

Air Transport Services Group, Inc.
Form SC 13D/A
June 18, 2012

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

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934

(Amendment No. 9)*

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

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

Attn: Willem Mesdag

10100 Santa Monica Boulevard, Suite 925

Los Angeles, California 90067

Telephone (310) 432-0200

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

June 15, 2012

(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)**

2 Red Mountain Capital Partners LLC 73-1726370
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ☒ (b) ☐

3 SEC USE ONLY**4 SOURCE OF FUNDS***

5 AF (See Item 3)
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ☐

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY 9,552,730 shares (See Item 5)

OWNED BY 8 SHARED VOTING POWER

EACH

REPORTING None (See Item 5)
9 SOLE DISPOSITIVE POWER

PERSON

WITH

9,552,730 shares (See Item 5)
10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,552,730 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)

14.9% (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)**

2 Red Mountain Capital Partners II, L.P. 20-4117535
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ☒ (b) ☐

3 SEC USE ONLY**4 SOURCE OF FUNDS***

5 WC (See Item 3)
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ☐

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY 6,376,582 shares (See Item 5)

OWNED BY 8 SHARED VOTING POWER

EACH

REPORTING None (See Item 5)
9 SOLE DISPOSITIVE POWER

PERSON

WITH

6,376,582 shares (See Item 5)
10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,376,582 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)

9.9% (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)**

2 Red Mountain Capital Partners III, L.P. 20-5329858
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ☒ (b) ☐

3 SEC USE ONLY**4 SOURCE OF FUNDS***

5 WC, OO (See Item 3)
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ☐

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY 3,176,148 shares (See Item 5)

OWNED BY 8 SHARED VOTING POWER

EACH

REPORTING None (See Item 5)
9 SOLE DISPOSITIVE POWER

PERSON

WITH

3,176,148 shares (See Item 5)
10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,176,148 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)

4.9% (See Item 5)

14. TYPE OF REPORTING PERSON*

PN Limited Partnership

* See Instructions

CUSIP No. 00922R105

SCHEDULE 13D/A

PAGE 5 OF 13 PAGES

1 NAME OF REPORTING PERSONS

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

2 RMCP GP LLC 20-4442412
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ☒ (b) ☐

3 SEC USE ONLY

4 SOURCE OF FUNDS*

5 AF (See Item 3)
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ☐

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware
NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY 9,552,730 shares (See Item 5)
OWNED BY 8 SHARED VOTING POWER

EACH

REPORTING None (See Item 5)
PERSON 9 SOLE DISPOSITIVE POWER

WITH

9,552,730 shares (See Item 5)
10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,552,730 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)

14.9% (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)**

2 Red Mountain Capital Management, Inc. 13-4057186
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ☐ (b) ☒

3 SEC USE ONLY**4 SOURCE OF FUNDS***

5 AF (See Item 3)
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ☐

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY 9,552,730 shares (See Item 5)

OWNED BY 8 SHARED VOTING POWER

EACH

REPORTING None (See Item 5)
9 SOLE DISPOSITIVE POWER

PERSON

WITH

9,552,730 shares (See Item 5)
10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,552,730 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)

14.9% (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

NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY 9,552,730 shares (See Item 5)

OWNED BY 8 SHARED VOTING POWER

EACH

REPORTING None (See Item 5)

9 SOLE DISPOSITIVE POWER

PERSON

WITH

9,552,730 shares (See Item 5)

10 SHARED DISPOSITIVE POWER

None (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,552,730 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)

14.9% (See Item 5)

14. TYPE OF REPORTING PERSON*

IN Individual

* See Instructions

This Amendment No. 9 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, Amendment No. 2 thereto, filed with the SEC on February 7, 2008, Amendment No. 3 thereto, filed with the SEC on December 3, 2008, Amendment No. 4 thereto, filed with the SEC on January 6, 2009, Amendment No. 5 thereto, filed with the SEC on February 3, 2009, Amendment No. 6 thereto, filed with the SEC on May 26, 2009, Amendment No. 7 thereto, filed with the SEC on June 1, 2009, and Amendment No. 8 thereto, filed with the SEC on August 29, 2011 (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. 9) 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.

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, 6,376,582 shares of Common Stock, which represent approximately 9.9% of the outstanding Common Stock. ⁽¹⁾ 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 6,376,582 shares of Common Stock.

RMCP III beneficially owns, in the aggregate, 3,176,148 shares of Common Stock, which represent approximately 4.9% 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 3,176,148 shares of Common Stock.

The shares of Common Stock beneficially owned by RMCP II and RMCP III, when aggregated together, total 9,552,730 shares, which represent approximately 14.9% 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.

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.

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

- ⁽¹⁾ All calculations of percentage ownership in this Schedule 13D are based on approximately 64,266,489 shares of Common Stock estimated to be issued and outstanding as of May 10, 2012, as reported in the Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2012, which was filed by ATSG with the SEC on May 10, 2012.

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 RMC 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, each of Mr. Teets and Mr. Genender disclaims beneficial ownership of all shares of Common Stock reported in this Schedule 13D.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 of this Schedule 13D is hereby amended to include the following information:

As previously disclosed, RMCP LLC and ATSG entered into a confidentiality and standstill agreement (the Confidentiality and Standstill Agreement), dated February 2, 2009. The Confidentiality and Standstill Agreement provides in pertinent part that, for the period commencing on February 2, 2009 and ending on the later to occur of December 31, 2009, or the date upon which no persons affiliated with RMCP LLC are serving on the board of directors of ATSG (the Board of Directors), neither RMCP LLC nor its affiliates nor any other person affiliated with RMCP LLC shall, without the prior written consent of ATSG or the Board of Directors, directly or indirectly acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, (i) any additional common stock or direct or indirect rights to acquire any common stock of ATSG or any subsidiary thereof, or of any successor to or person in control of ATSG such that RMCP LLC, its affiliates and any other person affiliated with RMCP LLC, collectively, beneficially own, directly or indirectly, for purposes of Section 13(d) of the Act, and Rule 13d-3 thereunder (or any comparable or successor law or regulation) in excess of 14.9% of the amount of the issued and outstanding common stock of ATSG, or (ii) any assets of ATSG or any subsidiary or division thereof or of any such successor or controlling person.

On June 15, 2012, the Confidentiality and Standstill Agreement was amended pursuant to a First Amendment to Confidentiality and Standstill Agreement (the Amendment), dated as of June 11, 2012. The Amendment increased the percentage limitation discussed in the preceding paragraph from 14.9% to 17.49%. The Amendment further provides that, for so long as the standstill provisions in the Confidentiality and Standstill Agreement are in effect, RMCP LLC will vote any shares of ATSG that it owns in excess of 14.9% in accordance with the Board of Directors' publicly stated recommendations for voting on such matters, unless otherwise previously agreed to in writing by ATSG or the Board of Directors.

The foregoing descriptions of the Confidentiality and Standstill Agreement and Amendment are qualified in their entirety by reference to the full text of the Confidentiality and Standstill Agreement and Amendment, which are filed as Exhibit 4 and Exhibit 5 hereto, respectively, and are hereby incorporated by reference herein.

ITEM 7. MATERIALS TO BE FILED AS EXHIBITS.

Item 7 of this Schedule 13D is hereby amended to add the following information:

Exhibit No.	Description of Exhibit
5	First Amendment to Confidentiality and Standstill Agreement, dated as of June 11, 2012, by and between Air Transport Services Group, Inc. and Red Mountain Capital Partners LLC (incorporated by reference to Exhibit 10.1 of the Form 8-K filed by ATSG with the SEC on June 18, 2012).

SIGNATURE

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: June 18, 2012

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

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
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, from Red Mountain Capital Partners LLC 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 between ABX Holdings, Inc. and Red Mountain Capital Partners 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).
4	Confidentiality and Standstill Agreement, dated as of February 2, 2009, by and between Air Transport Services Group, Inc. and Red Mountain Capital Partners LLC (incorporated by reference to Exhibit 4 to the Amendment No. 5 to this Schedule 13D filed by the Reporting Persons with the SEC on February 3, 2009).
5	First Amendment to Confidentiality and Standstill Agreement, dated as of June 11, 2012, by and between Air Transport Services Group, Inc. and Red Mountain Capital Partners LLC (incorporated by reference to Exhibit 10.1 of the Form 8-K filed by ATSG with the SEC on June 18, 2012).