

Air Cargo Operations – Central Ohio

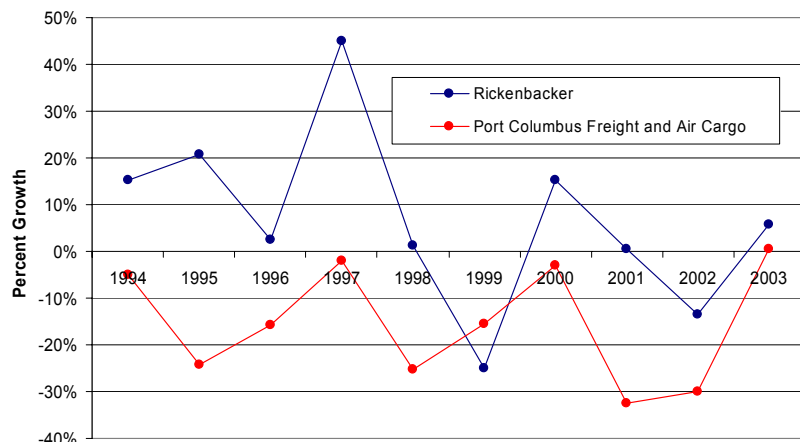
Air freight is the fastest, most reliable mode for the transport of high value, low weight, and time sensitive shipments. In fact, access to air freight is key to the type of fashion retail headquartered in central Ohio, like the Limited Brands family of companies. These companies rely on having access to a cargo airport with minimal infrastructure bottlenecks to ensure that business stays ahead of the trends.



According to AASHTO from TRANSEARCH data, nationwide air freight will grow from 9 million tons in 2000 to 25 million tons in 2020, an increase of 181%. Ton-miles will grow from 9 billion in 2000 to 27 billion in 2020, an increase of 182%. It is anticipated that central Ohio airports will feel a portion of this growth, as long as textiles continue to be shipped to market from the Far East.

Air cargo volumes are experiencing moderate growth in central Ohio. Rickenbacker has made great strides in development over the last 10 years and is contributing most of the region's air cargo growth, while Port Columbus has decreased its share of small package freight and mail handling to focus on passenger service.

Rickenbacker and Port Columbus Growth



Source: Columbus Regional Airport Authority
(<http://www.columbusairports.com>)

Airport Merger



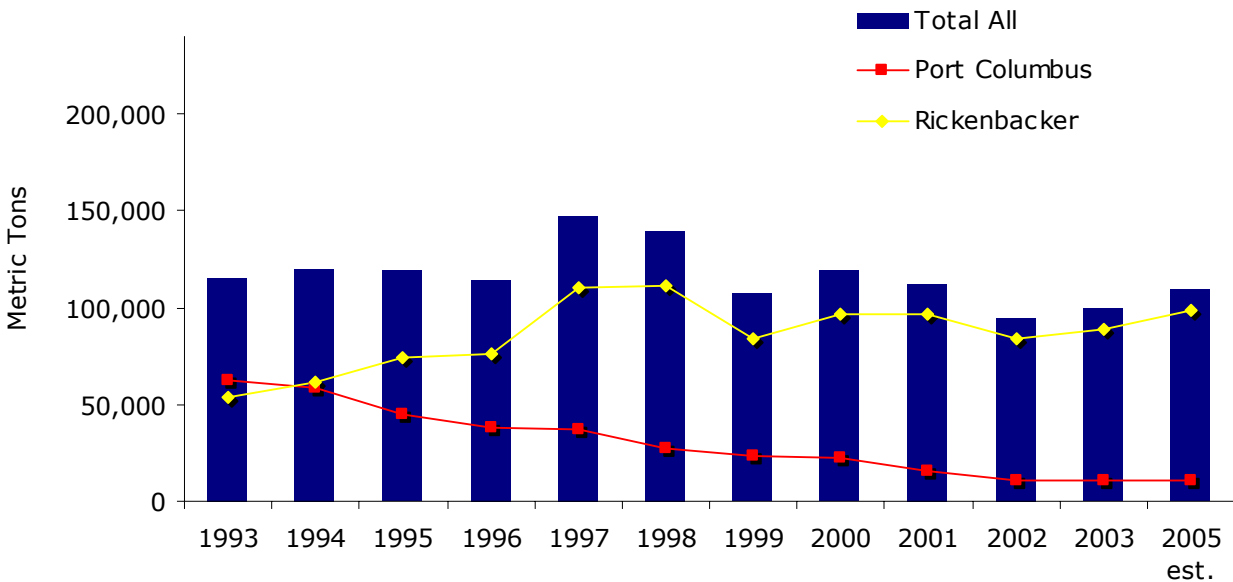
COLUMBUS REGIONAL
AIRPORT AUTHORITY

As of January 1, 2003 the Columbus Regional Airport Authority (CRAA) became responsible for the operation of Port Columbus International, Rickenbacker International and Bolton Field airports. The city of Columbus and Franklin County established the Regional Port Authority Study Committee that, after several months of extensive discussion and analysis, including a formal third-party study, recommended the merger of the two original authorities. It is believed that the new, regional airport authority will create operational efficiencies and synergies to provide benefits to Central Ohio that were not fully realized under the separate entities of the Columbus Municipal Airport Authority (CMAA) and the Rickenbacker Port Authority. CRAA is governed by a board of directors comprised of nine regional business leaders who also served on a Transition Board that oversaw the integration of the two airport authorities.



Overall air cargo volumes in central Ohio remain stable, with moderate growth at Rickenbacker and a stable situation at Port Columbus. In 1998 MORPC had predicted that total air cargo volumes would reach 240,000 metric tons by the year 2000. However, this was not the case. In fact, actual volumes for 2000 were not quite 120,000 metric tons, a mere half of the projection. This discrepancy is attributed to several factors that were unknown at the time of the projection. In air freight the catch is trying to get major corporations to locate a hub at the airport. Columbus has had difficulty doing this and in recent years lost a major UPS hub to Louisville, KY and a FedEx hub to Memphis, TN. The figure below shows a summary of air cargo operations for the last 10 years.

Central Ohio Air Cargo Operations



	Rickenbacker	Port Columbus - Freight	Port Columbus - Mail	Port Columbus - All	Total All
1993	53,350	30,830	31,320	62,149	115,499
1994	61,446	31,031	27,983	59,014	120,460
1995	74,147	15,099	29,597	44,696	118,843
1996	76,052	10,522	27,112	37,634	113,686
1997	110,247	11,833	25,076	36,910	147,157
1998	111,573	9,185	18,428	27,613	139,186
1999	83,563	7,577	15,762	23,340	106,903
2000	96,204	6,656	15,975	22,632	118,836
2001	96,779	4,331	10,969	15,300	112,079
2002	83,753	4,264	6,463	10,727	94,480
2003	88,660	3,942	6,825	10,767	110,194
2005 est.	89,910			10,500	100,410

Source: Columbus Regional Airport Authority (<http://www.columbusairports.com>)

Projections for future air cargo volumes are conservative in this figure. It is anticipated that the 2005 projection of approximately 110,000 metric tons is low, given the Columbus Regional Airport Authority plans for warehousing and distribution facility development at Rickenbacker within the next 5 years.

Port Columbus International Airport - Overview

Port Columbus International Airport primarily serves passengers, but also handles freight shipments such as small package cargo and mail.

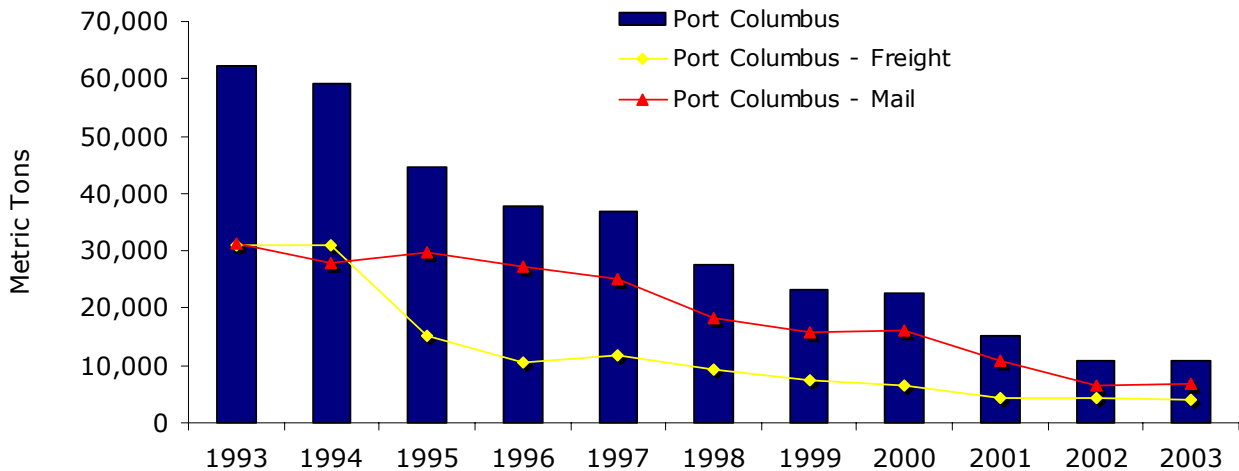
Freight airlines operating from Port Columbus include:

- AirNet Systems
- American Check Transport
- Ameriflight
- Ameristar Jet Charter, Inc.
- IFL Group, Inc.
- Kalitta Charters
- Menlo Worldwide
- Miami Valley
- Nolinair Aviation
- USA Jet
- Zantop International



The chart below shows that Port Columbus has shifted some of the focus it had placed on small package freight and mail to passenger service since 1995. The metric tons of both mail and freight coming through Port Columbus continues to decline. In fact, one of the major freight airlines at Port Columbus, AirNet Systems, will be moved to Rickenbacker within the next year, as a replacement site is developed.

Port Columbus Air Cargo Volumes



Source: Columbus Regional Airport Authority (<http://www.columbusairports.com>)

Rickenbacker International Airport - Overview



As can be seen below, overall operations at Rickenbacker have remained stable in recent years. For the first time in 2003, the amount of cargo shipped out of the port exceeded the amount of cargo deplaned.

Cargo airlines serving Rickenbacker include:

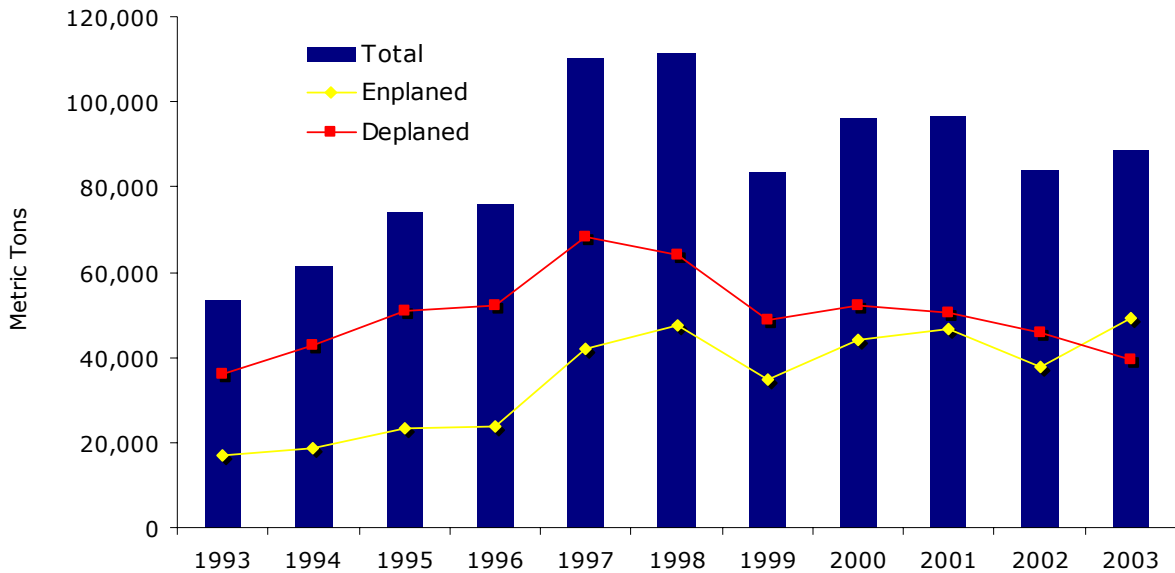
- FedEx
- UPS
- Polar Air Cargo
- Evergreen International Airlines

Freight forwarders operating from Rickenbacker include:

- A.W. Fenton,
- Expeditors International,
- Friz Cos.
- Hellman Worldwide
- Kintetsu
- Panalpina
- PBB
- Shenker



Rickenbacker Air Cargo Volumes



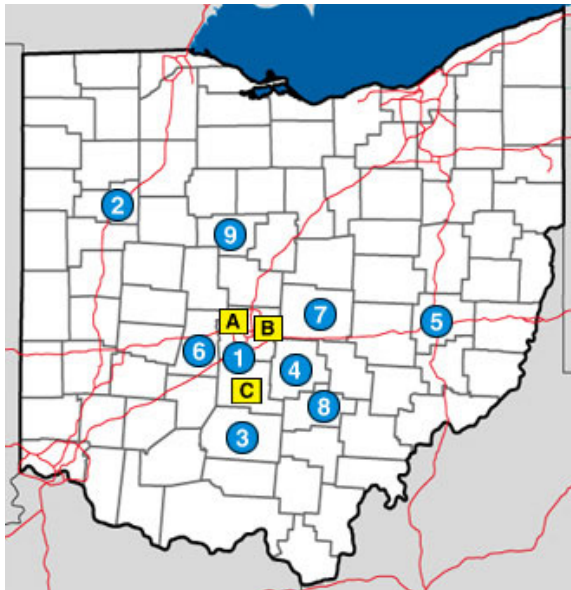
Source: Columbus Regional Airport Authority (<http://www.columbusairports.com>)

Foreign-Trade Zone #138

A Foreign-Trade Zone (FTZ) is a tool that companies can use to increase their global competitiveness. Goods may be transferred from U.S. ports of entry to a FTZ, or between FTZ's, duty free. And, if the products are re-exported, no duties are paid. Products made overseas for overseas markets may be brought into a FTZ for storage or consolidation with other products, allowing distribution of complete shipments to customers. Normally, goods in a FTZ avoid federal excise taxes, and both foreign and domestic goods in a General Purpose FTZ are exempt from Ohio inventory taxes.

The Columbus Regional Airport Authority is grantee and operator of Foreign-Trade Zone #138 which encompasses over 5,000 acres at Rickenbacker, with additional acreage in satellite locations in Allen, Ross, Guernsey, Fairfield, Madison, Hocking and Licking Counties. These FTZ locations include facilities such as warehouses and distribution centers in industrial parks that can be used by more than one firm, as well as three sub-zones at specific business locations.

Foreign-Trade Zone #138 Locations



General Purpose Zone

- 1 Franklin and Pickaway Counties:**
 - Rickenbacker International Airport
 - Rickenbacker West Industrial Park
 - Groveport Commerce Center
 - Opus Business Center
 - Creekside Industrial Center
 - Gateway Business Park – West Campus
- 2 Allen County:**
 - Gateway Commerce Park
- 3 Ross County:**
 - Gateway Interchange Industrial Park
- 4 Fairfield County:**
 - Rock Mill Industrial Park
 - Canal Pointe Industry and Commerce Park
- 5 Guernsey County:**
 - D.O. Hall Business Center
- 6 Madison County:**
 - Eagleton Industrial Park
 - Building Systems Transportation
- 7 Licking County:**
 - Etna Corporate Park
 - Central Ohio Aerospace and Technology Center Campus
- 8 Hocking County:**
 - Logan-Hocking Industrial Park
- 9 Marion County**
 - Marion Industrial Center

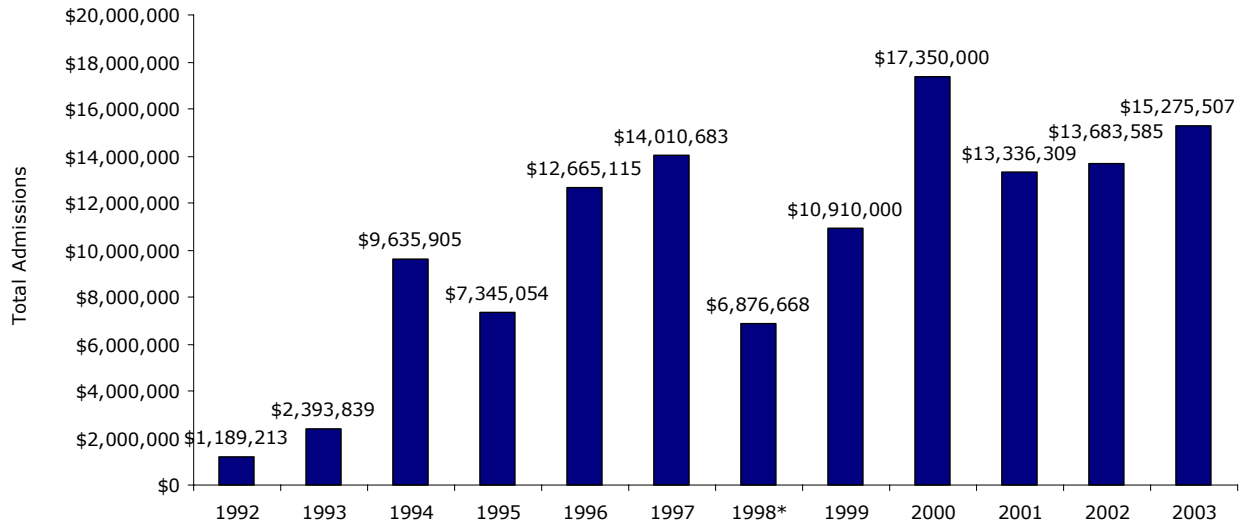
FTZ Subzones

- A** #138C - Abbott Manufacturing
- B** #138E - Lucent Technologies
- C** #138F - Dupont

Source: Columbus Regional Airport Authority (<http://www.columbusairports.com>)

In the past few years FTZ #138 has experienced tremendous growth, nearly a 63% increase between 1999 and 2000 as shown in the following graph. The FTZ experienced a low-point in 1998 when Rickenbacker began operating the FTZ, and a second low point in 2001 can be attributed to September 11th flight cancellations. However, FTZ #138 activity has been increasing steadily in recent years.

Foreign-Trade Zone #138, Total Admissions



* RPA began as Operator of the FTZ 1/1/1998

Source: Columbus Regional Airport Authority (<http://www.columbusairports.com>)



Examples of companies benefiting from being located in FTZ #138:

- Abbott Manufacturing – produces milk and sugar-based formula and adult nutritional products
- Globe Metallurgical – produces ferroalloys and silicon metals
- Lucent Technologies – this facility is used for the manufacturing of telecommunications equipment
- DuPont – this special-purpose subzone at the DuPont plant in Circleville will help reduce tariff payments on chemicals used to produce Kapton Polyimide film, a product used for flexible circuitry in the electronics, automotive and aircraft manufacturing industries