

The City of Wilmington, Ohio



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August 18, 2008

John A. Carey, Jr.
State Senator
Ohio 17th Senate District
State House
Columbus, OH 43215

David T. Daniels
State Representative
Ohio's 86th House District
State House
Columbus, OH 43215

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Re: House State Government and Elections Committee and Senate Finance and Financial Institutions Committee Hearing, Tuesday, August 19, 2008, at 1:00 p.m. at Building 2, ABX Air Park Facility, Wilmington, OH.

Dear Sen. Carey and Rep. Daniels,

In order to provide your committees with as much relevant information as possible, I am enclosing a briefing paper regarding the potential consequences of a DHL-UPS contract and the closure of much of the business DHL now conducts at the Wilmington Airpark.

I am also including all of the official letters that I am aware of that have been written related to the DHL-UPS announcement. These letters will provide you with a great deal of background on the current situation.

Finally, as co-convenor along with the Lt. Governor, I am enclosing the list of members of our bipartisan, regional and diverse Economic Task Force for the DHL hub. The Economic Task Force was formed shortly after the May 28, 2008 announcement by DHL of an expected contract with UPS and the Task Force has been working diligently since then. They do their work through the following committees: Retention, Redevelopment, Economic Impact and Data, Workforce and Outreach. To date, the committees have been focusing on retention while preparing for other possible outcomes.

I will be testifying before you tomorrow and at that time will provide a written copy of the remarks I plan to make. Thank you for inviting me to provide this important information to your committees.

Sincerely yours,

David L. Raizk

*Briefing regarding the situation at the DHL/Wilmington Airpark
August 8, 2008*

On May 28, 2008, DHL announced it is negotiating with its competitor United Parcel Service (UPS) to have UPS replace DHL's U.S. airlift and hub operations based in Wilmington, Ohio. If it goes through, this deal will economically devastate Wilmington and seven southwest Ohio counties through the direct loss of at least 8,200 jobs and many more indirectly.

History and Current Operations

The Wilmington Air Park has been a regional cargo freight hub and the area's largest employer since 1980, when Airborne Express bought the former Clinton County Air Force Base, creating the largest privately owned airport in the U.S. The air park has two landing strips with the capability to handle simultaneous incoming and outgoing flights, making it ideal for air cargo operations.

In 2003, DHL acquired Airborne and, with it, ownership of the Wilmington Air Park. Soon afterward, DHL received \$422 million in incentives from the State of Ohio and local governments based on its commitment to maintain and expand jobs.

Currently, DHL contracts with ABX Air, Inc. ("ABX Air") to perform its national cargo sorting and air freight operations. ABX Air, which was created during the Airborne acquisition, is a cargo airline that operates out of Wilmington. It is a subsidiary of Air Transport Services Group, Inc. (NASDAQ: ATSG). More information is available at www.atsginc.com and www.abxair.com.

ABX Air has two contracts with DHL. The Aircraft, Crew Maintenance and Insurance (ACMI) contract covers air cargo flights and associated operations. Under a separate Hub Services contract, ABX handles DHL's package-sorting operations at Wilmington and in 15 hubs around the country.

DHL also contracts with another airline, ASTAR, to carry a portion of its air cargo. Formerly known as DHL Airways, ASTAR is headquartered in Miami, Florida. DHL owns 49 percent of ASTAR. More information is available at www.astaraircargo.com.

Economic Impact

Based upon 2006 data, the DHL Air Park is the largest employer in a seven-county southwestern Ohio area that includes Clinton, Fayette, Highland, Brown, Ross, Greene and Adams counties. Air park employees come from 45 of Ohio's 88 counties.

A DHL-UPS contract would result in the direct loss of 8,000 area jobs – with nearly 2,000 more indirect job losses. The economic impact from salary loss for ABX alone, in a worst case scenario, would be follows [jobs numbers in brackets]:

Clinton County* – \$80.81 million [2,311]
Highland County* – \$54.25 million [1,549]
Fayette County* – \$12.28 million [351]
Brown County* – \$5.5 million [158]
Adams County* – \$5.4 million [184]

Other counties with significant potential job loss numbers include:

Montgomery -- 443
Greene* -- 573
Warren* -- 316
Ross County* -- 102

*DHL/ABX/ASTAR is the largest employer group for this County

The economic impact on **Clinton County** alone would be as follows:

Loss	Description	Annual Amount Lost
Payroll	ABX Air, DHL, ASTAR, US Customers and other air park	\$257,100,000
City of Wilmington	1% income tax	\$2,571,000
Clinton County	Sales tax revenue	\$1,600,000
Wilmington Public Schools	1% income tax	\$562,500
Local Business	Includes area business impact	\$160,000,000
Employee health coverage	Estimate based upon	\$63,000,000
TOTAL (APPROXIMATELY, ESTIMATED)		\$421,896,500

The deal would have far-reaching implications for Ohio's logistics industry as a whole. Ohio currently is a U.S. logistics leader, and DHL's national sort facility in Wilmington is a key asset in a logistics management network that encompasses the entire spectrum of the industry. Ohio's central location and transportation strengths, including DHL, means that companies located in Ohio are within one day's drive of 62 percent of U.S. manufacturing facilities and within 500 miles of 59.5 percent of the U.S. population. DHL is crucial to maintaining Ohio's edge in the logistics industry.

Efforts Underway to Address the Issue

Ohio's elected officials are spearheading efforts to avert the potential economic disaster that could follow if DHL is successful in negotiating a deal with UPS.

On June 6, 2008, Mayor David Raizk, with the support of Ohio Lt. Gov. Lee Fisher, formed a broad-based task force created to preserve jobs and craft economically feasible solutions stemming from the potential deal. Since the announcement in May, the task force has convened every other week to report progress. Individual committee meetings have been held weekly.

The Ohio Attorney General has put DHL and UPS on notice that they will be looking closely at this transaction for compliance with the state's antitrust law.

State Senator John Carey (R- Wellston) and State Representative David Daniels (R- Greenfield) have called for a joint meeting of the House State Government & Elections Committee and the Senate Finance and Financial Institutions Committee, to be held in Wilmington, to hear testimony on the issue and address ways the state of Ohio can help in the matter. The meeting

will be held on **Tuesday, August 19, 2008 at 1 p.m. in Building 2 of the ABX Airpark facility.**

The U.S. Department of Labor and Commerce is also aware of the situation. Robert Hickey, a representative from the U.S. Department of Commerce Economic Development, visited Clinton County and discussed federal Economic Development Assistance grants with city and county officials.

White House Chief of Staff Joshua B. Bolten has been appointed as the White House liaison for this issue.