

AIR TRANSPORT SERVICES GROUP, INC.

Corporate Compliance Plan

**Effective February 23, 2007
As amended October 30, 2009**

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I. Compliance Policy Statement

This document is the Corporate Compliance Plan (this “Plan”) of Air Transport Services Group, Inc. and its subsidiaries (together “ATSG”), and sets forth the organizational structure that governs the development, implementation and operation of a corporate compliance program by each principal subsidiary, as defined below. This Plan was developed and implemented in furtherance of and in addition to ATSG’s *Code of Conduct for Conducting Business* (the “Code”). ATSG has adopted this Plan because of ATSG’s commitment to promoting an organizational culture that encourages ethical conduct and a commitment to compliance with the law. This Plan is designed to prevent, detect, and correct instances of unethical conduct and conduct that violates applicable laws and regulations. This Plan is for internal use by ATSG only, and is not intended to create any rights or obligations for any person or entity beyond those specifically enumerated herein.

ATSG recognizes that the success of this Plan is largely dependent upon its officers and management taking responsibility for the integration of this Plan into all operational and functional areas of the business, and oversight of compliance. This Plan’s success further depends upon a clear reporting structure whereby the individuals delegated with the day-to-day operational responsibility for implementing the Plan report periodically to ATSG management and the Audit Committee of the Board of Directors of Air Transport Services Group, Inc. (the “Board”) regarding the Plan’s effectiveness. To carry out such operational responsibility, the designated personnel shall be given adequate resources, appropriate authority, and direct access to ATSG’s management and

the Audit Committee of the Board. Further, ATSG shall take reasonable steps to communicate periodically and in a practical manner the Plan's aspirations and methodology to its management and employees by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities.

ATSG, through its senior management, will review this Plan on a regular basis for its efficacy and relevance to the task of ensuring ATSG's continued compliance with all applicable laws. ATSG fully expects that all of its officers and employees will adhere to the standards set forth in this Plan and that any deficiencies in the design or implementation of this Plan will promptly be reported to ATSG's officers, the Audit Committee of the Board, or the pertinent Compliance Officer, as defined herein.

II. Plan Management

In order to effectively develop, implement and monitor the Plan, a dedicated Compliance Committee and Compliance Officer will be appointed for each of ATSG's principal subsidiaries, consisting of ABX Air, Inc., Air Transport International, LLC, Airborne Maintenance and Engineering Services, Inc. and Capital Cargo International Airlines, Inc., shall each establish a dedicated Compliance Committee and a Compliance Officer. The specific duties and responsibilities of each Compliance Committee and Compliance Officer are described below.

A. Compliance Committee

The Compliance Committee for each principal subsidiary shall be a committee comprised of the Compliance Officer for the subsidiary and a member of management

from each department or function of the subsidiary, chosen by the President of the subsidiary in consultation with such Compliance Officer.¹

The Compliance Committee shall meet no less frequently than quarterly. The Compliance Officer shall also serve as the Chairman of the Compliance Committee and shall be responsible for scheduling these meetings, and providing an agenda prior to each meeting. Any member of the Committee may submit items to be included on the agenda. A majority of the Committee shall constitute a quorum for conducting business. The Committee may request any officer or other employee of the subsidiary to attend these meetings for the purpose of discussing compliance related matters. The Compliance Committee will record the minutes of its meetings and the Compliance Officer shall retain the minutes in a manner consistent with the subsidiary's document retention procedures.

The Compliance Committee shall be responsible for developing, implementing, overseeing and monitoring the corporate compliance program of the subsidiary, and providing a corporate wide focus on compliance issues that impact all aspects of the subsidiary. The Compliance Committee's responsibilities shall include, but not be limited to, the following:

- Assisting the various departments of the subsidiary in carrying out their responsibilities identified in Section III of this Plan below, coordinating the efforts of those departments with respect to classroom instruction and training

¹ LGSTX Services, Inc. ("LGSTX") shall participate in and be subject to the corporate compliance program for Air Transport International Airlines, LLC ("ATI"). The President of LGSTX, in consultation with the Compliance Officer for ATI, shall designate one or more personnel to serve on the Compliance Committee for ATI. Similarly, Cargo Aircraft Management, Inc. ("CAM") shall participate in and be subject to the corporate compliance program for Capital Cargo International Airlines, Inc. ("CCIA"). The President of CAM, in consultation with the Compliance Officer for CCIA, shall designate one or more personnel to serve on the Compliance Committee for CCIA.

to the extent possible, and seeking to ensure that the Plan is implemented by the departments in a uniform and consistent manner;

- Ensuring that employees are trained on an annual basis with respect to the Code and those standards and procedures that are applicable throughout the subsidiary and that management personnel acknowledge in writing or via electronic means on an annual basis their agreement to abide by the Code;
- Ensuring that newly hired management personnel receive training with respect to the Code and other standards and procedures as part of the orientation process;
- Developing, implementing and reviewing standards and procedures that are designed to prevent, detect and correct unethical and unlawful conduct;
- Periodically assessing the effectiveness of the standards and procedures designed to prevent, detect and correct unethical or unlawful conduct, and recommending modifications to those standards and procedures as deemed necessary by the Compliance Committee;
- Ensuring that changes in and/or new interpretations of applicable laws are disseminated to the appropriate personnel within each department, and assisting the departments in timely implementing any necessary corrections in standards and procedures;
- Making recommendations to executive management of the subsidiary in the event of noncompliance by employees; and
- Periodically reviewing and proposing changes to the Code or this Plan as deemed advisable by the Committee.

The Compliance Committee, in consultation with the Chief Compliance Officer, may engage the services of consultants to assist it in developing and assessing the effectiveness of the standards and procedures designed to prevent, detect and correct unethical and unlawful conduct. The Compliance Committee, in consultation with the General Counsel for ATSG, may also engage the services of outside legal counsel and may seek legal opinions to assist in resolving complaints of noncompliance and to remain current in the latest evolution and application of applicable laws.

B. Compliance Officer

The Compliance Officer shall be chosen by the President of the subsidiary and shall have primary responsibility for developing, implementing, overseeing and monitoring the corporate compliance program of the subsidiary, although the Compliance Officer may delegate compliance activities to subordinates. The Compliance Officer shall report in writing on a periodic basis, but no less than quarterly, to the Chief Compliance Officer on the activities and effectiveness of the Compliance Committee..

The Compliance Officer shall meet with representatives from each of the various departments within the subsidiary from time to time and collect from them all written standards and procedures specific to each such department for preventing, detecting and correcting unethical or unlawful conduct, for presentation to the Compliance Committee for periodic review. The head of each department shall be responsible for ensuring that the Compliance Officer has the most current standards and procedures. To the extent that a department lacks relevant and necessary standards and procedures for preventing, detecting and correcting unethical or unlawful conduct, the Compliance Officer will work with the particular department and the Compliance Committee to create them. The

Compliance Officer may engage the services of outside consultants, in consultation with the Chief Compliance Officer, and legal counsel, in consultation with the General Counsel for ATSG, in connection with these tasks. The Compliance Officer may also form task forces from time to time, consisting of members from one or more departments selected by the Compliance Officer in consultation with the pertinent head of each department.

The Compliance Officer shall establish a complaint log in which shall be recorded all reports or allegations of noncompliance. For each report or allegation received and recorded in the log, the Compliance Officer or his or her designee, shall investigate the matter promptly in accordance with Section VII of this Plan below.

C. Chief Compliance Officer

The head of the internal audit function for ATSG shall also serve as the Chief Compliance Officer and, in such capacity, shall have the overall responsibility for the Plan. The Chief Compliance Officer shall keep the General Counsel of ATSG apprised of, and shall periodically report, not less than quarterly, to the Audit Committee of the Board, on the activities and effectiveness of the Plan.

III. Departmental Responsibility

The head of each department within a subsidiary, with the assistance of the Compliance Committee for such subsidiary, shall be responsible for implementing this Plan within their respective departments. These responsibilities will include, but not be limited to, the following:

- Cooperating with the Compliance Committee in carrying out its responsibilities identified in Section II of this Plan above;

- Developing and implementing standards and procedures that are designed to prevent, detect and correct unethical or unlawful conduct with respect to the particular business functions and activities being conducted within the department, including internal controls that are reasonably capable of reducing the likelihood of misconduct;
- Developing testing procedures and performance standards to determine whether the performance of personnel within the department fully complies with applicable standards and procedures. Such testing procedures shall be designed to examine those practices within the department that pose risks of unethical or unlawful conduct;
- Periodically assessing the effectiveness of the standards and procedures designed to prevent, detect and correct unethical or unlawful conduct within the department and modifying those procedures as necessary based on the results of such assessments. The department shall report the results of the testing procedures to the Compliance Committee with recommended performance standards; and
- Ensuring that necessary corrections in standards and procedures within the department due to changes in and/or new interpretations of applicable laws are timely implemented.

IV. Personnel Policies

ATSG has adopted and shall maintain standards and procedures to ensure its compliance with all state and federal immigration laws.

ATSG will not knowingly employ individuals in positions of substantial authority or otherwise delegate substantial authority to individuals with a history of engaging in illegal activities or unethical conduct. In this regard, potential management personnel will be screened and selected based, in part, upon their demonstrated compliance with the ethical and regulatory requirements in the performance of their duties in previously held positions. Noncompliance with the Code and other standards and procedures will be considered by ATSG in individual performance evaluations, continued employment, and disciplinary actions.

Intentional disregard for standards and procedures, or engaging in unethical or unlawful conduct related to the employee's job function, will be grounds for dismissal. Any supervisory or managerial employee who knew or should have known of a subordinate's unethical or unlawful conduct and who fails to take appropriate action in response thereto may be disciplined, up to and including termination, in accordance with applicable personnel policies..

V. Non-Retaliation

ATSG encourages the reporting of actual or suspected noncompliance with the Code or other policies and unethical or unlawful conduct. ATSG will not in any way retaliate against any employee, vendor, contractor or referral source that in good faith reports any actual or suspected violations of the Code or other ATSG policies and unethical or unlawful conduct. ATSG maintains a zero tolerance policy regarding

retribution or retaliation towards any person for reporting in good faith a violation or suspected violation of the Code or other ATSG policies or the unethical or unlawful conduct of employees or any person doing business with ATSG.

Employees are encouraged to utilize a reporting system (We Tip) that provides employees and others with the ability to anonymously report perceived violations of the Code or other ATSG policies and unethical or unlawful conduct with the assurance of freedom from retaliation from superiors. This system will be available to employees at all levels throughout ATSG to report such concerns.

ATSG's discovery of a material violation of applicable laws shall be reported promptly to the appropriate enforcement authorities.

VI. Auditing and Monitoring

The Compliance Officer shall oversee the periodic testing of conformity to the standards and procedures for preventing, detecting and correcting unethical or unlawful conduct to determine whether the performance of personnel fully complies therewith. Such testing procedures shall be designed to examine those practices that pose risks of noncompliance. The Compliance Officer shall report the results of the testing procedures to the Compliance Committee, not less than quarterly, along with any recommended changes in standards and procedures.

The Compliance Officer may employ any necessary assistance to carry out those tasks, including assistance from the internal audit function and outside consulting services, in consultation with the Chief Compliance Officer, or legal services in consultation with the General Counsel of ATSG. The auditing function will be guided by the following general principles:

- Auditors will be chosen from the auditing staff of the internal audit function or, if deemed necessary by the Compliance Officer, in consultation with the Chief Compliance Officer, outside auditors may be retained, provided that in no case shall auditors audit their own department;
- The Compliance Officer will educate each auditor regarding the corporate compliance program, as appropriate, prior to initiating the audit process.

The Compliance Officer will summarize and report the results of these audits, as well as any recommended changes in standards and procedures, in writing to the Compliance Committee, the President of the subsidiary and the Chief Compliance Officer. The Compliance Officer, the President of the subsidiary and the Chief Compliance Officer shall review not less frequently than quarterly the results of these audits and the recommendations, if any, of the Compliance Committee. Any instances of noncompliance with the Plan, standards and procedures, or unethical or unlawful conduct so reported shall be accompanied by the Compliance Committee's recommended plan of action, separate and apart from the Compliance Officer's recommendations.

The Audit Committee of the Board shall have the sole authority to authorize changes in the Plan or the Code.

VII. Reporting Non-Compliance.

Each ATSG employee is expected, as a condition of employment, to comply with the Code and those standards and procedures that pertain to that employee. Each ATSG employee is also expected to report any violation of the Code or other standards and procedures to management or the Compliance Officer. Managers and supervisors are to be particularly vigilant as to compliance with the Code and other standards and procedures and may be sanctioned for failure(s) to detect and report violations.

Reports of violations of the Code or other standards and procedures may be made by anyone at ATSG and may, at the option of the reporting party identify the reporting party, or may be made anonymously. Reports shall be made either to management, the Compliance Officer, or anonymously through ATSG's We Tip hotline (1-800-782-7463). Reports may be made orally or in writing, and all reports shall be documented upon receipt by management personnel or the Compliance Officer. Written reports of alleged violations (made by name or anonymously) shall be sent to management or to the Compliance Officer at the discretion of the reporter. Reports of violations received by managers shall be forwarded immediately to the Compliance Officer.

All reports of alleged noncompliance with the Code or other standards and procedures that are received by the Compliance Officer shall be investigated promptly by the Compliance Officer, or his or her designee, in consultation with the Chief Compliance Officer and the General Counsel of ATSG or his or her designee. A log of such reports shall be kept by the Compliance Officer and a report shall be prepared on each complaint logged therein detailing the nature of the allegation(s), the steps taken to investigate the validity of the allegation(s), the results or conclusions of such investigation, and any corrective and/or disciplinary action taken by ATSG against employees, agents or contractors found to have been violating the Code or other standards and procedures and/or recommendations with respect to revisions to the Code or other standards and procedures. The Compliance Officer shall submit a summary log of these reports to the Compliance Committee on a periodic basis, but not less than quarterly.

The material violation of applicable laws shall be reported promptly to the appropriate enforcement authorities.

Last reviewed: February 25, 2011

Last amended: October 30, 2009