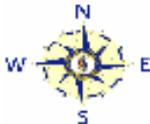


Transportation's Role in Kentucky's Economic Development

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PUBLIC RIVERPORTS IN KENTUCKY



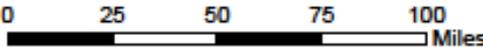
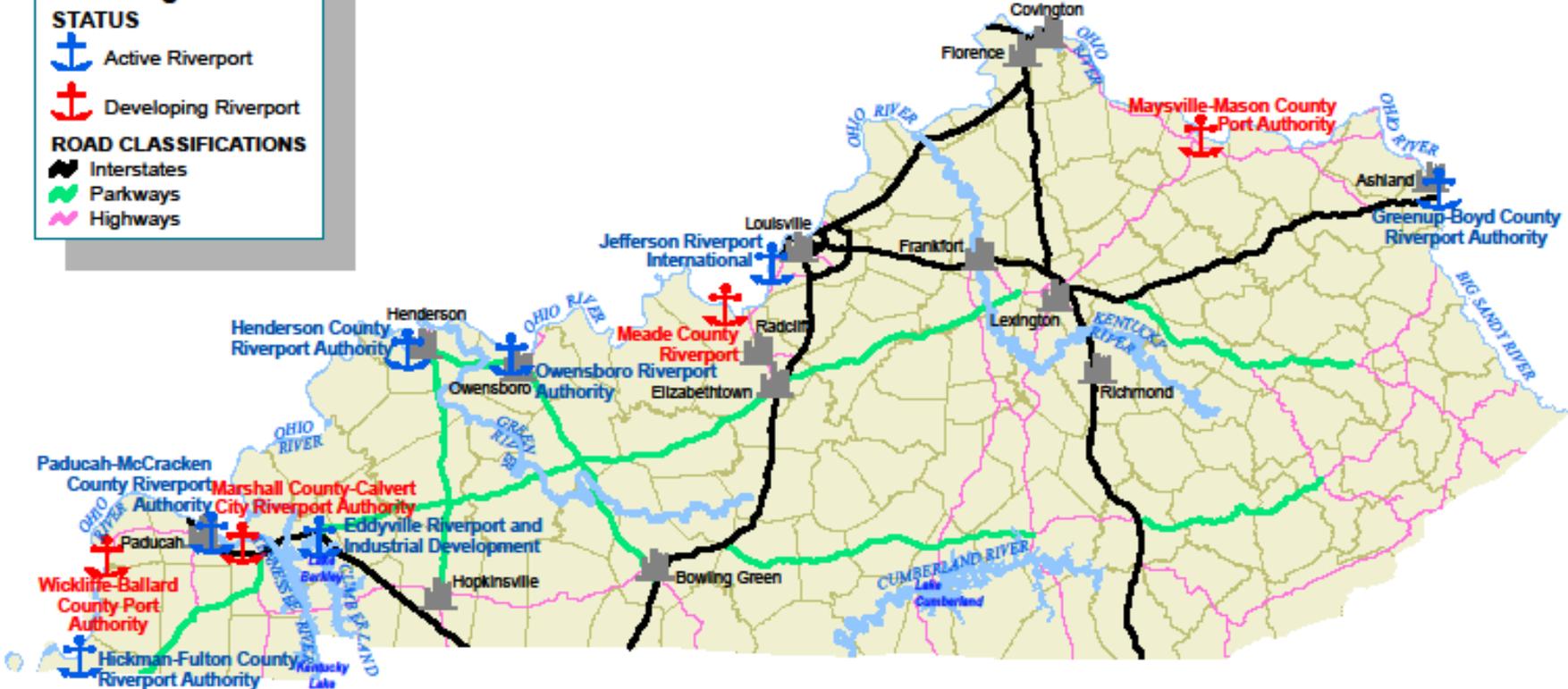
Legend

STATUS

- Active Riverport
- Developing Riverport

ROAD CLASSIFICATIONS

- Interstates
- Parkways
- Highways



Water

- Ohio River flows 664 miles along northern border of Kentucky
 - Flatboats to steamboats to barges
- Kentucky has 9 public riverports and more than 160 private terminals
 - Port of Louisville located at mile 618, 10-12 days from Gulf of Mexico
 - Freight movements in Ohio River basin represents 25% of US waterborne commerce
- Ten ferry operations
 - Two state-owned and eight private

RAILROADS OPERATING IN KENTUCKY

Legend

RAILROAD CLASSIFICATIONS

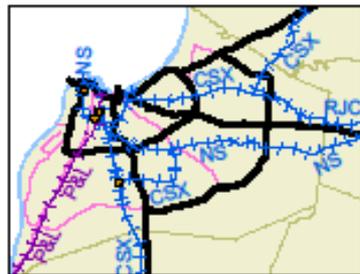
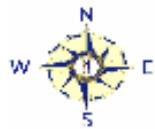
- +— Class I Rail
- +— Class II Rail
- +— Class III Rail
- Switchyard

ROAD CLASSIFICATIONS

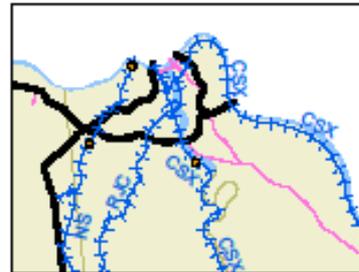
- Interstate
- Parkway
- Highways

OWNERSHIP ABBREVIATIONS

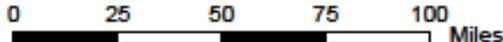
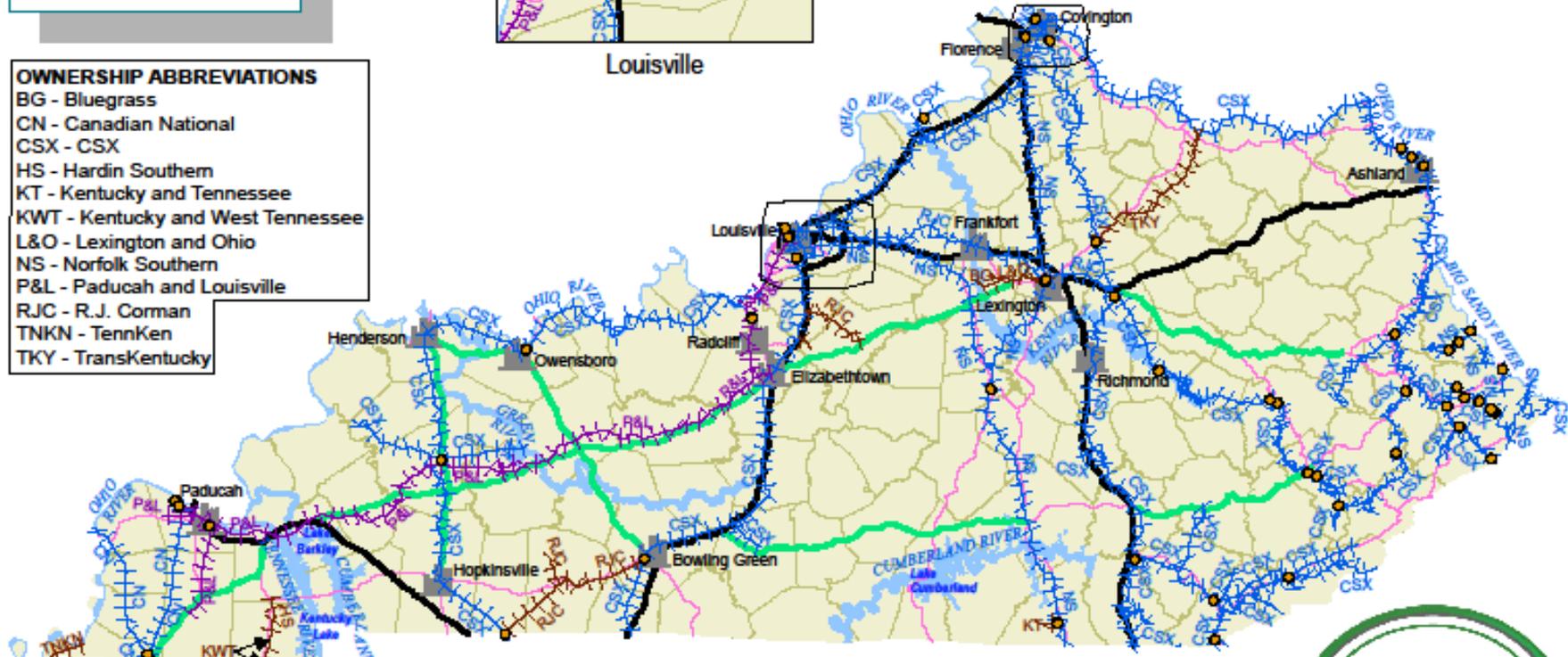
- BG - Bluegrass
- CN - Canadian National
- CSX - CSX
- HS - Hardin Southern
- KT - Kentucky and Tennessee
- KWT - Kentucky and West Tennessee
- L&O - Lexington and Ohio
- NS - Norfolk Southern
- P&L - Paducah and Louisville
- RJC - R.J. Corman
- TNKN - TennKen
- TKY - TransKentucky



Louisville



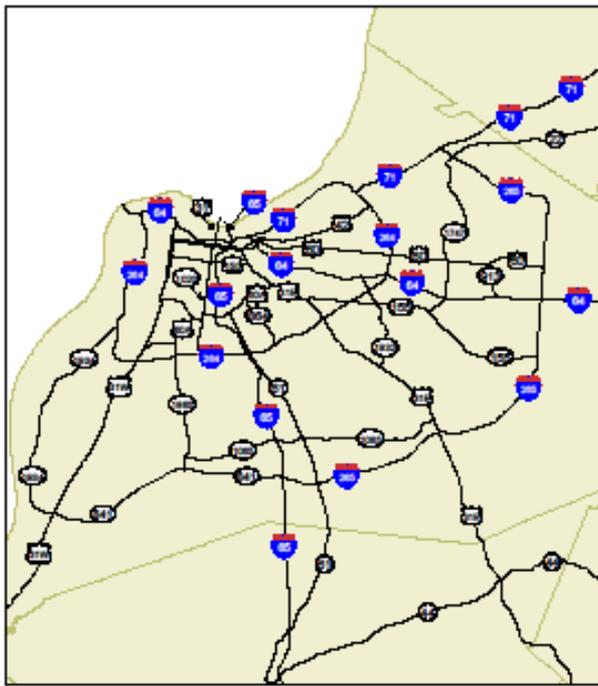
Covington



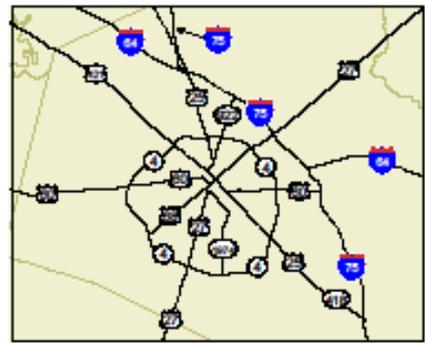
Rail

- Kentucky has 14 common freight carriers operating on 2,790 miles of track
- Most coal shipments reach final destination by rail
 - According to the most recent (2007) Commodity Flow Survey, coal accounts for the most ton-miles of freight shipped (62% counting petroleum products)
- Kentucky is third largest coal producer in US, but its market share is falling
 - Only about 16,000 employees today, but that can still be more than 25% of some counties' workforce

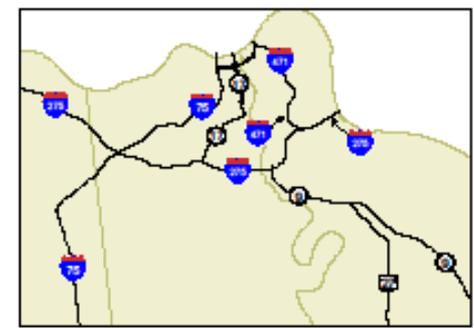
FREIGHT FOCUS ROAD NETWORK



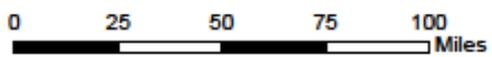
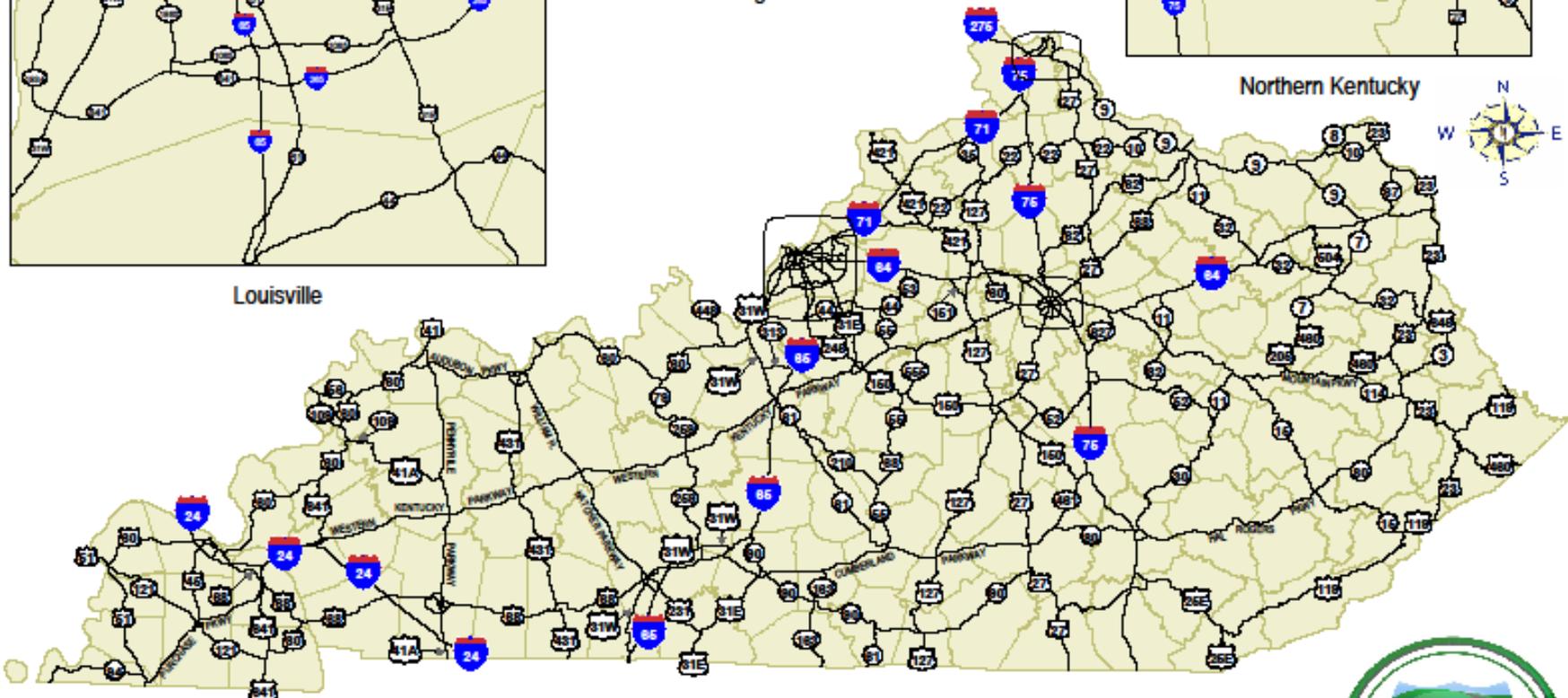
Louisville



Lexington



Northern Kentucky



Highways

- Most of Kentucky's manufacturing exports reach their destination by road and/or rail
- About 15% of Kentucky's workforce in manufacturing, a steadily declining number
 - Toyota, Ford, GE and Lexmark notable
 - Concentration in urban centers
- Motor vehicles have the highest percentage of ton miles of freight shipped by value (38%)

Air

- Kentucky ranks third in nation in total air cargo shipment
- Why Kentucky?
 - Good weather and short travel times
- Two international airports
- Two top cargo hubs
 - DHL #1 global freight forwarder – Cincinnati MSA
 - UPS #5 global freight forwarder – Louisville MSA



UPS - Global Distribution

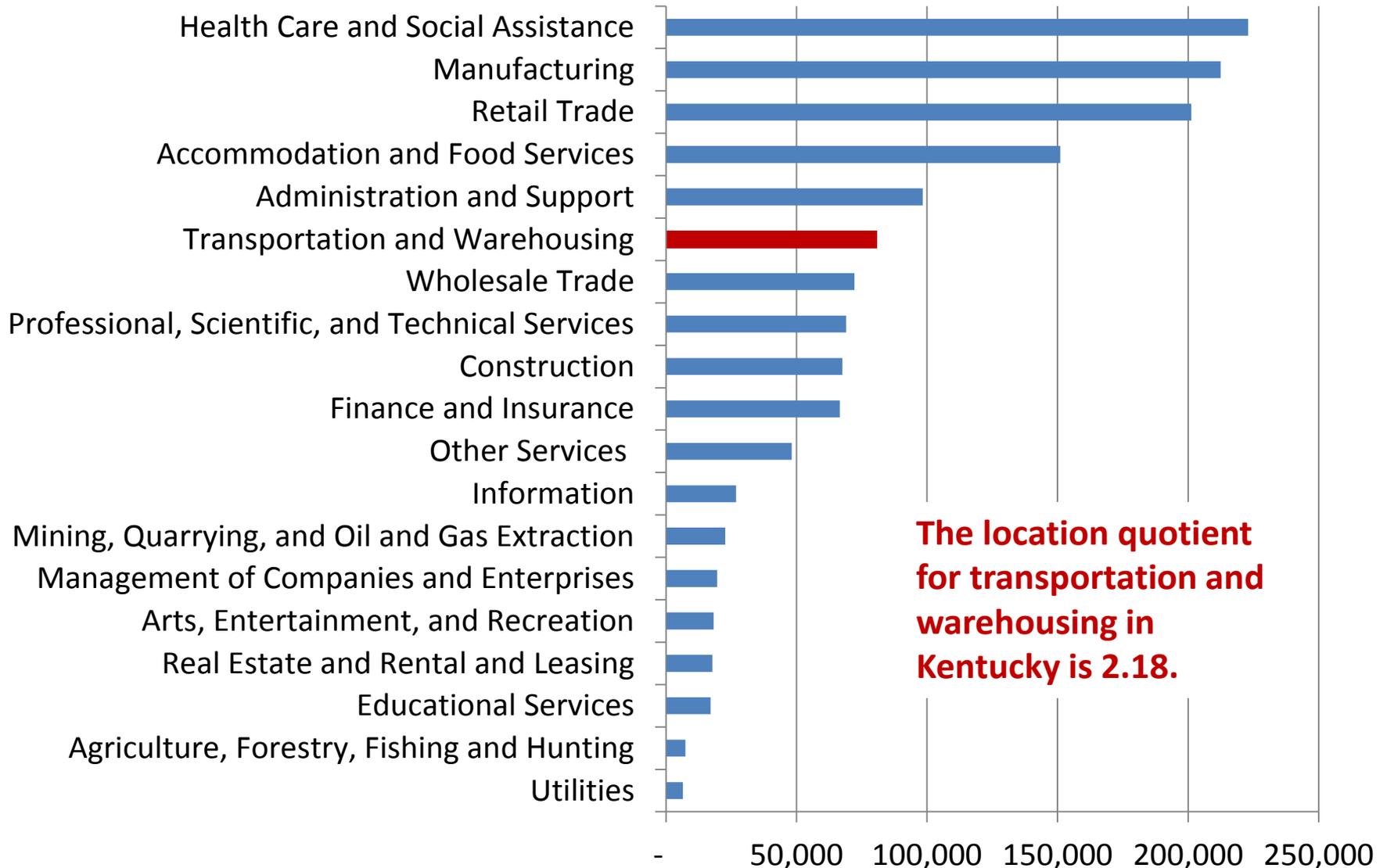
- Louisville leadership responds to deindustrialization that would have left the city behind in the emerging global economy
- UPS opened hub for second day air service in 1981
- In 1983 Louisville Regional Airport Authority sold 127 acres to UPS for expansion; some of it at below market rates; more followed
- In 1987 UPS announced it would form its own airlines
- SDF airport expansion in 1988 was shaped by UPS' needs
 - Including the controversial designation of some affected neighborhoods as blighted to facilitate the expansion
- Louisville becomes location for the new UPS Airlines' corporate headquarters
- In 1998 UPS designates Louisville the “superhub” after a package of state and local amenities if offered
- By 2006 shift-share analysis shows Louisville with a national advantages in logistics

Distribution Centers Follow

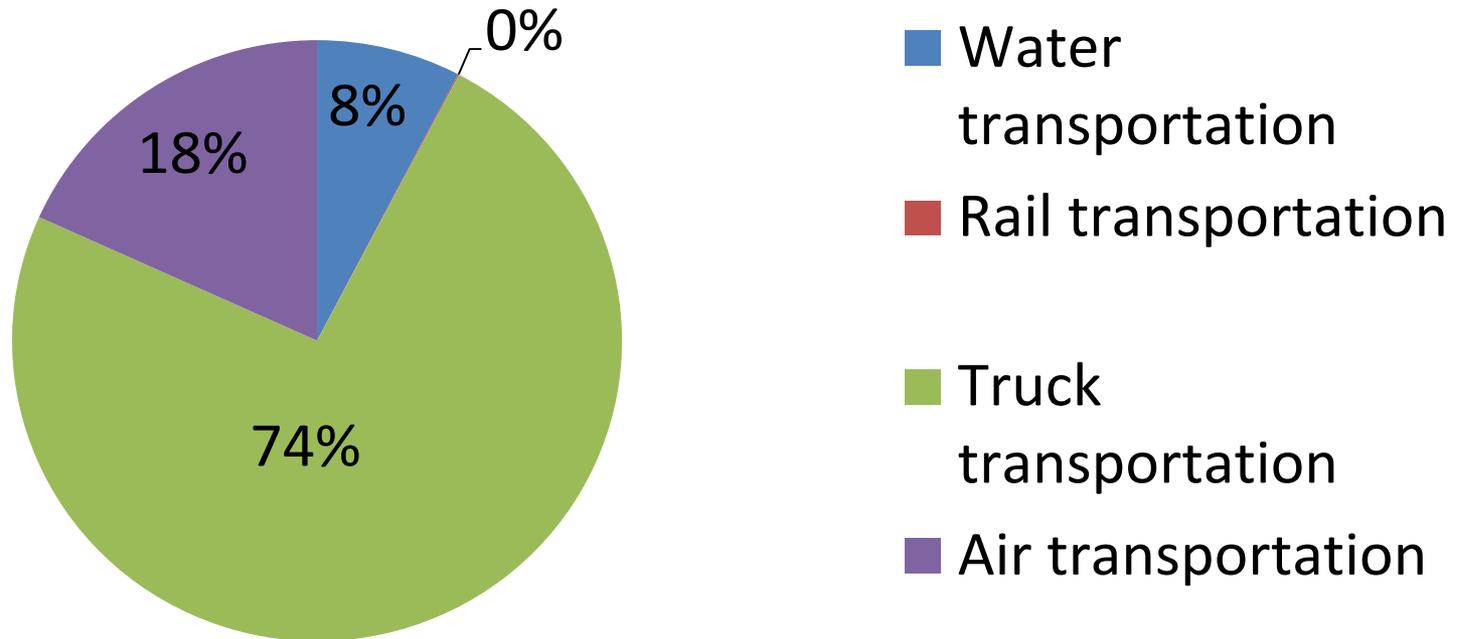
- Amazon
- Fruit of the Loom
- Sun Products
- Cengage Learning
- American Greetings
- Levi Strauss
- Gordon Food Services
- Toyota North American Parts Center
- Gap/ Old Navy

Again, these facilities are typically in or contiguous to a MSA and close to an interstate highway.

Kentucky Private Sector Employment 2011



Transportation Employment in Kentucky by Mode 2011



About 90% of truck transportation employment in the Commonwealth is located in the three MSAs – Cincinnati, Lexington and Louisville. About 94% of air transportation employment is located in the same three MSAs. Transportation has an urban focus.

Employment Projections 2010-2020

- Support activities for rail transportation **up**
15.4%
- Support activities for air transportation **up**
27.3%
- Support activities for road transportation **up**
28.3%
- Support activities for water transportation **up**
14.9%

Source: Bureau of Labor Statistics

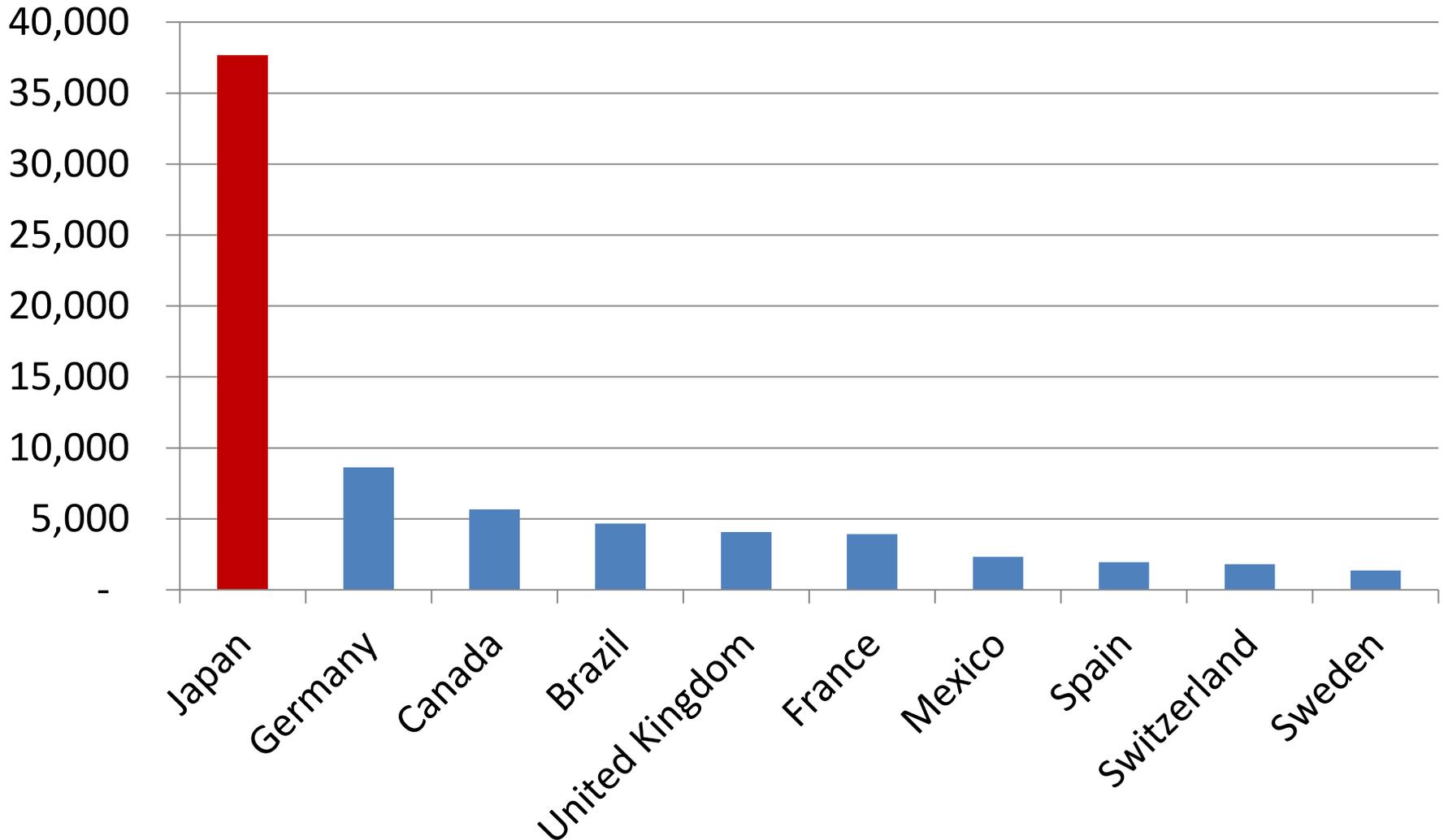
7 County (Kentuckiana) Occupational Outlook

	Median Salary Plus Benefits	Projected Growth
Aircraft Cargo Handling Supervisors	\$77,581	54%
Commercial Pilots	\$105,420	37%
First-Line Supervisors of Material Movers, Hand	\$68,711	35%
First-Line Supervisors of Transportation and Material-Moving Machine and Vehicle Operators	\$75,004	29%
Captains, Mates, and Pilots of Water Vessels	\$80,923	27%
Light Truck or Delivery Services Drivers	\$53,249	27%
Sailors and Marine Oilers	\$45,503	27%
Laborers and Freight, Stock, and Material Movers, Hand	\$39,345	25%
Ship Engineers	\$110,708	24%
Heavy and Tractor-Trailer Truck Drivers	\$62,404	23%
Refuse and Recyclable Material Collectors	\$52,500	23%
Airline Pilots, Copilots, and Flight Engineers	\$229,508	22%
Automotive and Watercraft Service Attendants	\$31,194	21%
Transportation Workers, All Other	\$46,896	21%

Foreign Investment

- 80,000 Kentucky employees work for companies that have foreign direct or indirect owners
- Less than 1% of total state employment, but definitely concentrated in transportation corridors in or near MSA
- Japanese investment accounts for about 47% of total foreign investment

2012 Kentucky Employment by Top Ten Foreign Investment Countries





Total Quality Logistics to Expand in Lexington, Create 75 Jobs by 2015

Freight brokerage firm to invest \$1.7 million

FRANKFORT Ky. (Feb. 18, 2013) – Total Quality Logistics (TQL) is expanding its Lexington facility, creating at least 75 new, full-time jobs by 2015 and investing more than \$1.7 million in the project.

Founded in 1997, TQL is the nation's second largest freight brokerage firm, specializing in arranging the transportation of truckload shipments for thousands of companies across the country. TQL facilitates the movement of nearly 700,000 shipments each year for thousands of customers in various industry segments.

TQL is headquartered in Cincinnati, and has offices in Louisville and Lexington, in addition to nine other office locations in the southeast and midwest.