HSB Capital Partners, LP
1513 N. Harbor Boulevard
Santa Ana, California 9270

July 1, 2019

Dear Fellow Tix Stockholders:

HSB Capital Partners, L.P. (together with its affiliates, “HSB” or the “Fund”) beneficially owns approximately 4.8% of the outstanding common stock of Tix Corporation (“Tix” or the “Company”), making us one of the Company’s largest stockholders.

After extensive study and analysis, we are convinced that tremendous value remains untapped inside the Company as a result of poor oversight by Tix’s board of directors (the “Board”) who lack both the experience and independence to set a clear, stockholder-focused, value-creating strategy. As a result, we have identified and intend to nominate for election at the Company’s 2019 annual meeting of stockholders (the “Annual Meeting”) a slate of four independent, highly qualified nominees to join Tix’s Board (the “Nominees”). Our Nominees are Haren Bhakta, Palak Bhakta, John Buckingham and Michael Fisk. Each of the Nominees are independent of the Company and each other, have no familial relationship to each other, bring substantial expertise, relevant experience and were selected specifically to help unlock the Company’s potential. We believe that unlocking the Company’s true value could result in a share price several multiples of today.

Why We Are Here

HSB was launched in 2017 to take concentrated positions in deeply undervalued, underfollowed, and unloved businesses that have the potential to meaningfully appreciate over time. Our investment process is characterized by rigorous research, which includes extensive consultations with industry executives, operators, customers and competitors. The Fund’s investment objective is to outperform the S&P 500 index by a wide margin over the long term.

Tix represents the largest position in the Fund which demonstrates with conviction the level of certainty we have in Tix’s potential value-creation opportunities that lie ahead, if managed correctly. The Board’s lack of urgency in addressing many of the issues facing Tix has caused us to be deeply concerned. The Board has, in our view, failed to hold itself and management accountable for the Company’s strategic and operational missteps, lost opportunities, and poor corporate governance.

The lack of a meaningful response from the Board, despite considerable effort to engage privately with the Board and management to address our concerns, has forced us to bring our issues into the public forum and nominate directors. In response, the Board has spent a significant amount of stockholder resources to spread misinformation about HSB and attempt to prevent us from exercising our most fundamental stockholder right to nominate directors in opposition to the Company’s entrenched directors. This effort to disenfranchise stockholders, rather than make the necessary changes to increase stockholder value, clearly demonstrates the urgent need for change.

Stockholders deserve the right to decide for themselves whether our Nominees are more qualified to lead the Company forward. The Board needs to be held accountable and HSB intends to proceed with its nomination of directors at the Annual Meeting.

Tix Long-Term Underperformance

Tix's poor execution is clearly evident in the decades of investment underperformance and value destruction under the helm of the four current independent directors, Norman Feirstein, Andrew Pells, Steven L. Zelinger, and Aaron S. Bregman. We have summarized the performance of $100 invested in TIXC stock over the course of each of their tenures versus SPY, an S&P 500 index fund, through May 31, 2019.

Value of $100 invested in TIXC stock since director's appointment vs SPY					
Director	**Since**	**TIXC**	**Return**	**SPY**	**Return**
Norman Feirstein	March, 1995	$1	(99%)	$874	774%
Andrew Pells	July, 2007	$9	(91%)	$234	134%
Steven L. Zelinger	August, 2013	$48	(52%)	$183	83%
Aaron S. Bregman	October, 2013	$46	(54%)	$184	84%

Source: Yahoo! Finance
Note: Assumes investment at the opening price of the month and reinvestment of dividends.

As you can see, investors have lost a substantial amount under these independent directors. $100 invested in Tix stock in March 1995 (24 years ago), when Norman Feirstein was appointed to the Board, would now be worth approximately $1. The same $100 in SPY would now be worth $874. After 24 years of value destruction and watching stockholders lose 99% of their investment, we wonder why he is still there.

Despite Tix's compelling business qualities, we believe its stock price is not representative of the intrinsic-value it holds to the very fabric of the Las Vegas market. The Company has been plagued by repeated strategic errors, operational missteps, and stockholder disappointments. In our view, this failure has caused a deterioration in Tix's competitive position and loss in stockholder confidence.

Most recently, the Company's slow pace of innovation by waiting until 2017 to allow for internet ticket sales caused online competitors to gain a foothold in the Las Vegas ticket sales market. Failure to adapt to universal modern technology was a grave misstep. This very structure was one of the keys that could have propelled the Company to our projections. Those loss connections and the ability to regain them can make the difference between success and failure. Blockbuster's notorious downfall is a stern reminder that there is no recipe for business; some victories are simply won by being open to hearing new perspectives.

Lack of Accountability

The Chairman of the Board of a company is the chief representative of stockholders, and the board as a whole has the responsibility of overseeing the effective operation of the company as well as ensuring that it is being run in the best interests of all stockholders. The CEO of the company, holding the top management position at the company should be, by definition, the leader of the managers.

Combining the roles of Chairman and CEO opens the door for abuse and creates an inherent conflict of interest. A board led by an independent chair is more likely to identify and monitor areas of the company that are drifting from its mandate and to put into place corrective measures to get it back on track.

Mitch Francis, Chairman, CEO and Founder of Tix, has had great vision and fortitude in creating the Company, and we applaud him for that. However, we want to ensure that the Company has the proper accountability and oversight that often exists when one person occupies the dual roles of Chairman and CEO. An independent chairman can provide a necessary balance to the CEO, which has the power to strengthen the Company. The most prudent action here in order to accelerate the growth and maintain the stability of Tix would be to separate these two roles.

Researchers at the Corporate Governance Research Initiative at the Stanford Graduate School of Business found that an independent chairman: 1) clearly distinguishes between the roles of the board and management 2) eliminates conflicts in the areas of performance evaluation, executive compensation, and the recruitment of new senior staff and other directors 3) allows the CEO to focus completely on operations and organizational issues in strategy and execution 4) ensures that board meetings encourage others to share their viewpoints and raise questions that challenge and cause the CEO to think differently and 5) conducts executive sessions that allow for open and candid conversations between independent directors and the CEO.

While it is beneficial to have experienced and tenured directors, directors such as Norman Feinstein, who have been on the Board for 24 years while overseeing the Company during this tumultuous period, is not what is prudent nor in the best interests of the Company. Further, it becomes even more difficult to hold the CEO accountable for members of the Board, like Steven L. Zelinger, who is a first cousin to Mr. Francis.

Tix's Board is not functioning effectively and requires an infusion of new ideas and independent directors in order for the Company to achieve its true potential.

Opportunities and Immense Potential Exist at Tix

We see many developments in the long-term horizon that Tix can take advantage of. Our research has identified a recent Las Vegas trend of moving away from strictly being a city of gaming and towards a city of experiences. This is evidenced with the ever-growing roster of shows, the move by the Oakland Raiders National Football League team to Las Vegas, and the construction of a new hockey arena for the Las Vegas Golden Knights National Hockey League team. These trends signal a growing market for Tix to flourish.

Part of our strategy is to grow and maintain strong relationships with the casinos in Las Vegas. We believe casinos will have more incentive than ever to maintain strong relationships with the Company. Casinos will have more competition then ever for tourist dollars with shows, pro sporting games, and concerts at these new large venues that will occupy Las Vegas.

Tix is good for the whole value chain. The consumer benefits by getting discount show tickets, the casino benefits by filling seats they otherwise may not be able to fill, the city's economy thrives with an influx in tourism and local spending, all while the Company receives a fair commission for its services.

Cutting Expenses

Streamlining operations is a multi-step process but is necessary to drive value at Tix. For a company the size of Tix, we see a revenue drain due to the separated positions of CEO and COO. For a company of this size, the two positions have directly related responsibilities that can cause a disconnect in management – we believe these two roles should be combined. Combining these roles would also likely create a more knowledgeable management staff who have visibility on day-to-day operations. A disconnect between the on-the-ground workforce and corporate can cause extreme morale issues and incentive disconnects. To combine these positions can help improve employee morale, which can potentially become another driver for growth.

We further believe that executive compensation is not in line with Tix's sales volume and should be better aligned with the Company's performance. In our view, a newly consolidated CEO/COO position should command an annual salary of no more than $300,000 for a company of Tix's size and the position of CFO should be in the range of $150,000 annually, thereby reducing executive compensation by more than 50%.

In addition, all of Tix's headquarters and operations are based entirely in Las Vegas, NV. Yet, Mr. Francis runs an office with staff out of Studio City, CA, which is an unnecessary financial burden on the Company. We believe the Studio City office should close so that operations can be consolidated to Las Vegas only.

We estimate these changes can save the Company over $1 million in annual expenses.

Drivers for Growth

Improving Employee Management

In our view, the reputation and morale at Tix is at an all-time low and Tix needs a new Board to undertake a culture transformation from the top-down. Based on our diligence, employees report feeling a lack of support and a general culture of fear and intimidation resulting from management and Company practices. Management is seen as being absent from day to day operations and the staff is left without firm, knowledgeable and effective leadership. This sort of management can expose the Company to potential liabilities and compromises customer service. Tix employees carry the public face of the Company and currently, employees may not be encouraged or supported to thrive. From our research and personal experience, employees need to be better trained in up-selling and sales techniques in general. We believe the trickle-down effect from poor management has ultimately affected sales volume and profitability across the board.

By creating a more "hands on" approach to operations and employee relations and retention, Tix will improve structure and operations from the top-down. By creating an enticing and well managed work environment, Tix can train, recruit and retain top employee talent, increasing sales and profitability. By creating a sought-after company culture and increasing employee satisfaction, Tix will further engage its employees and its customers. Reforming the compensation structure to reward high sales volumes and customer satisfaction will create a stronger salesforce, which can further grow revenue.

Leveraging Strengths

While other online ticket companies do exist, we believe that we can leverage the physical locations on the Vegas strip in order to gain a strong competitive edge by marketing the Company's website to patrons on the Vegas strip. Over time we believe this will gain traction and ultimately take market share from other competing sites as the consumer begins to place a higher level of trust in the Company's website with the physical presence on the strip.

As mentioned in our previous letter, while the online capabilities of Tix are extensive, the Company entered the online marketplace very late in 2017. Our analysis suggests that Tix's online marketing practices are behind the curve. After identifying the target market in depth, we believe online marketing campaigns can be created to tailor to the Company's largest demographics.

HSB's Recommendation: Refresh the Board

HSB believes the Nominees should replace the four independent incumbent directors on the Board. Our intent in nominating a majority of the Board is not to "take" or cause Mr. Francis to "lose" the Company. We acknowledge that Mr. Francis founded Tix. We want nothing more than to help the Company grow to its full potential. As the founder, we are certain Mr. Francis holds a higher vision for the Company than what has materialized.

Given the urgent need to address the Company's underperformance, the time for action is now. We must make meaningful changes that are in the best interest of stockholders before the Company loses all of its worth. For these reasons, we will proceed with our nomination at the Annual Meeting so stockholders can be given the opportunity to properly and fairly decide the future of the Company.

HSB's Nominees

HSB's Nominees are committed to acting in the best interest of all Tix stockholders, and have a strategy to position Tix to thrive in a digital future. The Nominees have the focus and skillset to enhance Tix's growth and profitability and will drive a strategy centered on building stronger relationships with consumers and businesses and delivering innovative marketing and digital solutions. Each of the Nominees are independent of the Company and each other, have no familial relationship to each other, and were selected given their relevant skill set and qualifications that are currently lacking on the Board.

<u>Haren Bhakta</u>

- Mr. H. Bhakta is the Managing Partner and Chief Investment Officer of HSB Capital Partners, LP and has more than 10 years' experience in the financial services industry.

- Mr. H. Bhakta has a stellar track record working for some of the world's most prestigious financial institutions like Morgan Stanley and Merrill Lynch.
- Mr. H. Bhakta has extensive experience in securities analysis, corporate finance and portfolio management and will bring an independent stockholder perspective to the Board.

Palak Bhakta

- Mr. P. Bhakta is a Senior Patent Counsel at BlackBerry Limited, a telecommunications and software company.
- With more than 10 years' experience working in the technology industry, Mr. P. Bhakta brings an extensive background and unique experience from advising on broad corporate legal matters.

John Buckingham

- Mr. Buckingham is a Professor of Marketing at Pepperdine University.
- Mr. Buckingham received his MBA from Harvard Business School and has almost four decades of experience as an executive officer, a business school professor, and has served as a director on public boards driving business growth and sustainability in various industries.

Michael Fisk

- Mr. Fisk is the Principal and Owner of InterMark Strategy & Consulting, a Marketing consulting firm.
- Mr. Fisk previously worked as Senior Vice President, International Marketing for Warner Bros. Entertainment, Inc.
- Mr. Fisk's has over 20 years of executive marketing experience in the entertainment industry which gives him a keen understanding on the importance of ticketing sales and marketing.

Conclusion

The current Board has not only failed the Company and its stockholders, but has also failed its employees. In doing so, it has lost stockholder's trust, and continues to severely damage that relationship by attempting to deprive the stockholders of the opportunity to vote on new directors who can bring fresh perspectives and greater independent oversight to the Company.

As a significant stockholder in Tix, we have a strong vested interest in seeing the Company enhance long-term stockholder value. It is HSB's intention to reinvigorate the Board with our director slate of Haren Bhakta, Palak Bhakta, John Buckingham, and Michael Fisk, who possess the talent and experience to provide appropriate oversight and ensure the Company has a strong and streamlined management team, a strategy to address its challenges, and an effective implementation plan.

We look forward to communicating more with stockholders and detailing our plans over the upcoming weeks, as we get closer to the Annual Meeting. We are confident that by seeing through many of our proposed changes (as well as targeted research into additional strategic changes and opportunities), we can expect to see higher returns and a healthier, more productive company that can create and grow stockholder value.

Sincerely,

Haren Bhakta, Managing Member

HSB Capital Partners, L.P.