



# Annual Meeting of Shareholders

May 11, 2010

Except for historical information contained herein, the matters discussed in this presentation contain forward-looking statements that involve risks and uncertainties. There are a number of important factors that could cause Air Transport Services Group's ("ATSG's") actual results to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to, changes in market demand for our assets and services, the timely completion of 767 freighter modifications as anticipated under ABX Air's new operating agreement with DHL, ABX Air's ability to maintain on-time service and control costs under its new operating agreement with DHL, and other factors that are contained from time to time in ATSG's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Readers should carefully review this presentation and should not place undue reliance on ATSG's forward-looking statements. These forward-looking statements were based on information, plans and estimates as of the date of this release. ATSG undertakes no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

**ATSG, Inc. Non-GAAP Reconciliation**  
**Earnings from Continuing Operations Before Interest, Taxes, Depreciation, and Amortization (Adjusted EBITDA)**  
**(Unaudited)**

| Reconciliation Statement (\$ in 000s) | 2007    | 2008     | 2009    | 1Q2009 | 1Q2010 |
|---------------------------------------|---------|----------|---------|--------|--------|
| GAAP Pre-tax Earnings (Loss)          |         |          |         |        |        |
| from Continuing Operations            | 25,721  | (56,619) | 45,358  | 13,193 | 10,784 |
| Impairment of goodwill & intangibles  | 0       | 91,241   | 0       | 0      | 0      |
| Adjusted Pre-Tax Earnings             |         |          |         |        |        |
| from Continuing Operations            | 25,721  | 34,622   | 45,358  | 13,193 | 10,784 |
| Interest Income                       | (4,557) | (2,335)  | (449)   | -178   | -73    |
| Interest Expense                      | 14,067  | 37,002   | 26,881  | 7,646  | 5,189  |
| Depreciation and amortization         | 51,635  | 93,752   | 83,964  | 21,473 | 20,800 |
| Adjusted EBITDA from Cont. Oper.      | 86,866  | 163,041  | 155,754 | 42,134 | 36,700 |

EBITDA and Adjusted EBITDA are non-GAAP financial measures and should not be considered alternatives to net income (loss) or any other performance measure derived in accordance with GAAP. EBITDA is defined as income (loss) from operations plus net interest expense, provision for income taxes, depreciation and amortization. The Company's management uses these adjusted financial measures in conjunction with GAAP finance measures to monitor and evaluate its performance, including as a measure of liquidity. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, or as alternative measures of liquidity.

|   |  |
|---|--|
| <p><b>Joe Hete</b><br/><i>President &amp; Chief Executive Officer</i></p> | <ul style="list-style-type: none"><li>▪ <b>2009 in Review</b></li></ul>  |
| <p><b>Quint Turner</b><br/><i>Chief Financial Officer</i></p>             | <ul style="list-style-type: none"><li>▪ <b>2009 Financial Results &amp; Balance Sheet Improvement</b></li></ul>  |
| <p><b>Joe Hete</b><br/><i>President &amp; Chief Executive Officer</i></p> | <ul style="list-style-type: none"><li>▪ <b>2010 Focus</b><ul style="list-style-type: none"><li>▪ Goals</li><li>▪ DHL Agreements</li><li>▪ 767 Conversion Program</li></ul></li></ul> |
| <p><b>Rich Corrado</b><br/><i>Chief Commercial Officer</i></p>            | <ul style="list-style-type: none"><li>▪ <b>Marketing Strategy</b></li></ul>  |
| <p><b>Joe Hete</b><br/><i>President &amp; Chief Executive Officer</i></p> | <ul style="list-style-type: none"><li>▪ <b>Wrap-up &amp; Your Questions</b></li></ul>  |

# 2009 Goals and Achievements

## Goals

- ❑ Restructure DHL promissory note and capital leases
- ❑ Continue to support DHL transition
- ❑ Reconfigure non-standard B767PC fleet to serve broad customer base
- ❑ Seek long-term commitments for B767 fleet
- ❑ Further strengthen balance sheet
- ❑ Leverage maintenance capability
- ❑ Align cost structure

## Achievements

- ✓ Note balance reduced, capital leases transferred to DHL
- ✓ Superior service quality maintained
- ✓ 767 mod program on track; 4 completed by year-end 2009
- ✓ Framework established with DHL to lease 13 767s, CAM leases 3 others
- ✓ Long-term debt reduced \$135M, post-retirement obligations down \$145M
- ✓ AMES established in May 2009
- ✓ ABX Air pilots approve new CBA, reduced overhead costs by \$21M



Financial Results &  
Balance Sheet Improvement

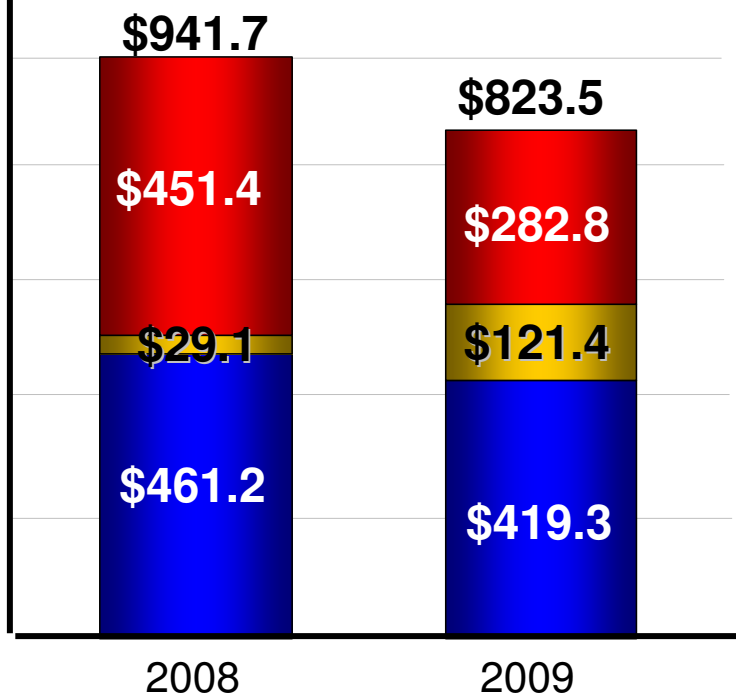
*Quint Turner, CFO*

# 2009 Financial Performance

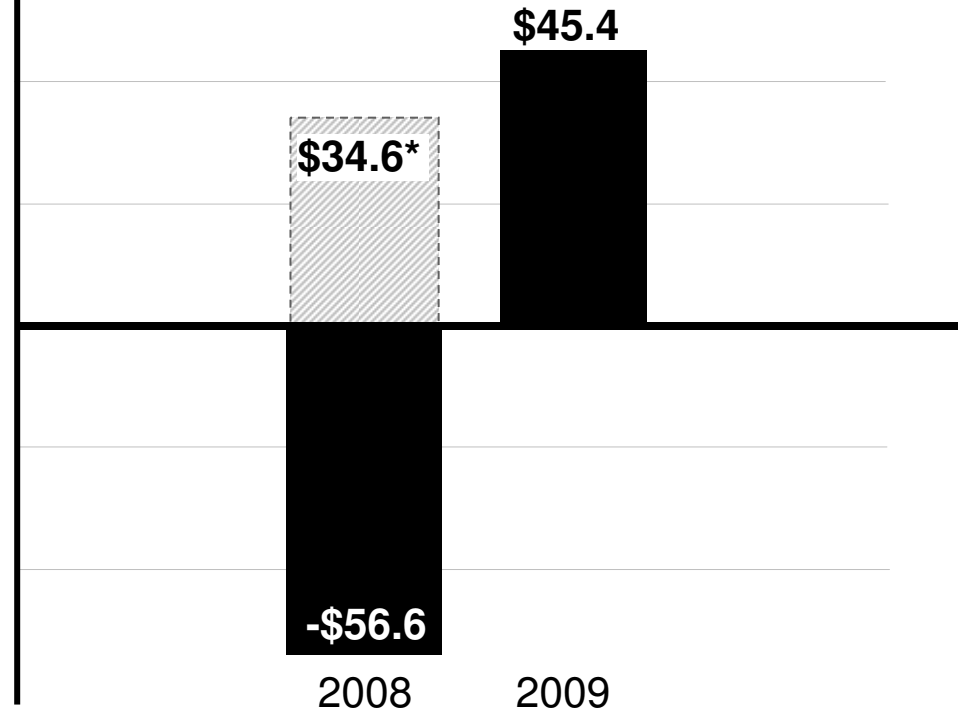
\$ in millions

## Annual Results

**Revenues**  
from Continuing Operations



**Pre-tax Earnings**  
From Continuing Operations

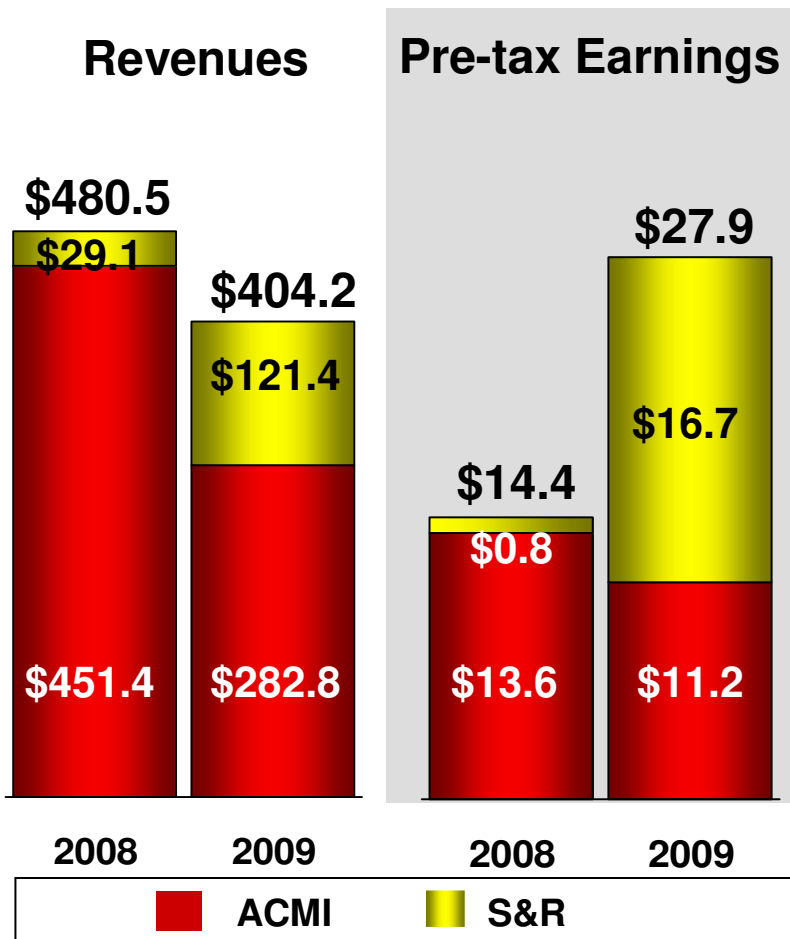


■ DHL ACMI    
 ■ DHL S&R Agreement    
 ■ Non-DHL

\* Excluding goodwill and intangible impairment charges

# 2009 Results – DHL Segment\*

\$ in millions

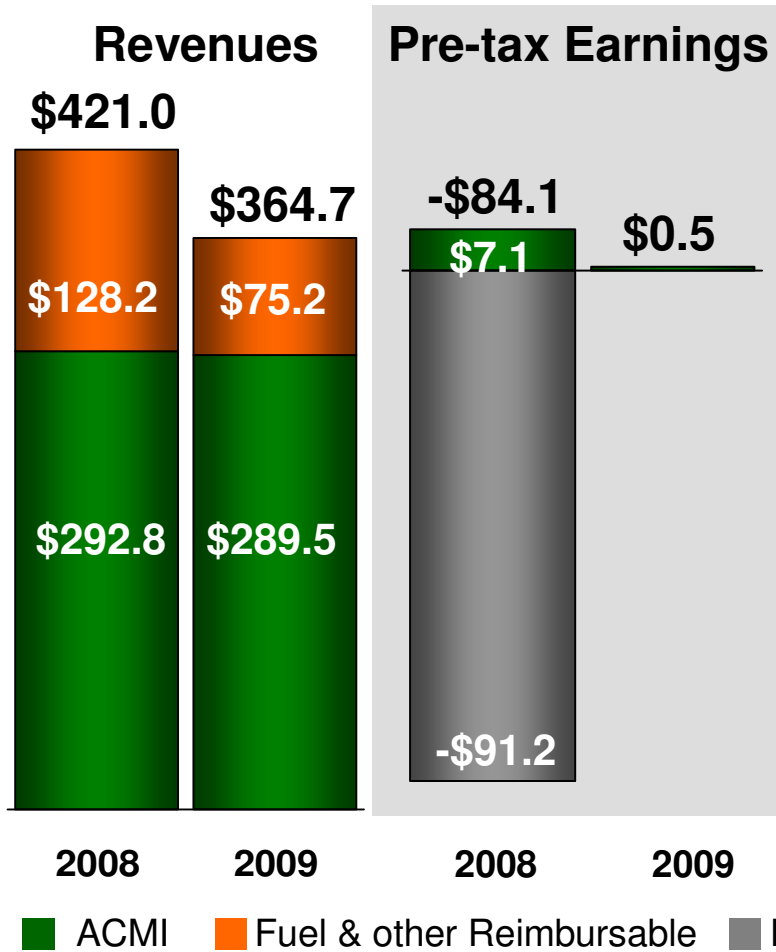


- Block hours down 78% as DHL converted U.S. to international-only service in January 2009
- Severance & retention includes gains on pilot S&R, vacation reimbursement.
- Excludes discontinued operations (Hub Services and fuel)

\* From continuing operations

# 2009 Results – ACMI Services\*

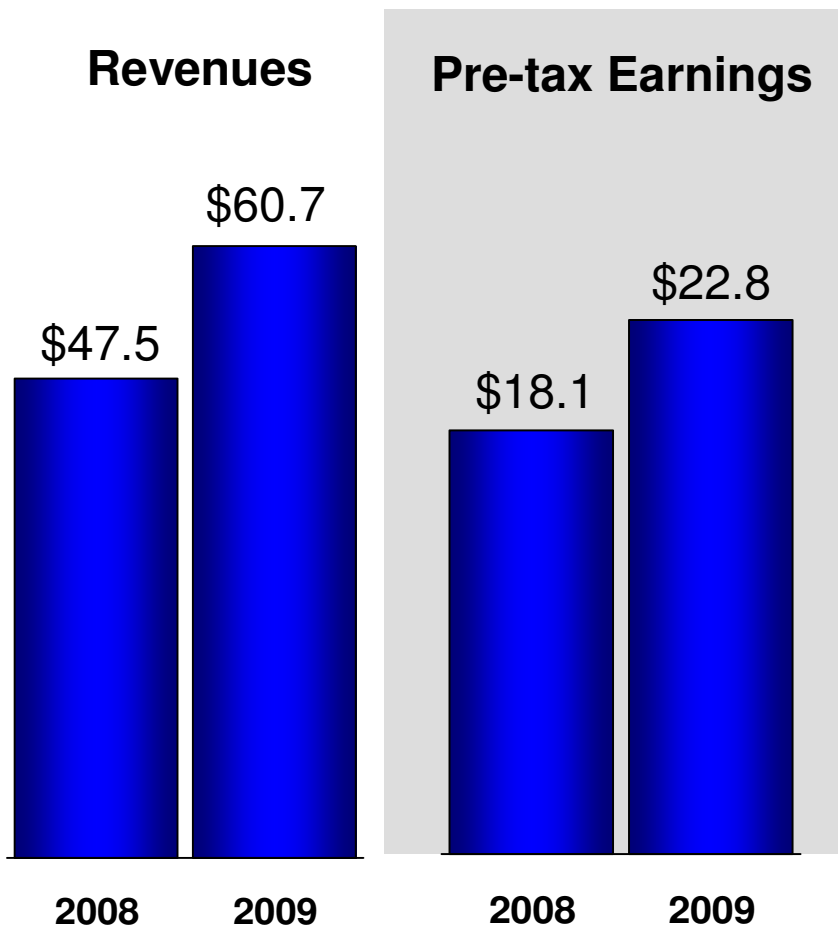
\$ in millions



- 11% increase in block hours reflect additional 767s in service
- Fuel costs down 42%, lowering reimbursement revenues
- ABX Air ACMI losses, including transatlantic scheduled service

\* Earnings include intangible charges totaling \$91.2 million pre-tax for goodwill, customer intangibles

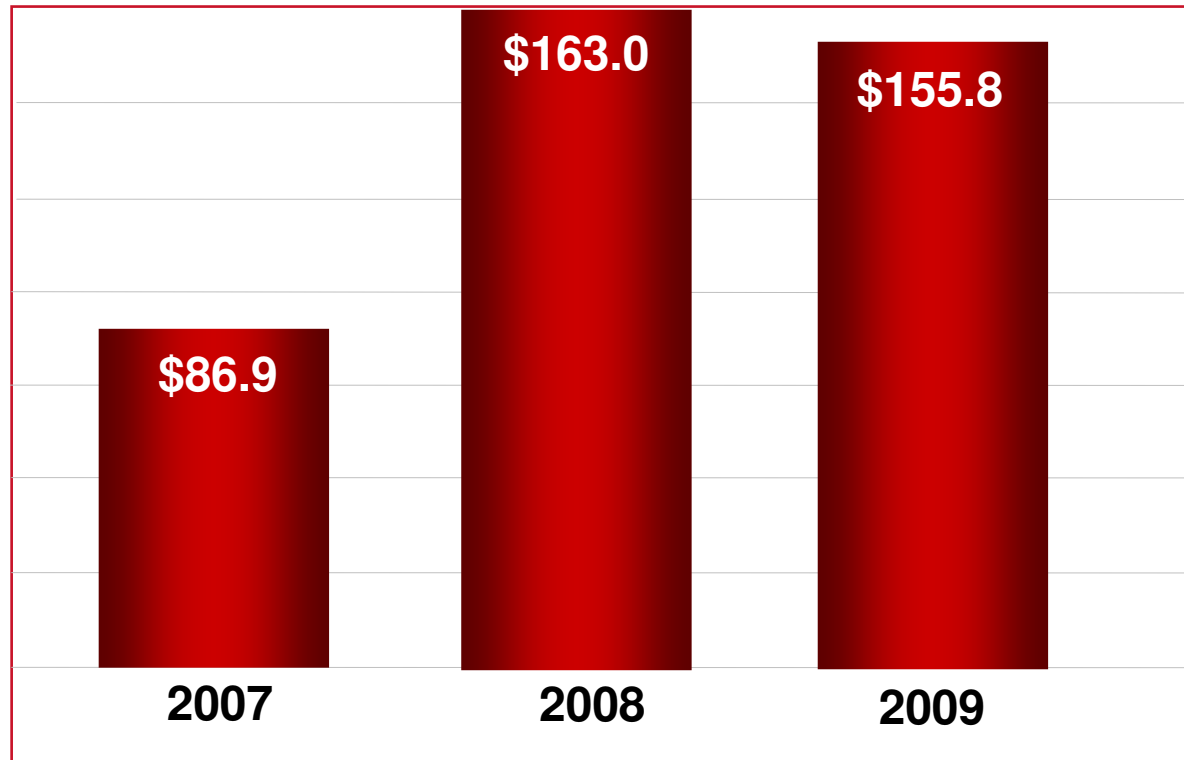
\$ in millions



- Eight 767 aircraft added during 2009
- 767 conversion program on track with seven of 14 now completed or in mod
- Amerijet leases in March first of two 767s including certification, pilot training, maintenance, etc.

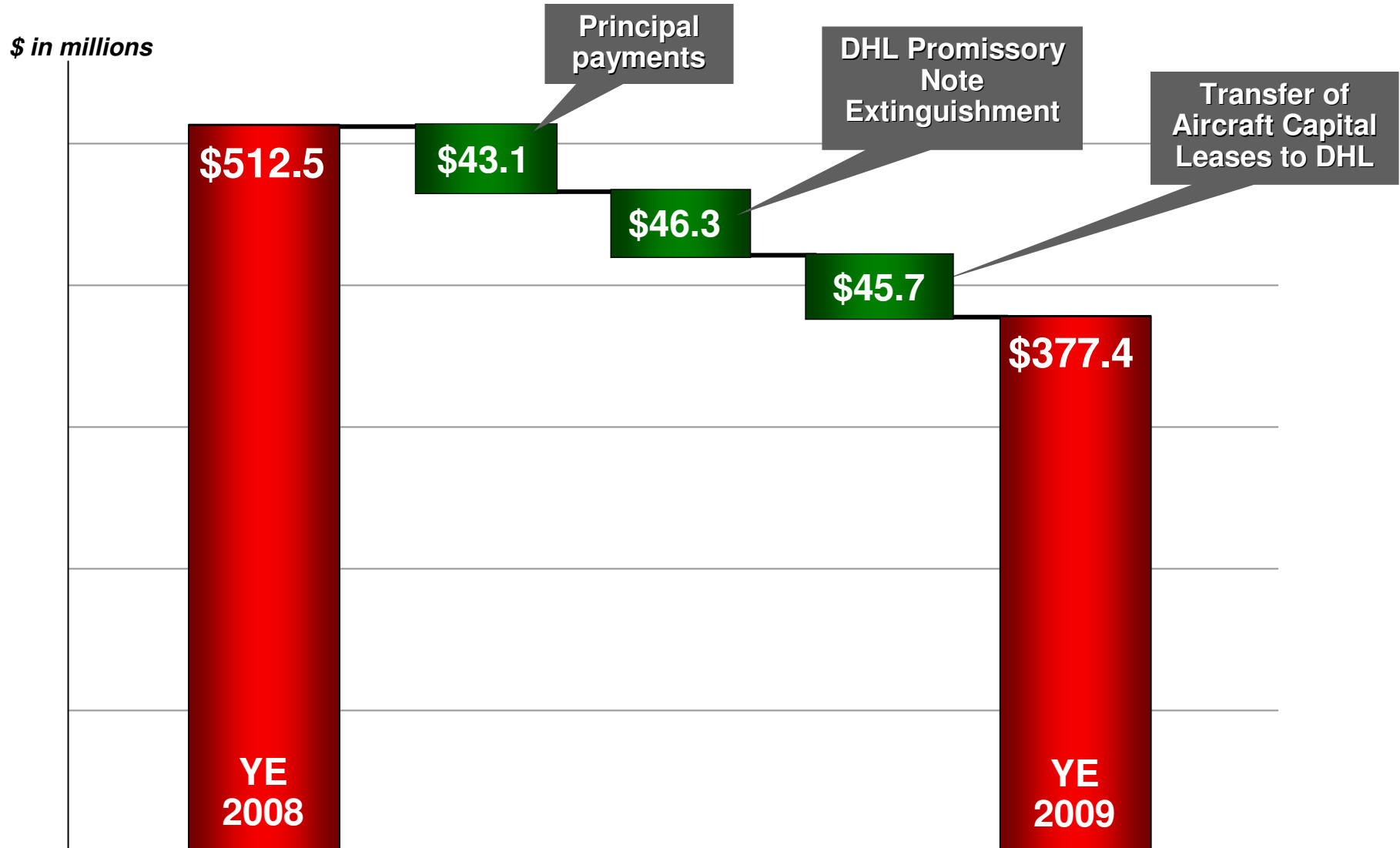
# Adjusted EBITDA from Continuing Operations\*

\$ in millions

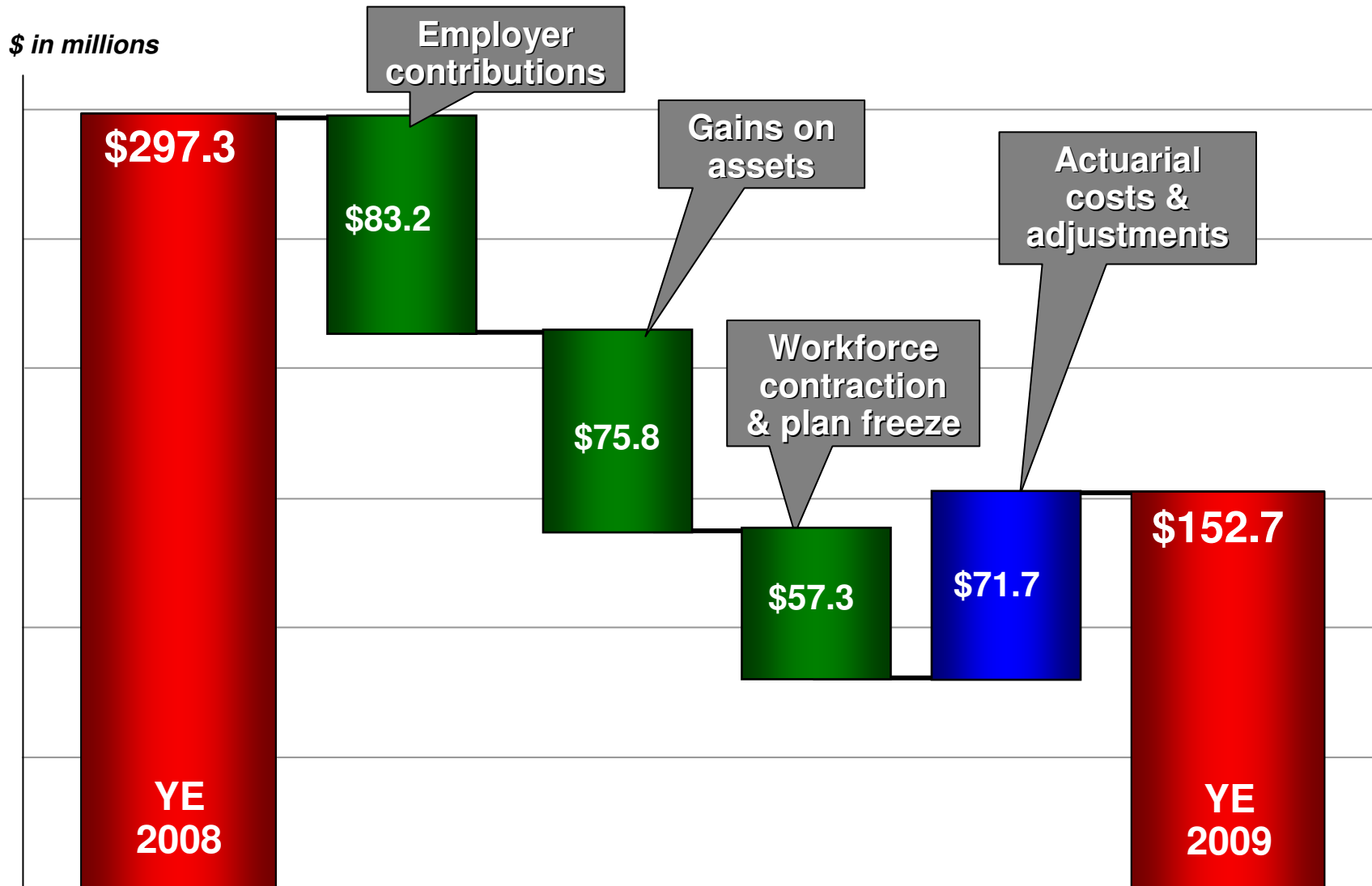


\*Adjusted EBITDA from Continuing Operations is a non-GAAP financial measure and should not be considered as an alternative to net income (loss) or any other performance measure derived in accordance with GAAP. 2008 amounts exclude impairment charges totaling \$91.2 million related to goodwill and customer intangibles. Please refer to Slide 2 for a statement showing a reconciliation of Adjusted EBITDA from Continuing Operations to GAAP Net Income."

# Total Debt declines \$135 Million



# Post-retirement obligations decline \$145 million



# First Quarter 2010 Results

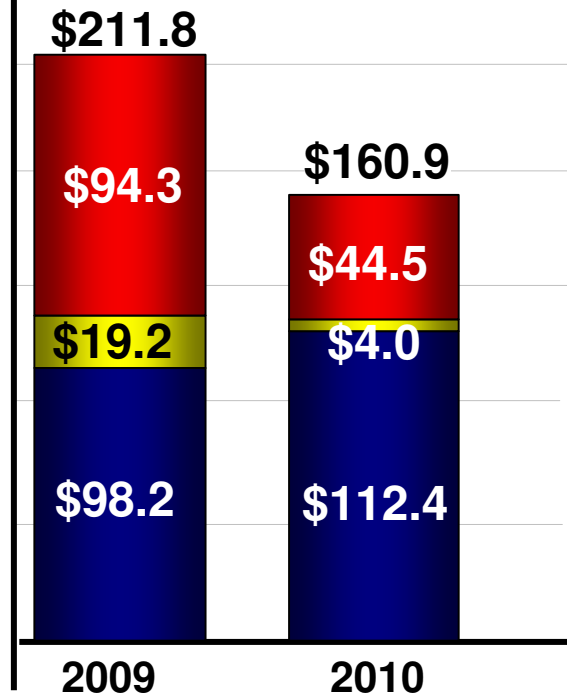
| <b>Revenues</b>           |                   | <b>Earnings</b>                    |                  |
|---------------------------|-------------------|------------------------------------|------------------|
| DHL                       | \$ 48,487         | DHL                                | \$ 8,283         |
| ACMI Services             | 98,226            | ACMI Services                      | (900)            |
| CAM                       | 17,802            | CAM                                | 6,539            |
| Other                     | 17,453            | Other                              | (1,336)          |
| Eliminations              | (21,024)          | Interest                           | (1,802)          |
| <b>Total- Cont. Oper.</b> | <b>\$ 160,944</b> | <b>Pretax Earnings–Cont. Oper.</b> | <b>\$ 10,784</b> |
|                           |                   | <b>Income Taxes</b>                | <b>(4,034)</b>   |
|                           |                   | <b>Net Earnings-Cont. Oper.</b>    | <b>\$6,750</b>   |
|                           |                   | <b>Net Earnings-Discont. Oper.</b> | <b>405</b>       |
|                           |                   | <b>Net Earnings</b>                | <b>\$7,155</b>   |

\$ in thousands

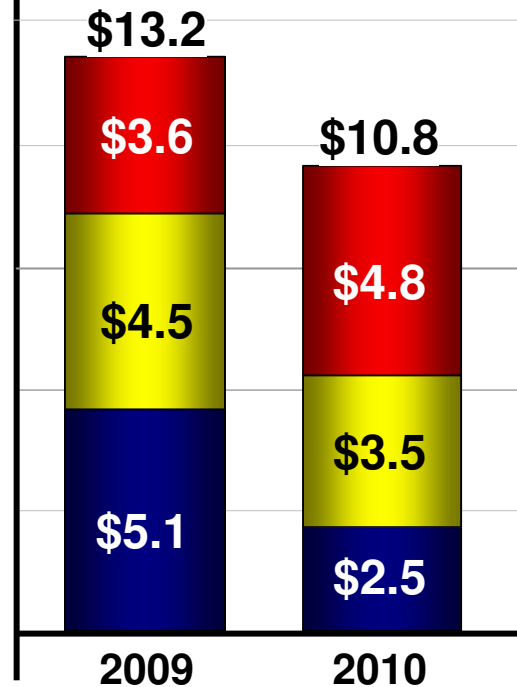
# First Quarter 2010 vs. 2009

\$ in millions

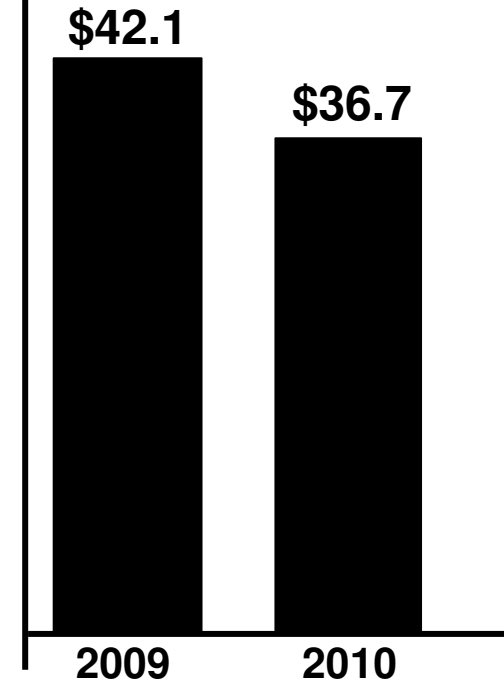
**Revenues**  
*from Continuing Operations*



**Pre-tax Earnings**  
*from Continuing Operations*



**EBITDA**  
*from Continuing Operations*



■ DHL ACMI  
 ■ Severance & Retention  
 ■ Non-DHL & Intercompany

# 2010 Focus



## 2010 Goals

- Execute and deliver results against new DHL Agreements
- Continue 767 conversions, deploy all freighters under long-term agreements
- Further strengthen balance sheet
- Leverage complementary service offerings in global marketing strategy
- Capture cost and workforce flexibility advantages from ABX CBA, AMES platform
- Strategically invest for growth and further diversification



## DHL Agreements

# New A+CMI Agreements with DHL

## New “A+CMI” Agreement Terms

- DHL leasing thirteen 767 aircraft from CAM under seven-year terms, unlocking market value of assets
- ABX to operate aircraft for DHL under separate five-year CMI agreement, with two-year extension right to DHL
  - Economics based upon pre-defined fee, scalable for number of aircraft operated by ABX, with performance incentive bonuses
  - CMI agreement subject to break-up fee should DHL elect to prematurely terminate
- Under the CMI, ABX contracts with AMES for airframe heavy maintenance, reimbursable by DHL under lease agreements
- The remaining \$31M in the DHL Note will amortize over five-year term of the CMI with no cash requirement from ATSG; interest expense continues to be reimbursed

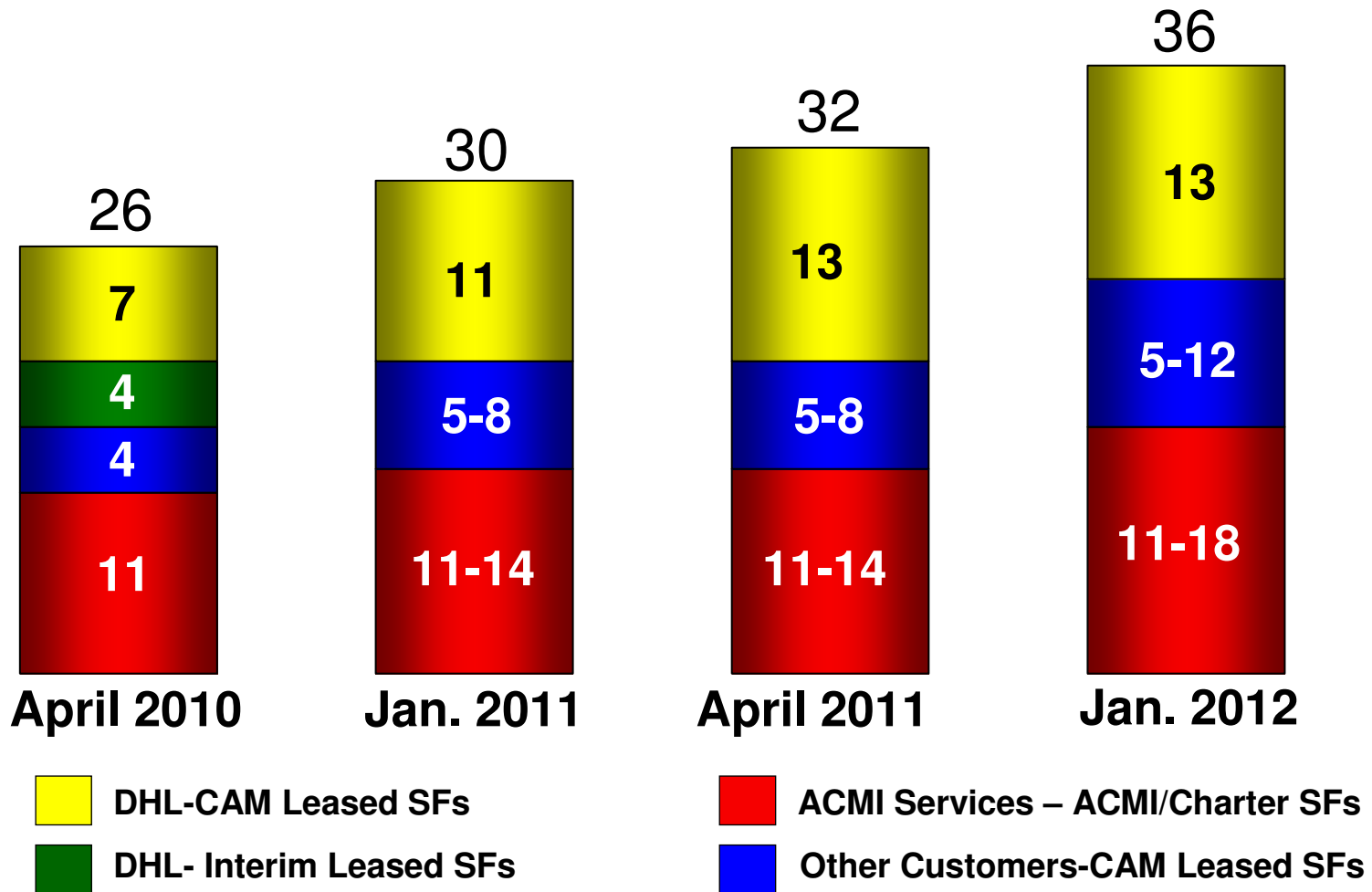
## Other Issues Resolved

- DHL agreed to pay ABX \$31M to settle DC-9 and Boeing 767 aircraft put values
- DHL agreed to remit \$11.2M in May to settle the reimbursement of accrued vacation paid to employees adversely impacted by DHL’s restructuring



## 767 Conversion Program

# Deploying Our 767SFs



*Pace of 767 modifications could be affected by possible assignment of modification slots to DHL.*

# 767 Advantages vs. Aging Fleets

| Aircraft         | Fuel (gal./<br>block hr) | Crew     | Payload (lbs.)/<br>Capacity (cu.ft.) | Range<br>(NM) |
|------------------|--------------------------|----------|--------------------------------------|---------------|
| <b>767-200SF</b> | <b>1,380</b>             | <b>2</b> | <b>100,000 / 11,138</b>              | <b>2,800</b>  |
| A300-B4          | 1,900                    | 3        | 99,200 / 11,445                      | 1,680         |
| DC-8 63          | 1,760                    | 3        | 96,800 / 10,060                      | 2,150         |
| DC-8 73          | 1,600                    | 3        | 111,800 / 10,060                     | 2,470         |



## **Marketing Strategy**

*Rich Corrado, Chief Commercial Officer*

# Emerging Go-to-Market Strategy

## Market Opportunities

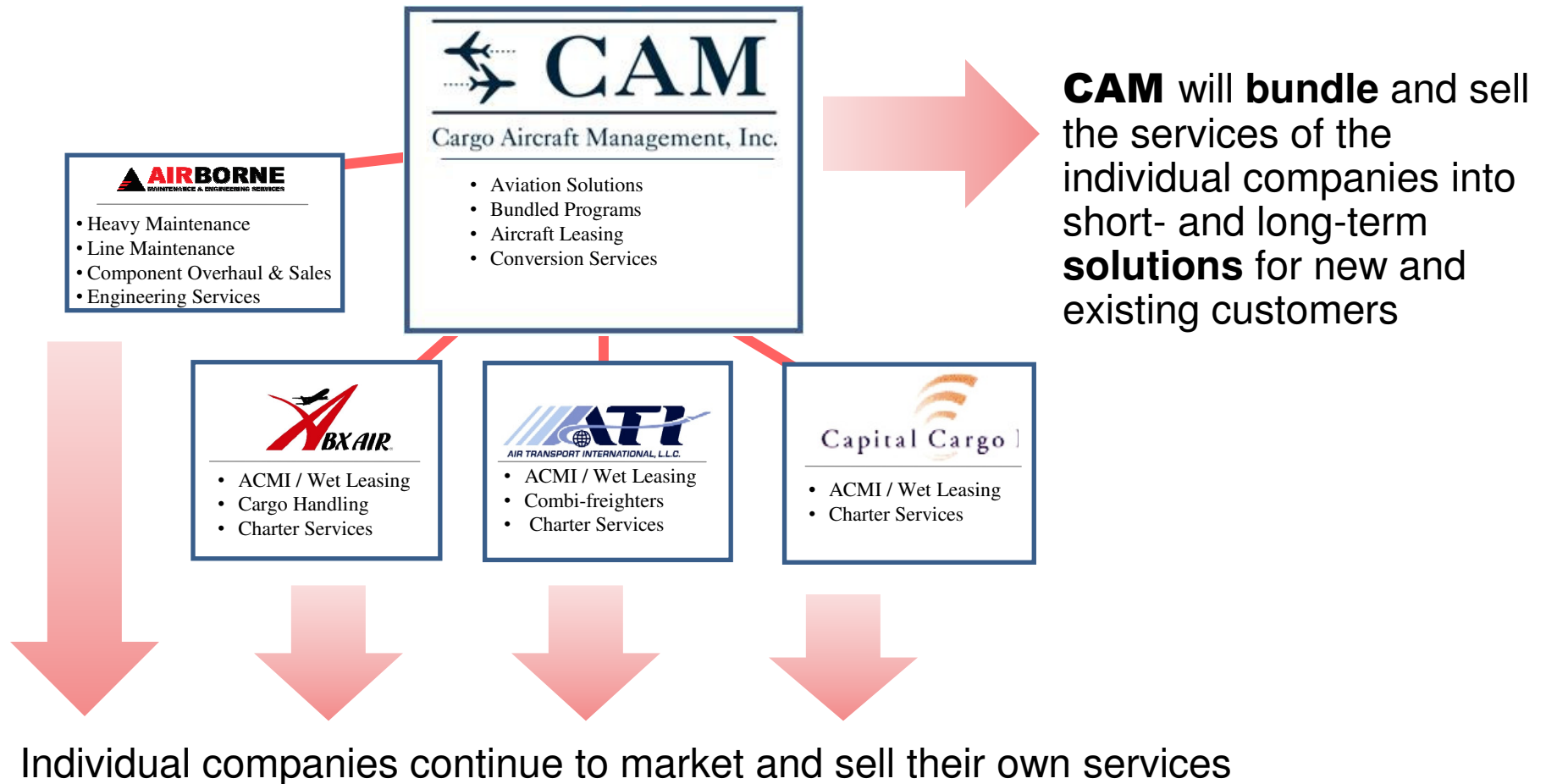
- 767 ideal replacement for less efficient aircraft
  - A300-B4 (47)
  - DC-10-10 (59)
  - DC-8 (55)
- Growth markets
  - Domestic China-9.3%
  - Intra-Asia-7.5%
  - Europe-Asia-5.9%
  - Europe-Africa-5.7%

## Market Approach

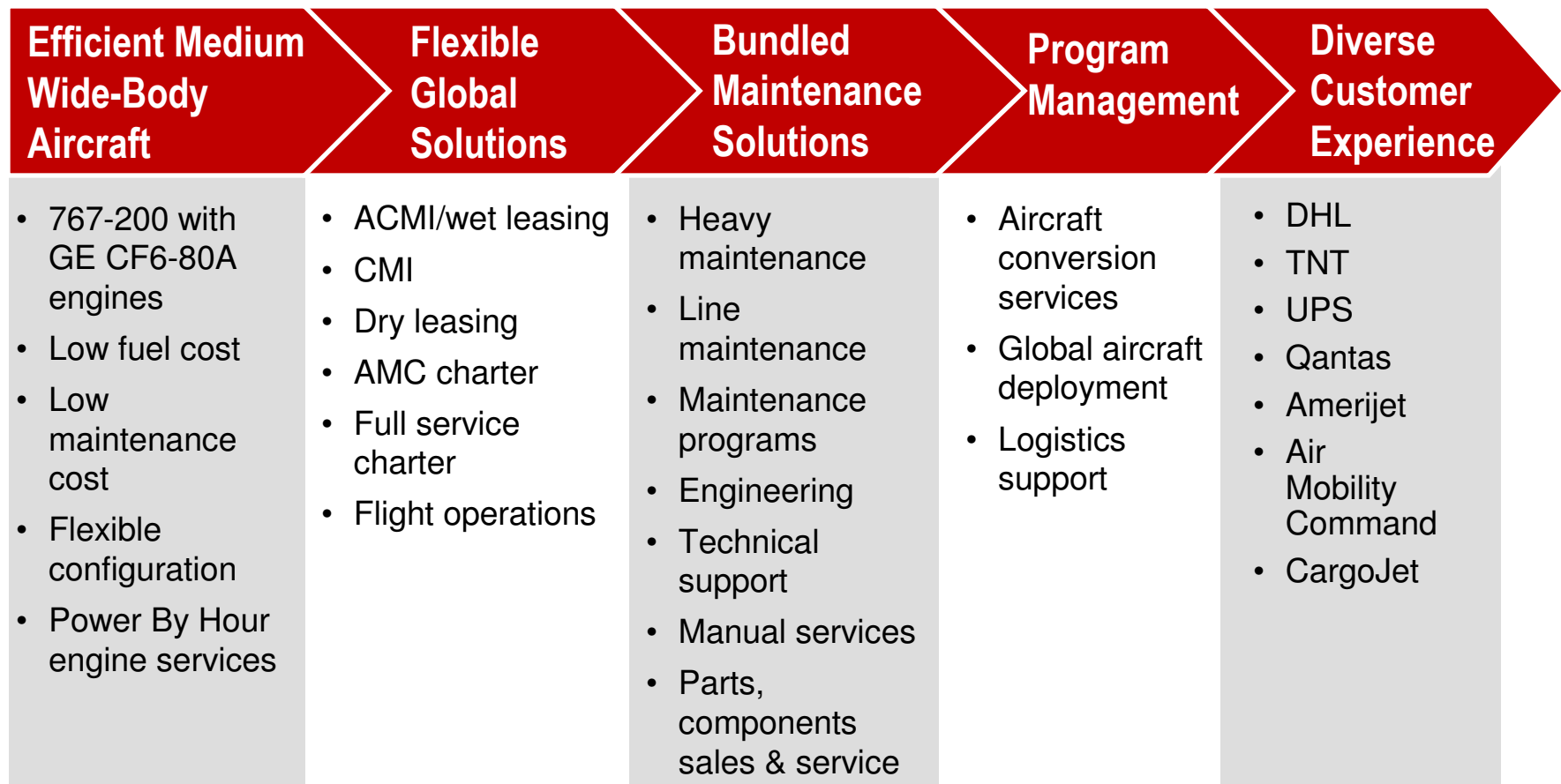
- Drive higher return on capital by optimally positioning opportunities and **bundling** additional services
- CAM a neutral, non-airline, lead sales organization that can drive a bundled marketing strategy
- Develop packaged programs cross-selling entities
- Amerijet International program symbolizes this approach

Source: ACMG, Boeing

# ATSG Portfolio Marketing



## The Global Leader of Medium Wide Body Operating and Leasing Solutions





Wrap-up and Your Questions

*Joe Hete, President & CEO*

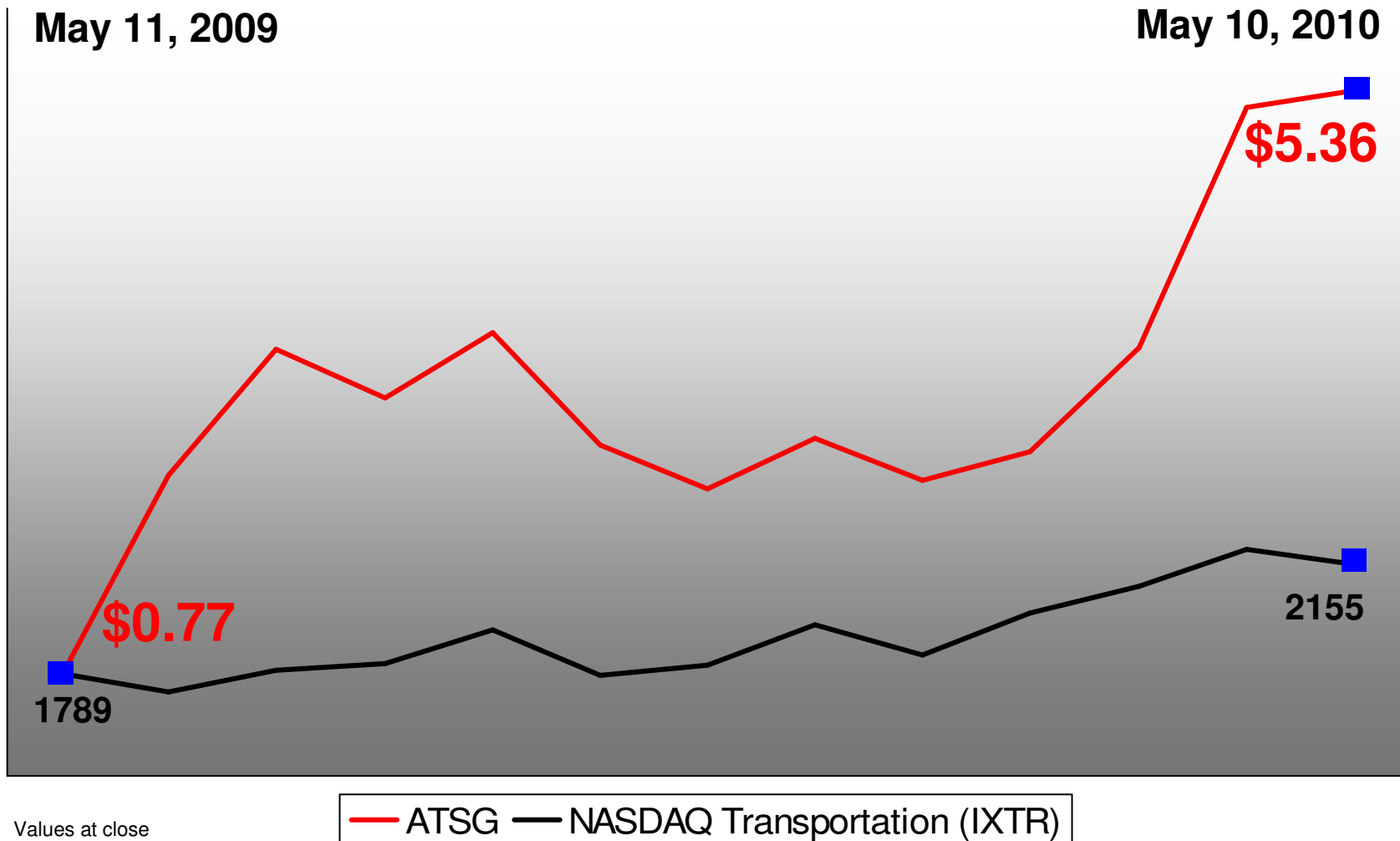
## 2010 Achievements to Date

- ✓ Completed new fixed-price, multi-year agreements for aircraft leasing and CMI services with DHL
- ✓ Continued to reduce debt and strengthen balance sheet
- ✓ Leased 767F to Amerijet, illustrating ATSG's complementary solutions opportunity
- ✓ Restructured and expanded TNT relationship into lower-risk ACMI for two aircraft
- ✓ Took delivery of three more 767Fs from mod
- ✓ Completed restructuring of ABX Air
- ✓ Placed deposits for three 767-300s

- **Strong cash returns from modified freighters**
  - 767 leases lock in long-term cash flow
  - ACMI/CMI flexibility provides lease migration path
  - 10 modified 767 freighters to be deployed through 2011
- **Long-term agreements with well-established customers**
  - Lease/CMI provides entry point for expanded opportunities
- **Integrated, value-added services**
- **Solid balance sheet and liquidity, growth capital capacity**
- **Well positioned for continued growth in global air cargo demand**

**The Global Leader of Medium Wide-Body Operating & Leasing Solutions**

# Investors Recognize ATSG Progress





## Shareholder Questions