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ABX Holdings Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) and your first question comes from the line of Charles Jack of Wall Street Access. Please proceed.

Charles Jack – Wall Street Access

Hete, looking at the expenses that hit the third party business this quarter, I understand we are past the expenses related to the Japanese domicile, but with the higher maintenance cost and the flight crew issues, can you breakout what the expense impact was this quarter? And then were these onetime issues or you think these have become, the maintenance and the further flight crew issues, are going to linger throughout the year?

John Graber

Charles, good morning. This is John Graber, I am the President of ABX Air. The increased pilot costs are in the neighborhood of a penny a share and they are the result of a disagreement we are having with the union as Joe mentioned. And we don't know how long those cost will continue, though we are taking steps to moderate those costs and drive them down as fast as possible and I think we're going to see some success in that almost immediately. The maintenance cost will tail off rapidly. Those are costs associated with personnel in Japan required by the Japanese Civil Aeronautics Board. We are going to work through those arrangements to either get part of the costs covered by customer, because of the ability to remove some of those people. But the largest part of those cost come from C-checks schedule maintenance and those are timing issue more than anything else.

Charles Jack – Wall Street Access

Are those things that have, it seems like we've had them for a couple of quarters; are those kind of things we're going to see throughout the year or is that something we may have more in the first quarter and then tales of throughout the year?

John Graber

Which things you talking about Charles, C-checks?

Charles Jack – Wall Street Access

Yes.

John Graber

The C-checks basically on our current maintenance program, I think on the 767 is about every 20 months. Once an aircraft comes out of modification, 20 months hence it will have to go through a heavy check. As it was, I think we incurred two in the first quarter; the average on a go forward basis with the number of aircraft within service will be between 1 and 1.5 on average. So you will see a reduction going forward.

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