

TED STRICKLAND
GOVERNOR
STATE OF OHIO



LEE FISHER
LIEUTENANT GOVERNOR
STATE OF OHIO

July 24, 2008

Secretary Mary E. Peters
U.S. Department of Transportation
1200 New Jersey Ave SE
Washington D.C. 20590

Dear Secretary Peters:

We write to you today to request your immediate investigation into a proposed combination of common carriers that potentially will have negative consequences on the competitive nature of the U.S. shipping market.

In late May 2008, Deutsche Post AG announced a restructuring plan for its DHL Express ("DHL") business which would outsource all of DHL's U.S. domestic airlift business to United Parcel Service, Inc. ("UPS"). DHL has strongly indicated that all operations at the DHL facility in Wilmington, Ohio, will cease when the processing moves to UPS's Louisville, Kentucky facility. This plan has the potential to eliminate over 8,000 jobs and to impact an estimated 41 counties in Ohio.

Two earlier consolidations have already cost thousands of jobs in Ohio's shipping industry. The proposed transaction also gives us serious concern that the competitive viability of the nation's shipping market will be adversely affected if UPS is permitted to absorb DHL's domestic shipping operations.

As you are well aware, 49 USC § 41712 empowers the Secretary of Transportation investigate and determine "whether an air carrier, foreign air carrier, or ticket agent has been or is engaged in an unfair or deceptive practice or an unfair method of competition in air transportation or the sale of air transportation." Furthermore, the Secretary has jurisdiction to prohibit unfair methods of competition, separate and apart from any analysis under the Sherman Act. In a memorandum submitted to the Ohio Department of Taxation in December 2007, DHL stated that it is a common carrier under federal common law and federal statute and is engaged in providing interstate air transportation as a direct or indirect carrier.

It appears likely that this proposed deal between DHL and UPS is a step toward the elimination of a competitor from the express delivery market. Consolidation leaves consumers' only two options for express delivery service – and that is contrary to the public interest.

We urge the US Department of Transportation to utilize its full authority and immediately investigate this proposed transaction and issue appropriate orders to stop activity that will erode competition. Thank you for your attention to this matter.

Sincerely,

Handwritten signature of Ted Strickland in black ink.

Ted Strickland
Governor of Ohio

Handwritten signature of Lee Fisher in black ink.

Lee Fisher
Lt. Governor of Ohio
Director, Ohio Department of Development

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