BUFFALO NIAGARA INTERNATIONAL AIRPORT (BUF)
INCENTIVE PROGRAM

The Authority's Air Service Development Program (Program) for Buffalo Niagara International Airport (BUF) has dedicated staff and resources to create public and industry awareness of BUF and its facilities. The Program is designed to increase air travel and promote competition at BUF. The Program provides for the overall marketing of BUF, 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 program also considers flight services operated from Niagara Falls International Airport (IAG).

The Authority recognizes the value of new domestic and international air service at BUF. The goal of the Authority Incentive Program is to attract new service to increase travel to and from BUF and promote competition at BUF. The Authority recognizes that efforts to attract new service and the success of new service may be dependent on whether 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 non-stop destinations not currently served at BUF or IAG. The following air carrier 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 BUF Incentive Program will not be included in the airline rates and charges.

I. Non-Stop Destination Based Incentives

An air carrier/operator will not be eligible for a Non-Stop Destination Based Incentive if it had service to a listed destination and cancelled that service within the last two years of applying for the incentive to the destination that was previously cancelled at either BUF or IAG. The air carrier/operator may be eligible to apply for the Non-Stop Destination Based Incentive for the previously cancelled destination two years after the cancellation of the service, provided that the program is still available.

A domestic destination must be served with a scheduled frequency of at least 100 flights each way per year to be eligible.

An international destination must be served with a scheduled frequency of at least 25 flights each way per year to be eligible.

Non-Stop Destination Based Incentives exclude airports currently served non-stop from BUF or IAG including routes that ended scheduled operations during the past twelve (12) months. Additionally, the incentive will no longer be available once two air carriers/operators announce and start serving the same airport route from BUF or IAG.

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.

A. Matching Advertising Incentive

The Authority will make a pool of cooperative matching 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 carriers/operators serve the same airport from BUF or IAG. The new service must consist of regularly scheduled non-stop passenger air carrier service or regularly scheduled non-stop public passenger charter service that operates to the following destinations:

Eligible Destination	Destination Limit
1. Pacific Southwest Zone (CA & NV)	$50,000 per airport destination (up to 3 in this zone)
2. Pacific Northwest Zone (WA & OR)	$50,000 per airport destination (up to 3 in this zone)
3. Mountain Time Zone	$50,000 per airport destination (up to 3 in this zone)
4. Central Time Zone	$50,000 per airport destination (up to 2 in this zone)
5. Atlantic Southeast Zone (NC, SC, GA, FL)	$50,000 per airport destination (up to 2 in this zone)
6. Albany, NY – (ALB)	$50,000
7. Caribbean & Mexico Zone	$75,000 per airport destination (up to 3 in this zone)
8. Central and South America Zone	$75,000 per airport destination (up to 3 in this zone)
9. British Isles (UK/Ireland) Zone	$200,000 per airport destination (up to 3 in this zone)
10. Mediterranean Zone	$200,000 per airport destination (up to 3 in this zone)
11. Western Europe Zone	$200,000 per airport destination (up to 3 in this zone)
12. Eastern Europe Zone	$200,000 per airport destination (up to 3 in this zone)

The matching advertising funds may be available to air carriers/operators that meet the eligibility requirements to the extent that budgeted funds are 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 prorated 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, or the destination is no longer eligible.

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 after twelve months of service. All payment requests for matching advertising funds must be received no later than 6 months after the completion of the incentive period; any unused and/or unclaimed incentive dollars will then be considered forfeit.

Matching advertising funds may be used for advertising campaigns, radio, direct mail, internet marketing or other agreed upon promotions. The name "Buffalo Niagara 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.

B. Destination Based Fee Waiver Incentive

The Authority will waive all applicable fees set forth in the BUF Tariff schedule, with the exception of the Terminal Rental Rate for any leased space, for a not to exceed period of twelve (12) consecutive months for new domestic destinations identified as one through six above and for a not to exceed period of twenty-four (24) consecutive months for new international service to destinations identified as seven through twelve above.

Fuel flowage fees don't apply providing the air carrier/operator enters into the airport's fuel farm agreement.

Gate and ticket counter use are subject to availability of vacant positions.

C. BUF Accelerated Expansion Incentive

The Authority will increase the Destination Based Fee Waiver Incentive period for domestic destinations identified as one through six above to a period not to exceed twenty-four (24) consecutive months for an air carrier/operator if three (3) or more eligible destinations are announced, have executed respective letters of agreement for participation in the incentive program, and all associated flight services starts within a six-month window. Any additional eligible destinations served by the air carrier/operator will also receive the expanded period not to exceed twenty-four (24) consecutive months as long as there are at least two active Destinations Based Fee Waiver Incentive Agreements in effect. If at any time the air carrier/operator drops a route operating under an active Destination Based Fee Waiver Incentive Agreement, all other markets that benefit from the BUF Accelerated Expansion Incentive will no longer receive the increased waiver period beyond the standard twelve-month (12) period, unless at least three (3) Destination Based Fee Waiver Agreements remain active and flights are operating in accordance with the agreements.

II. New Entrant Gate Incentive

Eligibility and Benefits

The Authority will waive the passenger terminal gate use fee for a not to exceed period of twelve (12) consecutive months for new entrant domestic air carrier service, and for a not to exceed period of twenty-four (24) consecutive months for new entrant international air carrier service, thereby enhance competition and air carrier service. The New Entrant Gate Incentive will only be available if the Authority has vacant gate positions.

The air carrier must provide regularly scheduled passenger service at BUF from the passenger terminal building. An air carrier will not be eligible for the New Entrant Gate Incentive if it had regularly scheduled service at BUF or IAG and cancelled that service within the last two years of applying for the new entrant gate use fee waiver incentive. The air carrier may be eligible to apply for the new entrant gate use fee waiver incentive two years after the cancellation of service at BUF or IAG, provided that the program is still available.

The air carrier 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.