April 30, 2009

Re: Annual Funding Notice for the ABX Air, Inc. Retirement Income Plan

In the past, ABX has sent a Summary Annual Report to Plan participants sharing financial information about the ABX Air, Inc. Retirement Income Plan. This year, the Pension Protection Act of 2006, requires a new format to provide you with these details. Enclosed you will find this new annual notice. No action is required – the purpose is only to explain what is happening and what some of the numbers in the notice mean.

What is happening

It is not news that conditions are very difficult for investors these days. In 2008, the Standard & Poor's 500-stock index fell 39%. Pension plans around the country are struggling as their investments have been hit hard by declines in the value of assets. Because of this, many plans were significantly underfunded at the end of 2008. (See below for an explanation about what it means to be less than 100% funded.)

While ABX's Retirement Income Plan has suffered a setback, we are still reasonably well funded. As you can see from the enclosed notice, on January 1, 2008, the Plan was 101.3% funded (before credit balances are subtracted) or 89.74% (after credit balances are subtracted.

What is ABX doing?

In response to recent investment turbulence, ABX is continuing to do the things we have always aimed to do:

- Prudently invest for the long term
- Act sensibly and with professional advice

In addition, we have frozen the accruals effective April 14, 2009, which reduces the growth of future liabilities.

Market ups and downs are to be expected and we do not count on positive returns every year. Because pension plans pay out benefits over a very long time, we have a long-term strategy that can take advantage of time to ride out the rough periods.

What does it mean to be less than 100% funded?

Every year the government requires qualified pension plans to look at the benefits that have been earned by plan participants to date and the value of the plan's assets and compare the two. Then, we ask the question, "If all the plan benefits that have been earned had to be paid out, would the plan have enough money?" That ratio of assets and liabilities is the percent the plan is funded (called the funding target attainment percentage).

It's normal for a plan's funding percentage to change from year to year. In fact, it's the long-term trends that matter the most. Because pension benefits are not paid out all at once, there is time for future contributions and investment earnings to work in our favor.

Understanding a few key terms

As you read the enclosed notice, you may encounter some unfamiliar terms and concepts. The following explanations will help guide you through.

To figure out how much a plan is funded, it is necessary to determine the value of the pension plan assets. There are two basic ways to do this: **market values** and **actuarial values**. Asset values used in the notice (see chart on page 1) are actuarial values, not market values. Here's why: Market values show a picture of a plan's funded status at a given point in time.

When estimating a pension plan's funding, it would be less accurate to choose just one point in time — that point could be too high or too low given the market conditions that day. It's more accurate to smooth out these fluctuations to get a better sense of the value over time. So an actuarial value is used to determine the asset value of the pension plan. (An actuarial value considers future market performance, future contributions by the employer, how many people will likely receive benefits, for how long, how long participants are likely to receive benefits, etc.)

One last detail you should know about asset values — the Plan's **credit balances** are subtracted from the assets before calculating the funding target attainment percentage (a step required by the Department of Labor). A plan might have a credit balance if an employer has contributed more than the minimum required by law in a previous year.

More about the PBGC

Your pension benefit is protected by the Pension Benefit Guaranty Corporation (PBGC). This is a federal insurance agency (similar to the FDIC, which insures bank deposits). Like all pension plans, we pay premiums to the PBGC for insurance. The PBGC insures pension benefits up to certain limits. The enclosed notice includes information on the rules governing termination of plans and benefit payments guaranteed by the PBGC – this is required language and not related to our Plan's current situation. Despite a drop in the funding percentage over 2008, our Plan remains financially solid.

For more information

This letter is intended to explain why you are receiving the enclosed notice and describe briefly what it means, in easy-to-understand terms. For details related to your Retirement Plan, please rely on your Summary Plan Description and the enclosed notice.

ANNUAL FUNDING NOTICE
for
ABX AIR, INC. RETIREMENT INCOME PLAN
(EIN 91-1091619, PN 004)

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing the termination of single-employer defined benefit pension plans and of benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2008 and ending December 31, 2008 ("Plan Year").

Funding Target Attainment Percentage

The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. This percentage for a plan year is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date. In general, the higher the percentage, the better funded the plan. The Plan's funding target attainment percentage for the Plan Year and 2 preceding plan years is shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2008	2007	2006
1. Valuation Date	January 1, 2008	not applicable	not applicable
2. Plan Assets			
a. Total Plan Assets	$214,755,937	not applicable	not applicable
b. Funding Standard Carryover Balance	$24,459,185	not applicable	not applicable
c. Prefunding Balance	$0	not applicable	not applicable
d. Net Plan Assets (a) – (b) – (c) = (d)	$190,296,752	not applicable	not applicable
3. Plan Liabilities	$212,047,818	not applicable	not applicable
4. At-Risk Liabilities	N/A	not applicable	not applicable
5. Funding Target Attainment Percentage (2d)/(3)	89.74%	not applicable	not applicable

Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The plan has entered "not applicable" in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect.

For 2007, the Plan's "funded target attainment percentage" was 92.28%, the Plan's assets were $172,011,717, and Plan liabilities were $186,401,431.

For 2006, the Plan's "funded current liability percentage" was 96.80%, the Plan's assets were $142,146,421, and Plan liabilities were $146,849,617.

Credit Balances

Credit balances were subtracted from the Plan's assets before calculating the funding target attainment percentage in the chart above. While pension plans are permitted to maintain credit balances (called "funding standard carryover balance" or "prefunding balance") for funding purposes, such credits may not be taken into account when calculating a plan's funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions at a level in excess of the minimum level required by law. Generally, the excess payments are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required by law to make to the plan in those years.

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2008, the fair market value of the Plan's assets was $184,393,719. On this same date, the Plan's estimated liabilities were $218,292,000.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 6,473. Of this number, 4,775 were active participants, 399 were retired or separated from service and receiving benefits, and 1,299 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The funding policy of the Plan is to make annual contributions sufficient to pay benefits when due, and to satisfy legal minimum (and maximum) contribution requirements.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The Plan's investment policy is to:

- Maintain a diversified portfolio among various asset classes and investment managers.
- Invest in a prudent manner for the exclusive benefit of plan participants.
- Balance between acceptable level of risk and maximizing returns.
- Maintain adequate control over administrative costs.
- Maintain adequate liquidity to meet expected benefit payments.

The fiduciaries set the investment strategies for the pension trust. These include:

- Selecting investment managers.
- Setting long-term and short-term target asset allocations.
- Periodically reviewing the target allocations, and making necessary adjustments based on changing economic and market conditions.
- Monitoring actual asset allocations, and when necessary, rebalancing to the target allocations.

The target investment allocation percentages (by asset class) are as follows:

Asset Class		Target
1.	Equity Securities	50%
2.	Debt Securities	45%
3.	Real Estate	5%
4.	Other Investments	0%

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations		Percentage
1.	Equity Securities	39.4%
2.	Debt Securities	50.3%
3.	Real Estate	4.0%
4.	Cash	6.3%
	Total	100.0%

Events with Material Effect on Assets or Liabilities

Federal law requires the plan administrator to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2009 and ending on December 31, 2009, the following events are expected to have such an effect:

As of December 31, 2008, ABX Air, Inc. expected to significantly decrease active headcount in 2009.

The plan froze benefit accruals as of April 14, 2009.

The cumulative effect of these events result in a projected liability as of December 31, 2009 of $240,783,000

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. You may also obtain a copy of the Plan's annual report by making a written request to the plan administrator or by downloading it from the plan sponsor's intranet website at www.abxair.com.

Summary of Rules Governing Termination of Single-Employer Plans

Employers can end a pension plan through a process called "plan termination." There are two ways an employer can terminate its pension plan. The employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. The plan must either purchase an annuity from an insurance company (which will provide you with lifetime benefits when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Before purchasing your annuity, your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

If the plan is not fully-funded, the employer may apply for a distress termination if the employer is in financial distress. To do so, however, the employer must prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

If a single-employer pension plan terminates without enough money to pay all benefits, the PBGC will take over the plan and pay pension benefits through its insurance program. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is $4,500 per month, or $54,000 per year, payable in the form of a straight life annuity, for a 65-year-old person in a plan that terminates in 2009. The maximum benefit may be reduced for an individual who is younger than age 65. The maximum benefit will also be reduced when a benefit is provided to a survivor of a plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right when a plan terminates, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements at the time the plan terminates.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- The PBGC generally does not pay lump sums exceeding $5,000.

Even if certain benefits are not guaranteed, participants and beneficiaries still may receive some of those benefits from the PBGC depending on how much money the terminated plan has and how much the PBGC collects from the employer.

Corporate Information on File with PBGC

The law requires a plan sponsor to provide the PBGC with financial information about the sponsor and the plan under certain circumstances, such as when the funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor's controlled group) falls below 80 percent (other triggers may also apply). The sponsor of the Plan, ABX Air, Inc., and each member of its controlled group, if any, was subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for oversight and monitoring purposes.

Where to Get More Information

For more information about this notice, you may contact Jeff Walling at 937.382.5591, ABX Air, Inc., 145 Hunter Drive, Wilmington, OH 45177, abx.benefits@abxair.com. For identification purposes, the official plan number is 004 and the plan sponsor's employer identification number or "EIN" is 91-1091619. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1.800.400.7242 (TTY/TDD users may call the Federal relay service toll free at 1.800.877.8339 and ask to be connected to 1.800.400.7242).