

ABenefits Xtra

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

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ABX Air Separation and Benefits

As many already know, ABX Air employees are enrolled in the same benefit programs as Airborne, Inc. employees. As a result of the sale of Airborne, Inc. to DHL Worldwide Express and the separation of ABX Air into an independent company, ABX employees will no longer be able to participate in these plans. In this and the next several issues of *A Benefits Xtra*, we want to cover what this means to you.

Benefits Remain the Same

First and foremost, the merger and separation agreement between Airborne and DHL, require that ABX set up benefit programs that are mirror images of the current benefit programs. *This means that you will continue to enjoy the same benefits.*

Implementing an independent benefits program is a major undertaking that requires the cooperation of several departments, including Human Resources, Accounting and Information Systems. A transition plan has been developed and each department is busy completing various tasks towards benefits independence.

We are working hard to ensure a smooth transition. Please be sure to review this issue and the next several issues to learn more about this important transition.

Sincerely,

Joe Hete 
President & COO ABX Air, Inc.

New 401(k) Plan and Retirement Income Plan

As part of the separation from Airborne, ABX Air will be establishing a new CAP/401(k) Plan, Profit Sharing Plan, and Retirement Income Plan for employees. The following outlines important information you need to know about these benefits.

CAP/401(k)

ABX will be setting up a new CAP/401(k) Plan that will be nearly identical to the current Airborne CAP/401(k) Plan. Beginning on the separation date from Airborne, your payroll contribution will be deposited into the new ABX Air CAP/401(k) Plan based on your current elections.

The assets in your current fund elections will automatically transfer to the new plan into the same funds with one exception. The MIP II fund will be replaced by the MIP I, as

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ABX Snapshot

Employee Benefits @ ABX

Health Benefits	Retirement Benefits	Income Replacement	Paid Time Off	Other
Enhanced PPO	CAP / 401(k)	Short-term Disability	Vacation	Tuition Refund
Basic PPO	Profit Sharing	Long-term Disability	Sick Time	Travel Benefits
Enhanced Dental	Retirement Income Plan	Life Insurance	Holidays	Discounts
Traditional Dental	Retiree Medical	AD&D	Funeral Leave	Credit Union
Vision Care		Universal Life	Military Leave	Dependent Care Account
Employee Assistance Program		Voluntary Accident	Jury Duty	
		Business Travel Accident		

Key Date: Sept. 1 for Health Benefits

September 1 is a key date for ABX health benefits. Beginning Sept. 1 claims for medical services performed on or after Sept. 1 should be filled under the new ABX Benefit program. Claims for any medical service performed before Sept. 1 should be filed under the Airborne plan. The *date of service* determines which plan gets the claim. The following provides key details about the transition of your medical, dental, and vision benefits.

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Questions & Answers

Q. What happens to my Airborne stock in the Profit Sharing plan if the sale of Airborne and separation of ABX Air is approved?

A. For each whole share of Airborne stock in your Profit Sharing account, your account will be credited with \$21.25 *plus* one share of ABX Air stock. Fractional shares will be credited with cash into your account.

Q. When the Airborne stock is sold in my Profit Sharing account, will I owe any taxes?

A. No, because the Profit Sharing plan is a qualified retirement plan, no taxes are due. Taxes become due when the Profit Sharing account is paid out at retirement or when leaving ABX employment unless the account is rolled over into a qualified retirement plan or IRA.

Q. I own Airborne stock purchased through the Employee Stock Purchase Plan. Will I owe taxes as a result of the sale of Airborne?

A. If you purchased Airborne stock at less than the sale price of \$21.25, then you will owe taxes on the profit you made. You should consult a tax advisor or the IRS on how to calculate your taxes. You may be eligible for the lower capital gains tax rate if you held the stock for more than one year.

Questions about Benefits

In the next several issues we will be providing additional information about the transition of benefits. If you have any questions please send them to abx.benefits@airborne.com or via COMAT to Benefits Department ILN/9C Mailstop 2061B. Questions of common interest may be published in the Q&A section of this newsletter. In addition, the ABX benefits web site will be updated with information as it becomes available. The web site is available at www.abxair.com. Click on "Employee Connection" and then "Benefits Home" at the top of the On the Inside site.

Key date: Sept. 1 for Health Care Benefits (Continued from page 1)

United Health Care

United Health Care (UHC) will transfer your claim history to the new plan including claims that have been applied towards your 2003 out-of-pocket maximums and deductible. If you have already satisfied your deductible, you will not need to satisfy a new one in 2003.

Employees are scheduled to receive new insurance I.D. cards from UHC in late August. The I.D. cards will be mailed directly to your address of record (as it appears on your pay-check). The new cards will have the new UHC group number 703940. You should begin using this card Sept. 1. Make sure you provide your physician, hospital and pharmacy with your new I.D. card for every service on and after Sept. 1. Your old card should be destroyed after Aug. 31.

If you need additional cards, you may order on-line at www.myuhc.com starting Sept. 1. You may also print temporary I.D. cards from this web site. If you do not have internet access, you may call UHC customer service at (888) 350-5607. Claims forms with the new group number will be available after Sept. 1.

MetLife Dental

Like the medical insurance, all dental claims on after Sept. 1 should be filed with Metlife under the new dental group number 302073-G. MetLife does not issue dental I.D. cards. Metlife will have a new address for claims:

*MetLife
ABX Air/Dental Claims
P.O. Box 981282
El Paso, TX 79998-1282*

Claims for service performed before Sept. 1 should be filed under the old Airborne plan. Like the medical plans, your deductibles and out-of-pocket benefits will be transferred to the new plan number so you will not have to re-satisfy your deductible in 2003.

Cole Vision

Like the medical and dental plans, claims for service on or after Sept. 1 should be filed under the new ABX Air group number. Cole plans to issue new I.D. to employees in mid-Sept. Participating Cole Vision providers will be able to access your information under the new group number starting Sept. 1.

New 401(k) Plan and Retirement Income Plan (Continued from page 1)

there are not enough assets invested in this fund to qualify for the MIP II.

The assets will transfer "in-kind" which means that your investment will continue to be fully invested during this transition. Because the transfer is between 401(k) plans, there are no employee tax implications as a result of this transition.

One Day Blackout

The transition requires a one-day blackout period to allow Fidelity to audit the transfer. The blackout will occur on the day after the separation day. After the blackout is complete you may make changes or check your account at www.401k.com or at (800) 835-5095. All history will remain under the Airborne plan. More detailed information about the CAP/401(k) transition will be mailed to employees shortly.

Profit Sharing Plan

Like the CAP/401(k) Plan, a new ABX Air Profit Sharing Plan will be set up. Your account balance in the Airborne Profit Sharing Plan will be transferred to the new plan. The investments will remain the same except that the your account will be credited for \$21.25 plus one share of new ABX stock for each share of Airborne stock on the date of the merger.

Retirement Income Plan

Like the other plans, ABX will be setting up a new ABX Air Retirement Income Plan. The new plan will have the identical benefit formula. The assets and liabilities related to ABX employees and retirees will be transferred from the Airborne plan into the new plan. You will be credited with the same years of service and vesting credit that you currently have under the Airborne plan.

Because all benefits for ABX employees are being transferred to the new plan, no benefits will be payable by the Airborne plan when you retire or leave employment. Airborne will be distributing a 204(h) notice to all participants, indicating that you will no longer be accruing under the Airborne plan.