

After months of negotiations between DHL, ABX and our parent company ATSG, this week announced new, long-term agreements with DHL to support the U.S. portion of their international logistics network. Under those agreements, DHL will lease 767-200 aircraft, and ABX will operate and maintain them.

A seven-year aircraft lease agreement and a five-year Crew, Maintenance, and Insurance (CMI) agreement together replace the old ACMI agreement that would have expired in August. The new agreements cover a broad range of services provided by several ATSG companies.

What's in the New CMI Agreement?

Below are some key features of the CMI agreement under which ABX Air is operating for DHL.

- **The agreement lasts five years but can be extended** for another 2 or 5 years.
- **ABX Air is the exclusive operator** of the first 13 Boeing 767-200 aircraft operated in DHL's U.S. domestic air network.
- **Controlling cost is vital.** This is a fixed-price, not cost-plus, agreement, which means we increase our profitability by lowering our costs, and can lose money if we can't run our company on budget.
- **On-time performance is vital.** Significant incentives are available for strong on-time arrival performance, and we face financial penalties if our on-time performance declines.
- **AMES will provide heavy maintenance** for the 13 aircraft for at least three years.
- **Our debt is reduced.** We owe DHL about \$31 million. DHL has agreed to credit us that money in monthly installments over the 5-year term of the CMI. The effect is that we pay off the note by the end of the CMI, without any cash payment required by ABX.
- **If DHL decides to terminate** the agreement, they must pay a significant termination fee. DHL does not have an option to terminate the agreement during the first year.
- **DHL's obligations are guaranteed** by Deutsche Post AG, DHL's parent.

In short, we've cleared up much of the uncertainty that has hung over our heads for months. Our future is clearly in our hands. This agreement gives us a framework for growing within the DHL network and leveraging our infrastructure to grow other parts of our business as well.

We must continue controlling costs.

We will continue watching our cost very carefully.

- The pay freeze we instituted last year will continue through Feb. 21, 2011.
- We will suspend the company match for our 401(k) plan effective April 1, 2010, however, we will continue our 5% defined contribution plan.

We need your help.

- If you see something we can do to lower our costs and better serve our Customers, tell us.
- If you need to spend money to run the business, make sure your budget allows for the expense. And then consider the benefit of the money you're spending. Is whatever you're buying worth it?
- Be on the look out for waste. Reduce or reuse where possible.

"These new agreements clearly evidence the continuing long-term relationship between ABX Air and DHL and address the significant remaining questions relating to the impact of DHL's U.S. restructuring on ABX Air. Exiting the cost-plus structure of the ACMI Agreement in favor of the CMI Agreement and aircraft leases provides us an opportunity to achieve appropriate market returns for our assets for years forward, and our customer the opportunity to lock in flexibility and excellent service at a predictable price."

Joe Hete
CEO, ATSG

"We have a high regard for the service capability of ABX Air and the 767 freighter aircraft it operates on our behalf in the U.S. network, and are pleased to continue to partner with them under the new CMI arrangement."

Ken Allen
CEO, DHL Express

Wilmington Air Park News

The agreement between DHL and the Clinton County Port Authority is expected very soon. Stay tuned for more information.

Please forward your questions to your management, our CEO Joe.Hete@abxair.com, our President John.Grabber@abxair.com, or our Vice President of Human Resources & Corporate Services John.Starkovich@abxair.com.