

ABX Air, Inc. 401(k) Question and Answers



CAPITAL ACCUMULATION PLAN – CAP/401(k) and PILOTS INVESTMENT PLAN – PIP/401(k)

Q - What happens to my 401(k) plan if my job is eliminated?

A - After your employment ends, you have three options:

- You may directly rollover the vested balance to another qualified 401(k) or IRA. Under this option you do not have to pay taxes on the rollover.
- You may take a lump sum payment of your vested balance. Under this option, your payment would be taxable. If you are under 59½ years old, an additional IRS 10% penalty tax would be owed. You can avoid this by choosing option 1.
- If your vested balance is more than \$1,000 you may leave the money in the 401(k) plan.

For more information about rollovers or payouts, you may call Fidelity Investments at (800) 835-5095 or visit www.401k.com. Keep in mind that Fidelity cannot process any rollover or payout while you are still employed by ABX Air.

Q - How can I stop or change my 401(k) contributions?

A - Contact Fidelity Investments at (800) 835-5095 or www.401k.com. Changes and stops are processed within 1 or 2 payroll cycles.

Q - What happens to my current loan against my 401(k) account if my job is eliminated? Will I have to repay it?

A - As long you have a paycheck, we will deduct the loan repayment amount until the loan is repaid. This includes any severance pay. If you are laid off or separate from employment and will no longer have a paycheck, you have several options:

1. You can make a lump sum repayment.
2. You can request a coupon booklet from Fidelity and continue to make monthly payments directly to Fidelity.
3. You can request a payout of the account or a rollover of the account. Fidelity will send the account balance net of the outstanding loan amount. In this case the loan will go into "default" status and the loan will be treated as a taxable payment. The outstanding loan will be reported to the IRS as taxable income, the same as any amount that is not rolled over. In addition, if the participant is under the age 59 1/2, he/she will owe the IRS a 10 penalty tax for early withdrawal.
4. If you choose to leave the balance in the 401(k) plan after separating and do not repay the loan, after 90 days the loan will default. Defaulting on a 401(k) loan, just means that the outstanding balance becomes taxable. Defaults are not reported to any credit bureau.

The Fidelity reps can discuss further details on these options and their implications for the employee's loans.

Q - If I have less than 5 years of service with ABX, will I get the full distribution of the company match to 401(k)?

A - The value of your Employee Contribution account belongs to you and is always 100% vested in your account. The term "vested" means percentage of ownership of your 401(k) account. You gradually become vested in the Company matching contribution through your years of service as follows:

Completed Years of Service	Company Match Percent Vested
1	20%
2	40%
3	60%
4	80%
5	100%

For example, if you have 3 years of service with ABX, you are 100% vested in the money you have contributed to your 401(k) account plus 60% vested in the money ABX has contributed to your account.

NOTE: The above vesting schedule is for the matching funds only. For the 5% contribution-vesting schedule see next section.

RETIREMENT 5% 401(k) CONTRIBUTION (applies to non-bargaining employees only)

Q - Will I receive the 5% contribution from the 401k?

A - For employees hired after September 1, 2005 the 5% contribution has the following vesting schedule:

Completed Years of Service	5% Contribution Percent Vested
Less than 3	0%
3 or more	100%

If you have less than 3 years of service, you will forfeit the 5% contribution.