

INSIDER TRADING POLICY
AIR TRANSPORT SERVICES GROUP, INC.

I. PURPOSE

In order to comply with federal and state securities laws governing (a) trading in securities of Air Transport Services Group, Inc., a Delaware corporation (the “Company”), while in the possession of “material nonpublic information” concerning the Company, and (b) tipping or disclosing material nonpublic information to outsiders, and in order to prevent even the appearance of improper insider trading or tipping, the Company has adopted this policy for all of the directors, officers and employees of the Company and its subsidiaries, their family members, and specially designated outsiders who have access to the Company’s material nonpublic information.

II. SCOPE

- A. This policy covers all directors, officers and employees of the Company and its subsidiaries, their family members (collectively referred to as “Insiders”), and any outsiders whom the Insider Trading Compliance Officer may designate as Insiders because they have access to material nonpublic information concerning the Company.
- B. The policy applies to any and all transactions in the Company’s securities, including its common stock and preferred stock, options to purchase common and preferred stock, common stock units and convertible preferred stock units, and any other type of securities that the Company may issue, such as convertible debentures, warrants and exchange-traded options or other derivative securities.
- C. The Company will advise all directors, officers, employees and designated outsiders of the policy upon its adoption by the Company, and all new directors, officers, employees and designated outsiders at the start of their employment or relationship with the Company or its subsidiaries. All director level employees and above will be required to sign an acknowledgment that he or she has received a copy and agrees to comply with the policy’s terms. Section 16 Individuals and Key Employees, as defined below, may be required to certify compliance with the policy on an annual basis.

III. SECTION 16 INDIVIDUALS AND KEY EMPLOYEES

- A. *Section 16 Individuals.* The Company has designated those persons listed on Exhibit A attached hereto as the directors and officers who are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the underlying rules and regulations promulgated by the SEC. Section 16 Individuals must obtain prior approval of all trades in Company securities from the Insider Trading Compliance Committee in accordance with the procedures set forth in Section VI.C. below. The Company will amend Exhibit A from time to time as necessary to reflect the addition, resignation or departure of Section 16 Individuals.
- B. *Key Employees.* The Company has designated those persons listed on Exhibit B attached hereto as Key Employees who, because of their position with the Company, are likely to have access to material nonpublic information. The Company will amend Exhibit B from time to time as necessary to reflect the addition, resignation or departure of Key Employees.

IV. INSIDER TRADING COMPLIANCE OFFICER AND COMPLIANCE COMMITTEE

The Company has designated Quint O. Turner, Chief Financial Officer, as its Insider Trading Compliance Officer (the “Compliance Officer”). The Insider Trading Compliance Committee (the “Compliance Committee”) will consist of the Compliance Officer and W. Joseph Payne, Vice President, General Counsel & Secretary. The Compliance Committee will review and either approve or prohibit all proposed trades by Section 16 Individuals and Key Employees in accordance with the procedures set forth in Section VI.C. below.

In addition to the trading approval duties described in Section VI.C. below, the duties of the Compliance Officer will include the following:

- A. Administering this policy and monitoring and enforcing compliance with all policy provisions and procedures.
- B. Responding to all inquiries relating to this policy and its procedures.
- C. Providing copies of this policy and other appropriate materials to all current and new directors, officers and employees, and such other persons who the Compliance Officer determines have access to material nonpublic information concerning the Company.
- D. Administering, monitoring and enforcing compliance with all federal and state insider trading laws and regulations, including without limitation Sections 10(b), 16, 20A and 21A of the Exchange Act and the rules and regulations promulgated thereunder, and Rule 144 under the Securities Act of 1933 (the “Securities Act”); and assisting in the preparation and filing of all required SEC reports relating to insider trading in Company securities, including without limitation Forms 3, 4, and 5 and Schedules 13D and 13G.
- E. Revising the policy as necessary to reflect changes in federal or state insider trading laws and regulations.
- F. Maintaining as Company records originals or copies of all documents required by the provisions of this policy or the procedures set forth herein, and copies of all required SEC reports relating to insider trading, including without limitation Forms 3, 4 and 5 and Schedules 13D and 13G.
- G. Maintaining the accuracy of the list of Section 16 Individuals and Key Employees as attached on Exhibits A and B, and updating them periodically as necessary to reflect additions to or deletions from each category of individuals.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer’s duties or the duties of the other member of the Compliance Committee in the event that the Compliance Officer or other Committee member is unable or unavailable to perform such duties.

V. DEFINITION OF “MATERIAL NONPUBLIC INFORMATION”

A. “MATERIAL” INFORMATION

Information about the Company is “material” if it could reasonably be expected to affect the investment or voting decisions of the reasonable investor or shareholder, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information which could reasonably be expected to affect the price of Company securities.

While it is not possible to identify all information that would be deemed “material,” the following types of information about the Company or its subsidiaries ordinarily would be considered material:

- Financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity.
- Projections and strategic plans.
- Potential mergers and acquisitions or the sale of assets or subsidiaries.
- New major contracts, orders, suppliers, customers, or finance sources, or the loss thereof.
- Significant pricing changes.
- Stock splits, public or private securities/debt offerings, or changes in Company dividend policies or amounts.
- Significant changes in senior management.
- Significant labor disputes or negotiations.
- Actual or threatened major litigation, or the resolution of such litigation.

B. “NONPUBLIC” INFORMATION

Material information is “nonpublic” if it has not been widely disseminated to the public through major newswire services, national news services and financial news services. For the purposes of this policy, information will be considered public, i.e., no longer “nonpublic”, after the close of trading on the second full trading day following the Company’s widespread public release of the information.

C. CONSULT THE COMPLIANCE OFFICER FOR GUIDANCE

Any Insiders who are unsure whether the information that they possess is material or nonpublic must consult the Compliance Officer for guidance before trading in any Company securities.

VI. STATEMENT OF COMPANY POLICY AND PROCEDURES

A. PROHIBITED ACTIVITIES

1. No Insider may trade in Company securities while possessing material nonpublic information concerning the Company or its subsidiaries.
2. No Section 16 Individual or Key Employee may trade in Company securities outside of the “trading window” described in Section VI.B below, or during any special trading blackout periods designated by the Compliance Officer.
3. No Section 16 Individual may trade in Company securities unless the trade(s) have been approved by the Compliance Committee in accordance with the procedures set forth in Section VI.C. below. To the extent possible, Section 16 Individuals and Key Employees should retain all records and documents that support their reasons for making each trade.

4. The Compliance Officer may not trade in Company securities unless the trade(s) have been approved by the other member of the Compliance Committee and the President and Chief Executive Officer in accordance with the procedures set forth in Section VI.C. below.
5. No Insider may “tip” or disclose material nonpublic information concerning the Company or its subsidiaries to any outside person (including family members, analysts, individual investors, and members of the investment community and news media), unless required as part of that Insider’s regular duties for the Company or its subsidiaries and authorized by the Compliance Officer. In any instance in which such information is disclosed to outsiders, the Company will take such steps as are necessary to preserve the confidentiality of the information, including requiring the outsider to agree in writing to comply with the terms of this policy and/or to sign a confidentiality agreement. All inquiries from outsiders regarding material nonpublic information about the Company or its subsidiaries must be forwarded to the Compliance Officer.
6. No Insider may give trading advice of any kind about the Company to anyone while possessing material nonpublic information about the Company or its subsidiaries, except that Insiders should advise others not to trade if doing so might violate the law or this policy. The Company strongly discourages all Insiders from giving trading advice concerning the Company to third parties even when the Insiders do not possess material nonpublic information about the Company.
7. No Insider may (a) trade in the securities of any other public company while possessing material nonpublic information concerning that company, (b) “tip” or disclose material nonpublic information concerning any other public company to anyone, or (c) give trading advice of any kind to anyone concerning any other public company while possessing material nonpublic information about that company.

B. TRADING WINDOWS AND BLACKOUT PERIODS

1. *Trading Window for Section 16 Individuals.* After obtaining trading approval from the Compliance Committee in accordance with the procedures set forth in Section VI.C. below, Section 16 Individuals may trade in Company securities only during the period beginning at the close of trading on the third full trading day following the Company’s widespread public release of quarterly or year-end earnings and ending on the fifteenth day of the third month of each fiscal quarter.
2. *Trading Windows for Key Employees.* All Key Employees may trade in Company securities only during the period beginning at the close of trading on the third full trading day following the Company’s widespread public release of quarterly or year-end earnings and ending on the fifteenth day of the third month of each fiscal quarter.
3. *No Trading During Trading Windows While in the Possession of Material Nonpublic Information.* No Section 16 Individual or Key Employee possessing material nonpublic information concerning the Company or its subsidiaries may trade in Company securities even during applicable trading windows. Persons possessing such information may trade during a trading window only after the close of trading on the third full trading day following the Company’s widespread public release of the information.
4. *No Trading During Blackout Periods.* No Section 16 Individual or Key Employee may trade in Company securities outside of the applicable trading windows or during any

special blackout periods that the Compliance Officer may designate. No Section 16 Individual or Key Employee may disclose to any outside third party that a special blackout period has been designated.

5. *Exceptions for Hardship Cases.* The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities outside of the applicable trading windows (but not during special blackout periods) due to financial hardship or other hardships, but only in accordance with the procedures set forth in Section VI.C.2 below.

C. PROCEDURES FOR APPROVING TRADES BY SECTION 16 INDIVIDUALS AND HARDSHIP CASES

1. *Section 16 Individual Trades.* No Section 16 Individual may trade in Company securities until
- a. the person trading has notified the Compliance Officer prior to the proposed trade(s) of the amount and nature of the proposed trade(s),
 - b. the person trading has certified to the Compliance Officer in writing no earlier than two business days prior to the proposed trade(s) that (i) he or she is not in possession of material nonpublic information concerning the Company and (ii) the proposed trade(s) do not violate the trading restrictions of Section 16 of the Exchange Act or Rule 144 of the Securities Act, and
 - c. the Compliance Committee has approved the trade(s).
2. *Hardship Trades.* The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities outside of the applicable trading windows due to financial hardship or other hardships only after
- a. the person trading has notified the Compliance Officer in writing of the circumstances of the hardship and the amount and nature of the proposed trade(s),
 - b. the person trading has certified to the Compliance Officer in writing no earlier than two business days prior to the proposed trade(s) that he or she is not in possession of material nonpublic information concerning the Company, and
 - c. the Compliance Committee has approved the trade(s).
3. *No Obligation to Approve Trades.* The existence of the foregoing approval procedures does not in any way obligate the Compliance Officer or Compliance Committee to approve any trades requested by Section 16 Individuals or hardship applicants. The Compliance Officer or Compliance Committee may reject any trading requests at their sole reasonable discretion.

D. EMPLOYEE BENEFIT PLANS

1. *Employee Benefit and Stock Purchase Plans.* The trading prohibitions and restrictions set forth in this policy do not apply to periodic contributions by the Company or employees to employee benefit plans (e.g., pension or 401(k) plans) or stock purchase plans (hereinafter collectively referred to as a “Plan”) which are used to purchase Company securities pursuant to the employees’ advance instructions. It does apply, however, to: (1)

the election by an employee to enroll in a Plan, (2) the decision by an employee to change the amount of money to be withheld by a Plan from his or her paycheck, (3) any sale of Company securities purchased pursuant to a Plan, whether through a Plan agent or otherwise or (4) any additional purchases of Company securities other than by regular payroll deductions. In other words, during any period that you are prohibited from purchasing or selling Company securities, you are not permitted to enroll or reenroll in a Plan, change the amount of your payroll deductions in a Plan, sell shares that you have acquired through a Plan or contact the Plan agent and make any additional purchases of Company securities.

2. *Stock Option Plans.* The trading prohibitions and restrictions of this policy apply to all sales of securities acquired through the exercise of stock options granted by the Company, but not to the acquisition of securities through such exercises.

E. PRIORITY OF STATUTORY OR REGULATORY TRADING RESTRICTIONS

The trading prohibitions and restrictions set forth in this policy will be superseded by any greater prohibitions or restrictions prescribed by federal or state securities laws and regulations, e.g., short-swing trading by Section 16 Individuals or restrictions on the sale of securities subject to Rule 144 under the Securities Act of 1933. Any Insider who is uncertain whether other prohibitions or restrictions apply should ask the Compliance Officer.

VII. POTENTIAL CIVIL, CRIMINAL AND DISCIPLINARY SANCTIONS

A. CIVIL AND CRIMINAL PENALTIES

The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by the trading, pay the loss suffered by the person who purchased securities from or sold securities to the insider tippee, pay civil penalties up to three times the profit made or loss avoided, pay a criminal penalty of up to \$5 million, and serve a jail term of up to twenty years. The Company and/or the supervisors of the person violating the rules may also be required to pay major civil or criminal penalties. "Controlling persons" are also subject to civil penalties of up to the greater of \$1 million or three times the profit made or loss avoided. Furthermore, a private action may be brought against a person who trades on inside information by any person who bought or sold before the inside information became public, not just the person from whom the securities were bought or sold.

B. COMPANY DISCIPLINE

Violation of this policy or federal or state insider trading or tipping laws by any director, officer or employee, or their family members, may subject the director to dismissal proceedings and the officer or employee to disciplinary action by the Company or its appropriate subsidiary up to and including termination for cause.

C. REPORTING OF VIOLATIONS

Any Insider who violates this policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other Insiders, must report the violation immediately to the Compliance Officer. Upon learning of any such violation, the Compliance Officer, in consultation with the other Compliance Committee member and the Company's legal counsel, will determine whether the Company should release any material

nonpublic information, or whether the Company should report the violation to the SEC or other appropriate governmental authority.

VIII. INQUIRIES

Please direct all inquiries regarding any of the provisions or procedures of this policy to the Compliance Officer.

EXHIBIT A

SECTION 16 REPORTING INDIVIDUALS

Air Transport Services Group, Inc.

James E. Bushman
James H. Carey
Jeffrey A. Dominick
John D. Geary
Joseph C. Hete
Randy D. Rademacher
J. Christopher Teets
Jeffrey J. Vorholt

Richard F. Corrado
W. Joseph Payne
Quint O. Turner

ABX Air, Inc.

John W. Graber

Airborne Maintenance & Engineering Services

Brady T. Templeton

Air Transport International

James L. Hobson, Jr.

Capital Cargo International Airlines

Dennis A. Manibusan

EXHIBIT B
KEY EMPLOYEES

Air Transport Services Group, Inc.

Matthew E. Fedders
George A. Golder
Harold E. Greig
Allen W. McAnally
Joseph E. Roux
Adam M. Schommer
E. Russell Smethwick
Nicole Smith
Sarah E. Williams
Alan W. Young

ABX Air, Inc.

Scott W. Glasser
Robert D. Gray
James F. O'Grady
Terry L. Scherz
John M. Starkovich
Gary E. Stover
Tammy W. Voss

Air Transport International

Cindi McConnell

Capital Aviation Management

William B. Tarpley

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