

ABenefits Xtra

Volume 2 ~ Issue 1 ~ January 23, 2004

Your Health & Benefits Awareness resource published by the Human Resources Department at ABX Air, Inc.

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A Benefits Xtra is the proud recipient of an International Association of Business Communicators (IABC) Bronze Quill Award of Excellence 2003 and the Silver Quill Award of Merit 2003. It is a monthly news extra published by the Human Resources Department at ABX Air, Inc.

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Snapshot

New CAP/401(k) Performance Match Base remains 35¢

The ABX CAP/ 401(k) plan has a performance-based match which allows us to earn more than the 35¢ base match if company financial performance exceeds pre-established goals. These goals were based on the Airborne Express business model. Now that Airborne Express has been merged with DHL and ABX Air is a new, publicly owned company, ABX wants to continue with the idea of a performance-based supplemental match for the 401(k), but new goals need to be set based on the new business model.

Performance Match tied to ABX Air Business Model

ABX Air has two main contracts with DHL. One contract is an ACMI agreement (aircraft, crew, maintenance, and insurance) and the other is a Hub Services agreement. Both contracts with DHL allow ABX to charge DHL for most of ABX's expenses, plus a mark-up (profit) of 1.75 percent.

These contracts also include performance-based incentives, which increase our mark-up if company performance exceeds pre-established service and budget goals. The additional mark-up from DHL could range from 0 percent up to 1.6 percent under the ACMI, and 2.1% under the Hub Services agreements, depending on ABX levels of service and cost control.

New Performance Match

The new 401(k) performance match is tied directly to the ACMI and Hub Service agreements with DHL and will allow employees to share in the increased rewards if ABX is able to perform well enough to earn it. The chart on the page 2 shows how the 401(k) performance match would work.

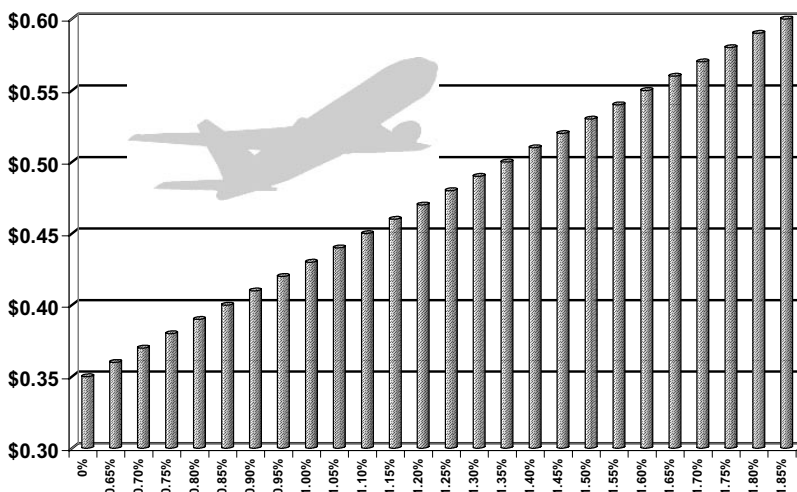
The amount of the mark up is updated quarterly in ABX Air's 10-Q report filed with the U.S. Securities Exchange Commission. This report is available on the company's web site under Investor Relations.

Effective Jan. 1, 2004

The new performance match is effective Jan. 1, 2004. At the end of 2004, ABX will compare the amount of additional mark-up earned from the DHL contracts with this table. If, for example, ABX earns an additional mark-up of .85 percent, all employees who have contributed to the 401(k) in 2004 will receive an additional match of 5¢ from the company for every dollar they contributed in 2004. This contribution will be added to their accounts early in 2005.

If you have any questions about the new performance match, please contact the ABX Benefits Department at abx.benefits@airborne.com or at (800) 736-3973 ext. 2463.

CAP/401(k) Performance Match



Vacation Accruals for Terminating Employees

Beginning Feb. 1, 2004, ABX Air no longer will pay out accrued vacation when an employee terminates employment except for employees retiring or where required by state law. Employees still will be paid any unused *earned* vacation when they leave employment.

This change is being made as a cost-saving measure to allow ABX to better use its money on current employees rather than former employees.

New UHC I.D. Cards New 401(k) limits

Soon, United HealthCare (UHC) will begin issuing new medical I.D. cards that do not have the members Social Security numbers printed on them. This change is brought about because of concerns about keeping Social Security numbers private. The I.D. cards will have an alternate identifier that your healthcare provider can use to verify coverage. The new cards will be made of plastic and will list your covered dependents' names on them.

The first step in rolling out new medical I.D. cards is to make sure that ABX has your current address. If the address printed on your paycheck is incorrect, please notify your supervisor who should submit an address-change form via e-mail to Human Resources. This change will update UHC records.

During the transition period, you still can use your Social Security number. However, some providers might ask you for your alternate identifier. Please inform the provider to use your social security number until you receive your new UHC I.D. card. Look for more information about these new I.D. cards in future issues of *A Benefits Xtra*.

The IRS has announced the new maximum contribution to 401(k) plans is \$13,000 in 2004. In order to allow employees to take advantage of this higher limit, the Company is increasing the maximum permissible deferral limit from 20 to 75 percent effective immediately. Restrictions for employees designated by the IRS as "highly compensated" remain in place.

Age 50 Catch Up

The IRS also announced the maximum age 50 "Catch Up" contribution increased to \$3,000 from \$2,000 in 2004. The catch up contribution allows individuals age 50 and older to contribute up to an additional \$3,000 above the \$13,000. In order to take advantage of the catch up, you must be age 50 or better during 2004 and contribute the full \$13,000 to the plan. (Highly compensated employees need to contribute the maximum permitted by the plan if this is less than \$13,000).

CAP/401(k) Plan is now 404(c) qualified.

The CAP/401(k) plan is intended to constitute a Section 404(c) plan, within the meaning of the U.S. Labor Department's regulations under Section 404(c) of ERISA. Under Section 404(c), plan fiduciaries may be relieved of liability for losses that are the direct result of the investment instructions and decision made by you as plan participants.

Under Section 404(c), you must be provided, or have the opportunity to obtain, sufficient information to make an informed decision with regard to the plan's investment options.

Before you give any investment direction regarding your account, be sure you have received a description of each investment alternative, including a general description of that alternative's investment objectives and risk and return characteristics, and information regarding the type and diversification of assets in the alternative's portfolio, the identity of any designated investment manager, an explanation of the circumstances under which you may give investment instructions, including limitations on such instructions, limitations on voting rights (if any), information on any restrictions, penalties, or adjustments relating to fund transfers, and a description of the transaction fees and expenses that can be charged to your account. Either before or after you choose an investment alternative, the Plan's recordkeeper (Fidelity) must give you a copy of the most recent prospectus on the investment (if the investment is subject to the Securities Act of 1933), and information regarding the exercise of (or limits on) voting, tender, or similar rights.

On request, you must be provided with the following information:

- the value of shares or units held in your account;
- the value of the shares in each investment fund available as an investment option under this plan, and past and current investment performance of each available alternative, net of expenses;

- for each investment fund, a description of the fund's operating expenses (including investment manager fees) and transaction costs (this information is usually included in the fund's prospectus);

- a copy of the prospectus, including financial statements and reports, and certain other materials related to the investment;

- regarding each investment alternative: (a) a list of assets comprising the alternative's portfolio, and (b) if the asset is a fixed rate investment contract, the name of the issuer of the contract, the terms of the contract, and the rate of return on the contract;

- the types of assets in the fund's portfolio, information on the fund's past and current performance, and other information regarding the fund.

Most or all of this information is available in the prospectus for each investment fund.

This information is available from the plan recordkeeper (Fidelity). It is very important that you make your investment decisions wisely and that you give instructions on how your accounts are to be invested only after reviewing the information regarding the investment options available under the Plan. If you have not received any of the detailed information described above on the investment options, please request such information immediately from Fidelity.

Capital Accumulation Plan Performance Match Effective January 1, 2004

Additional Mark-up From DHL Contracts	Base Match	Performance-Based Match	Total Match
0%	35¢	0¢	35¢
.65%	35¢	1¢	36¢
.70%	35¢	2¢	37¢
.75%	35¢	3¢	38¢
.80%	35¢	4¢	39¢
.85%	35¢	5¢	40¢
.90%	35¢	6¢	41¢
.95%	35¢	7¢	42¢
1.00%	35¢	8¢	43¢
1.05%	35¢	9¢	44¢
1.10%	35¢	10¢	45¢
1.15%	35¢	11¢	46¢
1.20%	35¢	12¢	47¢
1.25%	35¢	13¢	48¢
1.30%	35¢	14¢	49¢
1.35%	35¢	15¢	50¢
1.40%	35¢	16¢	51¢
1.45%	35¢	17¢	52¢
1.50%	35¢	18¢	53¢
1.55%	35¢	19¢	54¢
1.60%	35¢	20¢	55¢
1.65%	35¢	21¢	56¢
1.70%	35¢	22¢	57¢
1.75%	35¢	23¢	58¢
1.80%	35¢	24¢	59¢
1.85%	35¢	25¢	60¢