

**CHARTER OF THE
AUDIT COMMITTEE
of the
BOARD OF DIRECTORS
of
ABX AIR, INC.**

I. Audit Committee Purpose

- 1.1 Purpose. The purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of ABX Air, Inc. (the “Company”) in overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company and to prepare the annual report of the Audit Committee required by applicable Securities and Exchange Commission (“SEC”) disclosure rules. Among the matters the Committee will oversee are (a) implementation of processes and policies to ensure (1) the quality and integrity of the Company’s financial statements and (2) the Company’s compliance with legal and regulatory requirements, (b) review and confirmation of the independent auditors’ qualifications and independence, and (c) the performance of Company’s internal audit function and independent auditors.
- 1.2 Limitation on Duties. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles (“GAAP”) and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

II. Audit Committee Composition and Meetings

- 2.1 Membership. The Committee will consist of three or more directors of the Company’s Board. All members of the Committee must be directors who meet the knowledge and independence requirements of applicable law and the rules of the NASDAQ Stock Exchange that are in effect from time to time.
- 2.2 Appointment. The members of the Committee will be appointed by and serve at the discretion of the Board, following the recommendations of the Company’s Nominating and Governance Committee. The Chairperson of the Committee will be appointed by the Board.
- 2.3 Financial Expert. The Board shall ensure that at least one of the members of the Committee qualifies as an “audit committee financial expert” as such term is defined in the Instructions to Item 401 of Regulation S-K of the Securities and Exchange Commission. The Company will disclose in the periodic reports required by Section 13(a) of the Securities Exchange Act of 1934 (the “1934 Act”) whether or not it has at least one member who is an audit committee financial expert and the identity or identities of such expert or experts.
- 2.4 Executive Sessions. The Committee shall meet with each of the independent auditors, internal auditors (or other personnel responsible for the Company’s internal audit function) and management in separate executive sessions regularly (with such frequency as the Committee determines is appropriate) to discuss any matters that the Committee or these groups believe should be discussed privately.

- 2.5 Other Meetings. The Committee shall meet at least quarterly. Other meetings of the Committee will be with such frequency, and at such times, as its Chairperson, or a majority of the Committee, determines. Special meetings of the Committee may be called by the Chairperson or promptly upon the request of any two Committee members. The agenda of each meeting will be prepared by the Chairperson and circulated, if practicable, to each member prior to the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the Company's Amended and Restated Bylaws and its Corporate Governance Guidelines applicable to meetings of Board committees will govern meetings of the Committee.
- 2.6 Minutes. Minutes of each meeting will be kept.
- 2.7 Subcommittees. The Committee has the power to appoint and delegate matters to subcommittees, but no subcommittee will have any final decision-making authority on behalf of the Board or the Committee.

III. Audit Committee Responsibilities and Duties

The Board delegates to the Committee the express responsibility and authority to do the following:

Independent Auditors

- (a) Selection. Be solely and directly responsible for the appointment, compensation, retention, evaluation, and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and, where appropriate, the termination and replacement of such firm. Such independent auditors shall report directly to and be ultimately accountable to the Committee.
- (b) Fees. Pre-approve all audit engagement fees and terms and review all payments made to all audit firms, regardless of nature.
- (c) Rotation of Independent Auditor. Consider whether there should be regular rotation of different public accounting firms serving as the independent auditors of the Company.
- (d) Audit Team. Review the experience and qualifications of the senior members of the independent auditors' team.
- (e) Scope of Audit. Review, evaluate and approve the annual engagement proposal of the independent auditors (including the proposed scope and approach of the annual audit).
- (f) Lead Audit Partner Review, Evaluation and Rotation. Review and evaluate the lead partner of the independent auditors. Ensure that the lead audit partner having primary responsibility for the audit and the reviewing audit partner of the independent auditors are rotated at least every five years and that other audit partners (as defined by the SEC) are rotated at least every seven years.
- (g) Pre-Approval of Audit and Non-Audit Services. Pre-approve all auditing services and all non-audit services other than with respect to *de minimis* exceptions permitted by law or regulation to be performed by the independent auditors. Such pre-approval may be given as part of the Committee's approval

of the scope of the engagement of the independent auditors or on an individual basis. The pre-approval of non-audit services can be delegated by the Committee to one or more of its members, but the decision must be presented to the full Committee at the next regularly scheduled Committee meeting.

- (h) Statement from Independent Auditors. At least annually, obtain and review a report from the independent auditors describing:
 - (i) the independent auditors' internal quality-control procedures;
 - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and
 - (iii) all relationships between the independent auditors and the Company (to assess the independent auditors' independence).
- (i) Review Problems. Review with the independent auditors any audit problems or difficulties the independent auditors may have encountered in the course of its audit work, and management's responses, including: (i) any restrictions on the scope of activities or access to requested information and (ii) any significant disagreements with management.
- (j) Material Communications. Discuss with the independent auditors any material communications between the audit team and the independent auditors' national office regarding auditing or accounting issues presented during the independent auditors' engagement.
- (k) Accounting Adjustments. Discuss with the independent auditors any accounting adjustments that were noted or proposed by the independent auditors but were not made by management.

Financial Reporting

- (a) Annual Financials. Review and discuss with management and the independent auditors the Company's annual audited financial statements (including the Company's disclosures under "Management's Discussion and Analysis of Financial Results of Operations"), any unusual or non-recurring items, the nature and substance of significant reserves, the adequacy of internal controls and other matters that the Committee deems material, prior to the public release of such information. Obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the 1934 Act. Recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.
- (b) Quarterly Financials. Review and discuss with management and the independent auditors the Company's quarterly financial statements (including the Company's disclosures under "Management's Discussion and Analysis of Financial Results of Operations"), the results of the independent auditors' non-audit review of the quarterly financial statements, and other matters that the Committee deems material, prior to the public release of such information. This review and discussion may be delegated by the Committee to one or more of its

members, but all results should be presented to the full Committee at the next meeting.

- (c) Accounting Principles. Review with management and the independent auditors material accounting principles applied in financial reporting, including any material changes from principles followed in prior years and any items required to be communicated by the independent auditors in accordance with AICPA Statement of Auditing Standards (“SAS”) 61.
- (d) Judgments. Review a description of any transaction as to which management obtained a SAS 50 letter.
- (e) Press Releases. Discuss earnings press releases with management (including the type and presentation of information to be included in earnings press releases), as well as financial information and earnings guidance provided to analysts and rating agencies. This function may be delegated by the Committee to one or more of its members.

Internal Audit and Risk Management

- (a) Internal Audit. Review the budget, qualifications, activities, effectiveness and organizational structure of the internal audit function and the performance, appointment and replacement of the lead internal auditor, and review summaries of material internal audit reports and management’s responses.
- (b) Risk Assessment and Risk Management. Discuss policies with respect to risk assessment and risk management periodically with management, internal auditors, and the independent auditors, and the Company’s plans or processes to monitor, control and minimize such risks and exposures.

Financial Reporting Processes; CEO and CFO Certifications

- (a) Internal and External Controls. In consultation with the independent auditors, internal auditors and the Company’s financial and accounting personnel, review the integrity, adequacy and effectiveness of the Company’s accounting and financial controls, both internal and external, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
- (b) Internal Controls Discussion. Review major issues regarding the Company’s accounting principles and financial statement presentations including any significant change in the Company’s selection or application of accounting principles, and review major issues as to the adequacy of the Company’s internal controls and any special audit steps adopted in light of material control deficiencies.
- (c) Reporting Systems. Ensure regular and separate systems of reporting to the Committee by each of (i) management, (ii) the independent auditors and (iii) the internal auditors regarding any significant judgments made in management’s preparation of the financial statements and the view of each as to appropriateness of such judgments.
- (d) Reports from Independent Auditors. Obtain and review timely reports from the independent auditors regarding:

- (i) all critical accounting policies and practices used or to be used by the Company;
 - (ii) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and
 - (iii) all other material written communications between the independent auditors and management, including any management letter or schedule of unadjusted differences.
- (e) CEO and CFO Certifications. Discuss with the Chief Executive Officer and the Chief Financial Officer (i) the processes involved in and any material changes or disclosures required as a result of the 10-K and 10-Q certification process and (ii) any deficiencies in design or operation of internal controls or any fraud involving management or employees with a significant role in the Company's internal controls.

Legal and Regulatory Compliance

- (a) SEC Report. Prepare the Committee's annual report included in the Company's proxy statement as required by the proxy rules under the 1934 Act.
- (b) Reports from Others. Obtain such reports from management, auditors, the general counsel, tax advisors or any regulatory agency as the Committee deems necessary regarding regulatory compliance, transactions with affiliates, and other legal matters that may have a material effect on the Company's financial statements. Consider whether the reported matters were properly taken into consideration in the preparation of the financial statements.
- (c) Code of Ethics; Waivers. Approve and monitor the Company's compliance with the Code of Ethics required by applicable law or exchange listing standards and covering the conduct and ethical behavior of senior financial officers, and approve in advance any amendments to the Code of Ethics or waivers of the Code of Ethics for actions taken by the Company's senior financial officers.
- (d) Code of Conduct; Waivers. Approve and monitor the Company's compliance with the Code of Conduct required by applicable law or exchange listing standards and covering the conduct and ethical behavior of directors and employees, and approve in advance any amendments to the Code of Conduct or waivers of the Code of Conduct for actions taken by the Company's executive officers or directors.
- (e) Complaints. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- (f) Conflicts of Interest. Review and approve all related party transactions, as such term is defined pursuant to Item 404 of Regulation S-K of the Securities and Exchange Commission.

IV. *Advisors and Counsel; Reliance; Investigations; Cooperation*

- 4.1 Retention of Advisors and Counsel. The Committee has the power, in its sole discretion, to obtain advice and assistance from, and to retain at the Company's expense, such independent or outside legal counsel, accounting or other advisors and experts as it determines necessary or appropriate to carry out its duties, and in connection therewith to receive appropriate funding, as determined by the Committee, from the Company.
- 4.2 Determine Administrative Expenses. Determine the level and cost of separate administrative support necessary or appropriate in carrying out the Committee's duties, with such costs to be borne by the Company.
- 4.3 Reliance Permitted. The Committee may act in reliance on management, the Committee's independent auditors, internal auditors, and other advisors and experts, as the Committee deems necessary or appropriate.
- 4.4 Investigations. The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.
- 4.5 Required Participation of Employees. The Committee shall have access to the Company's employees, the independent auditors, the internal auditors, internal and outside counsel, and may require, in accordance with any protocol established by the Board, any employee of the Company or representative of the Company's outside counsel or independent auditors to attend meetings of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors or experts.

V. *Miscellaneous*

- 5.1 Rules and Procedures. Except as expressly set forth in this Charter or the Company's Bylaws, or as otherwise provided by law, the Committee shall establish its own rules and procedures.
- 5.2 Review and Publication of Charter. Review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval. Publish the Charter as required by the rules and regulations of applicable law and as otherwise deemed advisable by the Committee.

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