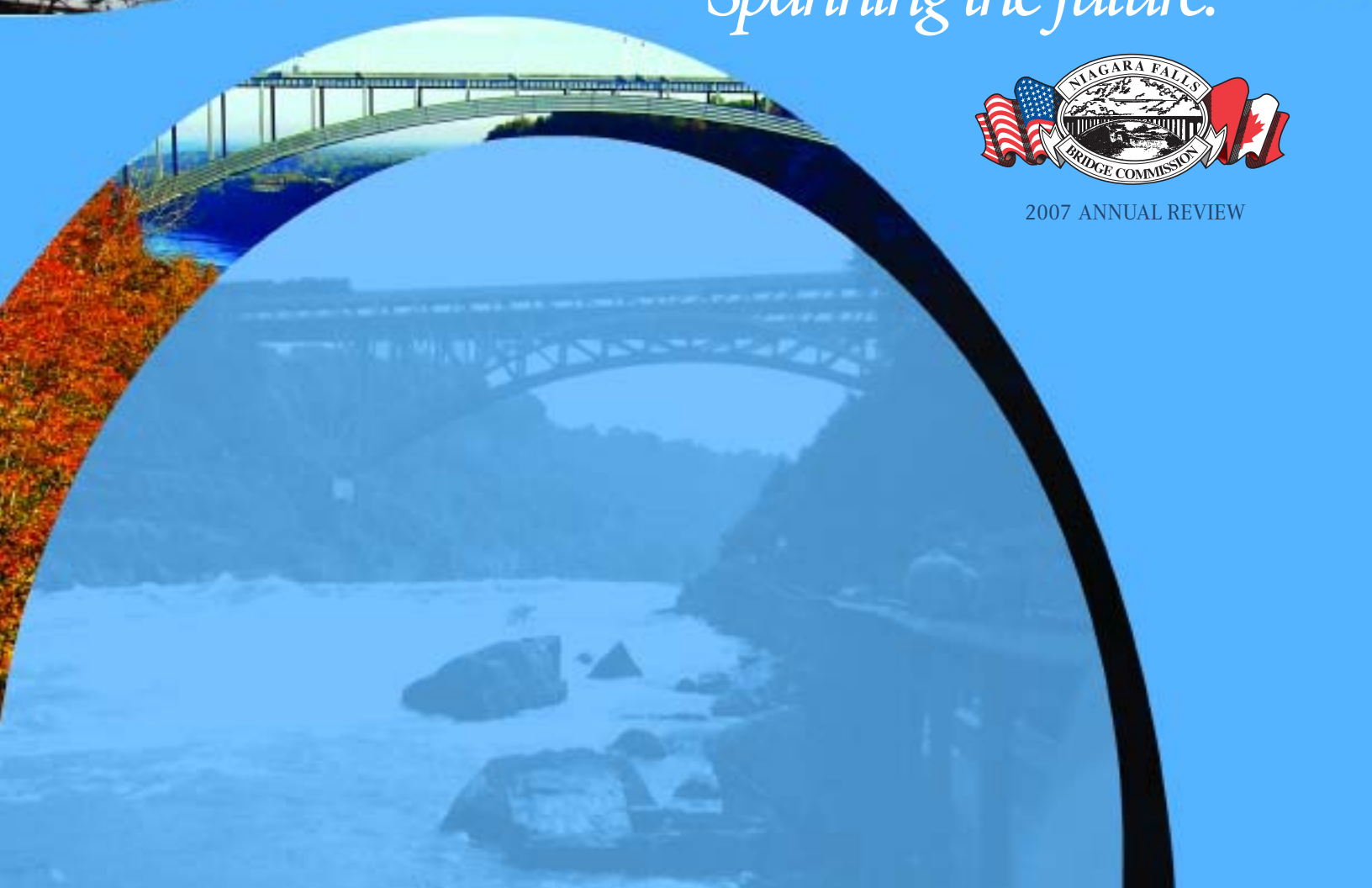




Spanning the future.



2007 ANNUAL REVIEW

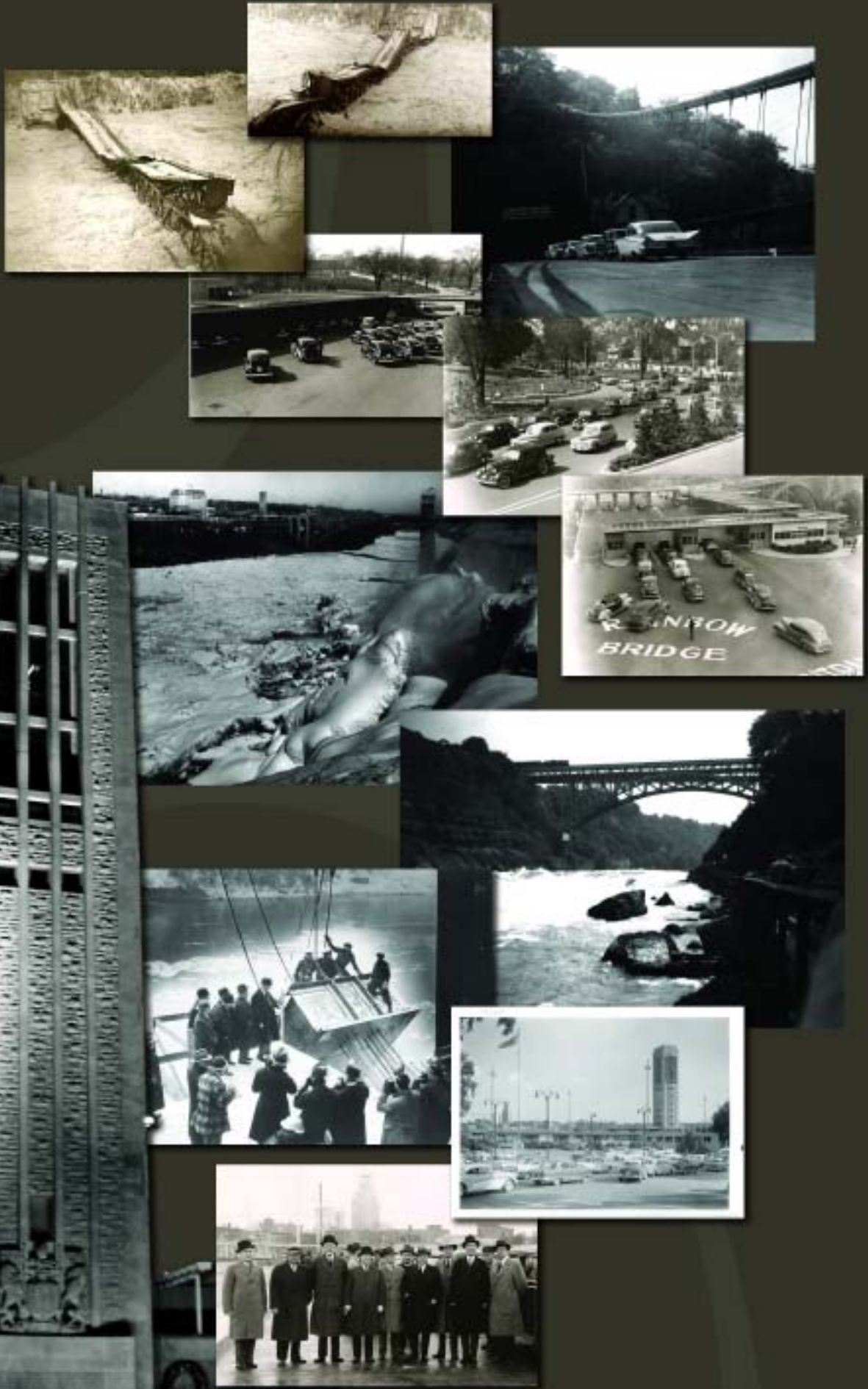


Our Mission

The Niagara Falls Bridge Commission (NFBC) is the international entity that owns, operates and manages the Lewiston-Queenston, Rainbow and Whirlpool-Rapids Bridges. An eight-person Board of Commissioners directs the Commission, with four members representing Canada and four members representing the U.S. The Commission is self-supported through tolls and tenant leases.

By maintaining and improving these three international crossings, the Niagara Falls Bridge Commission encourages the growth of trade and tourism in the U.S. and Canada.

The Commission, marking its 70th year of operation, is also responsible for building and maintaining facilities for customs and immigration on both sides of the border.



Where we've been. Where we're going.

LEWISTON- QUEENSTON BRIDGE

The Lewiston-Queenston Bridge is the fourth highest volume commercial crossing between the U.S. and Canada, and carries almost one million trucks and 3.5 million passenger vehicles each year. The latest in a series of capital improvements is the rebuilding of the Queenston Plaza. This project is expected to greatly improve efficiency and security for commercial and consumer traffic. The Lewiston-Queenston Bridge connects U.S. Interstate 190 with Highway 405 in Canada.

As the Niagara Falls Bridge Commission enters its 70th year of operation, it is appropriate to consider where the Commission has been, its present status and where it needs to be in future years. To say that there has been change over these seven decades is a great understatement.



When the Falls View Bridge fell to an icy fate in January 1938, it is likely that no one at the time could have predicted the future of a public service entity that was just taking shape in the minds of Thomas McQuesten and his American and Canadian colleagues. In 1938 the goal was to recreate one bridge, accountable to the people of two countries; today the Commission owns and operates three. When the Rainbow Bridge opened in November of 1941, the Commission's sole source of income was the tolls charged autos, horse carriages and pedestrians. Today, significant income is derived from duty-free operations, currency exchange, restaurant and retail revenues, broker tenant rents, the Government of the United States, special commercial fees and financial management of Commission revenues and tolls.

Over seven decades, the stature of the NFBC bridge system has grown from its 1938 origins. During 2007, total traffic on the Commission's three bridges was at 7,299,378 vehicles – the second highest volume on the border – surpassed only by the Ambassador Bridge between Windsor, ON and Detroit, MI at 9,082,435.

Security was of little concern to the founders of the Commission. In 2007, just six years after the events of September 11, 2001 when the attacks in the United States took the lives of thousands of Americans and a number of Canadians and citizens of other countries while in the U.S., the Commission has expended millions of dollars to ensure the safety and security of its crossings.

When the Rainbow Bridge went to construction in 1940 the total cost was less than \$4 million. In just the past seven years the Commission has completed more than \$85 million in capital construction and presently has \$45 million underway. Early in 2008 the Commission will choose to proceed with completion of the rebuilding of the Queenston Plaza of the Lewiston-Queenston Bridge at a value of \$85 million, or turn its attention to the Lewiston Plaza at an estimated cost of \$100 million. It is envisioned that both plazas will be complete by 2013.

Of more immediate interest is the progress achieved over the past year. In January an updated draft of the five-year Strategic Operations Plan was submitted to the Commission, with adoption of the final plan in June. The significant components are:



RAINBOW BRIDGE

With 18 lanes in New York and 16 lanes in Ontario to facilitate the movement of traffic and government inspection, the Rainbow Bridge is a major tourism gateway for the U.S. and Canada. International travelers generate millions of dollars of economic activity on both sides of the border. Located approximately 1,000 feet downstream from the American Falls, the Rainbow Bridge accommodates 4.5 million passenger vehicles and buses each year.



Ensure Future Financial Stability

The primary goal will be to maintain a healthy reserve position to have resources to respond to emergencies and to sustain the confidence of credit markets to ensure continuation of the Commission's "A" bond rating in anticipation of future borrowing. In 2007 the Commission reviewed and strengthened its investment policy by expanding permissible investment vehicles to hedge against inflationary pressures. While drawing upon reserves for phase I of the Queenston Plaza Project, the NFBC continues to have one of the strongest balance sheets of the publicly operated border crossings.

Enhance & Maintain Infrastructure

Phase I of the Queenston Plaza Project, encompassing a new parking structure, new and expanded commercial primary customs inspection, creation of a retaining/security wall to achieve greater utilization of the northern edge of the plaza, creation of a new maintenance/storage building and a new toll booth line and NFBC offices, commenced in July and is on target for an early 2009 completion. Phase II, valued at \$85 million, continues to be contingent on funding from the Government of Canada. Planning and discussions with U.S. Customs & Border Protection and U.S. General Services Administration were initiated in July 2007 for a new plaza at Lewiston, NY. In addition, important maintenance on the Canadian Rainbow Bridge piers and of both skewbacks of the Whirlpool-Rapids Bridge was completed over the past year. Phase II of the painting of the Whirlpool-Rapids Bridge will commence in the spring of 2008 and be completed over two construction seasons. During 2008 the Commission will go to bid once again for annual engineering inspection services to continue its vigilance of the integrity of its spans.

Enhance Commission Governance

The plan calls for a review of Commission policies by the full Commission to ensure that policies are examined at least every three years. During 2007 many policies were discussed within the context of their application and the Investment Policy, Bidding of Professional Services Policy, Revenue Generation & Protection Policy, Audit Committee Policy and Bidding and Contract Award Policy were amended to better address sound governance and efficiency. The Board also reviewed and adopted revised NFBC Rules and Regulations during 2007.

Maintain Management Continuity, Capability

Human Resources counsel has been retained to advise on specific actions for the creation of a management succession plan. The consultant will also review and make recommendations regarding the Commission's 2002 organizational structure to identify any potential for greater effectiveness.

Understand & Deliver Value to Customers

To better understand the needs and expectations of our customers, and to gain insight into who is using the bridges for what purpose, over the next three years the Commission will survey users. In some instances the Commission will join forces with entities such as the Ministry of Transportation, Ontario (MTO); Transport Canada; the Niagara International Transportation & Technology Coalition and New York Department of Transportation in joint efforts to acquire data useful to serving the traveling public. During 2007 MTO, in cooperation with the NFBC, conducted an origin/destination survey that will be finalized early in 2008.



The past year saw a number of changes in Commission operations that will benefit border crossers. Among them are:

- The introduction of a new toll collection system at the Whirlpool-Rapids Bridge that brings additional benefits to NEXUS holders from both countries. Now these customers are able to purchase as much or as little toll as they may need, based on an NFBC-designed system that ties toll accounts to their NEXUS status.
- The creation of “ExpressPass” to replace the outdated token program. Again, similar to the NEXUS program, frequent bridge users may purchase a more precise value of toll, as opposed to having to buy a roll of 20 tokens.

Both of these programs have been widely publicized and have been well received by customers.

- For the first time in almost 30 years, the U.S. dollar sank dramatically in value against the Canadian dollar, prompting the Commission to address currency disparities on two occasions during 2007. Early in the year the U.S. rate was increased, and in November rates other than trucks saw a reduction in Canada and an increase in the U.S. to achieve parity. Commercial trucking rates were held steady until January of 2008 to permit this important industry to prepare for the shift to parity.
- A most important issue for the Commission was the successful negotiation of a new employment contract with the Teamsters Union, representing the maintenance, toll and traffic direction employees in Canada. Labour relations continue to be positive and both sides achieved goals in the new pact. The Union saw strides in benefits while the Commission capped its benefit exposure for future retirees.
- Traffic over the border was again lower than the pre-2001 years. For the NFBC fiscal year ending October 31, there were 7,478,417 total crossings over all three bridges. However, passenger vehicle traffic did begin to climb in October as the two currencies reached parity. Overall passenger traffic was up by more than 10% in that month. The anticipated change in U.S. passport requirements will likely continue a trend of fewer Americans entering Canada for the foreseeable future. The stronger Canadian dollar that is encouraging Canadians to shop and travel in the United States has a reverse impact upon trucking. With Canadian exports now at somewhat of a disadvantage, commercial volume is off all along the border and down 4.5% at the Lewiston-Queenston Bridge.
- The Commission continues to lend its voice regarding actions by both federal governments that can impact the safety or efficiency of the border. The single greatest focus of management will continue to be securing infrastructure funds from the Government of Canada in support of the Queenston Plaza Project and moving discussions with United States agencies in a timely way toward reconstruction of the Lewiston Plaza. The U.S. Western Hemisphere Travel Initiative (WHTI) will change acceptable proof of citizenship at the U.S.-Canada Border. This will continue to be closely monitored by the Commission as the government sorts out its implementation.

The Commission has played a lead role in assisting Transport Canada in the formulation of regulations in support of the International Bridges & Tunnels Act.

These are just a few highlights of Commission activity in 2007, in addition to the day to day challenge of moving people and commerce safely and efficiently over the Niagara River border between the United States and Canada.



Janice Thomson
Chairperson, ON



Norma Higgs
Vice Chairperson, NY



Thomas E. Garlock
General Manager

WHIRLPOOL- RAPIDS BRIDGE

The Whirlpool-Rapids Bridge is a dedicated NEXUS crossing for passenger vehicles. In 2007, Whirlpool travelers were able to tie their toll accounts directly to their NEXUS cards. The enrollment office for NEXUS toll is located at the Whirlpool-Rapids Bridge, U.S. side.

The Whirlpool-Rapids Bridge carries approximately 750,000 vehicles annually and is open from 7 a.m. to 11 p.m. each day. This crossing is situated 1.4 miles north of the Rainbow Bridge.



“NEXUS is one of the greatest programs ever invented, and the ability to put toll on your NEXUS card is brilliant. The technology is extremely efficient and user-friendly and it’s worth the few minutes of your time to enroll in the program.”

–Janie Palmer
Niagara Falls, Ontario resident and Whirlpool-Rapids Bridge traveler

New toll options offer greater customer convenience

A new convenience for travelers – ExpressPass – was introduced at the Rainbow and Lewiston-Queenston Bridges in October of 2007.

ExpressPass cards, which are placed in a hangtag on the rearview mirror, are scanned by overhead readers and the toll is electronically deducted from the cardholder’s account.



at manned toll booths at the Lewiston-Queenston or Rainbow Bridges. Just \$20 is required as a first payment which includes a \$10 refundable deposit. Cash only is accepted and cards are transferrable.

Drivers with NEXUS toll cards can now use them at Lewiston-Queenston and Rainbow. Previously, NEXUS toll cards could only be used at

ExpressPass technology, developed by the NFBC staff, offers drivers the quickest and most convenient way to cross the border. The Lewiston-Queenston, Rainbow and Whirlpool-Rapids Bridges are among the lowest tolls on the border. Now motorists save more money with ExpressPass and enjoy a 15 percent discount on full fare tolls at Lewiston-Queenston and Rainbow.

Motorists have enthusiastically embraced ExpressPass and that means reduced congestion. ExpressPass cards are purchased and replenished

the Whirlpool-Rapids Bridge. The NEXUS toll cards have been in use at Whirlpool since February 2007 and are extremely popular with Whirlpool drivers.

Drivers can enjoy the greatest savings by signing up for NEXUS and enrolling their card at the NEXUS Toll Enrollment Kiosk at the Whirlpool Bridge. The toll rate at Whirlpool for NEXUS cardholders is discounted 28 percent off the full rate. Participants can check their balances online at any time.

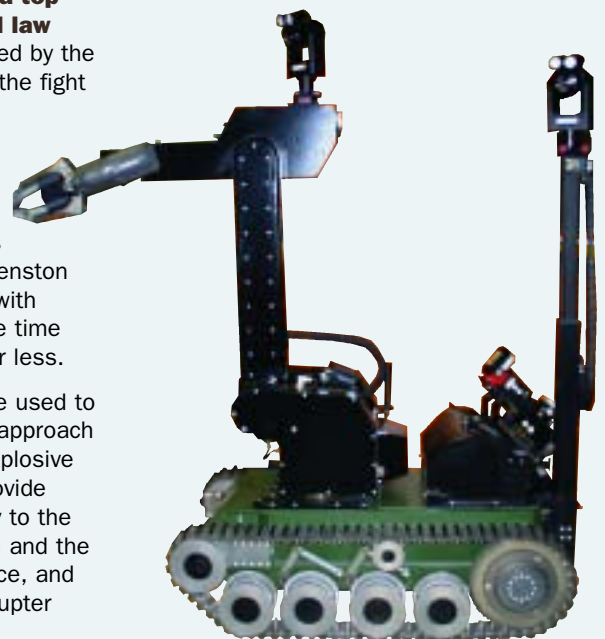
Bomb robot ready to respond

In this post 9/11 environment, security remains a top priority for Bridge Commission officials and local law enforcement agencies. A mini-bomb robot maintained by the Niagara Regional Police Service is the newest tool in the fight against terrorism at border crossings.



The bomb robot can be deployed to the Rainbow, Whirlpool-Rapids or Lewiston-Queenston bridges – often with a rapid response time of 20 minutes or less.

The robot can be used to make a remote approach to a potential explosive package and provide enhanced safety to the bomb technician and the public. This state-of-the art tool can examine the device, and determine its exact location. It can also deliver a disrupter and move the device to a safer location.



Queenston Plaza Phase One construction on schedule and on budget

Construction is in full swing for the new plaza facilities on the Queenston side of the Lewiston-Queenston Bridge. The first phase of a \$120+ million (CA) project will see the creation of new toll, parking and commercial inspection facilities. Nearly 60 percent complete, this component is expected to cost \$45 million and is funded entirely by the Bridge Commission.

"This project is being undertaken to enhance security and efficiency at the fourth busiest commercial crossing on the Canada-U.S. Border," said Commission Chairperson Janice A. Thomson (Niagara-on-the-Lake, ON). "The original plaza no longer supports the Commission's mission of moving people and commerce efficiently and safely over the Niagara River as well as it could, hence a new approach."

The present facility first opened to traffic in 1962 and has seen only modest modification in the intervening 45 years.

Elements completed during 2007 include a 9,000-square-foot maintenance storage facility and infrastructure updates, such as extension of the water main. Work on the concrete superstructure parking garage, which will hold 260 cars, has recently begun.

Major construction on the first phase of the project is scheduled to be completed by early 2009. Phase 2, which will include new facilities for Canada Border Services Agency, relocation of some plaza facilities and an expansion of passenger primary processing capacity, is contingent on the Government of Canada for Border/Gateway infrastructure funding.



Pictured at groundbreaking ceremonies are (left to right): Tom Garlock, General Manager, Niagara Falls Bridge Commission; Commissioner Brian Wilkie, Niagara Falls Bridge Commission; Ralph Aquino, President, Bondfield Construction; Jim Williams, Chairperson, Niagara Parks Commission; MP Rick Dykstra; Commissioner Janice Thomson, Chairperson, Niagara Falls Bridge Commission; MP Rob Nicholson; Commissioner Ken Loucks, Niagara Falls Bridge Commission; Lord Mayor Gary Burroughs, Town of Niagara-on-the-Lake; Ted Teshima, Moriyama & Teshima Architects; and MPP Kim Craiton.

"The FAST program has been enthusiastically received by the trucking community. In addition to FAST, our industry is pleased by the major capital improvements underway at the Lewiston-Queenston Bridge, which will further enhance the ease of crossing at the Niagara Border."

—Steve Laskowski
Vice President,
Economic Affairs,
Canadian Trucking
Alliance

“For business people who cross the border regularly, NEXUS is a great time saver. NEXUS is helping increase the traffic between the U.S. and Canada.”

–Jim DiMino

Director of National Sales, WNED Buffalo

Maps donated to Brock University

Pieces of Niagara history discovered in the NFBC archives were donated to the Special Collections Section at Brock University in St. Catharines, Ontario. Two original maps, dating from the early 1850s and 1889 were uncovered by Paul Lewis, Commission archivist, while cataloguing documents in an office beneath the Rainbow Bridge in Canada.

One map bears the imprint of Edward Gardiner, an important Provincial Land Surveyor, who did work for the Niagara Falls International Bridge Company during the late 19th century.

The map from the early 1850s bears the imprint “Elgin 1847,” one of the early names for Niagara Falls. It was preserved on thin tissue and was used by William Hamilton Merritt, president of the Niagara Falls Suspension Bridge Company, started in 1845. The map shows the proposed route for the Great Western Railway, which would carry rail traffic over the Niagara River. The first bridge carried only people and horses and opened for traffic in 1848. The rail bridge was completed in early 1855.



From left, Commissioner Janice Thomson, Commissioner Ken Loucks, General Manager Tom Garlock and Niagara Falls, Ontario, Mayor Ted Salci, view the historic maps discovered in the NFBC archives.

The Commission most likely inherited the maps and other documents when it purchased the Lower Arch Bridge in 1959. The maps join a growing collection of historic items related to William Hamilton Merritt. The Special Collections Section at Brock University is open to the public.

In memoriam – William G. Mayne, Jr.

The Niagara Falls Bridge Commission lost a dedicated and energetic leader with the death of William G. Mayne, Jr. in July 2007.

Mayne joined the Board of Commissioners in January of 1996, serving as chairperson in 1999 and vice chair in 1998 and 2004. He worked tirelessly on behalf of the Commission and was instrumental in developing the \$6 million headquarters building in Lewiston.



Mr. Mayne was also the driving force behind the Business/Community Enhancement Program, renamed in his honor in early 2007. Funded by the payment made by the Bridge Commission to Niagara County in lieu of taxes, The William G. Mayne, Jr. Business/Community Enhancement Program supports community improvement projects. The Bridge Commission was one of many civic and business organizations that benefitted from Mr. Mayne’s time and talent. We are grateful for his service and his positive impact on the Niagara Region.

2007/08 Board of Commissioners



*Seated, left to right: Diane Vitello; Janice Thomson, Chairperson; Norma Higgs, Vice Chairperson; Patrick Brown
Standing, left to right: Brian Wilkie; David O'Toole; Thomas Garlock, General Manager; Kenneth Loucks; Thomas Pryce*

Janice A. Thomson, Chairperson

Norma I. Higgs, Vice Chairperson

Kenneth E. Loucks

Patrick D. Brown

Brian H. Wilkie

Thomas G. Pryce

David L. O'Toole

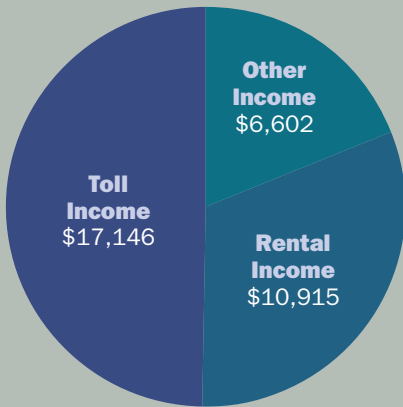
Diane L. Vitello

Thomas E. Garlock, General Manager

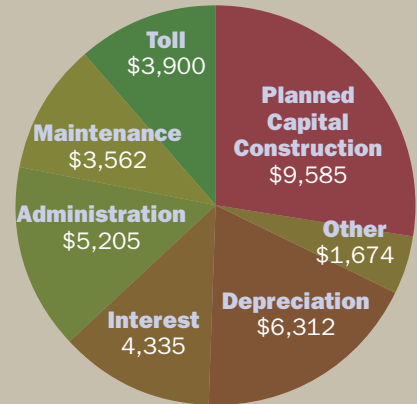


The Bridge Commission employs 132 people in the U.S. and Canada, including administrative employees, toll workers, security experts and maintenance employees.

2006-07 Income
In thousands

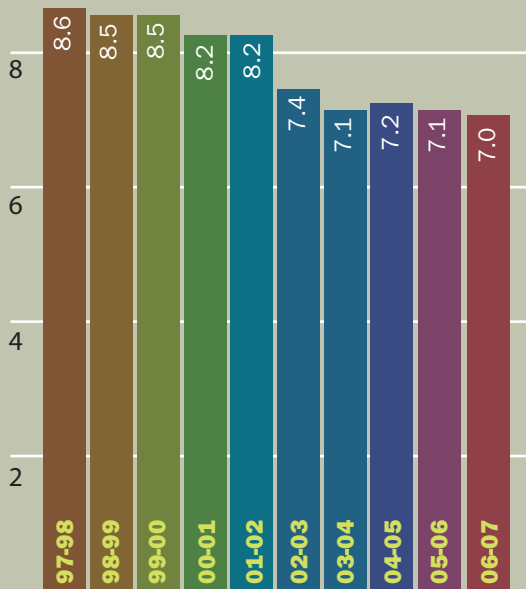


2006-07 Expenses
In thousands

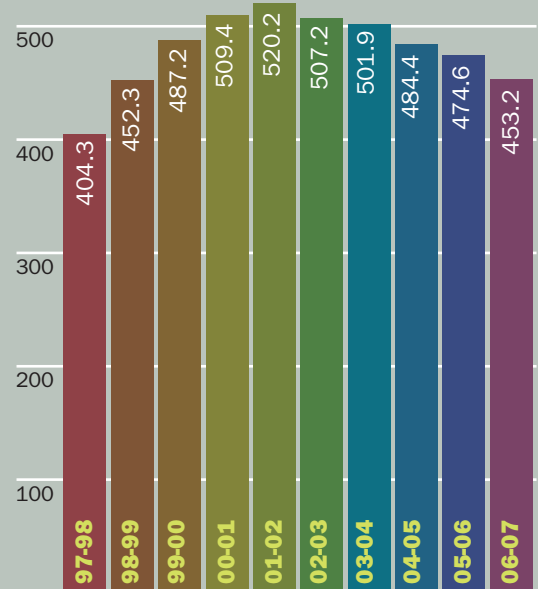


2 0 0 7 F I N A N C I A L O V E R V I E W

10 Year Auto Traffic
In millions



10-Year Westbound Truck Traffic
In thousands





United States

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716-285-6322 fax 716-282-3292

Canada

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905-354-5641 fax 905-353-6644

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