

FOX FACTORY HOLDING CORP
Form 10-Q
August 03, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 1, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-36040

Fox Factory Holding Corp.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 26-1647258
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

915 Disc Drive 95066
Scotts Valley, CA
(Address of Principal Executive Offices) (Zip Code)
(831) 274-6500
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 26, 2016, there were 36,651,359 shares of the Registrant's common stock outstanding.

Fox Factory Holding Corp.
 FORM 10-Q
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FOX FACTORY HOLDING CORP.

Condensed Consolidated Balance Sheets

(in thousands, except per share data)

	As of July 1, 2016 (Unaudited)	As of December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,124	\$ 6,944
Accounts receivable (net of allowances of \$609 and \$407 at July 1, 2016 and December 31, 2015, respectively)	56,687	43,660
Inventory	80,935	68,202
Prepays and other current assets	15,596	13,135
Total current assets	163,342	131,941
Property, plant and equipment, net	30,495	26,094
Deferred tax assets	7,069	1,065
Goodwill	57,663	57,653
Intangibles, net	59,449	60,849
Other assets	759	114
Total assets	\$ 318,777	\$ 277,716
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 49,626	\$ 32,072
Accrued expenses	20,503	23,234
Reserve for uncertain tax positions	8,235	8,924
Current portion of long-term debt	3,621	2,790
Current portion of contingent consideration	6,600	6,950
Total current liabilities	88,585	73,970
Line of credit	—	1,500
Long-term debt, less current portion	69,871	43,591
Deferred rent	644	695
Contingent consideration, less current portion	—	5,700
Total liabilities	159,100	125,456
Commitments and contingencies (Note 6)		
Stockholders' equity		
Preferred stock, \$0.001 par value — 10,000 authorized and no shares issued or outstanding as of July 1, 2016 and December 31, 2015	—	—
Common stock, \$0.001 par value — 90,000 authorized; 37,532 shares issued and 36,642 outstanding as of July 1, 2016; 37,415 shares issued and 37,025 outstanding as of December 31, 2015	37	37
Additional paid-in capital	105,254	102,860
Treasury stock, at cost; 890 common shares as of July 1, 2016 and 390 common shares as of December 31, 2015	(13,754)	(5,807)
Accumulated other comprehensive loss	(1,161)	(1,953)
Retained earnings	69,301	57,123

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Total stockholders' equity	159,677	152,260
Total liabilities and stockholders' equity	\$ 318,777	\$ 277,716

The accompanying notes are an integral part of these condensed consolidated financial statements.

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FOX FACTORY HOLDING CORP.
Condensed Consolidated Statements of Income
(in thousands, except per share data)
(Unaudited)

	For the three months ended		For the six months ended	
	July 1, 2016	June 30, 2015	July 1, 2016	June 30, 2015
Sales	\$102,294	\$ 97,171	\$182,511	\$164,959
Cost of sales	69,967	67,303	125,066	116,308
Gross profit	32,327	29,868	57,445	48,651
Operating expenses:				
Sales and marketing	6,476	6,140	13,030	11,437
Research and development	4,582	4,158	8,974	7,560
General and administrative	7,109	4,855	13,030	9,496
Amortization of purchased intangibles	782	1,839	1,577	3,679
Fair value adjustment of contingent consideration and acquisition related compensation	2,100	2,339	3,863	4,403
Total operating expenses	21,049	19,331	40,474	36,575
Income from operations	11,278	10,537	16,971	12,076
Other expense, net:				
Interest expense	576			

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.abxholdings.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.abxholdings.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.	

Alaska Air Group, Inc. SkyWest, Inc.

US Airways Group,
Inc.

Based upon this analysis, compensation guidelines were established for each executive officer position, providing data on the 25th, 50th (median) and 75th 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 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.

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Short-Term Incentive Compensation

During 2007, the named executive officers had the potential to earn incentive compensation under the ABX Air, Inc. 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:

Executive Officer	.05% of Incremental Mark-up Achieved	1.8% of Incremental Mark-up Achieved
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, Inc. 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, Inc. 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:

If, on December 31, , the Company's stock performance is . . .	You will receive the following number of shares of Company stock . . .
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:

If, over the Performance Period, the Company's average return on equity is . . .	You will receive the following number of shares of Company stock . . .
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:

Age at Retirement	Target Benefit
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62+	65%
61	56%
60	45%
59	38%
58	31%
57	24%
56	17%
55	10%
54 or younger	0%

Vesting Points

Points = Age + Service	Vesting Percent
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 provides 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 current formula and one ABX Air executive (Mr. Scherz) will be granted a reasonable period of time in which to elect the current 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. 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

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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 ⁽¹⁾	Stock Awards	Non-Equity Incentive Compensation	Change in Pension Value and Non-qualified Deferred Compensation ⁽⁶⁾	All Other Compensation ⁽⁵⁾	Total
Joseph C. Hete President & Chief Executive Officer	2007	\$ 479,750	\$	\$ 595,427	\$ 428,129	\$ 470,959	\$ 13,135	\$ 2,035,236
	2006	479,750	627,787	417,732	475,965	369,347	7,349	2,377,930
Quint O. Turner Chief Financial Officer	2007	238,539		208,291	186,060	22,088	9,744	652,227
	2006	228,019	158,027	146,148	173,565	37,526	5,920	749,205
Dennis A. Manibusan Senior Vice President Maintenance & Engineering	2007	248,231		216,190	169,950	342,781	9,862	998,660
	2006	238,942	252,940	151,153	181,596	294,664	5,982	1,125,277
Robert J. Morgenfeld Senior Vice President Flight Operations	2007	261,769		235,594	181,210	383,396	10,059	1,069,934
	2006	256,173	325,547	165,059	179,116	256,208	6,078	1,188,181
Thomas W. Poynter, retired Senior Vice President Ground Department	2007	182,308		234,861	124,247	155,260	11,807	695,993
	2006	179,327	203,937	119,548	111,757	178,386	5,171	767,009
John A. Jessup, retired Vice President Materials Management & Contracts	2007	143,096		127,260	71,999	308,646	10,497	684,688
	2006	169,981	217,412	87,494	95,189	269,469	47,781	887,326
Terry L. Scherz Vice President Maintenance	2007	174,308		103,459	92,126	54,757	8,473	436,186
	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) 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 Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽²⁾			All Other Stock Awards: Number of Shares or Units (#) ⁽³⁾	Grant Date Fair Value of Stock and Option Awards (\$) ⁽⁴⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
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: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) ⁽¹⁾			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽²⁾		
		Restricted Stock	Equity Units	Performance Units	Restricted Stock	Equity Units	Performance 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

⁽¹⁾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.

⁽²⁾

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.

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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.

Name	Plan Name ⁽¹⁾	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$) ⁽²⁾
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 ⁽³⁾	Retirement Income Plan	22.5	526,515
	Supplemental Executive Retirement Plan	16.0	1,191,713
Dennis A. Manibusan ⁽³⁾	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 ⁽³⁾	Retirement Income Plan	33.3	458,303
	Supplemental Executive Retirement Plan	16.0	9,620

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

⁽²⁾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.

⁽³⁾

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

Certain executive officers of ABX Holdings and ABX Air, including all 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.

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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	Termination Without Cause or Good Reason After a			
		Retirement (\$)	Disability (\$)	Death (\$)	Change in Control (\$)
Joseph C. Hete	Long-Term Disability Payments ⁽¹⁾		180,000		
	Life and Accidental Death Insurance Proceeds ⁽²⁾			1,200,000	
	Restricted Stock ⁽³⁾		323,532	323,532	323,532
	Performance-Based Stock Units ⁽⁴⁾		195,102	195,102	195,102
	Severance Pay ⁽⁵⁾				3,680,577
	Health Care Continuation Coverage ⁽⁶⁾				58,016
	Excise Tax Gross Up Payment ⁽⁷⁾				1,317,075
Quint O. Turner	Long-Term Disability Payments ⁽¹⁾		163,333		
	Life and Accidental Death Insurance Proceeds ⁽²⁾			620,000	
	Restricted Stock ⁽³⁾		113,278	113,278	113,278
	Performance-Based Stock Units ⁽⁴⁾		68,343	68,343	68,343
	Severance Pay ⁽⁵⁾				888,429
	Health Care Continuation Coverage ⁽⁶⁾				58,016

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		Excise Tax Gross Up Payment ⁽⁷⁾				
Robert J. Morgenfeld	Long-Term Disability Payments ⁽¹⁾	176,667				
	Life and Accidental Death Insurance Proceeds ⁽²⁾	670,000				
	Restricted Stock ⁽³⁾	128,326	128,326	128,326	128,326	
	Performance-Based Stock Units ⁽⁴⁾	77,017	77,017	77,017	77,017	
	Severance Pay ⁽⁵⁾	1,416,777				
	Health Care Continuation Coverage ⁽⁶⁾	18,562				
	Excise Tax Gross Up Payment ⁽⁷⁾					
	Dennis A. Manibusan	Long-Term Disability Payments ⁽¹⁾	168,000			
		Life and Accidental Death Insurance Proceeds ⁽²⁾	630,000			
		Restricted Stock ⁽³⁾	185,031	118,294	118,294	118,294
Performance-Based Stock Units ⁽⁴⁾		93,798	70,538	70,538	70,538	
Severance Pay ⁽⁵⁾		1,361,774				
Health Care Continuation Coverage ⁽⁶⁾		58,016				
Excise Tax Gross Up Payment ⁽⁷⁾						
Thomas W. Poynter, retired		Long-Term Disability Payments ⁽¹⁾	123,333			
		Life and Accidental Death Insurance Proceeds ⁽²⁾	470,000			
		Restricted Stock ⁽³⁾	102,828	102,828	102,828	102,828
	Performance-Based Stock Units ⁽⁴⁾	68,343	68,343	68,343	68,343	
	Severance Pay ⁽⁵⁾	978,311				
	Health Care Continuation Coverage ⁽⁶⁾	38,819				
	Excise Tax Gross Up Payment ⁽⁷⁾					

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

⁽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.

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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:

Name	Common Stock of the Company Beneficially Owned ⁽¹⁾	Percentage of Common Stock Outstanding ⁽²⁾
Directors⁽³⁾		
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	*
Named Executive Officers⁽⁴⁾		
Joseph C. Hete, President and Chief Executive Officer ⁽⁵⁾	276,350	*
Quint O. Turner, Chief Financial Officer	61,811	*
Dennis A. Manibusan, Senior Vice President,	72,304	*

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Maintenance & Engineering		
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 Article First of 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:

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

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. More importantly, however, the Company's stockholder rights 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 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th 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.abxholdings.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

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April 14, 2008
Wilmington, Ohio

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VOTE BY INTERNET

-

www.proxyvote.com

***ABX
HOLDINGS, INC.***

***ATTN: PAT
WALLACE***

***145 HUNTER
DRIVE***

***WILMINGTON,
OH 45177***

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. ET on May 12, 2008. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC
DELIVERY OF
FUTURE
STOCKHOLDER
COMMUNICATIONS**

If you would like to reduce the costs incurred by ABX Holdings, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

**VOTE BY PHONE -
1-800-690-6903**

Use any touch-tone telephone to transmit

your voting instructions up until 11:59 P.M. ET on May 12, 2008. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to ABX Holdings, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

STOCKHOLDERS ARE URGED TO FILL IN, SIGN AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE WHETHER OR NOT THEY PLAN TO ATTEND THE MEETING.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR ABXHO1 RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ABX HOLDINGS, INC.

	For All	Withhold All	For All Except	To withhold authority to vote for any individual
The Board of Directors				

**recommends
a vote FOR
all Nominees
for Director.**

nominee(s),
mark For All
Except and
write the
number(s) of
the nominee(s)
on the line
below.

**Vote On
Directors**

.. .. .

1. Election
of Directors
Nominees:
01) James H.
Carey
02) John D.
Geary

**Vote On
Proposals**

For Against Abstain

**The Board recommends a vote
FOR Proposal 2.**

2. Company 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.

.. .. .

**The Board recommends a vote
FOR Proposal 3.**

3. Ratification of the appointment of
Deloitte & Touche LLP as the Company's
independent registered public accounting firm
for 2008.

.. .. .

**The Board recommends a vote
AGAINST Proposal 4.**

4. Stockholder proposal 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.

.. .. .

For address changes and/or comments, please check this
box and write them on the back
where indicated.

..

Please
indicate if you
plan to attend
this meeting.

.. .. .

Yes No

If acting as an attorney, executor,
trustee or in another
representative capacity, please
sign name and indicate title.

Signature [PLEASE SIGN WITHIN BOX]

Signature
(Joint
Owners) Date

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ABX HOLDINGS, INC.

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

**THIS PROXY IS SOLICITED ON
BEHALF OF THE BOARD OF
DIRECTORS**

**ANNUAL MEETING OF
STOCKHOLDERS**

MAY 13, 2008

The stockholder(s) hereby appoint(s) James H. Carey and Jeffrey J. Vorholt, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this proxy, all of the shares of common stock of ABX Holdings, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 11:00 a.m., local time, on May 13, 2008, at the Roberts Convention Centre, 188 Roberts Road, Wilmington, Ohio, and any adjournment or postponement thereof.

**THIS PROXY, WHEN PROPERLY
EXECUTED, WILL BE VOTED AS
D I R E C T E D B Y T H E
STOCKHOLDER(S). IF NO SUCH
DIRECTIONS ARE MADE, THIS
PROXY WILL BE VOTED FOR THE**

ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND PROPOSAL 2 AND 3 AND AGAINST PROPOSAL 4.

Address

Changes/Comments: _____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE CONTINUED AND TO BE SIGNED ON REVERSE SIDE