

Despite the dire predictions from mid-2008, ABX Air not only continues to survive, we have many opportunities to thrive. Our continued success will require hard work, dedication, and initiative from every employee. Below is information from the ABX Air executive team about the state of the Company.

## Where We Are Today

Our major Customers are DHL, USPS, Amerijet, SAS, TNT, Aeromex, and FL West. Here are some statistics about where we are today:

- The bulk of our revenue comes from the airline operations. About 5 percent comes from USPS work and AEFS contracts.
- About 58 percent of our employees are in the airline operations, 35 percent in USPS work, and 7 percent in AEFS.

## DHL Business

ABX Air operates sixteen B767s in the DHL ACMI network: nine freighters and seven in C-Configuration.

DHL's volume is stabilizing in CVG, and senior DHL leaders give ABX Air and AMES very high marks.

Since our current ACMI agreement expires next August, we are talking with DHL about providing them with continued use of our 767 aircraft under dry lease. DHL also has shown interest in a CMI arrangement for those 767s, if we can better align our flight operations costs with the competitive marketplace. Those talks are continuing in an effort to reach an agreement with DHL in both areas.

## ABX Equipment & Facility Services (AEFS)

AEFS began operations in July 2008. It's objective is to provide exceptional service and meet a diverse range of customer needs—based on long-term relationships with Airborne then DHL—with experience in grounds operations, facility maintenance, and support services.

AEFS has successfully marketed its equipment leasing and equipment maintenance programs to numerous Customers, including DHL.

Four contracts have been signed with DHL:

- Oubased Ground Support Equipment (GSE)
- CVG Ground Support Equipment (GSE)
- EasyShip
- ILN Airport Service Agreement to maintain the facilities and air park

AEFS currently employs 92 people across numerous divisions:

- GSE Maintenance & Repair
- GSE Equipment Leasing
- Fleet Services & Repair
- IT Services & Repair
- Facility Maintenance & Service
- Facilities Operations Support Services
- Preventive Maintenance Programs
- Material Handling Installations & Solutions
- ULD Assembly & Repair

## Pilot Negotiations

We have spent 11 months in federal mediation.

Joe Hete has been in direct negotiations outside of the mediation process, and we are communicating directly with our pilot workforce via the web and conference calls.

Significant progress has been made. However, defined contribution, benefits, and days off are unresolved; and scope remains a major issue.

## Charter Business

We operate seven aircraft in MIA/LAX. ATSG is the #2 Cargo Carrier in MIA (UPS is #1).

Key markets in the Americas include Caribbean, Central America, Colombia, Venezuela, and Mexico. Growth areas could be Brazil, Lima, Venezuela, and Bogota.

In Europe, we provide block space to TNT, ACMI to DHL, and are looking for future growth with both Customers.

## USPS Surface Transfer Centers (STCs)

ABX Cargo Services operates three STCs year-round, 24 hours a day, 7 days a week. Total volume in 2008 was 2,844,704. Volume in 2009 is forecast to be 2,930,000.

- Indianapolis is a USPS Eagle Hub with 162 employees.
- Dallas sees the largest volume and has 175 employees and a seasonal annex.
- Memphis is our newest USPS STC. It has 132 employees.

Please forward your questions to your management, our CEO [Joe.Hete@abxair.com](mailto:Joe.Hete@abxair.com), our President [John.Grabber@abxair.com](mailto:John.Grabber@abxair.com), or our Vice President of Human Resources [John.Starkovich@abxair.com](mailto:John.Starkovich@abxair.com).