

ABX Holdings, Inc.  
Form PRE 14A  
April 03, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. \_\_ )**

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☒ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

**ABX Holdings, Inc.**

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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**ABX Holdings, Inc.**

**145 Hunter Drive, Wilmington, Ohio 45177**

**NOTICE OF ANNUAL MEETING**

**OF STOCKHOLDERS**

**TO BE HELD MAY 13, 2008**

Notice is hereby given that the 2008 annual meeting of the stockholders of ABX Holdings, Inc., a Delaware corporation (the Company), has been called and will be held on May 13, 2008, at 11:00 a.m., local time, at the Roberts Convention Centre, 188 Roberts Road, Wilmington, Ohio, for the following purposes:

1. To elect two directors to the Board of Directors each for a term of three years.
2. To consider and vote on a proposal to amend the Company's Certificate of Incorporation to change the name of the Company from ABX Holdings, Inc. to Air Transport Services Group, Inc.
3. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for fiscal year 2008.
4. To consider and vote on a stockholder proposal.
5. To attend to such other business as may properly come before the meeting and any adjournments thereof.

The foregoing matters are described in more detail in the Proxy Statement that is attached to this notice.

At the meeting, we will also report on the Company's 2007 business results and other matters of interest to stockholders.

Only holders of record, as of the close of business on March 17, 2008, of shares of common stock of the Company will be entitled to notice of and to vote at the meeting and any adjournments thereof.

By Order of the Board of Directors

/s/ W. Joseph Payne  
W. JOSEPH PAYNE  
Secretary

Wilmington, Ohio  
April 13, 2008

**STOCKHOLDERS ARE URGED TO VOTE AS PROMPTLY AS POSSIBLE BY USING THE INTERNET, TELEPHONE OR BY FILLING IN, SIGNING AND RETURNING THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE WHETHER OR NOT THEY PLAN TO ATTEND THE MEETING.**

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**PROXY STATEMENT**

**ABX HOLDINGS, INC.**

**145 Hunter Drive, Wilmington, Ohio 45177**

**ANNUAL MEETING OF STOCKHOLDERS, MAY 13, 2008**

**Date of Mailing: On or about April 13, 2008**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of ABX Holdings, Inc., a Delaware corporation (the "Company"), for use at the annual meeting of stockholders to be held at the Roberts Convention Centre, 188 Roberts Road, Wilmington, Ohio, at 11:00 a.m., local time, on Tuesday, May 13, 2008, and at any adjournments thereof. Proxies may be solicited in person, by telephone or mail, and the costs thereof will be borne by the Company.

At the annual meeting, the holders of shares of common stock of the Company will (1) elect two directors for terms of three years and until their successors have been elected and qualified, (2) consider and vote on a proposal to amend the Company's Certificate of Incorporation to change the name of the Company from ABX Holdings, Inc. to Air Transport Services Group, Inc., (3) consider and vote on a proposal to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for 2008, (4) consider and vote on a stockholder proposal and (5) transact such other business as may properly come before the meeting and any adjournments thereof.

On December 31, 2007, ABX Air, Inc. ("ABX Air") reorganized its operations into a holding company structure (the "Reorganization") whereby ABX Air became a direct, wholly-owned subsidiary of ABX Holdings, Inc. Throughout this Proxy Statement, when we refer to the Company in reference to activities that occurred prior to the Reorganization on December 31, 2007, we are referring to ABX Air, and when we refer to the Company in reference to activities that occurred after the Reorganization, we are referring to ABX Holdings, Inc., except to the extent the context otherwise indicates. As a result of the Reorganization, the common stock of ABX Holdings, Inc. replaced the common stock of ABX Air.

**VOTING AT THE MEETING**

**Voting Rights and Outstanding Shares**

Only holders of record as of the close of business on March 17, 2008, of shares of common stock of the Company will be entitled to notice of and to vote at the meeting and any adjournments thereof. The common stock is the only class of voting securities of the Company currently outstanding. On March 17, 2008, there were 62,711,284 shares of common stock outstanding. At the meeting, the presence in person or by proxy of a majority of the outstanding shares is required for a quorum.

**Voting Procedures**

Most stockholders have a choice of voting over the Internet, by telephone or by using a traditional proxy card. Please refer to your proxy or voting instruction card to see which options are available to you and how to use them. The deadline for voting by telephone or over the Internet is 11:59 p.m. ET, on May 12, 2008. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. Street name stockholders who wish to vote at the meeting will need to obtain a signed proxy form from the institution that holds their shares.

**Vote Required**

*Proposal 1: Election of Directors.* The two nominees for director who receive the most votes of all the votes cast for directors will be elected. This means that if you do not vote for a particular nominee, or if you withhold authority to vote for a particular nominee when voting your proxy, your vote will not count for or against the nominee. If a listed nominee becomes unavailable, the persons named in the proxy may vote for any substitute designated by the Nominating and Governance Committee; however, the Board of Directors at this time has no reason to anticipate that this will occur.



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*Proposal 2: Amendment of Certificate of Incorporation.* The affirmative vote of the holders of a majority of the shares outstanding on March 17, 2008, voting either in person or by proxy, is required for adoption of the proposal. If you abstain from voting on the proposal, it will have the same effect as if you voted against the proposal.

*Proposal 3: Ratification of Selection of Independent Registered Public Accounting Firm.* The affirmative vote of a majority of the votes represented at the annual meeting, either in person or by proxy, and entitled to vote on this proposal, is required to ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the 2008 fiscal year. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote against this proposal.

*Proposal 4: Stockholder Proposal.* The affirmative vote of a majority of the votes represented at the annual meeting, either in person or by proxy, and entitled to vote on the proposal, is required for adoption of the stockholder proposal. If you abstain from voting on the stockholder proposal, it will have the same effect as if you voted against the proposal.

If you properly sign and return your proxy card or complete your proxy via the telephone or Internet, your shares will be voted as you direct. Unless a stockholder provides specific instructions to withhold votes from a nominee for director, the persons named in the proxy will be authorized to vote the shares represented thereby **FOR** the election of the Board's nominees for director. To the extent specific instructions are not given with respect to the Company's proposals, the shares represented by the proxy will be voted **FOR** the proposals. To the extent specific instructions are not given with respect to the stockholder proposal, the shares represented by the proxy will be voted **AGAINST** such proposal.

### **Shares Registered in the Name of a Broker**

Brokerage firms holding shares in street name for customers are required to vote such shares in the manner directed by their customers. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee which is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker how to vote and are also invited to attend the meeting. Your broker or nominee has enclosed or provided a voting instruction card for you to use in directing the broker or nominee how to vote your shares. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a signed proxy from the record holder giving you the right to vote these shares.

### **Revocability**

You may revoke your proxy in one of the following ways: by voting in person at the annual meeting, by giving written notice of revocation to the Secretary of the Company prior to the voting, or by giving a later dated proxy (including by means of a telephone or Internet vote) at any time before the voting.

### **Confidentiality**

It is the policy of the Company that all proxy cards, ballots and vote tabulations that identify the vote of a specific stockholder on any matter submitted for a vote of stockholders be kept secret from the Company and its directors, officers and employees, except when (a) disclosure is required by applicable law or regulation, (b) a stockholder expressly requests such disclosure, or (c) in a contested proxy solicitation.

### **Proxy Solicitation**

Proxies may be solicited by directors, executive officers and other employees of the Company in person or by telephone, telegraph or mail only for use at the annual meeting. The Company has retained Georgeson Shareholder Communications, Inc. (Georgeson) to assist with the solicitation of proxies for a project management fee of \$10,000, plus reimbursement for out-of-pocket expenses. The Company also plans to engage Georgeson to solicit proxies by telephone for a reasonable additional fee determined on a per-completed-call basis. All solicitation costs will be borne by the Company.

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Proxies and ballots will be received and tabulated by an independent entity that is not affiliated with the Company. The inspector of election will also be independent of the Company. Subject to the above exceptions to the confidential voting policy, comments on written proxy cards will be provided to the Secretary of the Company without disclosing the vote unless the vote is necessary to understand the comment.

**Separate Voting Materials**

If you share an address with another stockholder and we sent you a notice of an intent to send you a householded mailing, you may receive only one set of proxy materials (including our annual report to stockholders, 2007 Form 10-K, and proxy statement) unless you have provided contrary instructions. Each stockholder of record will continue to receive a separate proxy card. If you wish to receive a separate set of documents now or in the future, you may write or call to request a separate copy of these materials from:

ABX Holdings, Inc.

145 Hunter Drive

Wilmington, Ohio 45177

Attn: Patricia A. Wallace

Executive Assistant

Telephone: (937) 366-2296

Similarly, if you share an address with another stockholder and have received multiple copies of our proxy materials, you may write or call us at the above address and phone number to request that in the future, we deliver to you a single copy of these materials.

**Principal Stockholders**

To the Company's knowledge, as of March 17, 2008, the following stockholders owned more than 5% of the outstanding common stock of the Company:

**Common Stock Ownership of Certain Beneficial Owners**

| Name                              | Number<br>of<br>Shares   | Percentage of<br>Common Stock<br>Outstanding <sup>(3)</sup> |
|-----------------------------------|--------------------------|-------------------------------------------------------------|
| The Pabrai Investment Funds       | 5,517,678 <sup>(1)</sup> | 8.8%                                                        |
| Red Mountain Capital Partners LLC | 4,270,053 <sup>(2)</sup> | 6.8%                                                        |

<sup>(1)</sup> Based on the Schedule 13G/A, filed February 14, 2008 with the Securities and Exchange Commission ( SEC ) by The Pabrai Investment Fund II, L.P., an Illinois limited partnership ( PIF2 ), Pabrai Investment Fund 3, Ltd., a British Virgin Islands corporation ( PIF3 ), The Pabrai Investment Fund IV, L.P., a Delaware limited partnership ( PIF4 ), Dalal Street, LLC, a California limited liability company ( Dalal Street ), which is general partner of PIF2 and PIF4 and sole investment manager of PIF3, Harina Kapoor, and Mohnish Pabrai, sole shareholder and chief executive officer of Dalal Street and a shareholder and president of PIF3 (collectively, the Reporting Persons ). According to this filing, by virtue of the relationships between and among (i) Dalal Street in its capacity as the general partner and investment manager of PIF2, PIF4 and PIF3, respectively, (ii) Mohnish Pabrai, in his capacity as sole shareholder and chief executive officer of Dalal Street and as president of PIF3 and (iii) the other Reporting Persons, each of the Reporting Persons may be deemed to be the beneficial owner of all or a portion of the common stock held by the other Reporting Persons. Because of the relationships described in the filing, the Reporting Persons may be deemed to constitute a group within the meaning of Rule 13d-5 under the Act, and as such, each member of the group would be deemed to beneficially own, in the aggregate, all the common



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stock held by members of the group. The Reporting Persons disclaim membership in a group and disclaim beneficial ownership of any of the common stock except as follows:

| Reporting Person                    | Common Stock<br>Beneficially Owned |
|-------------------------------------|------------------------------------|
| The Pabrai Investment Fund II, L.P. | 1,968,350                          |
| Pabrai Investment Fund 3, Ltd.      | 1,938,827                          |
| Pabrai Investment Fund IV, L.P.     | 1,604,000                          |
| Harina Kapoor                       | 6,501*                             |
| Mohnish Pabrai                      | 5,517,678**                        |

\* Includes (a) 2,400 shares held by the Dakshana Foundation, a 501(c)(3) organization controlled by Ms. Kapoor and Mr. Pabrai, and (b) 1 share held by the IRA FBO Harina Kapoor.

\*\* Includes (a) 4,100 shares held by Ms. Kapoor, (b) 1 share held by the IRA FBO Harina Kapoor, and (c) 2,400 shares held by the Dakshana Foundation, a 501(c)(3) organization controlled by Ms. Kapoor and Mr. Pabrai.

Dalal Street and Mohnish Pabrai, in his capacity as chief executive officer of Dalal Street have the shared power to vote or to direct the vote and the shared power to dispose or to direct the disposition of the shares set forth opposite the name of each of PIF2, PIF4 and PIF3 in the table above. Dalal Street and Mohnish Pabrai disclaim beneficial ownership of any such shares except to the extent of their pecuniary interest therein, if any. Mohnish Pabrai and Harina Kapoor share the power to vote or to direct the vote and the power to dispose or to direct the disposition of 6,501 shares set forth opposite their names in the table above. Harina Kapoor, in her capacity as account holder, and Mohnish Pabrai, in his capacity as husband and advisor, have the shared power to vote or to direct the vote and the shared power to dispose or to direct the disposition of the shares held by the IRA FBO Harina Kapoor. Mohnish Pabrai disclaims beneficial ownership of any such common stock held by the IRA FBO Harina Kapoor except to the extent of his pecuniary interest therein, if any. This stock ownership information was reported as of December 31, 2007.

- (2) Based on the Schedule 13D, jointly filed with the SEC on November 20, 2006, as amended by Amendment No. 1 thereto jointly filed on September 24, 2007 and Amendment No. 2 thereto jointly filed on February 7, 2008, by (i) Red Mountain Capital Partners LLC, a Delaware limited liability company ( RMCP LLC ), (ii) Red Mountain Capital Partners II, L.P., a Delaware limited partnership ( RMCP II ), (iii) Red Mountain Capital Partners III, L.P., a Delaware limited partnership ( RMCP III ), (iv) RMCP GP LLC, a Delaware limited liability company ( RMCP GP ), (v) Red Mountain Capital Management, Inc., a Delaware corporation ( RMCM ), and (vi) Willem Mesdag, a natural person and citizen of the United States of America. According to this filing, the principal business of each of RMCP II and RMCP III is investment. Neither RMCP II nor RMCP III was formed for the specific purpose of investing in the securities of ABX Holdings. RMCP GP is the general partner of each of RMCP II and RMCP III and thus may be deemed to control each of RMCP II and RMCP III. The principal business of RMCP GP is investment. RMCP LLC is the managing member of RMCP GP and thus may be deemed to control RMCP GP and each entity directly or indirectly controlled by RMCP GP. The principal business of RMCP LLC is investment. RMCM is the managing member of RMCP LLC and thus may be deemed to control RMCP LLC and each entity directly or indirectly controlled by RMCP LLC. The principal business of RMCM is investment. Mr. Mesdag is the president, sole executive officer, sole director and sole shareholder of RMCM and thus may be deemed to control RMCM and each entity directly or indirectly controlled by RMCM (including Red Mountain). RMCP LLC, RMCP II, RMCP III and RMCP GP are sometimes collectively referred to herein as Red Mountain. Red Mountain, RMCM and Mr. Mesdag are sometimes collectively referred to herein as the Reporting Persons. The principal occupation of Mr. Mesdag is Managing Partner of Red Mountain. J. Christopher Teets (and his principal occupation) is Partner of Red Mountain. Mr. Teets does not control any Reporting Person. Information regarding Mr. Teets was included in the filing only for purposes of complying with General Instruction C to Schedule 13D. RMCP II beneficially owns, in the aggregate, 1,192,069 shares of common stock. RMCP II has the sole power to vote or direct the vote, and the sole power to dispose or direct the disposition, of all such 1,192,069 shares of common stock. RMCP III

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beneficially owns, in the aggregate, 2,340,984 shares of common stock. RMCP III has the sole power to vote or direct the vote, and the sole power to dispose or direct the disposition, of all such 2,340,984 shares. The common stock beneficially owned by RMCP II and RMCP III, when aggregated together, total 4,270,053 shares. Because each of RMCP GP, RMCP LLC, RMCM and Mr. Mesdag may be deemed to control RMCP II and RMCP III, each of RMCP GP, RMCP LLC, RMCM and Mr. Mesdag may be deemed to beneficially own, and to have the power to vote or direct the vote, or dispose or direct the disposition of, all of the common stock beneficially owned by RMCP II and RMCP III. Other than shares of common stock beneficially owned by RMCP II or RMCP III, none of the reporting persons or Mr. Teets may be deemed to beneficially own any shares of common stock. Each of RMCP LLC, RMCP II, RMCP III and RMCP GP affirms membership in a group with each other but disclaims membership in a group with RMCM or Mr. Mesdag. Each of RMCM and Mr. Mesdag disclaims membership in a group with any person. This stock ownership information was reported as of February 6, 2008.

<sup>(3)</sup> Based on 62,711,284 shares outstanding.

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

The Company's Certificate of Incorporation provides for no fewer than three and no more than nine directors, as determined from time to time by the Board. The Company's Board currently consists of seven members, divided into three classes as follows:

**Class I (three positions with terms expiring in 2010):**

James E. Bushman

Randy D. Rademacher

Jeffrey A. Dominick

**Class II (two positions with terms expiring in 2008):**

James H. Carey

John D. Geary

**Class III (two positions with terms expiring in 2009):**

Jeffrey J. Vorholt

Joseph C. Hete

At the annual meeting, two persons will be elected to fill the Class II positions, to hold office until the annual meeting of stockholders in 2011 and until their respective successors have been elected and qualified as provided under the Company's Bylaws (the "Bylaws"). Messrs. Carey and Geary are presently directors of the Company and have been nominated to continue as directors.

**Nominees for Director Class II (Term to Expire in 2011)**

**James H. Carey**, age 75, Executive Vice President (Retired) of the Chase Manhattan Bank. Mr. Carey served as Managing Director of Briarcliff Financial Associates, a private financial advisory firm, from 1991 to 2002. He served as Chief Executive Officer of National Capital Benefits Corporation, a viatical settlement company, from March 1994 to December 1995. Mr. Carey was until recently a Director, the Chair of the Audit Committee, and a member of the Compensation Committee and the Nominating Committee of The Midland Company, a provider of specialty insurance products. He was a director of Airborne, Inc. from 1978 to August 2003, and was a member of its Compensation Committee and Finance Committee. Mr. Carey has been the Chairman of the Board of the Company since May 6, 2004, and has been a Director since August 2003. He is also a member of the Compensation Committee and the Nominating and Governance Committee.

**John D. Geary**, age 81, President and Chief Executive Officer (Retired) of Midland Enterprises, Inc. Mr. Geary served as President and Chief Executive Officer, and also as a Director, of Midland Enterprises, Inc., an inland marine transportation company, comprised of barge lines, shipyards and cargo loading terminals, from 1974 to 1988. He also served for 20 years on the Board of Directors of Fifth Third Bank, in Cincinnati, Ohio. Mr. Geary has been a Director of the Company since January 2004, and is a member of the Nominating and Governance Committee and the Compensation Committee.

**Continuing Directors Not Standing for Election This Year**

**Class I (Term to Expire in 2010)**

**James E. Bushman**, age 63, Chairman and Chief Executive Officer of Cast-Fab Technologies, Inc., and the Chairman and Chief Executive Officer of Security Systems Equipment Corporation. He has served since 2005 as the Chairman and Chief Executive Officer of Cast-Fab Technologies, Inc., a privately held manufacturer of



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castings and precision sheet and plate metal fabrications, and previously from 1988 to 2005 as the President and Chief Executive Officer. He has also served as the Chairman and Chief Executive Officer of Security Systems Equipment Corporation, a privately held manufacturer of equipment for the banking and financial services industry, since 1999. Mr. Bushman is also a Director of the Ohio National Fund, Inc. and The Dow Target Variable Fund, LLC, and was until recently a director of the Midland Company. He was the President of Carlisle Crane & Excavation, Inc., and the Executive Vice President of Carlisle Enterprises, from 1983 to 1988. Prior to that, Mr. Bushman was a CPA for Arthur Andersen & Co., where he served as a partner from 1977 to 1983, and as a manager from 1972 to 1977. He has been a Director of the Company since May 2004 and is the Chairman of the Compensation Committee and a member of the Audit Committee.

**Randy D. Rademacher**, age 51, Chief Financial Officer for The Armor Group. He has served as the Chief Financial Officer for The Armor Group, a privately owned manufacturer of industrial and commercial products, since July 2006. Mr. Rademacher was formerly the President of Dynus Corporation, a privately owned telecommunications company, from June 2005 to October 2005, and the President of Comair Holdings LLC, from 1999 to 2005. During his career at Comair Holdings LLC, Mr. Rademacher held a number of positions, including Senior Vice President and Chief Financial Officer from 1993 to 1999, Vice President of Finance from 1989 to 1993, Controller from 1986 to 1989, and Director of Corporate Finance from 1985 to 1986. Prior to that, Mr. Rademacher was a CPA for Arthur Andersen & Co. from 1979 to 1985. He has been a director of the Company since December 2006 and is the Chairman of the Nominating and Governance Committee and a member of the Audit Committee.

**Jeffrey A. Dominick**, age 43, partner with MassMutual Capital Partners. He has been a partner with MassMutual Capital Partners, a private equity investment subsidiary of MassMutual Financial Group, since its founding in 2006. Mr. Dominick formerly worked in debt and equity financing for Babson Capital Management, the asset management subsidiary for MassMutual Financial Group. Before joining MassMutual Financial Group in 2002, he spent 13 years in leveraged and corporate finance for Deutsche Bank Securities and The Chase Manhattan Bank N.A. While at Babson, Mr. Dominick specialized in investing in airline and aircraft related transactions, with a focus as well in the transportation and logistics industries. In conjunction with the acquisition of Cargo Holdings International, Inc. ( CHI ) on December 31, 2007, the Company agreed to nominate for election to the Board a candidate selected by the significant shareholders of CHI. Per this agreement, Mr. Dominick would have been nominated for election at the Company's 2008 annual meeting of stockholders; however, due to an existing vacancy, the Board chose to appoint Mr. Dominick prior to the meeting. He has been a director of the Company since February 2008 and is a member of the Nominating and Governance Committee and the Audit Committee.

### **Class III (Term to Expire in 2009)**

**Jeffrey J. Vorholt**, age 55, is an independent consultant and private investor. He was most recently a full-time faculty member at Miami University (Ohio) and concurrently an Adjunct Professor of Accountancy at Xavier University (Ohio), from 2001 to 2006. Mr. Vorholt, a CPA and attorney, was the Chief Financial Officer of Structural Dynamics Research Corporation from 1994 until its acquisition by EDS in 2001. Previously, he served as the Senior Vice President of Accounting and Information Systems for Cincinnati Bell Telephone Company and the Senior Vice President, Chief Financial Officer and Director for Cincinnati Bell Information Systems, which is now Convergys Corporation. Mr. Vorholt is currently a Director and the Chairman of the Audit Committee for Softbrands, Inc., a global provider of enterprise-wide application software. Mr. Vorholt has been a Director of the Company since January 2004. He is the Chairman of the Audit Committee and is a member of the Compensation Committee.

**Joseph C. Hete**, age 54, President and Chief Executive Officer of ABX Holdings, Inc. since September 2007 and Chief Executive Officer of ABX Air, Inc. since August 2003. He was the President of ABX Air, Inc. from January 2000 to February 2008 and the Chief Operating Officer of ABX Air, Inc. from January 2000 to August 2003. From 1997 until January 2000, he held the position of Senior Vice President and Chief Operating

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Officer of ABX Air, Inc. Mr. Hete served as Senior Vice President, Administration, of ABX Air, Inc. from 1991 to 1997, and Vice President, Administration, of ABX Air, Inc. from 1986 to 1991. He joined ABX Air, Inc. in 1980. Mr. Hete does not serve on any of the committees of the Board.

## **CORPORATE GOVERNANCE AND BOARD MATTERS**

The Board of Directors held 27 meetings during 2007 and each director attended at least 92% of the meetings of the Board and 89% of the meetings of the committees on which he was a member. Directors are expected to attend board meetings, meetings of the committees on which they serve and the annual meeting of stockholders. All of the directors then in office attended the Company's 2007 annual meeting.

### **Independence**

The Board has determined that each of the current directors, except Joseph C. Hete (by virtue of his employment as President and Chief Executive Officer of the Company), has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and is independent within the meaning of the independence standards of the SEC, NASDAQ and the Certificate of Incorporation, as currently in effect.

### **Director Compensation**

The Company uses a combination of cash and long-term incentive compensation to attract and retain qualified candidates to serve on the Board. The Compensation Committee recommends to the Board of Directors for its approval the form and amount of compensation paid to the non-employee directors. The Committee reviews the compensation arrangements of the directors on annual basis, which review includes an evaluation prepared by Towers Perrin, a national compensation consulting firm. The evaluation considers the compensation arrangements for the directors of similar companies. Like the executive officers, the directors are also subject to minimum stock ownership requirements. Each director is required to own stock and/or restricted stock units equal to a multiple of their annual retainer within a specified time period after their election to the Board.

### **Cash Compensation**

During 2007, non-employee directors received an annual fee of \$30,000, plus \$1,500 for each board and committee meeting attended. In addition, the Chairman of the Board received an annual fee of \$60,000, the Chairman of the Audit Committee received an annual fee of \$15,000, and the respective Chairmen of the Compensation Committee and the Nominating and Governance Committee each received an annual fee of \$4,000.

### **Long-Term Incentive Compensation**

The long-term incentive compensation awards for the non-employee directors are comprised solely of restricted stock units. Since the approval of the Company's Long-Term Incentive Plan at the Annual Stockholders' Meeting in 2005, the Board has granted restricted stock unit awards to the Company's non-employee directors on an annual basis under the terms of the Plan. The size of the grants are determined by the Board and are based on the Company's performance during the prior year and an evaluation of the compensation arrangements of other companies prepared by Towers Perrin, a national compensation consulting firm, retained by the Compensation Committee. In February 2007, the Board, upon the recommendation of the Compensation Committee, granted an award of 6,000 restricted stock units to each of the non-employee directors under the Company's Long-Term Incentive Compensation Plan. The restricted stock units vested on August 31, 2007 and will be converted to an equal number of shares of Company stock and distributed to the non-employee directors when they leave the Board, but can be settled earlier or forfeited in certain cases under the terms of the award agreement. The value of restricted stock units that were granted to each of the directors is shown below in the Director Compensation Table.

**Table of Contents****Director Compensation Table**

The table below summarizes the compensation paid by the Company to non-employee directors for the fiscal year ended 2007.

| <b>Name<sup>(1)(2)(3)</sup></b> | <b>Fees Earned or<br/>Paid in Cash<br/>(\$)</b> | <b>Stock Awards<br/>(\$)<sup>(4)</sup></b> | <b>Total<br/>(\$)</b> |
|---------------------------------|-------------------------------------------------|--------------------------------------------|-----------------------|
| James H. Carey                  | \$ 158,500                                      | \$ 46,980                                  | \$ 205,480            |
| James E. Bushman                | 100,000                                         | 46,980                                     | 146,980               |
| John D. Geary                   | 96,000                                          | 46,980                                     | 142,980               |
| Randy D. Rademacher             | 84,000                                          | 46,980                                     | 130,980               |
| Frederick R. Reed               | 72,000                                          | 46,980                                     | 118,980               |
| Jeffrey J. Vorholt              | 106,500                                         | 46,980                                     | 153,480               |

- (1) Joseph C. Hete, the Company's President and Chief Executive Officer, is not included in this table since he is an employee of the Company and therefore receives no compensation for his services as a Director.
- (2) Jeffrey D. Dominick is not included in this table because he was elected to the Board in February 2008.
- (3) Frederick R. Reed passed away in August 2007.
- (4) The restricted stock units are being reported in accordance with Statements of Financial Accounting Standard No. 123 Revised (FAS 123(R)). Assumptions used in the calculation of these amounts are included in Note K to the Company's audited financial statements for the fiscal year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17, 2008.

**Board Committees**

The Board has a standing Audit Committee, Compensation Committee, and Nominating and Governance Committee. Each committee consists exclusively of non-employee directors.

**Audit Committee**

The Company has a separately designated standing Audit Committee. The Audit Committee is currently composed of Jeffrey J. Vorholt, Chair, James E. Bushman, Jeffrey A. Dominick, and Randy D. Rademacher. Jeffrey J. Vorholt has been the Chair of the Audit Committee since January 29, 2004. The Board has determined that Jeffrey J. Vorholt is an audit committee financial expert as defined in the rules under the Securities Exchange Act of 1934, as amended.

The Audit Committee is generally charged with the appointment, compensation, retention, evaluation, and oversight of the work of the independent registered public accounting firm; reviewing and discussing with management and the independent registered public accounting firm the Company's annual audited and quarterly consolidated financial statements; reviewing the internal audit function; overseeing the integrity, adequacy and effectiveness of the Company and its subsidiaries internal accounting and financial controls; and approving and monitoring the Company and its subsidiaries compliance with its codes of conduct. Also, in the performance of its oversight function, the Audit Committee reviews the Company and its subsidiaries compliance with Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee works closely with management as well as the Company's independent registered public accounting firm. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from the Company for, outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties. The Chair of the Audit Committee receives communications directed to non-management directors as described below under Communications with the Board. The Committee met 10 times during 2007 and each member was present for at least 90% of the meetings.

The Audit Committee performs its work under the guidance of a written charter that was initially approved by the Audit Committee and the Board in August 2003 and was most recently amended in February 2008. The charter of the Audit Committee is available through our Internet website at <http://www.abxair.com>.

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The Audit Committee has furnished the following report.

### ***Audit Committee Report***

*This report will not be deemed to be incorporated by reference by any general statement incorporating this Proxy Statement into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this information by reference and will not be deemed soliciting material or deemed filed under those Acts.*

In the performance of its oversight function, the Audit Committee has reviewed and discussed the audited consolidated financial statements for the year ended December 31, 2007 with management and the Company's independent registered public accounting firm, Deloitte & Touche LLP. The Audit Committee has also discussed with the independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently in effect. The Audit Committee has also discussed with Deloitte & Touche LLP matters relating to its independence and has received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as currently in effect.

Based upon the review and discussions described in this report, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the Securities and Exchange Commission.

Respectfully submitted,

The Audit Committee

Jeffrey J. Vorholt, Chair

James E. Bushman

Jeffrey A. Dominick

Randy D. Rademacher

### **Compensation Committee**

The Compensation Committee is currently composed of James E. Bushman, Chair, James H. Carey, John D. Geary and Jeffrey J. Vorholt. The Compensation Committee is responsible for reviewing, evaluating and making recommendations to the full Board regarding the Company and its subsidiaries overall compensation policies and establishing performance-based incentives that support long-term strategic goals, organizational objectives and stockholder interests. The Committee is also responsible for determining the compensation of the Chief Executive Officer based upon the achievement of goals and objectives that are approved by the Committee, and considering and approving the compensation arrangements for the other executive officers of the Company and its subsidiaries. This includes base salaries, short-term and long-term incentive awards, equity-related awards, participation in any deferred compensation or retirement plans or arrangements, benefits and perquisites. The Committee also evaluates the performance target goals for the non-executive senior officers and employees of the Company and its subsidiaries. In addition, the Committee oversees the administration of the Company and its subsidiaries executive compensation plans, programs and arrangements, makes recommendations to the full Board with respect to succession planning for the Chief Executive Officer and other officers of the Company and its subsidiaries, and sets and reviews the compensation for the Board and committee members. The Committee met 6 times during 2007, and all of the members were present for every meeting.

The Compensation Committee performs its work under the guidance of a written charter that was initially approved by the Compensation Committee and the Board in August 2003. The charter was most recently amended in February 2008. The Committee's charter is available through our Internet website at <http://www.abxair.com>.

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### **Nominating and Governance Committee**

The Nominating and Governance Committee is currently composed of Randy D. Rademacher, Chair, James H. Carey, Jeffrey A. Dominick and John D. Geary. The Committee is generally charged with identifying individuals qualified to become members of the Board in accordance with the criteria approved by the Board; making recommendations to the full Board with respect to director nominees for each annual meeting of the stockholders; developing and recommending to the Board a set of corporate governance principles applicable to the Company; and overseeing the evaluation of the Board and management. The Committee met 3 times during 2007, and all of the members were present for every meeting.

The Nominating and Governance Committee performs its work under the guidance of a written charter that was initially approved by the Nominating and Governance Committee and the Board in March 2004 and was most recently amended in February 2008. The Committee's Charter is available through our Internet website at <http://www.abxair.com>.

### **Consideration of Nominees for Director**

#### **Director Qualifications**

The Nominating and Governance Committee is responsible for reviewing and developing the Board's criteria for evaluating and selecting new directors based on the needs of the Company from time to time. The criteria that will be used in connection with evaluating and selecting new directors will include the criteria set forth in the Company's Corporate Governance Guidelines and in the Certificate of Incorporation. The Corporate Governance Guidelines are available through our Internet website at <http://www.abxair.com>.

In addition to the criteria set forth in the Corporate Governance Guidelines, the Committee will consider whether the director candidate meets the definition of independence set forth under NASDAQ Marketplace rules, applicable law and the Certificate of Incorporation, as well as the candidate's skills, occupation, and experience in the context of the needs of the Board. The Board will nominate new directors only from candidates identified, screened and approved by the Nominating and Governance Committee. The Nominating and Governance Committee and the Board will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendation to the Company's stockholders. Service on boards of other organizations must be consistent with the Company's conflict of interest policies applicable to directors as set forth in the Core Requirements of the Code of Conduct for Conducting Business.

#### **Evaluation of Stockholder Nominees**

The policy of the Nominating and Governance Committee is to consider, for nomination by the Board, properly submitted stockholder recommendations of potential nominees for membership on the Board. In evaluating such nominees, the Nominating and Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth above under Director Qualifications. There are no differences in the manner in which the Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder, except to the extent provided as follows: (1) such candidates must be able to meet with one or more members of the Committee and/or the Board upon request, and (2) the stockholder must provide: (a) all written materials that would be necessary for a stockholder to make a nomination pursuant to the Bylaws, which materials must be submitted no later than the time permitted for a stockholder to make a director nomination pursuant to the Bylaws; and (b) other information requested by the Company reasonably related to the recommended individual's qualifications as a nominee.

#### **Director Nominations by Stockholders**

The Bylaws permit stockholders to nominate directors for consideration at an annual stockholders' meeting without the prior recommendation of the Nominating and Governance Committee or the nomination of the

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Board. Stockholder nominations to the Board of Directors for the Annual Stockholders Meeting for 2009 must be forwarded to the Chairman of the Nominating and Governance Committee c/o Secretary, ABX Holdings, Inc., 145 Hunter Drive, Wilmington, Ohio 45177, so as to be received not less than 90 days nor more than 120 days prior to the anniversary of the annual stockholders meeting for 2008 (May 13, 2008); provided, however, that in the event the date of the annual stockholders meeting for 2009 is advanced or delayed by more than 30 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 120<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made. Any nominations received after such date will be considered untimely. The written notice must satisfy certain requirements specified in the Bylaws. A copy of the Bylaws will be sent to any stockholder upon written request to the Secretary of the Company.

## **Corporate Governance Guidelines**

The Company adopted a set of Corporate Governance Guidelines in February 2005 to help the Board fulfill its responsibility to stockholders to oversee the work of management in the conduct of the Company's business and to seek to serve the long-term interests of stockholders. The Guidelines are intended to ensure that the Board has the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The Guidelines address such topics as the composition of the Board, the selection of Board members, Board independence, the procedures relating to, and the conduct of, Board and committee meetings, the compensation of directors and the Chief Executive Officer, periodic self-evaluations of the Board and committees, and other practices. The Corporate Governance Guidelines are available through our Internet website at <http://www.abxair.com>.

## **Code of Ethics for the CEO and CFO**

The Company has adopted a Code of Ethics that sets forth the policies and business practices that apply to the Company's Chief Executive Officer and Chief Financial Officer. The Code of Ethics is in compliance with SEC rules and addresses such topics as compliance with laws; full, fair, accurate and timely disclosure of financial results; professional, honest and ethical conduct; conflicts of interest; and reporting procedures and accountability. The Code of Ethics is available through our Internet website at <http://www.abxair.com>.

## **Code of Conduct for Conducting Business**

The Company has adopted a Code of Conduct for Conducting Business that sets forth the policies and business practices that apply to all of the Company's employees and directors. The Code of Conduct addresses such topics as compliance with laws; moral and ethical conduct; equal employment opportunity; promoting a work environment free from harassment or discrimination; and the protection of intellectual property and proprietary information. The Code of Conduct for Conducting Business is available through our Internet website at <http://www.abxair.com>.

## **Related Person Transactions**

ABX does not have any related person transactions as defined by Regulation S-K Item 404(a). If any related person transactions arise, the Audit Committee will review and approve such transactions as it deems appropriate. This policy is set forth in the Audit Committee Charter.

## **Executive Sessions**

The independent directors of the Company meet in executive session (with no management directors or management present) on a regular basis and upon the request of one or more independent directors. The sessions are scheduled and chaired by the Chairman of the Board, who is an independent director. The executive sessions include whatever topics the independent directors deem appropriate.

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### **Communications with the Board**

Stockholders and other parties interested in communicating directly with the Company's directors or with the non-management directors as a group may do so by writing to the Secretary of the Company at ABX Holdings, Inc., 145 Hunter Drive, Wilmington, Ohio 45177. All letters received by the Company and addressed to non-management members of the Board will be logged in by the Secretary of the Company and regularly forwarded to the Chair of the Audit Committee. The Chair of the Audit Committee will deliver a summary of such correspondence to the full Board if he deems it appropriate at its next regularly scheduled meeting. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company's internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Compensation Philosophy and Objectives**

The Compensation Committee believes that the compensation paid to its executive officers should assist the Company in attracting and retaining talented leaders and encouraging a high level of effective and ethical management in the best interests of the Company and its stockholders. To this end, the Compensation Committee strives to ensure that the Company's executive compensation program is competitive with that of similarly situated companies and rewards the achievement of short and long-term goals that align the interests of its executives and stockholders in seeking to increase stockholder value.

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer and Chief Financial Officer during fiscal year 2007, as well as the other individuals included in the Summary Compensation Table below, are referred to as the named executive officers.

#### **Chief Executive Officer's Role in the Compensation Decision Process**

The Compensation Committee considers recommendations from the Chief Executive Officer with respect to the executive officers, including the named executive officers, base salaries and the portion of such individuals' incentive compensation that is tied to the accomplishment of individual goals. In making his recommendations, the Chief Executive Officer utilizes the peer group analysis described below and completes an objective and subjective review of each executive's responsibilities and performance over the prior year. The Chief Executive Officer plays no role in the compensation process with respect to his own compensation.

#### **Establishing Compensation Levels**

During the first quarter of each year, the Compensation Committee meets to establish the base salaries for each of the executive officers and to approve incentive awards for the previous year based upon previously established performance goals. All changes to base salaries are effective July 1 for the year in which they are set. Equity awards are granted to be effective after the Company issues its earnings release for the fourth quarter of the fiscal year. During its first quarter meeting, the Compensation Committee also establishes incentive goals for the current year based upon the Chief Executive Officer's recommendations.

The Compensation Committee met in February 2007 to set compensation for 2007. During this meeting, the Chief Executive Officer presented his recommendations for each executive officer's base salary and incentive compensation payments and awards, except his own. The Compensation Committee considered the Chief Executive Officer's recommendations along with the peer group analysis and a detailed review of the prior year's total compensation package when establishing 2007 compensation for the executive officers.

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### **Competitive Benchmarking**

In 2007, the Compensation Committee retained Towers Perrin, a national compensation consulting firm, to prepare a compensation analysis for use in establishing competitive compensation levels for the named executive officers. The Compensation Committee utilized the analysis to evaluate the ongoing competitiveness of the Company's executive compensation programs against current and emerging compensation practices in 2007.

The analysis provided by Towers Perrin includes data from two industry perspectives in an effort to reconcile the Company's unique business model with typical pay practices and levels among similar organizations. This data consists of (i) a proxy analysis of the top five highest paid executives and top legal executive from 20 direct competitors and small regional airlines (peer group analysis), and (ii) compensation information for more than 900 companies covering approximately 40 industries, adjusted as necessary to reflect comparable revenues. The companies utilized in the peer group analysis are:

|                                              |                                    |
|----------------------------------------------|------------------------------------|
| Airnet Systems, Inc.                         | Atlas Air Worldwide Holdings, Inc. |
| C.H. Robinson Worldwide, Inc.                | ExpressJet Holdings, Inc.          |
| EGL, Inc.                                    | Frontier Airlines Holdings, Inc.   |
| Expeditors International of Washington, Inc. | Hawaiian Holdings, Inc.            |
| Forward Air Corp.                            | JetBlue Airways Corp.              |
| Hub Group, Inc.                              | MAIR Holdings, Inc.                |
| Kitty Hawk, Inc.                             | Mesa Air Group, Inc.               |
| Pacer International, Inc.                    | Midwest Air Group, Inc.            |
| UTi Worldwide, Inc.                          | Pinnacle Airlines Corp.            |
| World Air Holdings, Inc.                     | Republic Airways Holdings, Inc.    |
| AirTran Holdings, Inc.                       | SkyWest, Inc.                      |
| Alaska Air Group, Inc.                       | US Airways Group, Inc.             |

Based upon this analysis, compensation guidelines were established for each executive officer position, providing data on the 25<sup>th</sup>, 50<sup>th</sup> (median) and 75<sup>th</sup> percentile pay levels in the competitive market.

### **Components of Executive Compensation for 2007**

The Company's executive compensation and benefits package consists of direct compensation (base salary, short-term cash incentives and long-term equity-based incentives) and Company-sponsored retirement and benefit plans. The components of the named executive officers' compensation packages are designed to contribute to a total package that is competitive, appropriately performance-based, and valued by the Company's executive. The Compensation Committee strives to align the mix of executive officer compensation between cash and non-cash or short-term and long-term incentive compensation with both the peer group and 900 company group described above.

#### ***Base Salary***

The Company provides the named executive officers with a base salary to compensate them for services rendered during the fiscal year. The Compensation Committee determines the base salary of the Chief Executive Officer and also the other named executive officers, although the latter are determined in consultation with the Chief Executive Officer. The Compensation Committee typically reviews the base salaries of the

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named executive officers sometime during February as part of the Company's performance review process, as well as in the event of a promotion or other change in job responsibilities. This review primarily takes into account the Towers Perrin analysis described above; an internal review of the executive's compensation, both on an individual basis and relative to other executives; and the individual performance of the executive, as evaluated by the Chief Executive Officer.

The base salaries paid to the named executive officers in 2007 are set forth in the Salary column of the Summary Compensation Table below.

**Table of Contents*****Short-Term Incentive Compensation***

During 2007, the named executive officers had the potential to earn incentive compensation under the ABX Air Executive Incentive Compensation Plan (the "Executive Incentive Plan"). Since DHL Express (USA), Inc. and DHL Network Operations (USA), Inc. (collectively, "DHL") accounted for approximately 92% of the Company's revenues in 2007, the Compensation Committee determined that it was in the Company's best interest to create a strong link between executive compensation and ABX Air's performance under its commercial agreements with DHL. Accordingly, bonus opportunities under the Executive Incentive Plan were primarily based on the achievement of incremental markup revenue earned under ABX Air's ACMI Service Agreement and Hub Services Agreement with DHL. In 2007, the named executive officers were eligible to receive a bonus under the Executive Incentive Plan utilizing a non-discretionary formula ranging from zero to a specified percentage of the employee's salary. When the Executive Incentive Plan was established, the Compensation Committee approved a bonus table for each executive officer. After it was determined what the percent of incremental markup revenue achieved was for the fiscal year (calculated as incremental markup revenue divided by expenses eligible for markup under the commercial agreements with DHL), the Compensation Committee simply referred to a table to determine the corresponding percentage of base salary that is to be awarded for achieving that level of incremental markup. The table includes a different percentage of salary for each .05% of incremental markup achieved. The minimum and maximum bonus potentials were as follows:

| <b>Executive Officer</b> | <b>.05% of Incremental Mark-up Achieved</b> | <b>1.8% of Incremental Mark-up Achieved</b> |
|--------------------------|---------------------------------------------|---------------------------------------------|
| Chief Executive Officer  | 5% of base salary                           | 130% of base salary                         |
| Senior Vice President    | 4% of base salary                           | 100% of base salary                         |
| Vice President           | 4% of base salary                           | 80% of base salary                          |

After determining the bonus as described above, the Chief Executive Officer provided the Compensation Committee with his evaluation of each executive's performance in relation to individual subjective goals specific to the executive. The individual goals were developed by the Chief Executive Officer and the individual, and subsequently approved by the Compensation Committee. Up to 25% of the incentive compensation that the executive would otherwise have received under the Executive Incentive Plan was tied to the accomplishment of individual subjective goals specific to the executive.

In light of the Company's acquisition of Cargo Holdings International, Inc. on December 31, 2007, the Compensation Committee is currently working with the Chief Executive Officer in reevaluating the formula to be utilized under the Executive Incentive Plan for 2008.

The annual incentive compensation paid to the named executive officers under the Executive Incentive Plan for 2007 is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table below.

***Long-Term Incentive Compensation***

The long-term incentive compensation awards for the named executive officers are comprised of restricted stock awards and performance-based stock unit awards. At the Annual Stockholders' Meeting in 2005, the stockholders approved an omnibus long-term incentive plan entitled the ABX Air 2005 Long-Term Incentive Compensation Plan. The Plan was subsequently adopted by ABX Holdings, Inc. on December 31, 2007, in conjunction with the reorganization of the Company into a holding company structure and renamed the ABX Holdings 2005 Long-Term Incentive Compensation Plan. The purpose of the Plan is to foster and promote the long-term financial success of the Company, to reward performance and to increase stockholder value by providing participants appropriate incentives and awards; to enable the Company to attract and retain the services of outstanding individuals; to encourage stock ownership in the Company; and to align the interests of management and directors with that of stockholders. The Plan authorizes a wide range of equity awards, including stock options, restricted stock awards, restricted stock units, stock awards, stock appreciation rights and performance-based awards payable in shares or cash and other forms of equity compensation.

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Since the approval of the Plan, the Compensation Committee has granted restricted stock awards and performance-based stock unit awards to the Company's named executive officers and other executives and members of the senior management group on an annual basis under the terms of the Plan. The amount of the total long-term incentive grants to be received by each named executive officer is determined by multiplying the officer's base salary by 100%, 75% and 50% for the Chief Executive Officer, Senior Vice Presidents and Vice Presidents, respectively. The restricted stock awards and performance-based stock unit awards are divided evenly, so that half of the long-term incentive compensation value is delivered in restricted stock and half is delivered in performance-based stock units. The number of shares of restricted stock and performance-based stock units to be received is determined by dividing the value derived above by the stock price on the date of grant.

### *Restricted Stock Awards*

Under the restricted stock award agreements, shares of stock were issued in the names of the employees, but will be held in escrow until they fully vest. The vesting period is approximately thirty-four months from the date of grant, except for the initial grant in June 2005, which is for a period of approximately thirty months. The employees may exercise any voting rights associated with the restricted stock while in escrow, and any dividends paid on the restricted stock will also be held in escrow and paid once they are fully vested. The restrictions will be removed and the stock distributed to the employees if they are actively employed at the end of the vesting period, but may be settled earlier or forfeited in certain limited circumstances under the terms of the award agreements.

The number of shares of restricted stock that were granted to each of the named executive officers during fiscal year 2007, all of which will vest at the end of the restriction period, are set forth in the "All Other Stock Awards: Number of Shares of Stock or Units" column of the "Grants of Plan-Based Awards Table" below.

### *Performance-Based Stock Unit Awards*

Under the performance-based stock unit award agreements, the performance units will be converted to an equal number of common stock of the Company and paid out or forfeited, depending upon whether and the extent to which certain performance criteria are met during the performance period. The performance period is ordinarily thirty-six months, except for the initial grant made in June 2005, which was for a period of thirty-three months. The agreements contain an equal number of stock performance units and return-on-equity units. The performance criteria for the stock performance units are based upon the extent to which the appreciation in the Company's stock during the performance period equals or exceeds the total stockholder return performance of the NASDAQ Transportation Index during the same period. Each award agreement contains the following chart, setting forth when the awards are earned or forfeited:

| <b>If, on December 31, , the Company's stock performance is . . .</b>                                          | <b>You will receive the following number of shares of Company stock . . .</b> |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| In at least the 25th percentile of the NASDAQ Transportation Index ( threshold Stock Performance Unit level )  | #                                                                             |
| In the 25th through 50th percentile of the NASDAQ Transportation Index ( target Stock Performance Unit level ) | #                                                                             |
| In the 50th or higher percentile of the NASDAQ Transportation Index ( maximum Stock Performance Unit level )   | #                                                                             |

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The return-on-equity units are based upon how the Company's average return on equity during the performance period compares to the levels specified under the award agreements. Each award agreement contains the following chart, setting forth when the awards are earned or forfeited:

| <b>If, over the Performance Period, the Company's average return on equity is . . .</b> | <b>You will receive the following number of shares of Company stock . . .</b> |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| At least 15% but less than 20% ( threshold ROE Unit level )                             | #                                                                             |
| More than 20% but less than 25% ( target ROE Unit level )                               | #                                                                             |
| Equal to or greater than 25% ( maximum ROE Unit level )                                 | #                                                                             |

The performance-based stock units (both stock performance units and return-on-equity units) may be settled earlier or forfeited in certain limited circumstances under the terms of the award agreements.

The number of performance-based stock units that were granted to each of the named executive officers in 2007, all of which may be converted to common stock at the end of the three-year performance period from January 1, 2007 to December 31, 2009, is shown in the Grants of Plan-Based Awards Table below.

## Stock Ownership Guidelines

To better align the interests of the executive officers, including the named executive officers, with the interests of stockholders, the Committee requires that certain executive officers maintain a minimum ownership interest in the Company. The amount of stock required to be owned and retained is based on the minimum number of shares totaling in value as of the date of grant or purchase (including restricted stock granted under the Company's 2005 Long-Term Incentive Compensation Plan), a multiple of the executive officer's base salary, which multiple depends on the position held. Each named executive officer is required to be in compliance with the ownership guidelines within a specified time period after being elected to their current position held.

## Company-Sponsored Retirement and Benefit Plans

### Retirement Plans

ABX Holdings and its subsidiaries maintain several retirement plans for their executive officers, including the named executive officers, and other employees that are not covered by a collective bargaining agreement. These plans include (i) the ABX Air Retirement Income Plan (the RIP), which is a defined benefit pension plan, (ii) the ABX Air Profit Sharing Plan (the PSP), which is a defined contribution plan (except for ABX Air's flight crewmembers, no contributions to this plan have been made since January 1, 2000), and (iii) the ABX Air Capital Accumulation Plan (the CAP) which is a defined contribution 401(k) plan.

The RIP is a floor offset pension plan that works in step with the PSP. Under the RIP, the named executive officers and all other eligible full and part-time non-union employees of ABX Holdings and ABX Air that have completed five continuous years of employment with ABX Holdings and/or ABX Air earn the right to receive benefits upon termination at the normal retirement age of 65 or upon early retirement, on or after age 55, with 10 or more years of service. Retirement benefits are calculated as the product of 2% times the final average annual eligible pay for the first 25 years of service and  $\frac{1}{2}\%$  times the final average annual eligible pay for each year after the first 25 years of service. The RIP was closed to new employees, hired on or after September 1, 2005, except for certain designated employees previously employed by DHL at their Northern Kentucky hub and employees that were rehired before January 1, 2006.

The CAP is a 401(k) plan that allows voluntary deferrals of up to 75% of an employee's pay, subject to IRS income limits. In addition, the CAP provides matching funds to participants based on the participant's rate of

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deferral. The match is 35% of the first 6% of deferred pay (up to the IRS income limits). In addition, there is an opportunity for an incentive match of up to 25%. In 2007, the incentive match was 13%. All ABX Air and certain ABX Holdings executives are eligible to participate in this plan.

All eligible full and part-time non-union employees of ABX Holdings and ABX Air hired on and after September 1, 2005, and such employees that were rehired on and after January 1, 2006, and who complete one year of service and work at least 1,000 hours during the year receive a company contribution to the ABX Air Capital Accumulation Plan (the "CAP 5%"), which is a defined contribution plan. Under the CAP 5%, employees that have completed three continuous years of employment with the company and worked at least 1,000 hours each year earn the right to receive benefits upon termination. Contributions are calculated as the product of 5% of eligible annual pay for each year of service, and the contributions are deposited in the 401(k) plan.

In addition, all ABX Air executives and certain ABX Holdings executives are also eligible to participate in the Company's Supplemental Executive Retirement Plan (the "SERP"). The SERP is a non-qualified and unfunded plan that provides for benefits in excess of statutory limits.

To the extent that an eligible ABX Holdings or ABX Air executive officer's, including any named executive officer's, annual retirement income benefit under the RIP exceeds the limitations imposed by the Internal Revenue Code (including, among others, the limitations on the amount of annual compensation for the purpose of calculating eligible remuneration for a participant under a qualified retirement plan (\$225,000 in 2007)), such excess benefits may be paid from the SERP. For eligible executives hired on or after September 1, 2005, the CAP 5% account balance is converted to a hypothetical annuity to determine the amount (if any) payable from the SERP. Under the SERP, executive officers accrue benefits based on an age and service formula that uses a target benefit based on age at retirement and then a point value based on years of service and age at retirement to determine a benefit level at a particular retirement age. Points are credited for each year of service and year of age up to a maximum point total of 80. The executives accrue benefits under the SERP in accordance with the following schedules:

| <b>Age at Retirement</b>      | <b>Target Benefit</b>    |
|-------------------------------|--------------------------|
| 62+                           | 65%                      |
| 61                            | 56%                      |
| 60                            | 45%                      |
| 59                            | 38%                      |
| 58                            | 31%                      |
| 57                            | 24%                      |
| 56                            | 17%                      |
| 55                            | 10%                      |
| 54 or younger                 | 0%                       |
| <b>Vesting Points</b>         |                          |
| <b>Points = Age + Service</b> | <b>Vesting Percent</b>   |
| 80+                           | 100%                     |
| 79                            | 98%                      |
| 78                            | 96%                      |
| 77                            | 94%                      |
| 76                            | 92%                      |
| 75                            | 90%                      |
| 74 or lower                   | Reduced by an additional |
|                               | 2% for each Point below  |
|                               | 75                       |

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Assuming the attainment of the maximum point total, the RIP and PSP, in conjunction with Social Security, are designed to provide a retirement benefit equal to approximately 65% of an executive officer's final average earnings at a normal retirement date of age 62. The final average earnings are defined as the average of the highest five consecutive calendar years of compensation during an executive officer's last ten years of employment. Compensation considered in the formula includes salary and bonus paid in a calendar year. Benefits determined through the above formula are offset by Social Security and the gross benefit amounts calculated under the RIP and PSP.

The present value of accumulated benefits payable to each of the named executive officers under the RIP and SERP are set forth in the Pension Benefits Table below.

On February 22, 2008, the Board of Directors approved changing the SERP formula. The current formula provided an age 62 targeted benefit of 65% of a participant's Final Average Earnings (FAEs) and lesser amounts at earlier ages. The benefit is offset by the benefits provided by the PSP, RIP, CAP 5% (for executives hired after September 1, 2005) and Social Security. The new formula provides an age 62 targeted benefit of 50% of the participating executive's FAEs for 25 or more years of service and lesser amounts for fewer years of service. The benefit amount is also reduced by 6% per year for early retirement. Two ABX Air executives near retirement age (Messrs. Manibusan and Morgenfeld) will be grandfathered under the old formula and one ABX Air executive (Mr. Scherz) will be granted a reasonable period of time in which to elect the old or new formula. All other executives will be subject to the new formula. The Company intends to have the new formula in place before the end of the year.

### ***Benefit Plans***

The core benefit package for the named executive officers and all other employees of ABX Holdings and ABX Air includes health, dental, vision, short and long-term disability, group term life insurance, AD&D, business travel accident insurance, a voluntary 401(k) salary deferral plan and certain post-retirement benefits. The named executive officers participate in the Company's benefit plans on the same basis as all other Company employees, except to the extent described under the heading Retirement Plans and Potential Payments upon Termination or Change in Control.

### **Change-in-Control Agreements**

The Company has entered into change-in-control agreements with certain of its executive officers and all the executive officers of ABX Air, including the named executive officers and the officers of ABX Air. Information regarding applicable payments under such agreements for the named executive officers is set forth under Potential Payments Upon Termination or Change in Control below.

### **Financial Restatements**

Certain bonuses and equity compensation received by the Chief Executive Officer and Chief Financial Officer must be forfeited as required by applicable law if the Company is required to prepare an accounting restatement due to material non-compliance by the Company, as a result of misconduct, with any financial reporting requirements under the securities laws.

### **Tax and Accounting Implications**

#### ***Deductibility of Executive Compensation***

As part of its evaluation, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. The Company believes that compensation paid under the management incentive plans are generally fully deductible for federal income tax purposes. However, in certain situations, the Compensation Committee may approve compensation that will not

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meet these requirements in order to ensure competitive levels of total compensation for its executive officers. The Compensation Committee believes that substantially all of the compensation earned in 2007 by the Company's executive officers, including the named executive officers, will be deductible.

### ***Accounting for Stock-Based Compensation***

The Company began accounting for stock-based payments in accordance with the requirements of FAS 123(R), beginning with the initial grant of awards under the Company's 2005 Long-Term Incentive Compensation Plan.

### **Compensation Committee Report**

*This report will not be deemed to be incorporated by reference by any general statement incorporating this Proxy Statement into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this information by reference and will not be deemed soliciting material or deemed filed under those Acts.*

The Compensation Committee of the Board of Directors has reviewed and discussed the Company's Compensation Discussion and Analysis required by Item 402(b) of Regulations S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's definitive proxy statement on Schedule 14a for its 2008 annual meeting, which is incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, each as filed with the Securities and Exchange Commission.

Respectfully submitted,

The Compensation Committee

James E. Bushman, Chairman

James H. Carey

John D. Geary

Jeffrey J. Vorholt

**Table of Contents****Summary Compensation Table**

The following table sets forth the total compensation paid or earned by each of the named executive officers for the fiscal years ended December 31, 2007 and December 31, 2006.

| Name and Principal Position                     | Year | Salary     | Bonus <sup>(1)</sup> | Stock Awards <sup>(2)</sup> | Non-Equity Incentive Plan Compensation <sup>(3)</sup> | Change in Pension Value and Non-qualified Deferred Compensation <sup>(4)</sup> | All Other Compensation <sup>(5)</sup> | Total        |
|-------------------------------------------------|------|------------|----------------------|-----------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------|--------------|
|                                                 |      |            |                      |                             |                                                       | Earnings <sup>(4)</sup>                                                        |                                       |              |
| Joseph C. Hete                                  | 2007 | \$ 479,750 | \$                   | \$ 595,427                  | \$ 428,129                                            | \$ 470,959                                                                     | \$ 13,135                             | \$ 2,035,236 |
| President & Chief Executive Officer             | 2006 | 479,750    | 627,787              | 417,732                     | 475,965                                               | 369,347                                                                        | 7,349                                 | 2,377,930    |
| Quint O. Turner                                 | 2007 | 238,539    |                      | 208,291                     | 186,060                                               | 22,088                                                                         | 9,744                                 | 652,227      |
| Chief Financial Officer                         | 2006 | 228,019    | 158,027              | 146,148                     | 173,565                                               | 37,526                                                                         | 5,920                                 | 749,205      |
| Dennis A. Manibusan                             | 2007 | 248,231    |                      | 216,190                     | 169,950                                               | 342,781                                                                        | 9,862                                 | 998,660      |
| Senior Vice President Maintenance & Engineering | 2006 | 238,942    | 252,940              | 151,153                     | 181,596                                               | 294,664                                                                        | 5,982                                 | 1,125,277    |
| Robert J. Morgenfeld                            | 2007 | 261,769    |                      | 235,594                     | 181,210                                               | 383,396                                                                        | 10,059                                | 1,069,934    |
| Senior Vice President Flight Operations         | 2006 | 256,173    | 325,547              | 165,059                     | 179,116                                               | 256,208                                                                        | 6,078                                 | 1,188,181    |
| Thomas W. Poynter, retired                      | 2007 | 182,308    |                      | 234,861                     | 124,247                                               | 155,260                                                                        | 11,807                                | 695,993      |
| Senior Vice President Ground Department         | 2006 | 179,327    | 203,937              | 119,548                     | 111,757                                               | 178,386                                                                        | 5,171                                 | 767,009      |
| John A. Jessup, retired                         | 2007 | 143,096    |                      | 127,260                     | 71,999                                                | 308,646                                                                        | 10,497                                | 684,688      |
| Vice President Materials Management & Contracts | 2006 | 169,981    | 217,412              | 87,494                      | 95,189                                                | 269,469                                                                        | 47,781                                | 887,326      |
| Terry L. Scherz                                 | 2007 | 174,308    |                      | 103,459                     | 92,126                                                | 54,757                                                                         | 8,473                                 | 436,186      |
| Vice President Maintenance                      | 2006 | 169,981    | 174,891              | 72,435                      | 95,189                                                | 49,099                                                                         | 7,344                                 | 533,158      |

(1) The amounts shown for 2006 reflect the third and final installment under retention bonus agreements between the executive officers and ABX Air. Prior to the separation of ABX Air from Airborne, Inc. in August 2003, ABX Air entered into substitute retention agreements with the executives pursuant to which they were provided with a cash retention bonus at least equal to the cash amount (not including amounts payable in respect of stock options or gross-up or tax reimbursement payments in respect of Section 4999 of the Internal Revenue Code, except as set forth below) that such executives would have been eligible to receive under their change-in-control agreements with ABX Air if they had experienced a termination of employment without cause, as defined under such change-in-control agreements, at the time of the separation of ABX Air from Airborne, Inc. Each cash retention bonus was paid in annual equal installments on August 15th, over a period of three years beginning on August 15, 2004. Under the substitute retention agreement, each executive was also entitled to gross-up or tax reimbursement payments in respect of Section 4999 of the Internal Revenue Code excise taxes incurred by the executive for excess parachute payments made to such executive in connection with the separation. In consideration for all the benefits available under the substitute retention arrangements, each executive agreed to terminate his change-in-control agreement and to release Airborne, Inc. and all of Airborne's affiliates of all liabilities and obligations under such change-in-control agreement. DHL was obligated to reimburse ABX Air for the cost of these retention arrangements.

(2) The amounts shown reflect the grant of restricted stock and performance-based stock units under the ABX Holdings 2005 Long-Term Incentive Compensation Plan and are being reported in accordance with FAS 123(R). Assumptions used in the calculation of these amounts are included in Note K to the Company's audited financial statements for the fiscal year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17, 2008. The Plan is described in further detail above under the heading Long-Term Incentive Compensation.

(3) The amounts shown reflect the award of cash incentive compensation on February 21, 2008 and February 23, 2007, under the Company's Executive Incentive Compensation Plan. The Plan is described in further detail above under the heading Short-Term Incentive Compensation.

(4)

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The amounts shown reflect the respective actuarial increases in the present value of the named executive officers' benefits under the Retirement Income Plan and Supplemental Executive Retirement Plan determined using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements.

- (5) The amounts shown reflect the value of matching contributions allocated by the Company to each of the named executive officers pursuant to the Company's Capital Accumulation 401(k) Plan (Hete (\$6,309), Turner (\$6,309), Manibusan (\$6,309), Morgenfeld (\$6,309), Poynter (\$6,148), Jessup (\$5,975), Scherz (\$5,976)) and the value attributable to benefits provided under the Company's life insurance plan (Hete (\$6,826), Turner (\$3,435), Manibusan (\$3,553), Morgenfeld (\$3,750), Poynter (\$5,660), Jessup (\$4,522), Scherz (\$2,498)).

**Table of Contents****Grants of Plan-Based Awards Table**

The following table summarizes the grants of plan-based awards made to each of the named executive officers during the fiscal year ended December 31, 2007.

| Name                       | Grant Date | Estimated Future Payouts<br>Under Non-Equity Incentive Plan<br>Awards <sup>(1)</sup> |                |                 | Estimated Future Payouts<br>Under Equity Incentive Plan<br>Awards <sup>(2)</sup> |               |                | All Other<br>Stock Awards:<br>Number of<br>Shares of<br>Stock or Units<br>(#) <sup>(3)</sup> | Grant Date<br>Fair Value<br>of Stock<br>and Option<br>Awards<br>(\$) <sup>(4)</sup> |
|----------------------------|------------|--------------------------------------------------------------------------------------|----------------|-----------------|----------------------------------------------------------------------------------|---------------|----------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                            |            | Threshold<br>(\$)                                                                    | Target<br>(\$) | Maximum<br>(\$) | Threshold<br>(#)                                                                 | Target<br>(#) | Maximum<br>(#) |                                                                                              |                                                                                     |
| Joseph C. Hete             | 2/26/07*   |                                                                                      |                |                 | 8,875                                                                            | 17,750        | 26,625         |                                                                                              | 163,300                                                                             |
|                            | 2/26/07**  |                                                                                      |                |                 | 8,875                                                                            | 17,750        | 26,625         |                                                                                              | 138,983                                                                             |
|                            | 2/26/07    |                                                                                      |                |                 |                                                                                  |               |                | 35,500                                                                                       | 277,965                                                                             |
|                            | N/A        | 23,988                                                                               | 479,750        | 623,675         |                                                                                  |               |                |                                                                                              |                                                                                     |
| Quint O. Turner            | 2/26/07*   |                                                                                      |                |                 | 3,100                                                                            | 6,200         | 9,300          |                                                                                              | 57,040                                                                              |
|                            | 2/26/07**  |                                                                                      |                |                 | 3,100                                                                            | 6,200         | 9,300          |                                                                                              | 48,546                                                                              |
|                            | 2/26/07    |                                                                                      |                |                 |                                                                                  |               |                | 12,400                                                                                       | 97,092                                                                              |
|                            | N/A        | 9,800                                                                                | 196,000        | 245,000         |                                                                                  |               |                |                                                                                              |                                                                                     |
| Robert J. Morgenfeld       | 2/26/07*   |                                                                                      |                |                 | 3,525                                                                            | 7,050         | 10,575         |                                                                                              | 64,860                                                                              |
|                            | 2/26/07**  |                                                                                      |                |                 | 3,525                                                                            | 7,050         | 10,575         |                                                                                              | 55,202                                                                              |
|                            | 2/26/07    |                                                                                      |                |                 |                                                                                  |               |                | 14,100                                                                                       | 110,403                                                                             |
|                            | N/A        | 10,600                                                                               | 212,000        | 265,000         |                                                                                  |               |                |                                                                                              |                                                                                     |
| Dennis A. Manibusan        | 2/26/07*   |                                                                                      |                |                 | 3,250                                                                            | 6,500         | 9,750          |                                                                                              | 59,800                                                                              |
|                            | 2/26/07**  |                                                                                      |                |                 | 3,250                                                                            | 6,500         | 9,750          |                                                                                              | 50,895                                                                              |
|                            | 2/26/07    |                                                                                      |                |                 |                                                                                  |               |                | 13,000                                                                                       | 101,790                                                                             |
|                            | N/A        | 10,080                                                                               | 201,600        | 252,000         |                                                                                  |               |                |                                                                                              |                                                                                     |
| Thomas W. Poynter, retired | 2/26/07*   |                                                                                      |                |                 | 2,475                                                                            | 4,950         | 7,425          |                                                                                              | 45,540                                                                              |
|                            | 2/26/07**  |                                                                                      |                |                 | 2,475                                                                            | 4,950         | 7,425          |                                                                                              | 38,759                                                                              |
|                            | 2/26/07    |                                                                                      |                |                 |                                                                                  |               |                | 9,900                                                                                        | 77,517                                                                              |
|                            | N/A        | 7,400                                                                                | 111,000        | 148,000         |                                                                                  |               |                |                                                                                              |                                                                                     |
| John A. Jessup, retired    | 2/26/07*   |                                                                                      |                |                 | 1,550                                                                            | 3,100         | 4,650          |                                                                                              | 28,520                                                                              |
|                            | 2/26/07**  |                                                                                      |                |                 | 1,550                                                                            | 3,100         | 4,650          |                                                                                              | 24,273                                                                              |
|                            | 2/26/07    |                                                                                      |                |                 |                                                                                  |               |                | 6,200                                                                                        | 48,546                                                                              |
|                            | N/A        | 7,000                                                                                | 105,000        | 140,000         |                                                                                  |               |                |                                                                                              |                                                                                     |
| Terry L. Scherz            | 2/26/07*   |                                                                                      |                |                 | 1,550                                                                            | 3,100         | 4,650          |                                                                                              | 28,520                                                                              |
|                            | 2/26/07**  |                                                                                      |                |                 | 1,550                                                                            | 3,100         | 4,650          |                                                                                              | 24,273                                                                              |
|                            | 2/26/07    |                                                                                      |                |                 |                                                                                  |               |                | 6,200                                                                                        | 48,546                                                                              |
|                            | N/A        | 7,080                                                                                | 106,200        | 141,600         |                                                                                  |               |                |                                                                                              |                                                                                     |

- (1) The amounts shown reflect the threshold, target and maximum payment levels under the Company's Executive Incentive Compensation Plan. The Plan is described in further detail above under the heading "Short-Term Incentive Compensation." There is no grant date for awards made under the Plan. The awards were made on February 21, 2008 and are disclosed above under the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table."
- (2) The amounts shown reflect the threshold, target and maximum number of shares of Company stock that can be awarded to each of the named executive officers with respect to the grant of stock performance units and return-on-equity units made under the Company's 2005 Long-Term Incentive Compensation Plan. The Plan is described in further detail above under the heading "Long-Term Incentive Compensation." The stock performance awards are identified with an "\*" and the return-on-equity units are identified with an "\*\*".
- (3) The amounts shown reflect the number of shares of restricted stock that were awarded to each of the named executive officers under the Company's 2005 Long-Term Incentive Compensation Plan. The Plan is described in further detail above under the heading "Long-Term Incentive Compensation."
- (4) The amounts shown are being reported in accordance with FAS 123(R). Assumptions used in the calculation of these amounts are included in Note K to the Company's audited financial statements for the fiscal year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17, 2008.



**Table of Contents****Outstanding Equity Awards at Fiscal Year-End Table**

The following table sets forth information about outstanding equity awards held by the named executive officers as of December 31, 2007.

| Name                       | Grant Date | Equity Incentive Plan Awards:<br>Number of Unearned Shares, Units<br>or Other Rights That Have Not<br>Vested (#) <sup>(1)</sup> |                                 |                               | Equity Incentive Plan Awards:<br>Market or Payout Value of Unearned<br>Shares, Units or Other Rights That<br>Have Not Vested (\$) <sup>(2)</sup> |                                 |                               |
|----------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|
|                            |            | Restricted<br>Stock                                                                                                             | Return<br>on<br>Equity<br>Units | Stock<br>Performance<br>Units | Restricted<br>Stock                                                                                                                              | Return<br>on<br>Equity<br>Units | Stock<br>Performance<br>Units |
| Joseph C. Hete             | 06/09/05   |                                                                                                                                 | 25,725                          | 8,575                         |                                                                                                                                                  | 107,531                         | 35,844                        |
|                            | 03/21/06   | 41,900                                                                                                                          | 31,425                          | 10,475                        | 175,142                                                                                                                                          | 131,357                         | 43,786                        |
|                            | 02/26/07   | 35,500                                                                                                                          | 8,875                           | 8,875                         | 148,390                                                                                                                                          | 37,098                          | 37,098                        |
| Quint O. Turner            | 06/09/05   |                                                                                                                                 | 9,000                           | 3,000                         |                                                                                                                                                  | 37,620                          | 12,540                        |
|                            | 03/21/06   | 14,700                                                                                                                          | 11,025                          | 3,675                         | 61,446                                                                                                                                           | 46,085                          | 15,362                        |
|                            | 02/26/07   | 12,400                                                                                                                          | 3,100                           | 3,100                         | 51,832                                                                                                                                           | 12,958                          | 12,958                        |
| Robert J. Morgenfeld       | 06/09/05   |                                                                                                                                 | 10,125                          | 3,375                         |                                                                                                                                                  | 42,323                          | 14,108                        |
|                            | 03/21/06   | 16,600                                                                                                                          | 12,450                          | 4,150                         | 69,388                                                                                                                                           | 52,041                          | 17,347                        |
|                            | 02/26/07   | 14,100                                                                                                                          | 3,525                           | 3,525                         | 58,938                                                                                                                                           | 14,735                          | 14,735                        |
| Dennis A. Manibusan        | 06/09/05   |                                                                                                                                 | 9,225                           | 3,075                         |                                                                                                                                                  | 38,561                          | 12,854                        |
|                            | 03/21/06   | 15,300                                                                                                                          | 11,475                          | 3,825                         | 63,954                                                                                                                                           | 47,966                          | 15,989                        |
|                            | 02/26/07   | 13,000                                                                                                                          | 3,250                           | 3,250                         | 54,340                                                                                                                                           | 13,585                          | 13,585                        |
| Thomas W. Poynter, retired | 06/09/05   |                                                                                                                                 | 7,050                           | 2,350                         |                                                                                                                                                  | 29,469                          | 9,823                         |
|                            | 03/21/06   |                                                                                                                                 | 5,850                           | 1,950                         |                                                                                                                                                  | 24,453                          | 8,151                         |
|                            | 02/26/07   |                                                                                                                                 | 825                             | 825                           |                                                                                                                                                  | 3,449                           | 3,449                         |
| John A. Jessup, retired    | 06/09/05   |                                                                                                                                 | 4,425                           | 1,475                         |                                                                                                                                                  | 18,497                          | 6,166                         |
|                            | 03/21/06   |                                                                                                                                 | 5,475                           | 1,825                         |                                                                                                                                                  | 22,886                          | 7,629                         |
|                            | 02/26/07   |                                                                                                                                 | 1,550                           | 1,550                         |                                                                                                                                                  | 6,479                           | 6,479                         |
| Terry L. Scherz            | 06/09/05   |                                                                                                                                 | 4,425                           | 1,475                         |                                                                                                                                                  | 18,497                          | 6,166                         |
|                            | 03/21/06   | 7,300                                                                                                                           | 5,475                           | 1,825                         | 30,514                                                                                                                                           | 22,886                          | 7,629                         |
|                            | 02/26/07   | 6,200                                                                                                                           | 1,550                           | 1,550                         | 25,916                                                                                                                                           | 6,479                           | 6,479                         |

<sup>(1)</sup> The amounts shown reflect the number of performance-based stock units that were granted to each of the named executive officers for fiscal years 2005, 2006 and 2007 and the number of shares of restricted stock that were granted to each of the named executive officers for fiscal years 2006 and 2007 under the ABX Holdings 2005 Long-Term Incentive Compensation Plan. The Plan is described in further detail above under the heading Long-Term Incentive Compensation. The grants made in fiscal year 2005 vested on December 31, 2007 and the grants made in 2006 and 2007 will vest on December 31, 2008, and December 31, 2009, respectively.

<sup>(2)</sup> The amounts in this column were calculated using a per share value of \$4.18, the closing market price of our common stock on December 31, 2007, the last business day of the year. In addition, the amounts in this column assume that the stock performance units granted in 2005, 2006 and 2007 would be paid out at the threshold level and the return-on-equity units granted in 2005 and 2006 would be paid out at the maximum level, while the 2007 grants would be paid out at the threshold level, based on the Company's performance under the respective awards as of December 31, 2007.

**Table of Contents****Pension Benefits Table**

The table below shows the present value of accumulated benefits payable to each of the named executive officers, including the number of years of service credited to each such named executive officer, under the Retirement Income Plan and the Supplemental Executive Retirement Plan, determined using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements.

| <b>Name</b>                         | <b>Plan Name<sup>(1)</sup></b>         | <b>Number of Years<br/>Credited Service<br/>(#)</b> | <b>Present Value<br/>of Accumulated<br/>Benefit<br/>(\$)<sup>(2)</sup></b> |
|-------------------------------------|----------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------|
| Joseph C. Hete                      | Retirement Income Plan                 | 27.3                                                | 270,335                                                                    |
|                                     | Supplemental Executive Retirement Plan | 16.0                                                | 1,494,363                                                                  |
| Quint O. Turner                     | Retirement Income Plan                 | 19.6                                                | 156,728                                                                    |
|                                     | Supplemental Executive Retirement Plan | 6.0                                                 |                                                                            |
| Robert J. Morgenfeld <sup>(3)</sup> | Retirement Income Plan                 | 22.5                                                | 526,515                                                                    |
|                                     | Supplemental Executive Retirement Plan | 16.0                                                | 1,191,713                                                                  |
| Dennis A. Manibusan <sup>(3)</sup>  | Retirement Income Plan                 | 14.7                                                | 343,151                                                                    |
|                                     | Supplemental Executive Retirement Plan | 14.0                                                | 1,100,347                                                                  |
| Thomas W. Poynter, retired          | Retirement Income Plan                 | 22.9                                                | 641,062                                                                    |
|                                     | Supplemental Executive Retirement Plan | 16.0                                                | 418,086                                                                    |
| John A. Jessup, retired             | Retirement Income Plan                 | 14.8                                                | 505,510                                                                    |
|                                     | Supplemental Executive Retirement Plan | 7.8                                                 | 785,528                                                                    |
| Terry L. Scherz <sup>(3)</sup>      | Retirement Income Plan                 | 33.3                                                | 458,303                                                                    |
|                                     | Supplemental Executive Retirement Plan | 16.0                                                | 9,620                                                                      |

<sup>(1)</sup> The Retirement Income Plan and Supplemental Executive Retirement Plan are described in further detail above under the heading, Retirement Plans.

<sup>(2)</sup> The valuation method and assumptions used to calculate the amounts shown are included in Note J to the Company's audited financial statements for the fiscal year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17, 2008, and are based on the SERP in effect as of December 31, 2007.

<sup>(3)</sup> Messrs. Manibusan, Morgenfeld and Scherz, who at year-end were ages 58, 59 and 56, respectively, are eligible for early retirement benefits. Had they retired at December 31, 2007, their monthly annuities under the Retirement Income Plan would have been as follows: Morgenfeld (\$4,238.92), Manibusan (\$2,632.55) and Scherz (\$3,076.34). Further, in the event they had retired at December 31, 2007, their monthly annuity under the Supplemental Executive Retirement Plan would have been as follows: Morgenfeld (\$5,835.80), Manibusan (\$3,819.92) and Scherz (\$0.00). In the alternative, their lump sum payments under the SERP would have been as follows: Morgenfeld (\$726,297.99), Manibusan (\$482,313.79) and Scherz (\$0.00). A description of early retirement eligibility and calculation of benefits is described above under the heading Retirement Plans.

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**Potential Payments Upon Termination or Change in Control**

**Payments Made Upon Termination**

If the employment of an executive officer of ABX Holdings or ABX Air, including a named executive officer, is voluntarily or involuntarily terminated, no additional payments or benefits will accrue or be paid to him, other than what he has accrued and is vested in under the benefit plans discussed above in this proxy statement, including under the headings Summary Compensation Table and Pension Benefits.

Further, he will forfeit any unvested restricted stock or performance-based stock units discussed above.

**Payments Made Upon Retirement**

The executive officers of ABX Holdings and ABX Air, including the named executive officers, participate in the Company's Retirement Income Plan and Supplemental Executive Retirement Plan. These plans are discussed above under the heading Retirement Plans and the present value of accumulated benefits payable to each of the named executive officers under these plans is described above under the heading Pension Benefits Table.

In addition, the restriction on any shares of restricted stock would be removed automatically and the stock distributed to the executive. Further, a pro-rata portion of the award of any performance-based stock units would be paid out to the executive at the end of the performance period.

**Payments Made Upon Disability**

Under the terms of ABX Holdings and ABX Air's short-term disability plan, an executive officer would be entitled to receive 50% of his annual base salary (up to a maximum of \$1,000 per week) for a six-month period beginning fifteen days from the date he first became disabled. In the event an executive officer continued to be disabled for a period longer than six months, he would be entitled to participate under the company's long-term disability plan. Under the company's long-term disability plan, the executive would be entitled to receive 66 2/3% of his annual base salary (up to a maximum of \$15,000 per month) during the period of disability. The payments would continue until the executive officer died, ceased to have a disability or reached his normal retirement age for purposes of receiving Social Security benefits. The definition of disability is the same as that used for the disability plans covering all full-time non-union employees of such companies. Namely, the executive must be unable to perform the material and substantial duties of his occupation. Further, after 24 months, the executive must be unable to perform the duties of any gainful occupation for which he is reasonably fitted by education, training or experience. The disability benefits would be reduced by any benefits payable under the company's pension plans, social security, workers compensation or via subrogation against a third party.

In addition, the restriction on any shares of restricted stock would be removed automatically and the stock distributed to the executive. Further, a pro-rata portion of the award of any performance-based stock units would be paid out to the executive at the end of the performance period.

**Payments Made Upon Death**

In the event of the death of an executive officer of ABX Holdings or ABX Air, his surviving spouse would receive those amounts that have accrued and vested under the RIP and SERP in the form of a 50% joint and survivor benefit and his beneficiaries would receive those amounts that have accrued and vested under the PSP, both of which benefit plans are discussed above in this proxy statement, including under the headings Summary Compensation Table and Pension Benefits. In addition, the executive officer's beneficiaries would receive life insurance proceeds in the amount of 2 1/2 times his annual base salary, rounded up to the next \$10,000, up to a maximum of \$1.5 million. Further, in the event the cause of death was attributable to an accident, the beneficiaries would receive an additional 2 1/2 times the executive's annual base salary, rounded up to the next \$10,000, up to a maximum of \$ 1.5 million over and above the life insurance benefit. Further, in the event the

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cause of death was attributable to an accident while traveling on company business, the beneficiaries would receive an additional 2 times annual base salary, rounded up to the next \$1,000, up to a maximum of \$500,000 over and above the life insurance benefit and accidental death benefit.

In addition, the restriction on any shares of restricted stock would be removed automatically and the stock distributed to the executive's beneficiaries. Further, a pro-rata portion of the award of any performance-based stock units would be paid out to the executive's beneficiaries at the end of the performance period.

### **Payments Upon Change In Control**

ABX Holdings has entered into change-in-control agreements with certain of its executive officers, including the named executive officers, as well as with certain executive officers of subsidiaries of the Company. The agreements provide that, in the event of a change in control of the Company or the subsidiary that employs the executive, the executive will have the right to remain employed, at not less than his respective rate of compensation in effect as of the date of the change in control, for at least four years thereafter.

A change in control is generally defined in the agreements as (i) the direct or indirect acquisition by any person of a greater than fifty percent (50%) ownership interest in or voting power over the Company or the subsidiary of the Company that employs the executive, (ii) the direct or indirect acquisition by any person, within any twelve (12) month period, of a thirty percent (30%) or more ownership interest in or voting power over the Company or the subsidiary of the Company that employs the executive, (iii) a majority of the members of the Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election, or (iv) the acquisition by any person, within any twelve (12) month period, of assets from the Company or the subsidiary of the Company that employs the executive that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company or the subsidiary, as applicable.

The agreements generally provide that, if an executive is terminated without cause (defined as willful and continued failure to perform duties after demand from the Board, or willful or gross misconduct) within four years after a change in control, the Company must pay the executive, in addition to all accrued compensation, the equivalent of two years (three years in the case of the President and Chief Executive Officer) salary and bonus. In addition, the executive is entitled to the continuation of his group health insurance coverage and certain other benefits for the remainder of the term of the agreement, reimbursement for outplacement services and increased benefits under his employer's supplemental executive retirement plan. The Company or subsidiary that employs the executive is required to provide the same additional compensation and benefits described above in the event an executive officer resigns due to a material reduction, by his employer, in his salary, authority, duties or responsibilities or a material change in the geographic location of his employment.

In the event of a change in control, the restrictions on any shares of restricted stock will lapse and the stock will be distributed. In addition, the performance objectives imposed on any performance-based stock units will be deemed to have been met at the threshold level or any higher level actually achieved as of the date of the change in control ( Accelerated Units ) and the executive will receive cash or stock (depending on the nature of the change in control) as if the performance period ended on the date of the change in control. The amount awarded with respect to performance-based stock units will be determined by multiplying the Accelerated Units by the number of whole months between the beginning of the performance period and the date of the change in control divided by the number of whole months in the performance period.

**Table of Contents****Potential Payments Upon Termination or Change in Control Table**

The table below shows potential payments to the named executive officers upon retirement, disability, death or termination upon a change in control of the Company. The amounts shown assume that termination was effective as of December 31, 2007 and are estimates of the amounts that would be paid to the executives upon termination in addition to the base salary and bonus earned by the executive during 2007 and any applicable pension amounts payable to the executive officers described above under the headings Pension Benefits and Pension Benefits Table. The actual amounts to be paid can only be determined at the actual time of an executive's termination.

| Name                       | Type of Benefit                                                | Retirement<br>(\$) | Disability<br>(\$) | Death<br>(\$) | Termination<br>Without Cause or<br>Good Reason<br>After a<br>Change in Control |
|----------------------------|----------------------------------------------------------------|--------------------|--------------------|---------------|--------------------------------------------------------------------------------|
|                            |                                                                |                    |                    |               | (\$)                                                                           |
| Joseph C. Hete             | Long-Term Disability Payments <sup>(1)</sup>                   |                    | 180,000            |               |                                                                                |
|                            | Life and Accidental Death Insurance<br>Proceeds <sup>(2)</sup> |                    |                    | 1,200,000     |                                                                                |
|                            | Restricted Stock <sup>(3)</sup>                                |                    | 323,532            | 323,532       | 323,532                                                                        |
|                            | Performance-Based Stock Units <sup>(4)</sup>                   |                    | 195,102            | 195,102       | 195,102                                                                        |
|                            | Severance Pay <sup>(5)</sup>                                   |                    |                    |               | 3,680,577                                                                      |
|                            | Health Care Continuation Coverage <sup>(6)</sup>               |                    |                    |               | 58,016                                                                         |
|                            | Excise Tax Gross Up Payment <sup>(7)</sup>                     |                    |                    |               | 1,317,075                                                                      |
| Quint O. Turner            | Long-Term Disability Payments <sup>(1)</sup>                   |                    | 163,333            |               |                                                                                |
|                            | Life and Accidental Death Insurance<br>Proceeds <sup>(2)</sup> |                    |                    | 620,000       |                                                                                |
|                            | Restricted Stock <sup>(3)</sup>                                |                    | 113,278            | 113,278       | 113,278                                                                        |
|                            | Performance-Based Stock Units <sup>(4)</sup>                   |                    | 68,343             | 68,343        | 68,343                                                                         |
|                            | Severance Pay <sup>(5)</sup>                                   |                    |                    |               | 888,429                                                                        |
|                            | Health Care Continuation Coverage <sup>(6)</sup>               |                    |                    |               | 58,016                                                                         |
|                            | Excise Tax Gross Up Payment <sup>(7)</sup>                     |                    |                    |               |                                                                                |
| Robert J. Morgenfeld       | Long-Term Disability Payments <sup>(1)</sup>                   |                    | 176,667            |               |                                                                                |
|                            | Life and Accidental Death Insurance<br>Proceeds <sup>(2)</sup> |                    |                    | 670,000       |                                                                                |
|                            | Restricted Stock <sup>(3)</sup>                                | 128,326            | 128,326            | 128,326       | 128,326                                                                        |
|                            | Performance-Based Stock Units <sup>(4)</sup>                   | 77,017             | 77,017             | 77,017        | 77,017                                                                         |
|                            | Severance Pay <sup>(5)</sup>                                   |                    |                    |               | 1,416,777                                                                      |
|                            | Health Care Continuation Coverage <sup>(6)</sup>               |                    |                    |               | 18,562                                                                         |
|                            | Excise Tax Gross Up Payment <sup>(7)</sup>                     |                    |                    |               |                                                                                |
| Dennis A. Manibusan        | Long-Term Disability Payments <sup>(1)</sup>                   |                    | 168,000            |               |                                                                                |
|                            | Life and Accidental Death Insurance<br>Proceeds <sup>(2)</sup> |                    |                    | 630,000       |                                                                                |
|                            | Restricted Stock <sup>(3)</sup>                                | 185,031            | 118,294            | 118,294       | 118,294                                                                        |
|                            | Performance-Based Stock Units <sup>(4)</sup>                   | 93,798             | 70,538             | 70,538        | 70,538                                                                         |
|                            | Severance Pay <sup>(5)</sup>                                   |                    |                    |               | 1,361,774                                                                      |
|                            | Health Care Continuation Coverage <sup>(6)</sup>               |                    |                    |               | 58,016                                                                         |
|                            | Excise Tax Gross Up Payment <sup>(7)</sup>                     |                    |                    |               |                                                                                |
| Thomas W. Poynter, retired | Long-Term Disability Payments <sup>(1)</sup>                   |                    | 123,333            |               |                                                                                |
|                            | Life and Accidental Death Insurance<br>Proceeds <sup>(2)</sup> |                    |                    | 470,000       |                                                                                |
|                            | Restricted Stock <sup>(3)</sup>                                | 102,828            | 102,828            | 102,828       | 102,828                                                                        |
|                            | Performance-Based Stock Units <sup>(4)</sup>                   | 68,343             | 68,343             | 68,343        | 68,343                                                                         |
|                            | Severance Pay <sup>(5)</sup>                                   |                    |                    |               | 978,311                                                                        |
|                            | Health Care Continuation Coverage <sup>(6)</sup>               |                    |                    |               | 38,819                                                                         |



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| Name                    | Type of Benefit                                                | Retirement<br>(\$) | Disability<br>(\$) | Death<br>(\$) | Termination<br>Without Cause or<br>Good Reason<br>After a<br>Change in Control<br>(\$) |
|-------------------------|----------------------------------------------------------------|--------------------|--------------------|---------------|----------------------------------------------------------------------------------------|
|                         |                                                                |                    |                    |               |                                                                                        |
| John A. Jessup, retired | Long-Term Disability Payments <sup>(1)</sup>                   |                    | 116,667            |               |                                                                                        |
|                         | Life and Accidental Death Insurance<br>Proceeds <sup>(2)</sup> |                    |                    | 440,000       |                                                                                        |
|                         | Restricted Stock <sup>(3)</sup>                                | 56,430             | 56,430             | 56,430        | 56,430                                                                                 |
|                         | Performance-Based Stock Units <sup>(4)</sup>                   | 32,800             | 32,800             | 32,800        | 32,800                                                                                 |
|                         | Severance Pay <sup>(5)</sup>                                   |                    |                    |               | 540,378                                                                                |
|                         | Health Care Continuation Coverage <sup>(6)</sup>               |                    |                    |               | 38,819                                                                                 |
|                         | Excise Tax Gross Up Payment <sup>(7)</sup>                     |                    |                    |               |                                                                                        |
| Terry L. Scherz         | Long-Term Disability Payments <sup>(1)</sup>                   |                    | 118,000            |               |                                                                                        |
|                         | Life and Accidental Death Insurance<br>Proceeds <sup>(2)</sup> |                    |                    | 450,000       |                                                                                        |
|                         | Restricted Stock <sup>(3)</sup>                                | 87,362             | 87,362             | 87,362        | 87,362                                                                                 |
|                         | Performance-Based Stock Units <sup>(4)</sup>                   | 68,343             | 68,343             | 68,343        | 68,343                                                                                 |
|                         | Severance Pay <sup>(5)</sup>                                   |                    |                    |               | 611,671                                                                                |
|                         | Health Care Continuation Coverage <sup>(6)</sup>               |                    |                    |               | 58,016                                                                                 |
|                         | Excise Tax Gross Up Payment <sup>(7)</sup>                     |                    |                    |               |                                                                                        |

(1) This amount represents the value of long-term disability payments for one year. However, the executive officer would receive short-term disability benefits for the first six months of any disability, which would constitute 50% of his base salary (up to a maximum of \$1,000 per week).

(2) This amount assumes the cause of death was not attributable to an accident. The following amounts would be paid to the executive officers beneficiaries in the event the cause of death was attributable to an accident: Hete (\$2,400,000), Turner (\$1,240,000), Manibusan (\$1,260,000), Morgenfeld (\$1,340,000), Poynter (\$940,000), Jessup (\$880,000) and Scherz (\$900,000). Further, the following amounts would be paid to the executive officers beneficiaries in the event the cause of death was attributable to an accident while traveling on business: Hete (\$2,900,000), Turner (\$1,730,000), Manibusan (\$1,760,000), Morgenfeld (\$1,840,000), Poynter (\$1,310,000), Jessup (\$1,230,000) and Scherz (\$1,254,000).

(3) The amounts in this column were calculated using a per share value of \$4.18, the closing market price of our common stock on December 31, 2007, the last business day of the year. Messrs. Hete and Turner were not eligible for early retirement as of December 31, 2007.

(4) The amounts in this column were calculated using a per share value of \$4.18, the closing market price of our common stock on December 31, 2007, the last business day of the year. In addition, the stock performance units were valued at the threshold amount and the return-on-equity units were valued at the maximum amount for the performance-based stock units awarded in 2005 and 2006 and the threshold amount for the units awarded in 2007. Messrs. Hete and Turner were not eligible for early retirement as of December 31, 2007.

(5) This amount constitutes the equivalent of two years (three years in the case of the President and Chief Executive Officer) salary and bonus as well as the cash value of the retirement benefits that the executive would have received under the Retirement Income Plan and Supplemental Executive Retirement Plan.

(6) This amount reflects the value of COBRA continuation coverage for the 4-year term of the change-in-control agreement and is merely intended as an estimate. Under the change-in-control agreement, the Company will pay the executive officer's health insurance premiums, provided that the executive has elected COBRA continuation coverage, for the remaining term of the agreement, and at the end of such continuation coverage period shall at its option either arrange for the executive to receive health benefits substantially similar to those which the executive was receiving immediately prior to the termination of the coverage period or pay to the executive an amount equal to the premiums the Company would pay on the executive's behalf for participation in such health plan or plans for the remaining term of the agreement prior to the executive's normal retirement date.

(7) The standard calculations as specified under the Internal Revenue Code Section 280(g) regulations were applied to the various benefits the executive officer would receive in order to determine if any 280(g) excise taxes would be triggered and if so, what amount of 280(g) gross-up payments would be required under the terms of the change-in-control agreement.

**Table of Contents****Compensation Committee Interlocks and Insider Participation**

No interlocking relationship exists between the members of the Board or Compensation Committee and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past. None of the members of the Compensation Committee are officers or employees, or former officers or employees, of the Company or any of its subsidiaries.

**STOCK OWNERSHIP OF MANAGEMENT**

The following table sets forth information as to the shares of common stock beneficially owned (or deemed to be beneficially owned pursuant to the rules of the SEC) by each director of the Company, by the Chief Executive Officer, Chief Financial Officer, and the five other most highly compensated executive officers of the Company and its subsidiaries (the named executive officers) at March 17, 2008 and by all directors and executive officers as a group:

| <b>Name</b>                                                               | <b>Common Stock of the Company Beneficially Owned<sup>(1)</sup></b> | <b>Percentage of Common Stock Outstanding<sup>(2)</sup></b> |
|---------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Directors<sup>(3)</sup></b>                                            |                                                                     |                                                             |
| James E. Bushman                                                          | 16,500                                                              | *                                                           |
| James H. Carey                                                            | 20,913                                                              | *                                                           |
| Jeffrey A. Dominick                                                       |                                                                     | *                                                           |
| John D. Geary                                                             | 6,000                                                               | *                                                           |
| Randy D. Rademacher                                                       | 5,000                                                               | *                                                           |
| Jeffrey J. Vorholt                                                        | 20,000                                                              | *                                                           |
| <b>Named Executive Officers<sup>(4)</sup></b>                             |                                                                     |                                                             |
| Joseph C. Hete, President and Chief Executive Officer <sup>(5)</sup>      | 276,350                                                             | *                                                           |
| Quint O. Turner, Chief Financial Officer                                  | 61,811                                                              | *                                                           |
| Dennis A. Manibusan, Senior Vice President, Maintenance & Engineering     | 72,304                                                              | *                                                           |
| Robert J. Morgenfeld, Senior Vice President, Flight Operations            | 77,342                                                              | *                                                           |
| Thomas W. Poynter, Senior Vice President, Ground Department, retired      |                                                                     | *                                                           |
| John A. Jessup, Vice President, Materials Management & Contracts, retired |                                                                     | *                                                           |
| Terry L. Scherz, Vice President, Maintenance                              | 58,637                                                              | *                                                           |
| All Directors and Executive Officers as a Group (17 Persons)              | 750,167                                                             | 1.2%                                                        |

\* Less than 1% of common stock outstanding.

(1) Except as otherwise noted, none of the individuals shares with another person either voting or investment power as to the shares reported.

(2) Based on 62,711,284 shares outstanding (which includes 251,700 shares of restricted stock).

(3) The stock ownership information for the directors does not include restricted stock units held by the following directors in the following amounts: Messrs. Bushman (18,400), Carey (18,400), Geary (18,400), Rademacher (6,000) and Vorholt (18,400).

(4) These amounts include the restricted shares held by Messrs. Hete (77,400), Turner (25,700), Manibusan (26,700), Morgenfeld (29,100) and Scherz (12,800), and all directors and executive officers as a group (251,700), as to which the holder has sole voting and investment power.

(5) Mr. Hete also serves as a director.

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**PROPOSAL 2**

**BOARD OF DIRECTORS PROPOSAL**

The Board of Directors has unanimously approved, and recommends to the stockholders that they approve, an amendment to the Company's Certificate of Incorporation, to change the name of the Company from ABX Holdings, Inc. to Air Transport Services Group, Inc. If approved by the stockholders, the name change will be effective upon the filing of a Certificate of Amendment with the Delaware Secretary of State.

The Board of Directors has determined that it is in the best interests of the Company to change its name to Air Transport Services Group, Inc. Since the Company's separation from Airborne, Inc. and becoming publicly traded in August 2003, we have been working to diversify our revenue base through a variety of service offerings, including charter, aircraft maintenance and package handling services. Further, at the end of 2007, the Company was reorganized into a holding company structure and acquired Cargo Holdings International, Inc. The acquisition further increased the Company's service offerings to include aircraft leasing, airport ground services, fuel management, specialized transportation management and air charter brokerage services. The management of the Company and the Board of Directors believe that the new name of the Company will better communicate to the public, including the Company's investors, the current business of the Company as an air cargo transportation and related services provider.

The change of the name of the Company will not affect in any way the validity of currently outstanding stock certificates or the trading of the Company's securities on the NASDAQ Global Market, except that the Company will seek to change its trading symbol from ABXA to ATSG.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR PROPOSAL 2**

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**PROPOSAL 3**

**RATIFICATION OF SELECTION OF**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of Deloitte & Touche LLP, an independent registered public accounting firm, examined the financial statements of the Company for 2007, and has been selected by the Audit Committee of the Board to serve as the Company's independent registered public accounting firm for 2008. The Board is asking the stockholders to ratify the Audit Committee's selection.

A representative of Deloitte & Touche LLP is expected to be present at the meeting to respond to appropriate questions and to make a statement if he or she desires to do so.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL.**

**Fees of the Independent Registered Public Accounting Firm**

The aggregate fees billed to the Company for professional services by Deloitte & Touche LLP in calendar years 2007 and 2006 are as follows:

|                    | <b>Year Ended December 31</b> |                   |
|--------------------|-------------------------------|-------------------|
|                    | <b>2007</b>                   | <b>2006</b>       |
| Audit Fees         | \$ 967,740                    | \$ 705,468        |
| Audit-Related Fees | 329,740                       |                   |
| Tax Fees           | 17,757                        | 9,665             |
| All Other Fees     |                               |                   |
| <b>Total</b>       | <b>\$ 1,297,644</b>           | <b>\$ 715,133</b> |

**Audit Fees**

These are the aggregate fees billed for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2007 and December 31, 2006, the effectiveness of the Company's internal controls as of December 31, 2007 and December 31, 2006, and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q.

**Audit-Related Fees**

These are the aggregate audit-related fees billed for the fiscal year ended December 31, 2007, and relate to due diligence work. All of the audit-related fees were pre-approved by the Audit Committee.

**Tax Fees**

These are the aggregate fees billed for tax services for the fiscal years ended December 31, 2007 and December 31, 2006, and relate to research and tax-related consultation. All of the tax fees were pre-approved by the Audit Committee.

**Pre-Approval Policy**

All audit and non-audit services were pre-approved by the Audit Committee, which concluded that the provision of such services by Deloitte & Touche LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The charter of the Audit Committee provides for pre-approval of all audit and non-audit services performed by the Company's independent registered public accounting firm. Such pre-approval may be given as part of the Audit Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual basis. The charter of the Audit Committee authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to non-audit services, but the decision must be presented to the full Committee at the next

regularly scheduled Committee meeting.

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**PROPOSAL 4**

**STOCKHOLDER PROPOSAL**

**This proposal has been submitted by the International Brotherhood of Teamsters. In accordance with applicable proxy regulations, the proposed resolution and supporting statement, for which the Board of Directors of the Company accepts no responsibility, are set forth below.**

**Resolved:** That the shareholders of ABX Air, Inc. ( "ABX" or "Company" ) urge the Board of Directors to redeem any poison pill previously issued and not adopt or extend any poison pill unless such adoption or extension has been submitted to a shareholder vote.

**Supporting Statement:** We are concerned that shareholder rights plans, commonly known as "poison pills," adversely affect shareholder value by insulating Boards of Directors and management from shareholder interests.

We believe that our Company's poison pill unduly insulates the Board from accountability to shareholders and is of particular concern following the Board's recent decision to reject an acquisition offer at a premium price.

An indication of interest from ASTAR Air Cargo Holdings, LLC, to acquire ABX at \$7.75 per share in cash was made on June 26, 2007. The offer price was above the level at which ABX shares were trading and represented a 10% premium to shareholders. Also, the largest shareholder of ASTAR is an affiliate of DHL, the largest customer of ABX, constituting substantially all of ABX's revenues, according to the Company's 2007 annual report.

The Board rejected ASTAR's offer without disclosing to shareholders the fairness opinion of Goldman Sachs, the Company's financial advisor for this opportunity. Such disclosure would have provided a basis for the Board's decision, and is common practice among publicly held companies. The Board then strengthened ABX's Poison Pill to specifically exclude DHL from the Pill's definition of an exempt person, ensuring that DHL could trigger the pill through certain share purchases. We believe these actions left investors questioning management's long-term business strategy and contributed to the dramatic decline in the share value.

The Corporate Library, a leading provider of independent corporate governance research and analysis, reports that ABX's takeover defenses represent very high concern for shareholder interests due to a poison pill and an effectively classified board, two mechanisms that reduce accountability of the board to shareholders. In fact, it states that ABX combines a classified board election structure with certain other defensive elements in order to make hostile takeovers virtually impossible.

We believe that because poison pills give the Board the right to decide who is, and who is not, allowed to make an offer to acquire the company, shareholders should have the right to vote on the agreement that assigns that power to the Board.

According to the 1991 book *Power and Accountability* by Nell Minow and Robert Monks: "All poison pills raise questions of shareholder democracy and the robustness of the corporate governance process. They amount to major de facto shifts of voting rights away from shareholders to management, on matters pertaining to the sale of the corporation. They give target Board of Directors absolute veto power over any proposed business combination, no matter how beneficial it might be for the shareholders."

Because we believe ABX's Poison Pill insulates the board and may undermine shareholder value, we urge the board to put it to the shareholders vote.

Therefore, we urge a vote FOR this resolution.

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**BOARD OF DIRECTORS RECOMMENDATION**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE  
STOCKHOLDERS VOTE AGAINST PROPOSAL 4**

The Board of Directors recommends a vote against the stockholder proposal set out above for the reasons described below.

The purpose of our stockholder rights plan is to preserve and maximize the Company's value for all stockholders by requiring potential acquirers to negotiate with the Board of Directors and management, which in turn allows the Board of Directors to better represent the interests of its stockholders. The plan is designed to protect stockholder interests in the event that the Company is confronted with coercive or unfair takeover tactics in connection with an unsolicited offer to acquire the Company. The plan offers protection from offers that do not treat all stockholders equally, acquisitions in the open market of shares constituting control without offering fair value to all stockholders, and other coercive or unfair takeover tactics that could impair the Board of Directors' ability to represent stockholder interests fully. The plan also assists in making sure that no stockholder violates the foreign stock ownership requirements applicable to U.S. certificated air carriers.

Delaware law imposes fiduciary duties on the Board requiring it to consider any legitimate proposal for the acquisition of the Company, regardless of whether there is a stockholder rights plan in place. Our stockholder rights plan is not intended to prevent a takeover on terms that are fair and equitable to all stockholders, nor is it intended as a deterrent to a stockholder's initiation of a proxy contest. We believe that a stockholder rights plan enhances the Board's power to negotiate the best price possible for stockholders if a decision were made to sell the Company.

In an independent study published in 1997, Georgeson & Company Inc., a nationally recognized proxy solicitor and investor relations firm analyzed takeover data between 1992 and 1996 with respect to 319 takeover transactions over \$250 million to determine whether rights plans had any measurable impact on stockholder value. Their findings were as follows:

Premiums paid to acquire target companies with rights plans were on average eight percentage points higher than premiums paid to target companies without rights plans;

Rights plans contributed an additional \$13 billion in stockholder value during the five years analyzed and stockholders of acquired companies without rights plans gave up \$14.5 billion in potential premiums during that same period;

The presence of a rights plan did not increase the likelihood of withdrawal of a friendly takeover bid nor the defeat of a hostile one; and

Rights plans did not reduce the likelihood of a company becoming a takeover target.

In support of its Proposal, the proponent makes several factually incorrect statements regarding the acquisition interest expressed in June of last year by ASTAR Air Cargo Holdings, LLC. First, ASTAR did not make an "offer" to purchase the Company at \$7.75 per share or at any other price. ASTAR merely submitted an indication of interest and invited a discussion with the Company of a possible business combination between the two companies. Second, your Board of Directors, in consultation with Goldman Sachs, determined that ASTAR's indication of interest was inadequate, which conclusion was promptly disclosed to our stockholders. Contrary to the statement of the Proponent, there was no "fairness opinion" delivered by Goldman Sachs to the Board that we neglected to provide to our stockholders. Third, the Company has had a stockholder rights plan in place since being separated from its former parent, Airborne, Inc., and becoming publicly traded in August 2003. While the Company, in satisfying its fiduciary obligation to shareholders, amended the plan in July 2007 so as to include DHL and ASTAR and thereby ensure it was effective under the circumstances, the Plan was not a deterrent to ASTAR and had no impact whatsoever on the Board's decision with respect to ASTAR's indication of interest. Without the stockholder rights plan, ASTAR may have sought to acquire the Company through open market purchases rather than dealing directly with the Board, thereby depriving the Board of the ability to maximize stockholder value.



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In sum, the Company's Board views its stockholder rights plan as an important means of protecting stockholder value and ensuring that the Board is able to achieve the maximum value for its stockholders should the Board decide that some form of business combination is in the best interest of its stockholders.

### **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE AGAINST PROPOSAL 4**

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that certain of the Company and its subsidiaries officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, file reports of ownership and changes of ownership with the Securities and Exchange Commission. Officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish the Company with copies of all such forms they file.

Based solely on its review of the copies of such forms received by the Company, and on written representations by the Company and its subsidiaries officers and directors regarding their compliance with the filing requirements, the Company believes that, in 2007, all filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with, except that a Form 3 report for Mr. Graber, one Form 5 report covering one transaction for Mr. Hete, and one Form 4 report covering one transaction for Mr. Rademacher, were not timely filed.

#### **STOCKHOLDER PROPOSALS**

Under the rules of the SEC, if you wish to include a proposal in the Company's proxy statement for the 2009 annual meeting, it must be received by the Secretary of the Company at ABX Holdings, Inc., 145 Hunter Drive, Wilmington, Ohio 45177, no later than February 28, 2009.

Under the Company's Bylaws, proposals of stockholders intended to be presented at the 2009 annual stockholders' meeting must be received by the Secretary of the Company not less than 90 days nor more than 120 days prior to the anniversary of the preceding year's annual meeting (May 13, 2008); provided, however, that in the event the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 120<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made. Any proposals received after such date will be considered untimely. The written notice must satisfy certain requirements specified in the Company's Bylaws. A copy of the Bylaws will be sent to any stockholder upon written request to the Secretary of the Company. These requirements apply to any matter that a stockholder wishes to raise at the annual meeting other than pursuant to the procedures set forth in Rule 14a-8 under the Securities Exchange Act of 1934.

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**ANNUAL REPORT ON FORM 10-K**

If any person who was a beneficial owner of common stock of the Company on the record date for the 2008 Annual Stockholders Meeting desires additional copies of the Company's Report on Form 10-K, such copies will be furnished without charge upon request by writing or calling:

ABX Holdings, Inc.

145 Hunter Drive

Wilmington, Ohio 45177

Attn: Patricia A. Wallace

Executive Assistant  
Telephone: (937) 366-2296

We also make available free of charge the Company's Report on Form 10-K through our Internet website at <http://www.abxair.com>.

**OTHER MATTERS**

Management is not aware at this time that any other matters are to be presented for action at this meeting. If other matters come before the meeting, the persons named in the enclosed proxy form will vote all proxies in accordance with their best judgment unless the stockholder has indicated on the proxy card that the shares represented thereby are not to be voted on such other matters. No action will be required of stockholders regarding reports of officers.

**IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY AND THAT YOUR SHARES BE REPRESENTED. STOCKHOLDERS ARE URGED TO VOTE BY USING THE INTERNET, TELEPHONE OR BY FILLING IN, SIGNING AND RETURNING THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE WHETHER OR NOT THEY PLAN TO ATTEND THE MEETING.**

By Order of the Board of Directors

/s/ W. Joseph Payne  
W. JOSEPH PAYNE  
Secretary

April 13, 2008  
Wilmington, Ohio

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