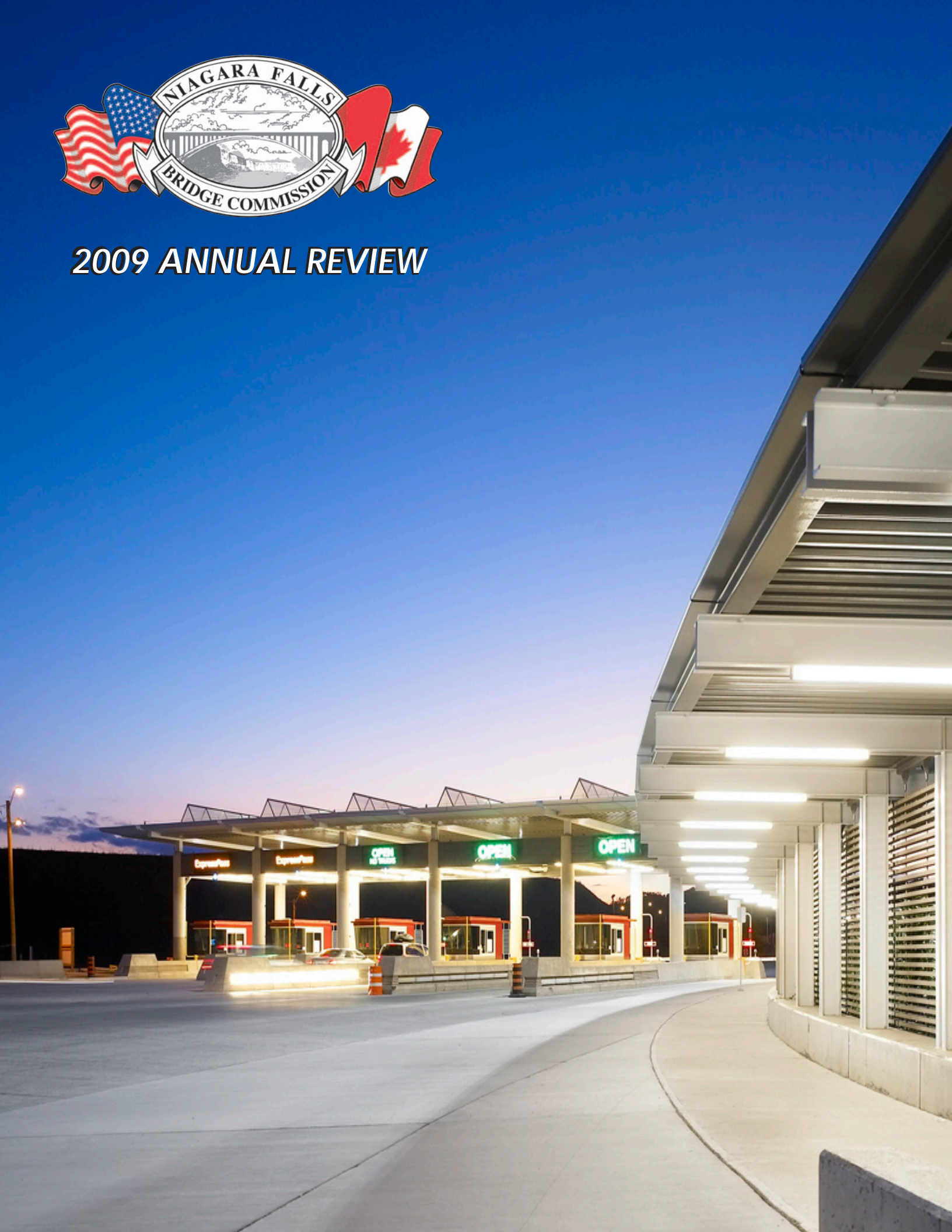




2009 ANNUAL REVIEW



About the Niagara Falls Bridge Commission:

Marking its 71st year, the Niagara Falls Bridge Commission is the international entity that owns, operates and manages the Lewiston-Queenston, Rainbow and Whirlpool-Rapids Bridges. The Commission was created by a Joint Resolution of the 1938 U.S. Congressional Third Session and licensed to operate by the Extra Provincial Corporations Act of the Province of Ontario, Canada.

The Commission is comprised of an eight-member Board consisting of four Canadian and four U.S. representatives. The U.S. Commissioners serve at the pleasure of the Governor of the State of New York, and Canadian Commissioners serve at the pleasure of the Premier of the Province of Ontario. All officers hold their respective office for one year until the next annual meeting. Initially established to finance, construct and operate the Rainbow Bridge, the Commission, because of its efficient and effective management of that bridge, assumed responsibilities for the Whirlpool-Rapids (Lower Arch) and Lewiston-Queenston Bridges.

The Niagara Falls Bridge Commission does not use taxpayer dollars and operates solely through the collection of tolls as well as private and public-sector tenant leases. The Niagara Falls Bridge Commission builds and maintains all facilities for Customs and Immigration functions on both sides of the international border. The Commission strongly encourages the continued growth of trade and tourism between Canada and the United States through enhancements and investments to ensure the safest and most efficient flow of goods, services and people over the three international crossings under its auspices.

OUR MISSION:

To build, maintain and operate lower Niagara River border crossings to facilitate commerce and the movement of goods and people in a safe and efficient manner.

OUR VISION:

The Niagara Falls Bridge Commission is a unique self-financing, bi-national, public benefit organization which delivers superior cross border value to its stakeholders.

2009 Board of Commissioners

Norma I. Higgs, Chairperson
Niagara Falls, NY



Kenneth E. Loucks, Vice-Chairperson
Sauble Beach, ON



Janice A. Thomson, Secretary
Niagara-on-the-Lake, ON



Patrick D. Brown, Treasurer
Niagara Falls, NY



Thomas G. Pryce,
Lewiston, NY



Michael J. Goodale,
Grimsby, ON



Linda M. DiPasquale,
Niagara Falls, NY



Ernest K. Smith
Niagara Falls, ON



Niagara Crossings:

Whirlpool-Rapids Bridge



The oldest of the three spans under the auspices of the Niagara Falls Bridge Commission, the Whirlpool-Rapids Bridge was built in 1897 and was purchased by the Commission in 1959. The two deck steel arch bridge spans 550 feet with a total length of 1069 feet and soars 225 feet above the Niagara Rapids. The upper deck is dedicated for rail crossings, while the lower roadway is dedicated to passenger vehicles only.

In addition, the Whirlpool-Rapids Bridge is a NEXUS only crossing, providing passenger vehicles enrolled in the NEXUS "trusted traveler" program a quick and easy crossing, averaging less than a minute. NEXUS is a joint program implemented by the Canada Border Services Agency (CBSA) and United States Customs and Border Protection (CBP) designed to expedite the border clearance process for low-risk, pre-approved travelers between the two countries. The Whirlpool-Rapids Bridge is open daily from 7 a.m. to 11 p.m.

Since 2008, the Niagara Falls Bridge Commission has invested \$14 million to re-paint the Whirlpool-Rapids Bridge to ensure its continued longevity and to protect it from the elements.

Lewiston-Queenston Bridge



Having the distinction of being the world's largest hinge-less steel arch bridge, the Lewiston-Queenston Bridge has the 4th highest volume of commercial traffic between Canada and the United States, with millions of dollars in trade value crossing over the bridge each hour, representing thousands of jobs for both countries. Built in 1962, the bridge spans 370 feet above the Niagara River and measures 1,600 feet long, and features five lanes. The Lewiston-Queenston Bridge connects United States Interstate 190 with Highway 405 in Canada, making it an optimal crossing for both passenger vehicles and commercial trucks.

In 2009, Phase One of the reconstruction of the Canadian Plaza of the Lewiston-Queenston Bridge was completed at the cost of \$49 million, and consisted of expanding the footprint of the entire plaza, the construction of a new toll house and the addition of five new commercial inspection lanes. 2009 also marked the ground breaking of Phase Two of the reconstruction of the Canadian Plaza, a \$77 million investment that will feature a new Canada Border Services Agency facility and ten new primary vehicle inspection booths.

Rainbow Bridge



Built in 1941, just 1,000 feet downriver from the American Falls, the Rainbow Bridge continues to be a major tourism gateway between Canada and the United States, generating tens of millions of dollars of activity on both sides of the border. Offering 18 traffic lanes in New York and 16 in Ontario to facilitate flow of traffic for governmental inspections, the Rainbow Bridge is open 24 hours a day to passenger vehicles and buses. No commercial vehicles are allowed on the Rainbow Bridge. Once the largest hinge-less arch bridge in the world – until surpassed by the Lewiston-Queenston Bridge in 1962 – the deck of the Rainbow Bridge is approximately 202 feet above the Niagara River. It is 1,450 feet long with 2, two lane twenty-two foot roadways. The bridge received a \$72 million transformation which was completed in 2000 and entailed both plazas being rebuilt and their approaches widened to increase the efficient movement of traffic on the bridge.

During 2009 the Rainbow Bridge was re-decked and finger-joint replacements were completed along with annual maintenance.

Phase One of the Lewiston-Queenston Master Plan Completed

January 2009 marked the completion of Phase One which is part of an approximately \$130 million capital investment as part of a Master Plan for the Lewiston-Queenston Bridge. Phase One, which totaled approximately \$49 million, included the construction of a new toll plaza, parking garage, toll house and five new commercial inspection lanes on the Canadian side of the bridge. Phase One, which broke ground in August 2006, increases the total investment in the infrastructure of the three bridges under the auspices of the Niagara Falls Bridge Commission to more than \$225 million over the past 15 years.

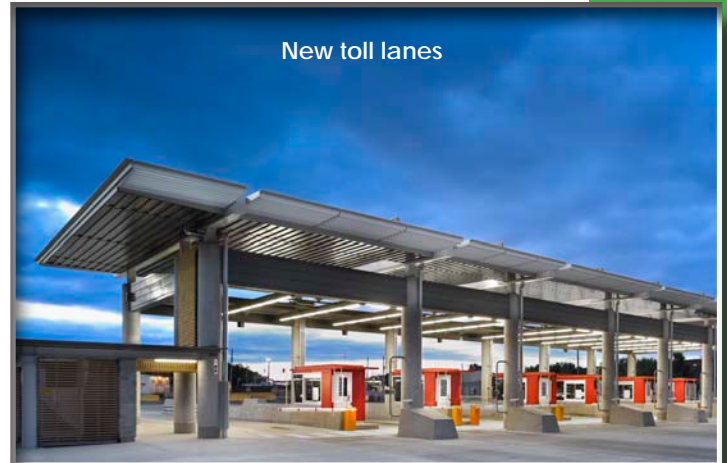
This phase was entirely funded by the Commission and was completed on schedule and on budget. The infrastructure project completely transformed the 48 year old plaza at the Lewiston-Queenston Bridge to better service and expedite crossing times for both passenger cars and commercial trucks. Designed to increase inspection capacity, raise the velocity of throughput and maximize the footprint of the plaza to better support plaza operations, the end result of Phase One has fulfilled all objectives and expectations.

To celebrate the completion of Phase One an unveiling ceremony was held on January 16, 2009 that included a ceremonial first truck clearance at the new commercial customs processing lanes.

Commissioner Kenneth Loucks and former Commissioner Robert E. Lewis, drive the ceremonial truck through the new Customs processing and toll facility built as part of Phase One.



L-R Commissioner Janice Thomson is joined by Commissioner Patrick Brown, Chair Norma Higgs and Commissioner Kenneth Loucks at the podium during the Phase One unveiling ceremony.



Phase Two Lewiston-Queenston Master Plan Ground Breaking



With Phase One completed, the Niagara Falls Bridge Commission broke ground on Phase Two, a joint partnership between the Commission and the Government of Canada through Transport Canada.

The total cost of Phase Two is estimated at \$77 million with the Government of Canada contributing up to \$62 million and the Niagara Falls Bridge Commission contributing the balance. Canadian Prime Minister Stephen Harper and Member of Parliament for Niagara Falls, Minister of Justice and Attorney General of Canada, Rob Nicholson, made an official visit to the bridge on September 3, 2009, to review the progress of the project and to tour the construction site.

Phase Two, scheduled to be completed by the end of 2010, will include:

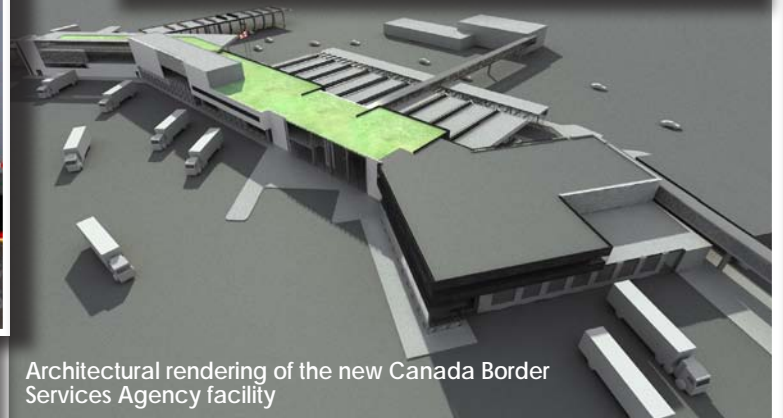
- A modern two storey 10,313 Sq. M. (110,000 Sq. Ft.) Canada Border Services Agency administration and processing facility.
- A new 568 Sq. M. building (6,100 Sq. Ft.) that will house the Canadian Food Inspection Agency's inspection facility.
- Ten new primary vehicle inspection booths, increasing the number of inspection options for travelers from six.
- The addition of a separate inspection area for bus travelers
- 2,271 Sq. M. (24,445 Sq. Ft.) of newly designed inspection area.
- Addition of a new designated NEXUS lane.



Architectural rendering of the new Canada Border Services Agency facility



L-R Minister Rob Nicholson and Prime Minister Stephen Harper are briefed on the progress of Phase Two by an employee of the Niagara Falls Bridge Commission as they tour the construction site.



Architectural rendering of the new Canada Border Services Agency facility

2009 Highlights

There were many other highlights for the Niagara Falls Bridge Commission in 2009 in addition to the completion of Phase One and the groundbreaking of Phase Two of the Lewiston-Queenston Bridge Plaza, including:

- The Niagara Falls Bridge Commission welcomed the Honourable Rona Ambrose, Minister of Labour, to the Lewiston-Queenston Bridge on April 6, 2009 as she addressed the Canada Border Services Agency as part of her national speaking tour to highlight the importance of finding ways to prevent injury and illness in the workplace. The event was hosted in the Commission's newly constructed toll house on the north plaza of the Lewiston-Queenston Bridge.
- On June 13, 2009 the Rainbow Bridge welcomed various dignitaries and more than 600 guests, including U.S. Secretary of State Hillary Rodham Clinton and Minister of Foreign Affairs Lawrence Cannon to celebrate the centennial of the Boundary Waters Treaty of 1909 at a special event along the bridge's international boundary line.
- The Niagara Falls Bridge Commission was honored to host Prime Minister of Canada Stephen Harper on September 3, 2009, for an official visit to review the completion of Phase One project and the progress of the Phase Two project on the Queenston Plaza. The Government of Canada has contributed \$62 million towards the \$77 million needed for the infrastructure project.
- With Niagara Falls offering the perfect backdrop, the 2010 Winter Olympic Torch Relay came to the Rainbow Bridge early in the morning on December 20, 2009 to make a ceremonial exchange on its way to Vancouver.

L-R Rona Ambrose, Minister of Labour, receives a copy of the book *Niagara Gorge Bridges*, from the Niagara Falls Bridge Commission Chairwoman Norma Higgs and Commissioner Janice Thomson.



2009 Year in Review



L. J. (Lew) Holloway

New General Manager

January 2009 marked a new era at the Niagara Falls Bridge Commission with the appointment of L. J. (Lew) Holloway, B.Sc., B.Ed., as the new General Manager. Following an extensive search in both the United States and Canada, the internationally renowned executive recruitment firm of Ray & Berndston highly recommended Mr. Holloway to the Commission, in recognition of his record of strong leadership and achievement throughout his professional career in the public sector.

L-R General Manager Lew Holloway, Commissioner Patrick Brown and Commissioner Janice Thomson signing the construction contracts for Phase Two of the Queenston Plaza infrastructure project.



R-L Commissioner Janice Thomson and Lew Holloway are joined by employees of the Niagara Falls Bridge Commission on the construction site of Phase Two.

Staff

It requires a highly skilled workforce to operate, protect and maintain the three bridges managed by the Niagara Falls Bridge Commission, including administrative employees, IT professionals, security experts, toll collectors and maintenance workers. The Commission employs more than 140 people in the United States and Canada and the dedicated staff takes great pride in being innovative and providing superior service to the millions of passenger vehicles and commercial trucks that cross their bridges each year.



Technology and Bridge Safety

Technology

The Niagara Falls Bridge Commission is constantly researching and testing new methods and technologies to increase the efficiency of bridge crossings. One such method that was launched in June 2009 to better service international travelers was a real-time traffic notification system utilizing Twitter.com. Updated every 30 minutes to an hour, depending on traffic reports, and only generated when there are reported delays, subscribers to the service, called "followers" in Twitter jargon, receive updates on wait times at the Rainbow and Lewiston-Queenston Bridges, allowing them to select the span that offers the quickest crossing time. The new service has been very successful in supporting the Commission's continuous efforts to enhance the crossing experience for automobile travelers. The Twitter account name that provides traffic updates is [Twitter.com/NiagaraBridges](https://twitter.com/NiagaraBridges).



L-R Niagara Falls Bridge Commission Chair Norma Higgs joins structural engineers from Hardesty and Hanover, LLP as they inspect the Rainbow Bridge.

Annual Safety Inspection and Bridge Maintenance

The Niagara Falls Bridge Commission takes every precaution to ensure all of its bridges are safe and in good structural condition. Besides complying with all safety and structural testing required by New York State and the Province of Ontario, the Commission annually hires Hardesty and Hanover, LLP, one of the world's premier engineering firms with more than 100 years of experience in the field of bridge engineering, to fully inspect the three bridges. The 2009 annual bridge inspection re-confirmed that the Lewiston-Queenston, Rainbow and Whirlpool Bridges are all safe and in good condition.



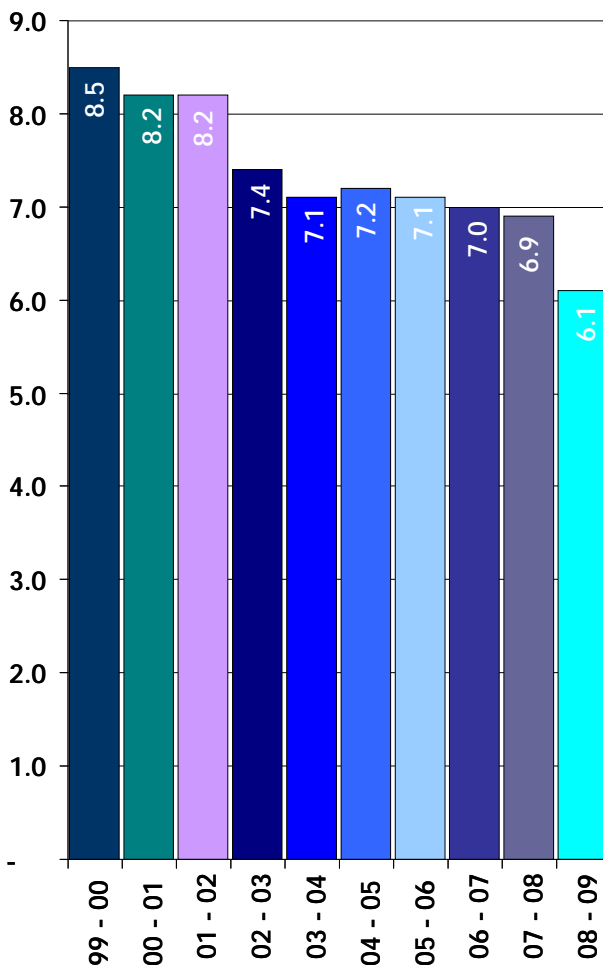
2009 Financial Overview

The Niagara Falls Bridge Commission annually undergoes an audit conducted by an independent certified public accounting firm that provides a report to the Commissioners. The audit assists the organization in deciding which measures should be implemented to protect the assets of the Commission as well as maximize financial opportunities for asset stability and future growth. The complete financial statements are posted on the Commission's website, www.niagarafallsbridges.com.

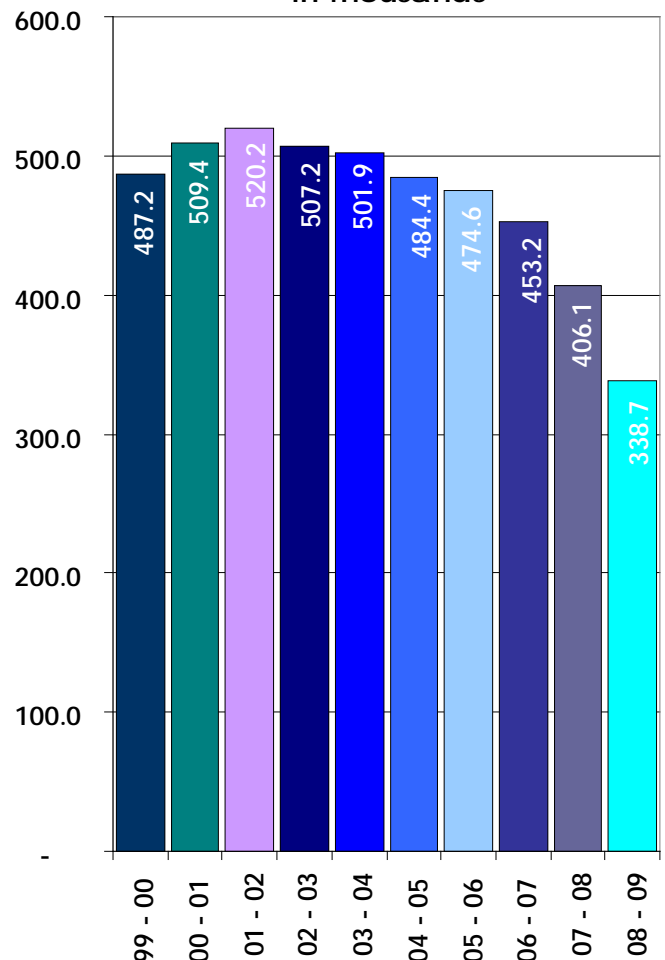
In the first quarter of 2009, Standard & Poor's once again affirmed its "A" rating on the Niagara Falls Bridge Commission's 1993 toll revenue bonds. According to its assessment and in affirming the "A" rating, Standard & Poor's cited the three-bridge system as benefiting from historically sound debt service coverage and strong liquidity.

During the 2009 fiscal year, the Niagara Falls Bridge Commissioners instructed management to undertake the remarketing of \$30.7 million of the Commission's 1993 "A" bonds due to fully mature in 2019. This remarketing changed the bonds from a variable interest rate to a fixed interest rate to maturity. With interest rates at 30 year lows and the inevitability of rising interest rates due to inflation, the remarketing assures that the Commission will have consistent debt service over the remaining life of the bonds while removing any risk due to the viability of counterparties involved with the variable rate bonds.

10 Year Auto Traffic in Millions



10 Year West-Bound Truck Traffic in Thousands



Financial Information

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FINANCIAL POSITION OCTOBER 31, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,482,556	\$ 12,191,643
Accounts receivable	3,978,770	1,202,667
Prepaid expenses	356,782	355,049
Investments	13,721,355	25,584,330
Total current assets	<u>32,539,463</u>	<u>39,333,689</u>
NONCURRENT ASSETS:		
Investments	56,961,480	59,490,119
Land, bridges, buildings and equipment, net	186,546,087	178,274,199
Construction in progress - 30 year plan	895,246	870,255
Construction in progress - other	78,674,943	47,531,458
Total assets	<u>\$ 355,617,219</u>	<u>\$ 325,499,720</u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable	\$ 5,220,000	\$ 4,955,000
Current portion of postretirement benefit obligation	236,548	331,463
Accounts payable	8,296,875	11,026,787
Accrued wages and related withholdings	1,116,299	1,144,858
Other accrued expenses	413,699	1,226,321
Bond interest payable	261,802	280,594
Deposits payable	766,628	628,924
Deferred income	349,059	208,255
Total current liabilities	<u>16,660,910</u>	<u>19,802,202</u>
NONCURRENT LIABILITIES:		
Postretirement benefit obligation	13,079,969	10,905,157
Interest rate swap	6,220,251	4,967,216
Bonds payable, net	54,246,930	59,245,741
Total liabilities	<u>90,208,060</u>	<u>94,920,316</u>
UNRESTRICTED NET ASSETS:		
Revenue	1,499,351	1,194,142
Operation	(13,567,483)	(9,717,720)
General	53,688,172	68,001,458
Renewal and replacement	(5,579,088)	(11,670,619)
Debt sinking	(6,438,582)	(5,164,628)
Construction	193,309,392	166,208,749
	<u>222,911,762</u>	<u>208,851,382</u>
Cumulative effect of currency translation	42,497,397	21,728,022
Total unrestricted net assets	<u>265,409,159</u>	<u>230,579,404</u>
Total liabilities and unrestricted net assets	<u>\$ 355,617,219</u>	<u>\$ 325,499,720</u>

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS FOR THE YEARS ENDED OCTOBER 31, 2009 and 2008

	2009	2008
REVENUES:		
Toll income	\$ 15,199,771	\$ 17,776,115
Rental income	10,150,848	11,329,104
Conditional facilities contribution	5,278,927	-
Investment income	3,818,191	4,310,526
Miscellaneous	177,744	240,754
Total revenues	<u>34,625,481</u>	<u>33,656,499</u>
EXPENSES:		
Administrative	4,930,101	6,058,547
Maintenance	3,805,053	5,033,212
Toll	3,661,135	4,136,690
Management information systems	843,313	775,043
Security	569,228	626,828
Depreciation	5,332,777	5,965,293
Interest on indebtedness	5,090,098	5,085,768
Amortization of bond financing expenses	221,189	944,883
Loss on disposal of asset	178,269	-
Foreign currency exchange loss	-	40,190
Total expenses	<u>24,631,163</u>	<u>28,666,454</u>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS, LOSS ON PERMANENT WRITE DOWN OF INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	9,994,318	4,990,045
UNREALIZED GAIN (LOSS) ON INVESTMENTS	4,066,061	(598,886)
LOSS ON PERMANENT WRITE DOWN OF INVESTMENTS	-	(1,304,814)
CHANGE IN FOREIGN CURRENCY TRANSLATION (See Note 2)	<u>20,769,376</u>	<u>(41,492,121)</u>
CHANGE IN UNRESTRICTED NET ASSETS	34,829,755	(38,405,776)
UNRESTRICTED NET ASSETS - beginning of year	<u>230,579,404</u>	<u>268,985,180</u>
UNRESTRICTED NET ASSETS - end of year	<u>\$ 265,409,159</u>	<u>\$ 230,579,404</u>



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