

Recent cost control efforts were implemented at ABX Air as a first step in aligning costs with decreasing revenue and making the company more competitive. Below are answers to questions you may have about cost control efforts already implemented as well as future steps being considered.

**Q1. Why are we talking about cutting pay and why would we do it now?**

A1. There are two primary reasons. First, the costs of our non-DHL ACMI business line are not competitive with other ACMI carriers. We need a competitive cost to win business away from the other airlines in the ACMI marketplace. Second, DHL has still not made a decision about going with UPS. DHL intends to keep their U.S. presence in place, even though they no longer offer a domestic product. We want to be their long-term provider. There was a period of time when DHL could only talk to UPS. That period has expired, and now we have the opportunity to negotiate a long-term relationship with DHL. By reducing our costs and presenting DHL a more economical model than they have today, we intend to convince DHL that it is best for them to have ABX Air continue operating for them in Wilmington.

**Q2. When will the cost controls, such as pay cuts and restructuring, be implemented?**

A2. We intend to implement these changes May 4, 2009.

**Q3. What kind of pay cut is being considered, and which positions will be affected?**

A3. We will not cut pay across the board. Historically our goal has been to target average market wages, but as DHL flying has declined and our other ACMI flying has increased, our ACMI marketplace has changed. We no longer compete against FedEx and UPS.

In reviewing our compensation after the DHL reductions, we find our airline-driven jobs are now paid above our new marketplace. We have to bring the pay for those positions in line with our competition. We compensate our Administrative, Ground, and Air Park Services personnel close to market today. So, many positions in our company will remain at, or close to, their current rates. Generally, positions in our Flight Operations and Maintenance and Engineering organizations will see larger reductions than other positions.

**Q4. Will executives take pay cuts?**

A4. We will cut senior management pay. Joe Hete and John Graber took the first pay cuts in the company at the first of the year.

**Q5. Will severance still be available for those who remain with ABX Air?**

A5. Severance will be paid out only to those who do not remain employed by ABX Air. If your position is eliminated in the future as a result of DHL's restructuring, you will be eligible to receive the severance package provided by DHL.

**Q6. Will retention still be available for those who remain with ABX Air?**

A6. The Retention program is not based on position elimination; even those who are still employed will be eligible for the retention bonus.

**Q7. If my pay is reduced prior to the end of the Retention program period, will I receive a lower rate of pay on my retention payout?**

A7. No. Retention pay will be based on your wage rate as of Feb. 23, 2009.

**Q8. If my pay is reduced prior to my position being eliminated, will I receive a lower rate of pay on my severance payout?**

A8. No. If your position is eliminated due to the DHL or ABX restructuring within one year after a cut in pay, you will receive severance at your rate as of Feb. 23, 2009.

**Q9. If there is a pay cut, will I have the option of voluntary separation instead of accepting the reduced pay?**

A9. Maybe. If future reductions are required, you may have an opportunity to request voluntary separation. If your department can approve your request to leave voluntarily, we will. If we need you to run our business, we will not be able to support your leaving. Leaving employment at that point would result in no severance or retention payout.

**Q10. Will these cost control efforts affect the STAR program?**

A10. No. The STAR program is geared toward our DHL service and will remain in place through 2009. We will develop an incentive plan for the non-DHL business at some point in the future.

**Q11. Will these cost cutting efforts affect the Productivity Bonus?**

A11. No, but our agreement with DHL states that they may cancel the productivity bonus on short notice after a UPS deal is either attained or called off.

**Q12. If ABX Air can keep DHL's business in the U.S., can we fly their international freight for them, too?**

A12. While we certainly would like the opportunity to support DHL with overseas flights, our discussions with them to date have centered on keeping the existing domestic network viable. DHL has two other airlines that fly their freight outside of the U.S.

**Q13. If the sort will be needed through September, will the Retention and Severance programs be extended accordingly?**

A13. Our agreement with DHL on the Retention program runs through July. We have received no indication that DHL will extend this period. We are in discussions with DHL now as to when we can make the actual retention payments after the program ends. The Severance program is expected to remain active as long as we are eliminating positions due to DHL's restructuring.

**Q15. Is retention pay eligible for 401(k) deduction?**

A15. No.

**Q16. What size will ABX Air be after any anticipated restructuring?**

A16. It depends on DHL's requirements for our 767's and what other support services they want ABX Air to provide to them. At this time, we do not know what those needs are.

Please forward your questions to your management, Employee Relations, our CEO Joe.Hete@abxair.com, our President John.Grabber@abxair.com, or our Vice President of Human Resources John.Starkovich@abxair.com.