

Air Transport Services Group, Inc.  
Form SC 13D/A  
December 03, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**SCHEDULE 13D/A**

**Under the Securities Exchange Act of 1934**  
**(Amendment No. 3)\***

**AIR TRANSPORT SERVICES GROUP, INC.**

(Name of Issuer)

**Common Stock, par value \$0.01 per share**

(Title of Class of Securities)

**00922R105**

(CUSIP Number)

**Red Mountain Capital Partners LLC**

**Attn: Willem Mesdag**

**10100 Santa Monica Boulevard, Suite 925**

Edgar Filing: Air Transport Services Group, Inc. - Form SC 13D/A

Los Angeles, California 90067

Telephone (310) 432-0200

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

November 25, 2008

**(Date of Event which Requires Filing of this Statement)**

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box. "

**Note.** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

**1 NAME OF REPORTING PERSONS**

**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Partners LLC 73-1726370

**2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

(a)  x

(b)  ..

**3 SEC USE ONLY**

**4 SOURCE OF FUNDS\***

AF (See Item 3)

**5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)** ..

**6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**7 SOLE VOTING POWER**

**NUMBER OF**

**SHARES**

5,116,726 shares (See Item 5)

**8 SHARED VOTING POWER**

**BENEFICIALLY**

**OWNED BY**

None (See Item 5)

**EACH**

**9 SOLE DISPOSITIVE POWER**

**REPORTING**

**PERSON**

5,116,726 shares (See Item 5)

**10 SHARED DISPOSITIVE POWER**

**WITH**

None (See Item 5)

**11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

5,116,726 shares (See Item 5)

**12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\***

**13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

8.1% (See Item 5)

**14 TYPE OF REPORTING PERSON\***

OO Limited Liability Company

\* See Instructions

**1 NAME OF REPORTING PERSONS**

**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Partners II, L.P. 20-4117535

**2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

(a)  x

(b)  ..

**3 SEC USE ONLY**

**4 SOURCE OF FUNDS\***

WC (See Item 3)

**5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)** ..

**6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**7 SOLE VOTING POWER**

**NUMBER OF**

**SHARES**

3,152,868 shares (See Item 5)

**8 SHARED VOTING POWER**

**BENEFICIALLY**

**OWNED BY**

None (See Item 5)

**EACH**

**9 SOLE DISPOSITIVE POWER**

**REPORTING**

**PERSON**

3,152,868 shares (See Item 5)

**10 SHARED DISPOSITIVE POWER**

**WITH**

None (See Item 5)

**11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

3,152,868 shares (See Item 5)

**12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\***

**13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

5.0% (See Item 5)

**14 TYPE OF REPORTING PERSON\***

PN Limited Partnership

\* See Instructions

**1 NAME OF REPORTING PERSONS**

**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Partners III, L.P. 20-5329858

**2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

(a)  x

(b)  ..

**3 SEC USE ONLY**

**4 SOURCE OF FUNDS\***

WC, OO (See Item 3)

**5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)** ..

**6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**7 SOLE VOTING POWER**

**NUMBER OF**

**SHARES**

1,963,858 shares (See Item 5)

**8 SHARED VOTING POWER**

**BENEFICIALLY**

**OWNED BY**

None (See Item 5)

**EACH**

**9 SOLE DISPOSITIVE POWER**

**REPORTING**

**PERSON**

1,963,858 shares (See Item 5)

**10 SHARED DISPOSITIVE POWER**

**WITH**

None (See Item 5)

**11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

1,963,858 shares (See Item 5)

**12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\***

**13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

3.1% (See Item 5)

**14 TYPE OF REPORTING PERSON\***

PN Limited Partnership

\* See Instructions



**1 NAME OF REPORTING PERSONS**

**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

RMCP GP LLC 20-4442412

**2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

(a)  x

(b)  ..

**3 SEC USE ONLY**

**4 SOURCE OF FUNDS\*** AF (See Item 3)

**5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)** ..

**6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**7 SOLE VOTING POWER**

**NUMBER OF**

**SHARES**

5,116,726 shares (See Item 5)

**8 SHARED VOTING POWER**

**BENEFICIALLY**

**OWNED BY**

None (See Item 5)

**EACH**

**9 SOLE DISPOSITIVE POWER**

**REPORTING**

**PERSON**

5,116,726 shares (See Item 5)

**10 SHARED DISPOSITIVE POWER**

**WITH**

None (See Item 5)

**11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

5,116,726 shares (See Item 5)

**12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\***

**13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

8.1% (See Item 5)

**14 TYPE OF REPORTING PERSON\***

OO Limited Liability Company

\* See Instructions

**1 NAME OF REPORTING PERSONS**

**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Red Mountain Capital Management, Inc. 13-4057186

**2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

(a)

(b)

**3 SEC USE ONLY**

**4 SOURCE OF FUNDS\***

AF (See Item 3)

**5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)**

**6 CITIZENSHIP OR PLACE OF ORGANIZATION**

Delaware

**7 SOLE VOTING POWER**

**NUMBER OF**

**SHARES**

5,116,726 shares (See Item 5)

**8 SHARED VOTING POWER**

**BENEFICIALLY**

**OWNED BY**

None (See Item 5)

**EACH**

**9 SOLE DISPOSITIVE POWER**

**REPORTING**

**PERSON**

5,116,726 shares (See Item 5)

**10 SHARED DISPOSITIVE POWER**

**WITH**

None (See Item 5)

**11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

5,116,726 shares (See Item 5)

**12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\***

**13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

8.1% (See Item 5)

**14 TYPE OF REPORTING PERSON\***

CO Corporation

\* See Instructions

**1 NAME OF REPORTING PERSONS**

**I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)**

Willem Mesdag

**2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\***

(a)

(b)

**3 SEC USE ONLY**

**4 SOURCE OF FUNDS\***

AF (See Item 3)

**5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)**

**6 CITIZENSHIP OR PLACE OF ORGANIZATION**

U.S. Citizen

**7 SOLE VOTING POWER**

**NUMBER OF**

**SHARES**

5,116,726 shares (See Item 5)

**8 SHARED VOTING POWER**

**BENEFICIALLY**

**OWNED BY**

None (See Item 5)

**EACH**

**9 SOLE DISPOSITIVE POWER**

**REPORTING**

**PERSON**

5,116,726 shares (See Item 5)

**10 SHARED DISPOSITIVE POWER**

**WITH**

None (See Item 5)

**11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

5,116,726 shares (See Item 5)

**12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\***

**13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

8.1% (See Item 5)

**14 TYPE OF REPORTING PERSON\***

IN Individual

\* See Instructions

CUSIP No. 00922R105

SCHEDULE 13D/A

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This Amendment No. 3 amends and supplements the Schedule 13D filed with the Securities and Exchange Commission (the "SEC") on November 20, 2006, as amended by Amendment No. 1 thereto, filed with the SEC on September 24, 2007, and Amendment No. 2 thereto, filed with the SEC on February 7, 2008 (together, this "Schedule 13D"), by (i) Red Mountain Capital Partners LLC, a Delaware limited liability company ("RMCP LLC"), (ii) Red Mountain Capital Partners II, L.P., a Delaware limited partnership ("RMCP II"), (iii) Red Mountain Capital Partners III, L.P., a Delaware limited partnership ("RMCP III"), (iv) RMCP GP LLC, a Delaware limited liability company ("RMCP GP"), (v) Red Mountain Capital Management, Inc., a Delaware corporation ("RMCM"), and (vi) Willem Mesdag, a natural person and citizen of the United States of America, with respect to the common stock, par value \$0.01 per share (the "Common Stock"), of Air Transport Services Group, Inc., a Delaware corporation ("ATSG"), formerly known as ABX Holdings, Inc. and ABX Air, Inc. RMCP LLC, RMCP II, RMCP III and RMCP GP are sometimes collectively referred to herein as "Red Mountain." Red Mountain, RMCM and Mr. Mesdag are sometimes collectively referred to herein as the "Reporting Persons." The filing of any amendment to this Schedule 13D (including the filing of this Amendment No. 3) shall not be construed to be an admission by the Reporting Persons that a material change has occurred in the facts set forth in this Schedule 13D or that such amendment is required under Rule 13d-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

**ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.**

Item 3 of this Schedule 13D is hereby amended to include the following information:

On November 19, 2008, RMCP II purchased 50,000 shares of Common Stock on the open market at an average price of \$0.1758 per share. The source of the funds used by RMCP II to purchase such shares was working capital of RMCP II.

On November 24, 2008, RMCP III purchased 61,500 shares of Common Stock on the open market at an average price of \$0.1621 per share. The source of the funds used by RMCP III to purchase such shares was working capital of RMCP III.

On November 25, 2008, RMCP III purchased 150,000 shares of Common Stock on the open market at an average price of \$0.1807 per share. The source of the funds used by RMCP III to purchase such shares was working capital of RMCP III.

On November 26, 2008, RMCP III purchased 43,660 shares of Common Stock on the open market at an average price of \$0.2246 per share. The source of the funds used by RMCP III to purchase such shares was working capital of RMCP III.

On November 28, 2008, RMCP III purchased 16,794 shares of Common Stock on the open market at an average price of \$0.3046 per share. The source of the funds used by RMCP III to purchase such shares was working capital of RMCP III.

On December 1, 2008, RMCP III purchased 25,200 shares of Common Stock on the open market at an average price of \$0.2765 per share. The source of the funds used by RMCP III to purchase such shares was working capital of RMCP III.

On December 2, 2008, RMCP III purchased 14,220 shares of Common Stock on the open market at an average price of \$0.2952 per share. The source of the funds used by RMCP III to purchase such shares was working capital of RMCP III.

**ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.**

Items 5(a) and 5(b) of this Schedule 13D are hereby amended and restated as follows:

(a)-(b) RMCP II beneficially owns, in the aggregate, 3,152,868 shares of Common Stock, which represent approximately 5.0% of the outstanding Common Stock. <sup>(1)</sup> RMCP II has the sole power to vote or direct the vote, and the sole power to dispose or direct the disposition, of all such 3,152,868 shares of Common Stock.

RMCP III beneficially owns, in the aggregate, 1,963,858 shares of Common Stock, which represent approximately 3.1% of the outstanding Common Stock. RMCP III has the sole power to vote or direct the vote, and the sole power to dispose or direct the disposition, of all such 1,963,858 shares of Common Stock.

The shares of Common Stock beneficially owned by RMCP II and RMCP III, when aggregated together, total 5,116,726 shares, which represent approximately 8.1% of the outstanding Common Stock.

Because each of RMCP GP, RMCP LLC, RMCM and Mr. Mesdag may be deemed to control RMCP II and RMCP III, each of RMCP GP, RMCP LLC, RMCM and Mr. Mesdag may be deemed to beneficially own, and to have the power to vote or direct the vote, or dispose or direct the disposition of, all of the Common Stock beneficially owned by RMCP II and RMCP III.

Other than shares of Common Stock beneficially owned by RMCP II or RMCP III, none of the Reporting Persons or J. Christopher Teets may be deemed to beneficially own any shares of Common Stock.

Each of RMCP LLC, RMCP II, RMCP III and RMCP GP affirms membership in a group with each other but disclaims membership in a group with RMCM or Mr. Mesdag. Each of RMCM and Mr. Mesdag disclaims membership in a group with any person.

The filing of this Schedule 13D shall not be construed as an admission that any Reporting Person is the beneficial owner of any of the shares of Common Stock that such Reporting Person may be deemed to beneficially own. Without limiting the foregoing sentence, each of RMCM and Mr. Mesdag disclaims beneficial ownership of all shares of Common Stock reported in this Schedule 13D. In addition, the filing of this Schedule 13D shall not be construed as an admission that any partner, member, director, officer or affiliate of any Reporting Person is the beneficial owner of any of the shares of Common Stock that such partner, member, director, officer or affiliate may be deemed to beneficially own. Without limiting the foregoing sentence, Mr. Teets disclaims beneficial ownership of all shares of Common Stock reported in this Schedule 13D.

Item 5(c) of this Schedule 13D is hereby amended to add the following information:

(c) The information set forth above in Item 3 is hereby incorporated by reference in response to this Item 5(c).

<sup>(1)</sup> All calculations of percentage ownership in this Schedule 13D are based on approximately 63,325,780 shares of Common Stock estimated to be issued and outstanding as of November 13, 2008, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended September 30, 2008, which was filed by ATSG with the SEC on November 14, 2008.



After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: December 3, 2008

**RED MOUNTAIN CAPITAL PARTNERS LLC**

/s/ Willem Mesdag  
By: Willem Mesdag  
Title: Authorized Signatory

**RED MOUNTAIN CAPITAL PARTNERS II, L.P.**

By: RMCP GP LLC, its general partner

/s/ Willem Mesdag  
By: Willem Mesdag  
Title: Authorized Signatory

**RED MOUNTAIN CAPITAL PARTNERS III, L.P.**

**By:** RMCP GP LLC, its general partner

/s/ Willem Mesdag  
By: Willem Mesdag  
Title: Authorized Signatory

**RMCP GP LLC**

/s/ Willem Mesdag  
By: Willem Mesdag  
Title: Authorized Signatory

**RED MOUNTAIN CAPITAL MANAGEMENT, INC.**

/s/ Willem Mesdag  
By: Willem Mesdag  
Title: President

**WILLEM MESDAG**

/s/ Willem Mesdag

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
1	Joint Filing Agreement, dated as of November 20, 2006, by and among the Reporting Persons (incorporated by reference to Exhibit 1 to the Schedule 13D filed by the Reporting Persons with the SEC on November 20, 2006).
2	Letter, dated as of September 24, 2007, by Red Mountain to the board of directors of ABX Air, Inc. (incorporated by reference to Exhibit 2 to the Amendment No. 1 to this Schedule 13D filed by the Reporting Persons with the SEC on September 24, 2007).
3	Confidentiality and Standstill Agreement, dated as of February 6, 2008, by and among ABX Holdings, Inc. and RMCP LLC (incorporated by reference to Exhibit 3 to the Amendment No. 2 to this Schedule 13D filed by the Reporting Persons with the SEC on February 7, 2008).