



charting  
a new course



By any measure, Fiscal Year 2009 (July 1, 2008 through June 30, 2009) was among the most challenging years in the Authority's history as our industry struggled with record-breaking fuel prices and the global recession.

Despite the nationwide reductions in airline capacity, which resulted in a decrease in passenger activity at Louisville International, we continued to offer affordable, nonstop service to 23 popular destinations.

# charting a new course

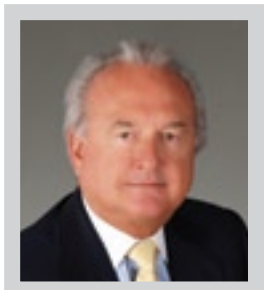
However, as our passenger traffic declined, passenger-related revenues dropped, requiring unprecedented actions to meet FY '09 and FY '10 budgets. Unfortunately, those included reducing staff, meaning the loss of team members who had made significant contributions to our success over the years.

Even though the global recession also affected cargo operations, Louisville International retained its rankings as the third busiest cargo airport in North America and the ninth busiest in the world.

The Louisville area battled more than the economy in FY '09, as we endured a freak windstorm generated by Hurricane Ike and a lethal, record-breaking ice storm. Despite treacherous conditions, our crews worked tirelessly and kept Louisville International Airport and Bowman Field open and operational.

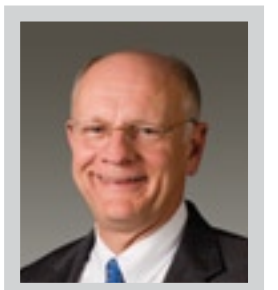
Despite the tough times, it is important to note that a survey of the economic impact of our airports affirmed their position as the largest private employment center in the region — generating almost one in every 10 jobs in the Metropolitan Statistical Area.

As we chart our course for the future, new challenges are emerging as the economic upheaval could create a 'new normal' for our industry. However, we believe our solid customer base, strong mix of passenger and air cargo operations — coupled with the creativity and adaptability of our employees — put us in a strong position to take full advantage of opportunities that change inevitably brings.





J.D. Nichols  
CHAIRMAN OF THE BOARD



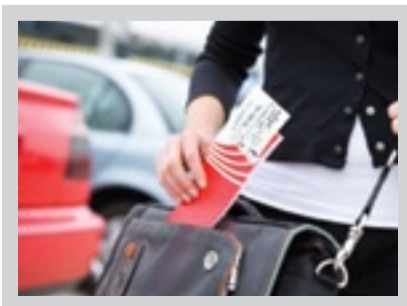


C.T. "Skip" Miller  
EXECUTIVE DIRECTOR



# air service

## passenger



During Fiscal Year 2009, airlines implemented nationwide reductions in capacity and flights to stem losses from record-setting fuel prices and the dramatic drop in consumer demand. Overall, passenger activity at Louisville International decreased 14.6% when compared with FY '08, corresponding to the estimated 15% reduction in available seats nationally.

Despite those reductions, Louisville International continued to offer convenient and affordable access to 23 nonstop destinations — including nine of the region's top ten destinations and eight of the nation's top ten international gateways. In addition, the airport's average fares remained below the national average.

## cargo



In 2008, Louisville International again ranked as the third busiest cargo airport in North America and the ninth busiest in the world.

The worldwide ranking places Louisville ahead of Miami, Singapore and Los Angeles and reflects its position as the global air hub for UPS.

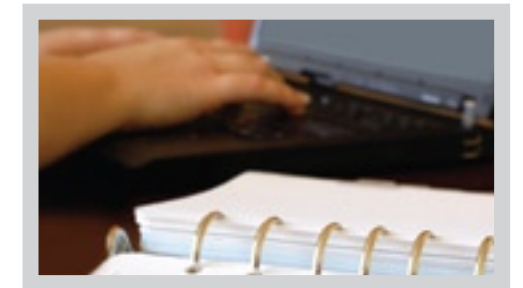






## online

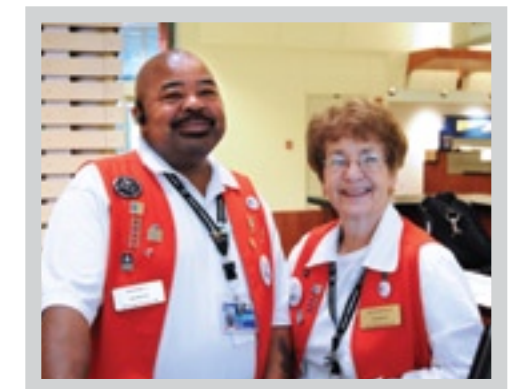
In FY '09, the airport expanded its booking engine and added an interactive map to its FlyLouisville.com Web site. This made the airport the first in the nation to link a searchable map to an airport-sponsored online reservation tool for air, hotel and car reservations. A special page also was added to the Web site highlighting new services, special offers, real-time flight status and other convenient travel tools.



# air travel made easier

## at the airport

In FY '09, the Transportation Security Administration (TSA) unveiled its Black Diamond Program to help speed travelers through the security checkpoint. The airport's flight information display screens (FIDS) became more accurate, thanks to automated data coming directly from the airlines' operations centers. The addition of valet parking and a credit-card-only parking lot made parking more convenient. To save time for travelers, flu shots were available during the airport's busiest hours from early October through December. Special chairs also were added so that passengers can relax and recharge laptops, cell phones and other electronic devices. A new, automated fresh-flower center makes bouquets available 24/7.



## hospitality

In September, Louisville hosted the 37<sup>th</sup> Ryder Cup, with airport staff coordinating the arrival of the first nonstop, international flight to Louisville. Staff decorated the terminal to welcome golf fans and the airport's business partners hosted special promotions and exhibits. During Derby week, more than 10,000 additional passengers were welcomed during peak travel times with live music and volunteer greeters. The airport's business partners again provided special displays and promotions. In addition, Louisville International and Bowman Field hosted hundreds of private aircraft.





## public safety



For the past five years, Louisville International has focused on building a unified Public Safety Department to improve emergency response capabilities, reduce costs and increase staffing flexibility. At the end of the fiscal year, nearly 90% of the officers had been cross-trained, gaining the necessary skills to work as a police officer, fire fighter, EMT and dispatcher.

Also in this fiscal year, construction began on a new public safety and airfield operations center, which will enable the airport to better manage day-to-day communications, respond to airfield maintenance calls and coordinate resources in an emergency.

The airport also added a quick-response vehicle (Rescue 42) to Louisville International's Aircraft Rescue and Fire Fighting fleet.

# operations & improvements



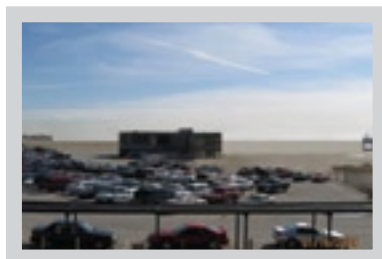
For the fourth year in a row, Louisville International passed the FAA's annual certification inspection with "no discrepancies." During the three-day inspection, FAA personnel carefully examined all operational areas and determined that — without exception — the airport was in full compliance with federal airport safety standards.

## facility enhancements

During the fiscal year, Louisville International took aggressive steps to maintain and improve its investments in airfield and terminal facilities.

On the airfield, two sections of the old Lee Terminal building were demolished, creating space for more aircraft and employee parking. Also, the old Butler Aviation ramp was renovated — primarily to accommodate private aircraft flying in for special events. Finally, work was completed on the fourth phases of the taxiway lighting-improvement and airfield pavement-repair projects.

Work also began on re-roofing the landside terminal and the cleaning and sealing of the passenger terminal's outer shell. A passenger boarding bridge was added at gate A15 and those serving gates B11 and B15 were replaced.







Louisville's airports helped generate 55,608 jobs in our metropolitan area with almost one in every 10 attributable to airport-related activities. The airports also generate nearly \$2 billion in payroll; over \$5.6 billion in economic activity; and more than \$277 million in state and local tax revenues. So that Louisville International continues to attract aviation-related companies and jobs, the airport launched the Beyond 2010 plan in 2006. The construction of Taxiway Alpha (now 55% complete) is a key component of the Beyond 2010 program that will allow the airport to accommodate the larger, 21<sup>st</sup> century aircraft. In its FY 2010 budget, the Commonwealth of Kentucky pledged \$2 million toward a project to relocate a section of Crittenden Drive so that the taxiway can be completed.



Talia-Orlee Despises

# investments for the future

## airport development

### UPS

UPS, the ninth largest airline in the world, completed the first phase of a second \$1 billion expansion of its Worldport® global air hub, which allows the facility to handle up to 1.1 million packages during its busy, late-night sorting shift. When completed, the expansion will add 1.2 million square feet to the facility, bringing Worldport's total footprint to 5.2 million square feet. The project's next phase, which includes opening another building wing in June 2010, will further increase its package-handling capacity.

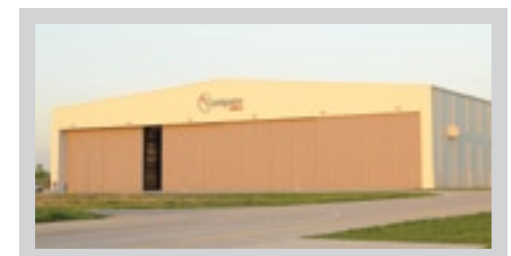


### COMPASS AIRLINES

Construction was finished on the \$9.5 million Compass Airlines (a wholly owned subsidiary of Delta Air Lines) maintenance facility. Located on the west side of Louisville International's airfield, it serves the carrier's fleet of 36 Embraer 175 regional jets. The facility created up to 70 new jobs and an annual payroll of more than \$3 million.

### CORPORATE HANGARS

More than \$4 million was invested on the east side of Louisville International's airfield with the construction of a new corporate hangar and the expansion of another.





In FY '09, significant progress was made in the community's noise-mitigation programs — including the unprecedented, multi-year relocation program and the newly launched QuieterHome® sound-insulation program.

# environment

## relocation

As of June 30, 2009, 3,656 of the 3,740 eligible families in noise-impacted areas around Louisville International Airport had been relocated through either the traditional relocation program (families choose a home using LRAA-provided funds) or the Heritage Creek program (LRAA swaps the noise-impacted home for a new home of comparable size and style in Heritage Creek).

## QuieterHome® program

While the relocation program remains the priority until completed, sixty-one homes were identified for Phase I of the QuieterHome® sound-insulation program. The homes are just northeast of the airport and now are eligible for comprehensive sound-insulation treatments designed to reduce aircraft noise within the home.

In FY '09, a house (purchased as part of the relocation program) was retrofitted as a demonstration home — outfitted with samples of the sound-insulation materials from which eligible homeowners can choose. The demonstration home allows people to see and hear just how well the improvements work.

By the end of the fiscal year, 57 of the 61 eligible homeowners had registered for the program.







Steven L. Richard

Built in 1919 as Louisville's first airport, Bowman Field today is an essential reliever airport for Louisville International and a key component of our community's airport system. Preserving and enhancing its facilities remained a priority in FY '09.

Most notable to the aviation community, Runway 14/32 became Runway 15/33, due to a change in the magnetic north. Taxiway Lima was completed — providing pilots with direct access to both runways and other airfield facilities. In addition, a ramp near Central American Airways was reconstructed and a new Airport Layout Plan developed and approved by the FAA.



Michelle Jones

# bowman field

Repairs were made to the historic art deco Administration Building and the addition of six new tenants saw the entire building leased for the first time in recent memory.

In addition, a building constructed in the 1970s to house FAA facilities was renamed the Bowman Business Center. By the end of the fiscal year, lease negotiations were underway with several potential tenants.

Through the year, airport staff continued hosting quarterly Bowman Briefings, which update tenants and others on plans for the facility.

Bowman Field's surrounding park-like setting also makes it an attractive venue for community events. Among those held at Bowman during FY '09, were the Aviation Museum of Kentucky's aviation camp and the three-day annual balloon festival in September. In addition, the Experimental Aircraft Association (EAA) Chapter 110 brought the historic Ford Tri-Motor to Bowman Field as a fund-raiser for the EAA's Young Eagles Program.



Deaton-Street







# renaissance zone

The Louisville Renaissance Zone Corporation (LRZC) — overseen by a board that mirrors the Airport Authority Board — was created to promote economic development and airport-compatible community redevelopment on 3,000 acres just south of the airport.

In FY '09, the LRZC established the Renaissance South Business Park and launched its owners association. Development of the park allowed UPS to relocate its trucking fleet's ground-sorting operations to the business park — making room for the \$1 billion expansion of Worldport® (currently scheduled to be complete in 2010). On September 2, 2008, UPS held a grand opening ceremony for the UPS Centennial Hub sort facility, the first business to be located within the park.





LOUISVILLE REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET ASSETS

	Louisville Regional Airport Authority		Component Unit Louisville Renaissance Zone Corporation	
	June 30		June 30	
	2009	2008	2009	2008
<b>ASSETS</b>				
<b>Current Assets, Unrestricted</b>				
Cash and equivalents	\$ 20,470,571	\$ 17,270,133	\$ 1,886,070	\$ 2,239,999
Investments, at amortized cost plus accrued interest	16,506,251	12,476,915	-	-
Fees and rentals receivable	2,952,295	2,901,710	490,636	385,580
Due from component unit	2,374,601	2,123,463	-	-
Supplies and prepaid expenses	1,008,644	786,880	-	-
<b>Total unrestricted current assets</b>	<b>43,312,362</b>	<b>35,559,101</b>	<b>2,376,706</b>	<b>2,625,579</b>
<b>Current Assets, Restricted</b>				
Cash and equivalents	32,547,044	29,808,835	-	-
Cash – Land Fund	3,930,608	9,478,360	-	-
Interest receivable	43,852	273,454	-	-
Grants receivable	676,901	3,858,802	-	-
Investments, at amortized cost plus accrued interest – Land Fund	5,001,585	-	-	-
<b>Total restricted current assets</b>	<b>42,199,990</b>	<b>43,419,451</b>	<b>-</b>	<b>-</b>
<b>Total current assets</b>	<b>85,512,352</b>	<b>78,978,552</b>	<b>2,376,706</b>	<b>2,625,579</b>
<b>Noncurrent Assets, Unrestricted</b>				
Capital assets not being depreciated	352,397,900	361,225,947	16,842,105	15,040,236
Depreciable capital assets, net	231,922,665	224,672,579	-	-
Deferred loan and bond cost, net of accumulated amortization of \$5,163,413 in 2009 and \$5,960,592 in 2008	15,466,923	15,373,157	2,684,636	2,886,878
<b>Total unrestricted noncurrent assets</b>	<b>599,787,488</b>	<b>601,271,683</b>	<b>19,526,741</b>	<b>17,927,114</b>
<b>Noncurrent Assets, Restricted</b>				
Cash – PFC Fund	2,067,004	5,157,420	-	-
Cash and equivalents	33,696,173	11,246,785	-	-
Investments – PFC Fund	3,000,363	-	-	-
Investments, at amortized cost plus accrued interest	9,156,654	35,698,123	-	-
<b>Total restricted noncurrent assets</b>	<b>47,920,194</b>	<b>52,102,328</b>	<b>-</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>647,707,682</b>	<b>653,374,011</b>	<b>19,526,741</b>	<b>17,927,114</b>
<b>Total assets</b>	<b>\$ 733,220,034</b>	<b>\$ 732,352,563</b>	<b>\$ 21,903,447</b>	<b>\$ 20,552,693</b>

LOUISVILLE REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET ASSETS -- CONTINUED

	Louisville Regional Airport Authority		Component Unit Louisville Renaissance Zone Corporation	
	June 30		June 30	
	2009	2008	2009	2008
<b>LIABILITIES</b>				
<b>Current Liabilities (payable from unrestricted current assets)</b>				
Accounts payable	\$ 3,103,030	\$ 2,540,770	\$ 417,736	\$ 267,269
Due to the Authority	-	-	2,374,601	2,123,463
Accrued expenses and other	807,738	994,123	317,438	441,908
Loans Payable	-	-	229,098	72,519
Deferred income	127,169	114,185	-	-
<b>Total unrestricted current liabilities</b>	<b>4,037,937</b>	<b>3,649,078</b>	<b>3,338,873</b>	<b>2,905,159</b>
<b>Current Liabilities (payable from restricted current assets)</b>				
Current portion of bonds and loans payable	16,085,000	15,070,000	-	-
Accounts payable	2,380,908	6,007,747	-	-
Accrued interest	7,717,883	8,160,753	-	-
<b>Total restricted current liabilities</b>	<b>26,183,791</b>	<b>29,238,500</b>	<b>-</b>	<b>-</b>
<b>Total current liabilities</b>	<b>30,221,728</b>	<b>32,887,578</b>	<b>3,338,873</b>	<b>2,905,159</b>
<b>Long-Term Debt</b>				
Bonds and loans payable	361,990,000	367,050,000	18,180,137	17,027,719
<b>Other Liabilities</b>				
Deposit from UPS Land Option	7,656,700	8,031,250	-	-
Unamortized bond premium, net	9,335,248	9,432,344	-	-
Deposit from Commonwealth of Kentucky	18,724,824	18,724,824	-	-
Other liabilities	83,600	83,600	-	-
Revolving coverage (payable from restricted assets)	4,300,000	4,300,000	-	-
<b>Total other liabilities</b>	<b>40,100,372</b>	<b>40,572,018</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>432,312,100</b>	<b>440,509,596</b>	<b>21,519,010</b>	<b>19,932,878</b>
Commitments and contingencies				
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	276,946,037	282,163,832	-	-
Restricted for debt service	14,352,345	14,447,382	-	-
Restricted for capital projects	5,067,366	5,157,420	-	-
Unrestricted net assets (deficit)	4,542,186	(9,925,667)	384,437	619,815
<b>Total net assets</b>	<b>\$ 300,907,934</b>	<b>\$ 291,842,967</b>	<b>\$ 384,437</b>	<b>\$ 619,815</b>



**LOUISVILLE REGIONAL AIRPORT AUTHORITY**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Louisville Regional Airport Authority		Component Unit Louisville Renaissance Zone Corporation	
	June 30		June 30	
	2009	2008	2009	2008
<b>Operating Revenues</b>				
Rentals and concessions	\$ 40,507,749	\$ 43,826,224	\$ -	\$ -
Landing and field use fees	20,055,027	19,451,017	-	-
Land sales and TIF revenues	-	-	301,072	2,559,080
Total operating revenues	60,562,776	63,277,241	301,072	2,559,080
<b>Operating Expenses</b>				
Operations and general maintenance	16,669,526	16,319,440	-	641,860
Administrative, general, planning and engineering	8,176,380	8,003,151	179,729	263,379
	24,845,906	24,322,591	179,729	905,239
Major maintenance	4,426,132	3,610,139	-	-
Depreciation and amortization	28,138,199	29,796,970	-	-
Total operating expenses	57,410,237	57,729,700	179,729	905,239
<b>Operating income</b>	<u>3,152,539</u>	<u>5,547,541</u>	<u>121,343</u>	<u>1,653,841</u>
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings, net	2,376,785	5,184,333	9,160	18,372
Interest expense	(17,785,333)	(19,308,182)	(365,881)	(333,633)
Passenger facility charges	4,594,799	5,323,789	-	-
Net (loss) gain on disposal of assets	(2,485,109)	182,833	-	-
Other expenses	(208,234)	(187,515)	-	-
Net non-operating revenue (expense)	(13,507,092)	(8,804,742)	(356,721)	(315,261)
Income (loss) before capital contributions	(10,354,553)	(3,257,201)	(235,378)	1,338,580
<b>Capital Contributions</b>	<u>19,419,520</u>	<u>19,045,903</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	9,064,967	15,788,702	(235,378)	1,338,580
<b>Net assets (deficit), beginning of year</b>	<u>291,842,967</u>	<u>276,054,265</u>	<u>619,815</u>	<u>(718,765)</u>
<b>Net assets, end of year</b>	<u>\$ 300,907,934</u>	<u>\$ 291,842,967</u>	<u>\$ 384,437</u>	<u>\$ 619,815</u>

**LOUISVILLE REGIONAL AIRPORT AUTHORITY**

STATEMENTS OF CASH FLOWS

	Louisville Regional Airport Authority		Component Unit Louisville Renaissance Zone Corporation	
	June 30		June 30	
	2009	2008	2009	2008
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 59,899,487	\$ 62,607,814	\$ -	\$ -
Land sales and TIF revenues	-	-	196,016	2,173,500
Payments to suppliers	(20,456,878)	(24,589,336)	(268,475)	(251,783)
Payments to employees	(8,385,888)	(7,862,331)	-	-
<b>Net cash provided by (used for) operating activities</b>	<u>31,056,721</u>	<u>30,156,147</u>	<u>(72,459)</u>	<u>1,921,717</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Capital contributions	22,601,421	17,994,988	-	-
Passenger facility charges	4,594,799	5,323,789	-	-
Acquisition and construction of capital assets	(33,406,991)	(24,403,028)	(1,397,385)	(7,110,709)
Proceeds from sale of assets	1,378,187	182,957	-	-
Proceeds from issuance of debt	37,610,000	-	1,145,124	7,404,406
Principal paid on capital debt	(41,655,000)	(14,410,000)	(38,369)	-
Interest paid on capital debt, net of capitalized interest	(18,228,203)	(19,488,559)	-	-
Fees paid on bonds	(208,235)	(187,629)	-	-
Issuance costs of capital debt	703,413	(137,838)	-	-
<b>Cash flows (used for) provided by capital and related financing activities</b>	<u>(26,610,609)</u>	<u>(35,125,320)</u>	<u>(290,630)</u>	<u>293,697</u>
<b>Cash Flows From Investing Activities</b>				
Proceeds from maturities of investments	79,256,313	56,436,018	-	-
Purchase of investments	(64,746,128)	(32,343,300)	-	-
Investment income	793,570	5,183,170	9,160	5,759
<b>Net cash provided by investing activities</b>	<u>15,303,755</u>	<u>29,275,888</u>	<u>9,160</u>	<u>5,759</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	19,749,867	24,306,715	(353,929)	2,221,173
<b>Cash and Equivalents, Beginning of Year</b>	<u>72,961,533</u>	<u>48,654,818</u>	<u>2,239,999</u>	<u>18,826</u>
<b>Cash and Equivalents, End of Year</b>	<u>\$ 92,711,400</u>	<u>\$ 72,961,533</u>	<u>\$ 1,886,070</u>	<u>\$ 2,239,999</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</b>				
Operating income	\$ 3,152,539	\$ 5,547,541	\$ 121,343	\$ 1,653,841
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation and amortization	28,138,199	29,796,970	-	-
Changes in assets and liabilities:				
Fees and rental receivable	(301,723)	(682,412)	(105,056)	(385,580)
Deferred income	12,984	12,985	-	-
Supplies and prepaid expenses	(221,764)	(87,874)	-	-
Accounts payable	837,421	(4,592,114)	(88,746)	653,456
Accrued expenses and other	(186,385)	161,051	-	-
Deposit from UPS land option	(374,550)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 31,056,721</u>	<u>\$ 30,156,147</u>	<u>\$ (72,459)</u>	<u>\$ 1,921,717</u>





# board of directors

## powering the economy

A recent economic impact survey has revealed that Louisville International Airport (SDF) and Bowman Field (LOU) continue to comprise the largest employment center among private operations in the region and have become the primary economic engines powering our local and state economy.

The airports also fuel the economy by providing an international and strategic transportation link, allowing access to world markets overnight. In addition, passengers are able to connect to world destinations, helping our community retain and attract businesses, conventions and tourists.

Many benefit from the airports' economic activity, whether they work at the airports or not. Growth at the airports translates into additional jobs, payroll, business production, construction projects and state and local tax revenues. How?

As examples, Amgen, Ann Taylor, Clearwater Fine Foods, the Geek Squad, Johnson & Johnson and Zappos are among the companies that are located in the Louisville area to take advantage of the logistics offered by UPS's global air hub — Worldport.®

Together, Louisville's airports help generate 55,608 jobs. That means 9% of total area employment — almost one in every 10 jobs in the Metropolitan Statistical Area — is attributable to airport-related activities.

The airports also generate nearly \$2 billion in payroll; over \$5.6 billion in economic activity; and more than \$277 million in state and local tax revenues.



J.D. Nichols  
CHAIRMAN



Phil Lynch  
VICE CHAIRMAN



Robert L. Knust  
SECRETARY/TREASURER



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Jerry Abramson  
MAYOR OF LOUISVILLE



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Gail L.  
Strange



Jeffrey S.  
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Steven E.  
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Welch, Jr.