NIAGARA FALLS INTERNATIONAL AIRPORT

INCENTIVE PROGRAM

The Authority's Air Service Development Program (Program) for Niagara Falls International Airport (NFIA) has dedicated staff and resources to create public and industry awareness of NFIA and its facilities. The Program is designed to increase air travel and promote competition at NFIA. The Program provides for the overall marketing of NFIA, targeting specific destinations, participation in travel and trade shows, conducting advertising campaigns and promotions, and engaging in direct sales meetings with travel agents/tour operators.

The Authority recognizes the value of new domestic and international air service at NFIA. The goal of the Authority Incentive Program is to attract new service to increase travel to and from NFIA and promote competition at NFIA. The Authority recognizes that efforts to attract new service and the success of new service may be dependent on whether or not the airport offers an Incentive Program. The Authority developed an Incentive Program that is an important piece of the Authority's Air Service Development Program. The Incentive Program will offer incentives for new entrant service and service to defined destinations not currently served at NFIA. The following air carrier/operator Incentive Program has been developed based on the goals and objectives of the Program. The Authority will review the Incentive Program annually and reserves the right to amend, supplement or cancel the Incentive Program. The costs associated with the NFIA Incentive Program will not be included in the airline rates and charges.

I. <u>Non-Stop Destination Based Incentives</u>

A. Matching Advertising Incentive

Eligibility and Benefits

The Authority will make a pool of cooperative advertising funds available for the promotion of destination based new service. The new service may be provided by an incumbent air carrier/operator or new entrant air carrier/operator. The Matching Advertising Incentive for a particular destination will no longer be available once two air carrier/operators serve the same destination. The new service must consist of non-seasonal regularly scheduled non-stop passenger or regularly scheduled non-stop public passenger charter service that operates a minimum of one flight per week to one of the twelve following destinations:

Destination	Destination Limit	Duration of Incentive
1. LA basin – LAX (Los Angeles), BUR (Burbank), SNA (Orange County), LGB (Long Beach), and ONT (Ontario)	$50,000 per carrier	Twelve months from start of service
2. San Francisco – OAK (Oakland), SFO (San Francisco), and SJC (San Jose)	$50,000 per carrier	Twelve months from start of service
3. MKE (Milwaukee)	$50,000 per carrier	Twelve months from start of service

4. DEN (Denver)	$50,000 per carrier	Twelve months from start of service
5. ALB (Albany)	$50,000 per carrier	Twelve months from start of service
6. DFW (Dallas – Ft. Worth)	$50,000 per carrier	Twelve months from start of service
7. Caribbean	$75,000 per carrier	Twelve months from start of service
8. Central and South America	$75,000 per carrier	Twelve months from start of service
9. British Isles (UK/Ireland)	$100,000 per carrier	Twelve months from start of service
10. Mediterranean	$100,000 per carrier	Twelve months from start of service
11. Western Europe	$100,000 per carrier	Twelve months from start of service
12. Eastern Europe	$100,000 per carrier	Twelve months from start of service

The matching advertising funds may be available to air carriers/operators that meet the eligibility requirements provided that money is available in the Authority matching advertising program fund. The Authority will set an annual cap on the matching advertising program fund. The Authority may pro rate the matching advertising funds in the event that more than one air carrier/operator applies for the same destination. The pro rated amount will be based upon the frequency of service that each air carrier/operator is offering to the same destination and the amount of money available in the matching advertising fund. The matching advertising program fund incentive shall be effective until the fund is exhausted.

An air carrier/operator will not be eligible for the matching advertising incentive if it had service to a listed destination and cancelled that service within the last two years of applying for the matching advertising incentive to the destination that was previously cancelled. The air carrier/operator may be eligible to apply for the matching advertising incentive for the previously cancelled destination two years after the cancellation of the service, provided that the program is still available.

An air carrier/operator is required to match the Authority's advertising incentive on an equal basis. The Authority will require proof of payment, subject to audit, prior to receipt of the Authority's advertising incentive. Fifty percent of eligible incentive dollars may be paid after six months of service and the remaining fifty percent at the end of the twelve month period.

Matching advertising funds may be used for advertising campaigns, radio, direct mail, internet marketing or other agreed upon promotions. The name "Niagara Falls International Airport" must be prominently mentioned in the form of media selected for the promotion.

The Authority reserves the right to review and approve the air carrier/operator advertising campaign to verify compliance with the requirements set forth herein. The air carrier/operator is responsible for the development of its advertising campaign.

The air carrier/operator and the Authority shall execute a letter of agreement for participation in the Incentive Program that memorializes the terms and conditions of the Incentive Program. Either party may terminate the agreement upon sixty days written notice.

B. Destination Based Landing Fee Waiver Incentive

Eligibility and Benefits

The Authority will waive landing fees, as set forth in the NFIA Tariff schedule, for a not to exceed period of twelve (12) consecutive months for new service to destinations identified as one through six above and for a not to exceed period of twenty-four (24) consecutive months for new service to destinations identified as seven through twelve above. The new service must consist of regularly scheduled non-stop passenger or regularly scheduled non-stop public passenger charter service that operates a minimum of one flight per week to one of the twelve destinations. In the event that the air carrier/operator does not comply with these minimum requirements then it is not entitled to receive the Landing Fee Waiver.

An air carrier/operator will not be eligible for the destination based landing fee waiver incentive if it had service to a listed destination and cancelled that service within the last two years of applying for the destination based landing fee waiver incentive to the destination that was previously cancelled. The air carrier/operator may be eligible to apply for the destination based landing fee waiver incentive for the previously cancelled destination two years after the cancellation of the service, provided that the program is still available.

The air carrier/operator and the Authority shall execute a letter of agreement for participation in the Incentive Program that memorializes the terms and conditions of the Incentive Program. Either party may terminate the agreement upon sixty days written notice.

II. New Entrant Incentive

Eligibility and Benefits

The Authority will waive landing, terminal use, and apron parking fees set forth in the NFIA Tariff schedule for a not to exceed period of twelve (12) consecutive months for new entrant air carriers/operators.

This fee waiver shall be available only to new entrant air carriers/operators that provide regularly scheduled passenger or regularly scheduled public passenger charter service that provides a minimum of one flight per week. In the event that the new entrant does not comply with these minimum requirements then the new entrant shall not be entitled to receive the New Entrant Incentive.

The air carrier/operator and the Authority shall execute a letter of agreement for participation in the Incentive Program that memorializes the terms and conditions of the Incentive Program. Either party may terminate the agreement upon sixty days written notice.