitchell Modell; Raquel Murray; Commissioner Katherine Oliver and The Mayor's Office for Film, Theater and Broadcasting; Commissioner Kenneth Podziba and the Sports Commission; Randi Press; Professor Kash Rangan, Anita Elberse, Marie Bell and Harvard Business School; Maureen Reidy, Ashley Jacobs and NYC Big Events; Tracey Riese; Jane Rosenthal, Craig Hatkoff and the Tribeca Film Festival; Stephen Ruzow and the FDNY Foundation; Commissioner Nicholas Scoppetta, Eric Scott; Don Shacknai and the Fire Department of New York; David Seid; Lynne Seid; Director Marla Simpson and the Mayor's Office of Contracts; Deo Singh; Josh Sirefman; Peyton Sise; Howard Smith; Rick Smith, David Wilkie and the m50; Ian Spanier; Amy Stanton; David Stern; Jeff Stewart; Jeff Straus and Countdown Entertainment; Jonathan M. Tisch, Critstyne Nicholas and NYC & Company; Tim Tompkins and the Times Square Alliance; Charles van Renesse and Amsterdam Partners; Frank Vuono; Commissioner Rob Walsh and the team at Small Business Services; Len Wasserman; Commissioner Iris Weinshall, Evan Korn and the Department of Transportation; Alissa Weisberg; Arick Wierson, Trevor Scotland and the NYC-Media Group; Katherine Winningham; Joseph P. Wuensch; and Debbie Zoland.

For more information about working with NYC Marketing,

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