ATLAS AIR WORLDWIDE HOLDINGS INC
Form DEF 14A
April 19, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule l4a-l2

ATLAS AIR WORLDWIDE HOLDINGS, INC.
(Name of Registrant As Specified In Its Charter)

N/A
(Name of Person(s) Filing Proxy statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

LETTER TO OUR SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Dear Shareholders,

We are pleased to invite you to attend the Annual Meeting of Shareholders on Wednesday, May 23, 2018. Our meeting will be held at 9:00 a.m., local time, at the Belmond Charleston Place Hotel, located at 205 Meeting Street, Charleston, South Carolina 29401.

As your Board, we welcome this opportunity to communicate with you. In stewarding your Company, we seek to achieve long-term, sustainable performance and create value through the right business strategies, prudent risk management, effective corporate governance practices, environmental and social initiatives, effective executive compensation programs, and well-functioning talent and succession planning. We would like to highlight a few areas of particular significance for the Board this past year:

A Year of Exciting Growth

2017 was a year of exciting growth for Atlas Air Worldwide. We delivered record volumes, record revenue, and robust earnings growth, and we expect that to continue in 2018. Our performance in 2017 and our outlook for higher volumes, revenue and earnings in 2018 reflect the strategic initiatives that we have put in place over many years initiatives that have transformed our company, broadened our customer base, and diversified our fleet.

We are capitalizing on our strong market position and our focus on express, e-commerce and fast-growing global markets. We are operating in a strong airfreight environment, underpinned by global economic growth. And with the building blocks we have in place, we see opportunities to grow with existing customers and new ones.

Our vision is to be our customers most trusted partner. And we are committed to driving value for our shareholders.

2017 Financial and Operating Performance

Our financial and operating performance in 2017 reflected the leadership and strength of our ACMI and Charter businesses, the growth of our annuity-like Dry Leasing operations, and ongoing efficiency and productivity initiatives.

Volumes increased 20% to 252,802 block hours in 2017, with revenue growing 17% to $2.16 billion and total direct contribution by our business segments increasing 15% to $422.6 million.

On a reported basis, income from continuing operations, net of taxes, increased more than five-fold to $224.3 million, or $8.68 per diluted share, primarily due to a $130.0 million benefit related to the revaluation of our deferred tax liabilities as a result of the U.S. Tax Cuts and Jobs Act.

On an adjusted basis, income from continuing operations, net of taxes*, grew 17% to $133.7 million, or $4.93 per diluted share in 2017, with EBITDA, as adjusted*, rising 12% to $428.6 million.

*

Adjusted income from continuing operations, net of taxes, Adjusted net income, Adjusted Diluted EPS, and EBITDA, as adjusted, are non-GAAP measures. A reconciliation to the most directly comparable GAAP measures is contained in Exhibit A attached hereto.

In addition to our focus on express, e-commerce and growing global markets, both reported and adjusted results in 2017 benefited from our first full year of contribution from Southern Air, a highly complementary business combination that has expanded our platform into 777 and 737 operations, and our service for Amazon, which was accretive for the full year and which we expect to become meaningfully more accretive to our earnings and cash flows over time.

A Stronger Company

Atlas Air Worldwide is a stronger company today, well-positioned to capitalize on market dynamics and to deliver significant growth in 2018 in our volumes, revenue, EBITDA, as adjusted, and adjusted net income.

As we move ahead, we will continue to build upon the innovations, successes and growth that are our hallmarks.

With the strength of our brand and our global market leadership in outsourced aircraft and services, the integration of Southern Air, our long-term agreements with Amazon, and our outstanding employees, we are eager to drive value and benefits for our customers and to grow revenue and earnings for our shareholders.

Shareholder Outreach and Say-on-Pay Responsiveness

In 2017, we further enhanced our already robust shareholder engagement practices in response to last year s Say-on-Pay result. We actively reached out to holders representing approximately 75% of our outstanding shares to better understand their perspectives and consider their ideas to further improve our corporate governance practices, sustainability, executive compensation programs, business strategy and performance, capital allocation strategy and public disclosures. A member of our Compensation Committee participated in a number of engagement meetings, and a number of extra meetings and discussions were held by our Compensation Committee to ensure timely and meaningful responsiveness to feedback as well as our recent Say-on-Pay outcomes. This specifically targeted engagement was done in parallel with our ongoing investor relations outreach.

At the Board level, we continue to take shareholder viewpoints under careful consideration when reviewing and refining our programs, communications, and disclosures.

In alignment with specific shareholder feedback, we have adopted some very significant and impactful changes to our executive pay programs that became effective in 2018, including amending our CEO s long-term incentives to contain a strict double-trigger provision, adding a relative Total Shareholder Return element to all performance long-term incentive (LTI) awards, enhanced disclosure regarding LTI goal setting, adjustments to our peer group to reflect appropriate comparators to our evolving global business and increasing CEO stock ownership guidelines from 5x to 6x base salary, further aligning our CEO and shareholder interests.

Board Composition and Refreshment

Over the past two years, we have continued our commitment to best-in-class corporate governance practices, with a particular focus on maintaining the right balance of skills, experience, and diversity on our Board.

As a result of our regular evaluation of the composition of the Board and focus on refreshment, we are pleased to report that we have nominated two new independent Directors for election at the 2018 Annual Meeting: Jane H. Lute, who brings to the Board extensive cybersecurity experience, and Sheila A. Stamps, who has an extensive background in banking and finance. Two of our long-standing Directors will not stand for re-election. Since 2016, we have added five new Directors, constituting one-half of the Board. Each of these individuals brings complementary perspectives and experiences that further align the Board s skills and expertise with the Company s long-term business strategy.

We have also refreshed our Board and Committee leadership roles. In 2017, we appointed a new Chairman of our Board and Chair of the Nominating and Governance Committee and refreshed the composition of each of our committees. In recent years, we also appointed new Chairs of the Audit Committee and Compensation Committee.

As demonstrated by the many actions we have taken to enhance the Board, the Board is vigilant when it comes to ensuring it has strong leadership and membership in place to promote shareholder interests and continued alignment with corporate governance and compensation best practices.

Continued Alignment of Strategy, Performance and Executive Compensation

Our strong 2017 financial and operating results are a reflection of our leadership in international aviation outsourcing. During 2017, key accomplishments included significant progress toward the integration of Southern Air, significant progress on our initiative to provide air transport services for leading e-commerce retailer Amazon, expanded relationships with existing customers, including DHL Express and FedEx, and the establishment of new relationships with new customers, including Asiana Cargo, Cathay Pacific Cargo, DHL Global Forwarding, and Nippon Cargo Airlines. Our long-term strategy is to move more deeply into express, e-commerce and fast-growing global markets. Driving our execution of this strategy are an experienced, dedicated team of employees focused on our customers expectations; a modern, superior fleet tailored to meet our customers unique needs; a broad array of value-added, global operating services; and a solid financial structure.

Our 2017 executive compensation programs were thoughtfully structured to align with our long term strategy and drive our operational performance and deliver strong financial results. Shareholder feedback has been and will continue to be influential in shaping our governance and executive compensation practices.

Focus on Environmental, Social and Governance Issues

We are dedicated to serving our customers and the communities in which we operate. Fulfilling this commitment dictates that we build a vibrant, innovative organization that satisfies our customers needs and delivers value to our shareholders. Effectively addressing environmental, social and governance issues is a key part of building a premier organization. Doing so means maintaining sound business practices and long-term, sustainable strategies that are designed to (1) minimize the impact of our business on the environment and partner us with our customers and other stakeholders to ensure a clean, low-carbon future (such as our FuelWise program and planned participation in CORSIA), (2) prioritize our shareholders while actively ensuring the needs of our other stakeholders are appropriately addressed for example, earning trust and support by maintaining the highest level of legal and ethical conduct by our employees, maintaining practices and policies that create a diverse and respectful environment for our globally situated employees and reward them for their hard work, ingenuity and creativity, and (3) actively involve our company and its employees in our local and global community through programs ranging from volunteering at local socioeconomically disadvantaged schools to providing varied and extensive aid relief during disasters and times of need. Please see the section titled Environmental, Social and Governance Issues for a discussion of the various ways in which we address these matters, which we view as an important part of our business.

We look forward to our continued dialogue with you and welcome your feedback as we execute our strategy and focus on sustainable, long-term value creation. Please feel free to share your thoughts or concerns with us. Communications may be addressed to the Board in care of the Office of the Secretary, Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, NY 10577, or e-mailed to corporate.secretary@atlasair.com.

We value your input and thank you for your investment and ongoing support.

Robert F. Agnew, Chairman

Timothy J. Bernlohr

Charles F. Bolden, Jr.

William J. Flynn

James S. Gilmore III

Bobby J. Griffin

Carol B. Hallett

Frederick McCorkle

Duncan J. McNabb

John K. Wulff

Notice of 2018

Annual Meeting of Shareholders

To be held on May 23, 2018

We will hold the 2018 Annual Meeting of Shareholders of Atlas Air Worldwide Holdings, Inc., a Delaware corporation, on Wednesday, May 23, 2018, at 9:00 a.m., local time, at the Belmond Charleston Place Hotel, 205 Meeting Street, Charleston, South Carolina, for the following purposes:

1. To elect a Board of Directors to serve until the 2019 Annual Meeting of Shareholders or until their successors are elected and qualified;

2. To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2018;

3. To hold an advisory vote to approve the compensation of the Company s Named Executive Officers;

4. To consider and vote on a proposal to approve our 2018 Incentive Plan; and

5. To transact such other business, if any, as may properly come before the meeting and any adjournments thereof.

The foregoing matters are described in more detail in the Proxy Statement that is attached to this notice.

Only shareholders of record at the close of business on April 2, 2018, which date has been fixed as the record date for notice of the Annual Meeting of Shareholders, are entitled to receive this notice and to vote at the meeting and any adjournments thereof.

YOUR VOTE IS VERY IMPORTANT. WE HOPE YOU WILL ATTEND THIS ANNUAL MEETING OF SHAREHOLDERS IN PERSON. WHETHER OR NOT YOU ATTEND IN PERSON, PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD. RETURN THE PROXY CARD IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. IF YOU ATTEND THE ANNUAL MEETING OF SHAREHOLDERS, YOU MAY VOTE IN PERSON EVEN IF YOU HAVE RETURNED A PROXY CARD. IF YOU HAVE RECEIVED MORE THAN ONE PROXY CARD, IT IS AN INDICATION THAT YOUR SHARES ARE REGISTERED IN MORE THAN ONE ACCOUNT. PLEASE COMPLETE, DATE, SIGN AND RETURN EACH PROXY CARD YOU RECEIVE.

By Order of the Board of Directors

ADAM R. KOKAS

Executive Vice President, General Counsel and Secretary

April 19, 2018

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 23, 2018

This Proxy Statement and the AAWW 2017 Annual Report are available for downloading, viewing and printing at http://www.ezodproxy.com/atlasair/2018.

PROXY SUMMARY

2017 Performance Highlights

Overview of Business

We are a leading global provider of outsourced aircraft and aviation services. We operate the world s largest fleet of 747 freighters and provide customers a broad array of 747, 777, 767, 757 and 737 aircraft for domestic, regional and international cargo and passenger operations. Our fleet totaled 103 aircraft at year-end 2017, including 13 we added pursuant to growth initiatives in 2017.

We provide unique value to our customers by giving them access to a wide range of modern, efficient aircraft, combined with outsourced aircraft operating services that we believe lead the industry in terms of quality and global scale. We operated 48,983 flights serving 422 destinations in 103 countries in 2017, reflecting our far-reaching global scale and scope.

Our customers include express delivery providers, e-commerce retailers, airlines, freight forwarders, the U.S. military, and charter brokers. We provide global services with operations in Africa, Asia, Australia, Europe, the Middle East, North America, and South America.

2017 Performance Highlights and Key Accomplishments

We delivered record volumes, record revenue, and robust earnings growth in 2017, reflecting our growth initiatives and our focus on express, e-commerce and fast-growing global markets.

Strategic Initiatives

We achieved significant progress during 2017 toward our integration of Southern Air, a highly complementary 2016 business combination that has expanded our platform into 777 and 737 operations; provided our customers with access to a broader array of aircraft and operating services; and generated new avenues of business growth.

We recorded significant progress on our initiative to provide air transport services for leading e-commerce retailer Amazon. We placed and began operating 11 new 767-300 freighters for Amazon during 2017, raising the number to 12 at year-end. That was in line with our expectations when we commenced this new service in 2016 and with our expectation for a total of 20 aircraft by the end of 2018.

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Also in 2017, we completed agreements to operate 747 freighters for several new customers, including Asiana Cargo, Cathay Pacific Cargo, DHL Global Forwarding, and Nippon Cargo Airlines.

Growth/Results

Our financial and operating performance in 2017 reflected the leadership and strength of our ACMI and Charter businesses, the growth and annuity-like contribution of our Dry Leasing operations, ongoing efficiency and productivity initiatives, and a disciplined balance sheet focus.

In addition to our focus on express, e-commerce and growing global markets, our results in 2017 benefited from the first full year of contribution from Southern Air and our service for Amazon, which was accretive for the full year and which we expect to become meaningfully more accretive to our earnings and cash flows over time.

We see tremendous opportunity for continued growth in these markets fueled by an expanding global middle class with higher levels of disposable income. Further globalization will require expansive and time-definite air networks to facilitate the international flow of goods.

Along with expanding our operating platforms and our fleet from 90 to 103 aircraft during 2017, we continued to maintain a safe, compliant operation while retaining the same lean management structure.

We continue to execute on strategic initiatives to strengthen and diversify our business mix, expand our customer base, generate cost savings through operating efficiencies, and enhance our portfolio of assets and services. Our actions have positioned us to capitalize on market opportunities.

Strong Performance in 2017

Integration of Southern Air (Five 777 and Five 737 Freighters)	**Initial Amazon Accretion (12 of 20 767-300Fs)**	**Key New Customer Agreements (Multiple 747 Placements)**	**Reported/Adjusted EPS[1] $8.68/$4.93**
Expanded Operating Platforms and Results	**Business, Earnings and Cash Flow Growth**	**Focused on Fast-Growing Global Markets**	**Growth Initiatives, Express/E-commerce Alignment**

Disciplined and Balanced Capital Allocation Strategy

We are committed to creating, enhancing and delivering value to our shareholders. Our commitment reflects a disciplined and balanced capital allocation strategy that has focused on maintaining a strong balance sheet, investing in modern, efficient assets and returning capital to shareholders.

2017 Capital Allocation Actions:

- Expanded fleet from 90 to 103 aircraft
- Issued $289 million of convertible senior notes
- Secured $286 million of financing for thirteen 767-300 aircraft (including one spare) for Amazon dry lease and CMI agreements
- Paid $207 million of debt principal

[1] *Adjusted Diluted EPS from continuing operations, net of taxes is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure is contained in Exhibit A attached hereto.*

PROXY SUMMARY

Focused on maintaining a healthy cash position $305.5 million[2] at year-end 2017

Maintained authority to repurchase shares up to $25 million

In May 2017, we issued $289.0 million aggregate principal amount of convertible senior notes that mature on June 1, 2024. The net proceeds of the offering were used to repay higher-cost revolving credit facility borrowings; enhance business and financial flexibility; support long-term growth; fund the cost of convertible note hedge transactions (after such cost was partially offset by proceeds to the Company from the sale of warrants); and for general corporate purposes.

Shareholder Outreach, Engagement and Say-on-Pay Responsiveness

We have engaged in extensive ongoing shareholder outreach over the past seven years to better understand shareholder perspectives and consider ideas for improvements to, among other things, our corporate governance, sustainability and executive compensation practices, as well as our business strategy and performance, capital allocation strategy and public disclosures. This year, we again engaged in a particularly robust shareholder outreach program, reaching out to shareholders representing approximately 75% of our outstanding shares and engaging in discussions with those representing about one-half of our outstanding shares. We have made significant recent changes to our governance and executive compensation practices in response to insights gained during these discussions.

In response to our 2017 Say-on-Pay result, the Board and its Compensation Committee undertook a particularly robust and multifaceted outreach program during the balance of 2017. These extra efforts included participation by a member of our Compensation Committee in multiple in-person and telephonic meetings with shareholders and resulted in specific shareholder feedback prompting tangible compensation and governance enhancements. All committee members also convened in a number of extra, non-regularly-scheduled meetings and discussions and considered and provided analysis focused on Say-on-Pay responsiveness.

During all shareholder outreach meetings, AAWW sought input on proactively developed changes to our pay program, as well as emerging topics of expressed shareholder interest, such as environmental, social and governance issues (ESG). We received many supportive and positive comments on the Company s direction (both from a business growth and governance perspective), the proposed pay program changes and our board rotation/refreshment and outlook, even from several shareholders who voted against Say-on-Pay or individual directors in 2017.

As a result of specific feedback from shareholders, we implemented a number of key changes to our compensation program and practices to specifically address our recent Say-on-Pay outcomes, and made changes to our governance practices in response to topics of importance raised by shareholders. Examples of feedback received are also included below.

[2] *Includes cash, cash equivalents, short-term investments and restricted cash.*

Summary of Key Messages and Actions Related to Shareholder Outreach and Response to 2017 Say-on-Pay Vote

Topic	What We Heard From Our Shareholders
Amazon acceleration of CEO LTI awards due to retirement eligibility	Strong preference for strict double-trigger awards Helpful to receive clarification that the CEO received no incremental CIC payments and that the CEO received no LTI payments in 2017
Favorability of relative LTI metrics	Strong support for the addition of a TSR metric with a thoughtful broad comparator group
LTI-goal setting disclosure	An enhancement of disclosure regarding the **process** of long-term incentive goal setting would be helpful. Understand concerns about providing long-term market guidance were AAWW to explicitly disclose long-term incentive metrics.
Share Ownership Guidelines	While current 5x CEO requirement is on market, further enhancement of CEO stock ownership would be viewed favorably
Peer Group	We understand your continued significant revenue growth and your business model are unique and global. Taking into account GICS codes along with other relevant factors when reviewing your peer group makes sense.
Board Composition & Refreshment	Inquiries made about Board diversity, in particular, gender diversity, annual Director evaluation process and use of an external advisor to conduct annual evaluation Certain investors specifically asked about Board succession planning, particular skills the Board is seeking, the process of identifying Director candidates and Committee refreshment and rotation
ESG/Sustainability	Investors asked about certain Environmental, Social and Governance (ESG) factors that may materially impact our business and/or create reputational risks Investor interest in sustainability continues to gain momentum as investors seek to gain a deeper understanding of the Company s focus on and commitment to

ESG matters

CHANGES MADE IN DIRECT RESPONSE TO FEEDBACK

Changes since our last annual shareholder meeting:

Transition to strict double-trigger standard for all awards, requiring actual separation from service for second trigger (p. 58-60)

Addition of relative TSR performance measure to LTI awards to further strengthen pay-for-performance link (p. 43-45)

Enhanced disclosure regarding LTI performance target setting (p. 44)

Increased CEO stock ownership guidelines to 6x base salary to further align CEO interest with shareholders (p. 50)

The naming of two new nominees to the 2018 Board slate with a focus on gender diversity, cybersecurity, banking and financial skills as well as other skills in our board matrix (see pages vii, viii, 6, 7, 14 and 15). Also rotated Chairs of Board and Nominating & Governance Committee in 2017 (p. 7, 11 and 13)

Revisions to peer group to reflect appropriate comparators for our evolving global business (p. 47-49)

Included a member of the Compensation Committee in shareholder outreach (p. iii and v)

Other recent shareholder-driven changes:

Added proxy access provisions to our by-laws

Increased the weight of corporate performance goals from 50% to 60% in determining compensation of our Named Executive Officers (NEOs) under the Annual Incentive Program

Strengthened disclosure to reflect that we once again set target goal for Company performance (net income) under the Annual Incentive Plan at levels higher than prior year actual Company performance

Memorialized our general practice of granting equity awards subject to vesting periods greater than one year by adding minimum vesting language to our 2016 Plan

Engaged a new independent compensation consultant, Pay Governance, in 2016

Added enhanced disclosure regarding our environmental, social and governance practices

Adopted limits on Director service on other boards in keeping with market best practices and investor input regarding a Director s time commitment

Refreshed our board membership (one new 2017 director, two new directors elected in 2016), with a view towards increasing diversity and board skills and expertise (p. vii)

Our CEO s base salary has not been increased in the past five years, his bonus opportunity has not been increased since 2010 and his long-term incentive opportunity was decreased from a 4.75 multiple of salary to a 3.75 multiple of salary in 2014 to be better aligned with peer group levels

Adopted majority voting to elect Directors in uncontested elections

We regularly conduct ongoing reviews of both our governance and executive compensation practices to ensure that we maintain best practices and enhanced disclosure in our proxy statement and other SEC filings. We have also worked to expand and enhance our public disclosure around the topics of interest to our shareholders during these discussions.

In general, our outreach program over the past two years has targeted shareholders representing approximately 75% of our outstanding shares, with investor discussions occurring throughout the year on relevant topics and on the evolving governance landscape in the off-season, as well as our annual meeting ballot items.

In-Season Engagement. In 2017, prior to our annual meeting, we reached out to shareholders representing approximately 75% of our outstanding shares (including each of our 35 largest holders) and held discussions with all available shareholders.

Off-Season Engagement. After our 2017 annual meeting, we reached out to shareholders representing approximately 75% of our outstanding shares and held discussions with all interested holders, with a member of our Compensation Committee participating in many meetings, representing approximately one-half of our outstanding shares, to obtain additional feedback on our corporate governance and executive compensation practices. Specific shareholder feedback has directly resulted in changes and enhancements to our executive compensation and corporate governance programs.

The diagram below represents our ongoing shareholder outreach process, further enhanced this year with Board member involvement and seeking specific feedback in response to our recent Say-on-Pay outcomes.

Compensation Program that Aligns Pay and Performance

Our compensation programs are designed to drive achievement of our business strategies and provide competitive opportunities. Accordingly, achievement of most of those opportunities depends on the attainment of certain performance goals tied to Company performance. Atlas compensation programs are designed to provide compensation that:

1. Attracts, motivates and retains high-performing executives

2. Provides performance-based incentives to reward achievement of short- and long-term business goals and strategic objectives which align with our operating plan, while recognizing individual contributions

3. Aligns the interests of our executives with those of our shareholders

In making compensation decisions for 2017, the Compensation Committee considered our operating strategy and goals, as well as comments received through our shareholder outreach program, and took into account our Say-on-Pay results. In response to shareholder feedback and Say-on-Pay voting results, we have adopted some very significant and impactful changes, as described on pages iv v and the Compensation Discussion and Analysis.

PROXY SUMMARY

The Company performance metrics we believe are important to our shareholders are the same metrics as we use in our incentive plans in 2017:

Annual Incentives

Company Performance Metric	NEO Performance Metric
Company Financial Performance Adjusted Net Income	Adjusted Net Income
Customer On-Time Reliability Stringent standards specified under customer contracts	Customer Service On-Time Reliability
Company Business Plan and Strategic Initiatives	Individual Performance Objectives based heavily on annually set corporate strategic objectives

Long-Term Incentives PSUs and Performance Cash

EBITDA Growth	EBITDA Growth
Return on Invested Capital	Return on Invested Capital
TSR (*for awards granted in 2018 and after*)	Comparative TSR (*for awards granted in 2018 and after*)

Strong, Well-Balanced Corporate Governance Practices

Highly Qualified Board. Our Directors bring deep industry experience to provide effective oversight in the boardroom.

Independent Board Leadership. We have separate Chairman of the Board and CEO roles with an independent Chairman elected annually by our Board. In recent years, we have refreshed the independent Chairman and the Chairs of our Audit Committee, Compensation Committee, and Nominating and Governance Committee, providing strong, independent Board and Committee leadership.

Focus on Board Composition, Refreshment and Rotation. We regularly evaluate the composition of our Board and our Committee leadership to ensure that we have the right balance of experience and perspective, and a mix of skills, backgrounds, and diversity to effectively facilitate oversight of management and strategy. To that end, we have welcomed three new directors, Bobby J. Griffin, John K. Wulff and Charles F. Bolden, Jr., to our Board in 2016 and 2017 and have nominated Jane H. Lute and Sheila A. Stamps for election to the Board at the 2018 Annual Meeting. As indicated above, we also rotated the Chair of the Board in mid-2017 following the rotation of the Chairs of our Audit Committee, Compensation Committee, and Nominating and Governance Committee.
Shareholders should note that while the Board does not follow formal age and tenure policies, it is the Board s current expectation that Chairs (Board and Committees) will serve from three to five years and that members of the Board will serve up to 15 years. Both the Board and the Nominating and Governance Committee review Board and Committee composition, refreshment and rotation matters on a regular basis.

Director Nominees

Jane H. Lute **Shelia A. Stamps**

Recently-Elected Directors

Bobby J. Griffin (2016)	John K. Wulff (2016)	Charles F. Bolden, Jr. (2017)

To best serve shareholders, our two Director nominees and three recently joined Directors bring an appropriate balance of fresh perspective and experience to effectively oversee strategy and management.

Upon election by our shareholders at the 2018 Annual Meeting, the average tenure of our Directors and the composition of our Board would be six years:

To evidence the Board s focus on refreshment, tenure and composition matters, the Board s average tenure has declined from eight years in April 2016 to six years today (assuming the election of the entire proposed Board slate).

Best Practices. We maintain corporate governance best practices that promote accountability and protect shareholder rights, including the adoption of proxy access provisions in our by-laws and the implementation of majority voting in uncontested elections.

In addition, we have annually elected Directors, 100% Board independence (except our CEO), separate CEO and Chairman positions, no poison pill in place, 100% independent Board committees, and ongoing dialogue with shareholders, including on governance, executive compensation, and other key business matters.

Please see pages 14-21 for further discussion of our governance practices.

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ATLAS AIR WORLDWIDE HOLDINGS, INC.

2000 Westchester Avenue

Purchase, New York 10577

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 23, 2018

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board of Directors or Board) of Atlas Air Worldwide Holdings, Inc., a Delaware corporation (AAWW or the Company), fo use at the Annual Meeting of Shareholders (the Annual Meeting) to be held on Wednesday, May 23, 2018, at the Belmond Charleston Place Hotel, 205 Meeting Street, Charleston, South Carolina at 9:00 a.m., local time, and at any adjournments or postponements of the Annual Meeting. It is expected that this Proxy Statement and the accompanying proxy will first be mailed or delivered to shareholders beginning on or about April 23, 2018. Proxies may be solicited in person, by telephone or by mail, and the costs of such solicitation will be borne by AAWW.

THE COMPANY

AAWW is a leading global provider of outsourced aircraft and aviation operating services. We operate the world s largest fleet of 747 freighters and provide customers with a broad array of 747, 777, 767, 757 and 737 aircraft for domestic, regional and international cargo and passenger operations.

AAWW is a holding company with two wholly owned operating subsidiaries, Atlas Air, Inc. (Atlas) and, as of April 7, 2016, Southern Air, Inc. (Southern). We also have a 51% economic interest and a 75% voting interest in Polar Air Cargo Worldwide, Inc. (Polar). In addition, we are the parent company of several wholly owned subsidiaries related to our dry leasing services (collectively referred to as Titan). Except as otherwise noted, AAWW, Atlas, Southern and Titan (along with all other entities included in AAWW s consolidated financial statements) are collectively referred to herein as the Company, AAWW, we, us, or our.

Combined with Polar, AAWW provides ACMI, CMI, Charter and Dry Leasing services to DHL Express (DHL) in support of DHL s transpacific express, North American and intra-Asian networks. Additionally, we fly between the Asia Pacific region, the Middle East and Europe on behalf of DHL and other customers. Atlas also provides incremental charter capacity to Polar and DHL Express from time to time.

Our primary service offerings include the following:

ACMI (Aircraft, Crew, Maintenance, and Insurance): We provide outsourced cargo and passenger aircraft operating solutions, including the provision of an aircraft, crew, maintenance, and insurance. Customers assume fuel, demand, and price risk and most other operational fees and costs.

CMI (Crew, Maintenance, and Insurance): Within ACMI, we also provide outsourced cargo and passenger aircraft operating solutions, generally including the provision of crew, line maintenance, and insurance, but not the aircraft. Customers assume fuel, demand and price risk, and are responsible for providing the aircraft (which they may lease from us), heavy and non-heavy maintenance, and most other operational fees and costs.

Charter: We provide cargo and passenger aircraft charter services to customers including the U.S. military Air Mobility Command, brokers, freight forwarders, direct shippers, airlines, sports teams and fans, and private charter customers. The customer pays a fixed charter fee that includes fuel, insurance, landing fees, navigation fees, and most other operational fees and costs.

Dry Leasing: We provide cargo and passenger aircraft and engine leasing solutions. The customer operates, and is responsible for insuring and maintaining, the flight equipment.

We currently operate our service offerings through the following reportable segments: ACMI, Charter, and Dry Leasing.

ACMI and CMI	Charter	Dry Leasing
~75% of Block Hours	~25% of Block Hours	Not Tied to Block Hours

* *Block Hours are the time intervals between when an aircraft departs the terminal until it arrives at the destination terminal and are the units by which we typically charge ACMI and Charter customers. In Dry Leasing, customers are typically charged a fixed monthly amount for the use of an aircraft or engine.*

ABOUT THE ANNUAL MEETING

At our Annual Meeting, the holders of shares of our Common Stock, par value $0.01 per share (the Common Stock), will act upon the matters outlined in the notice of meeting at the beginning of this Proxy Statement, in addition to transacting such other business, if any, as may properly come before the meeting or any adjournments thereof. The shares represented by your proxy will be voted as indicated on your proxy, if properly executed. If your proxy is properly signed and returned, but no directions are given on the proxy, the shares represented by your proxy will be voted:

- **FOR** the election of the Director Nominees named herein, to serve until the 2019 Annual Meeting or until their successors are elected and qualified (Proposal No. 1);

- **FOR** ratifying the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2018 (Proposal No. 2);

- **FOR** the adoption of an advisory vote approving the compensation of our NEOs (the Say-on-Pay vote) (Proposal No. 3);

- **FOR** the approval of our 2018 Incentive Plan (Proposal No. 4).

In addition, if any other matters are properly submitted to a vote of shareholders at the Annual Meeting, the accompanying form of proxy gives the proxy holders the discretionary authority to vote your shares in accordance with their best judgment on that matter. Unless you specify otherwise, it is expected that your shares will be voted on those matters as recommended by our Board of Directors, or if no recommendation is given, in the proxy holders discretion.

For additional information regarding our Annual Meeting, see Additional Information at the end of this Proxy Statement.

Record Date and Voting Securities

All of our shareholders of record at the close of business on April 2, 2018 (the Record Date) are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. As of the Record Date, there were 25,561,798 shares of Common Stock issued and outstanding. Each outstanding share of Common Stock will be entitled to one vote on each matter considered at the Annual Meeting. A description of certain restrictions on voting by shareholders who are not U.S. citizens, as defined by applicable laws and regulations, can be found in Additional Information Limited Voting by Foreign Owners at the end of this Proxy Statement.

Quorum, Vote Required

A majority of the outstanding shares of Common Stock as of the Record Date must be present, in person or by proxy, at the Annual Meeting to have the required quorum for the transaction of business. If the number of shares of Common Stock present in person and by proxy at the Annual Meeting does not constitute the required quorum, the Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

Proposal No. 1: Election of Directors. In an uncontested election, a Director is elected by a majority of the votes cast (the number of shares voted For a Director-Nominee must exceed the number of votes cast Against that Director-Nominee). Shares voting Abstain or broker non-votes will have no effect on the election of Directors. Brokers, banks, and other nominees have no discretionary voting power in respect of this item.

Proposal No. 2: Ratification of the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2018. The affirmative vote of a majority of the shares represented at the Annual Meeting, either in person or by proxy and entitled to vote on this proposal, is required to ratify the selection of PricewaterhouseCoopers LLP. Shares voting Abstain will have the same effect as a vote Against this Proposal 2. Brokers, banks, and other nominees have discretionary voting power in respect of this item.

Proposal No. 3: Advisory Vote to Approve the Compensation of the Company s NEOs. Because Proposal 3 asks for a nonbinding, advisory vote, there is no required vote that would constitute approval. We value highly the opinions expressed by our shareholders in this advisory vote, and our Compensation Committee, which is responsible for overseeing and administering our executive compensation programs, will consider the outcome of the vote when designing our compensation programs and making future compensation decisions for our NEOs. Shares voting Abstain will have the same effect as a vote Against this Proposal 3. Broker non-votes will have no effect on this nonbinding advisory vote. Brokers, banks, and other nominees have no discretionary voting power in respect of this item.

Proposal No. 4: Approval of our 2018 Incentive Plan. The affirmative vote of a majority of the shares represented at the Annual Meeting, either in person or by proxy and entitled to vote on this proposal, is required to approve our 2018 Incentive Plan. Shares voting Abstain or broker non-votes will have no effect on approval of an amendment to our 2018 Incentive Plan. Brokers, banks, and other nominees have no discretionary voting power in respect of this item.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Our Board has nominated 10 persons to stand for election at the 2018 Annual Meeting and to hold office until the next Annual Meeting. All Nominees are currently Directors elected at the 2017 Annual Meeting, except for Ms. Lute and Ms. Stamps, who are new director candidates. The Nominating and Governance Committee has recommended the 10 Nominees for nomination by the Board after an evaluation of the size and composition of the Board and a review of each member s skills, characteristics, and independence. The Board believes that each of the Nominees brings strong skills, background, experience and industry expertise to the boardroom, giving the Board as a group the appropriate balance of skills needed to exercise its oversight responsibilities. While the Company does not have a formal policy regarding the diversity of its Directors, the Board believes that diversity with respect to gender, ethnicity, background, professional experiences and perspectives is an important element in the Board selection process. Both the Nominating and Governance Committee and the full Board will consider attributes such as race, gender, cultural background and professional experience when reviewing candidates for the Board and in assessing the Board s overall composition.

Each Nominee has consented to be named as a Nominee for election as a Director and has agreed to serve if elected. Except as otherwise described below, if any of the Nominees is not available for election at the time of the Annual Meeting, discretionary authority will be exercised to vote for substitutes designated by our Board of Directors, unless the Board chooses to reduce the number of Directors. Management is not aware of any circumstances that would render any Nominee unavailable. At the Annual Meeting, Directors are expected to be elected to hold office until the 2019 Annual Meeting or until their successors are elected and qualified, as provided in our By-Laws.

Because this election is not a contested election, each Director will be elected by the vote of the majority of the votes cast when a quorum is present. A majority of the votes cast means that the number of votes cast for a Director exceeds the number of votes cast against that Director. Votes cast excludes abstentions and any votes withheld by brokers in the absence of instructions from street name holders (broker non-votes).

It is the policy of the Board that, as a condition of nomination, each incumbent Director nominated has submitted to the Secretary of the Company an irrevocable contingent resignation. This resignation will be effective only if (i) the Nominee fails to receive a majority of the votes cast in an uncontested election and (ii) the Board accepts such resignation within 60 days following the certification of the election results.

Retiring Directors

General Frederick McCorkle and Governor James S. Gilmore III, Directors of the Company since 2004, are retiring from the Board and will not stand for reelection at this year s Annual Meeting. The Board wishes to thank General McCorkle and Governor Gilmore for their service, leadership and dedication to the Company over the past 14 years and to recognize the numerous contributions they have made over that time as members of the Board. Their experience and knowledge of the Company will be missed.

Frederick McCorkle **James S. Gilmore III**

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Director Core Competencies

Board Composition and Nomination Considerations

Our Board strives to maintain an appropriate balance of experience, tenure, diversity, leadership, skills and qualifications that are of importance to our Company and the execution of our strategy. Given the diversity of our business operations, it is important to bring together Directors with differing experiences, perspectives and backgrounds to ensure proper oversight of the interests of our Company and our shareholders.

The Nominating and Governance Committee works with the full Board to determine the qualifications and experiences it believes are most relevant and responsive to the needs of our business. In doing so, the Nominating and Governance Committee takes into account a number of factors, including:

- Evolving strategic priorities;
- Existing characteristics of our Board, including tenure and diversity;
- Results of our annual Board and Committee self-evaluations; and
- Shareholder feedback sought as part of a robust outreach program with Board member participation.

Evaluation of Director Nominees and Expansion of Board

In 2017 and early 2018, the Board of Directors and the Nominating and Governance Committee continued a process for seeking out, evaluating and recommending potential candidates for election to the Board. During 2017 and early 2018, the full Board, under the guidance of the Nominating and Governance Committee, undertook a thorough review of the skills, qualifications and tenure of our incumbent Directors, as well as the size of the Board, in the context of our long-range strategic plan, consistent with our governance principles, and taking into account feedback from shareholder outreach. The Board reviewed in detail the experience, skills, and qualifications of our incumbent Directors and identified areas that would enhance the overall strength of our current Board and the ability of the Company to execute its long-term strategic plan. **For 2017, the Board engaged an independent third-party facilitator who conducted the annual evaluation of the Board and its three standing Committees.** The results of these evaluations and the meaningful and tangible feedback generated were also considered by the Board and the Committee in searching for and evaluating nominees who could (1) add new and different areas of subject-matter expertise to the Board consistent with our growing Company and long-term strategy, and (2) strengthen the overall effectiveness of the Board. Key skills and qualifications that the Board and Committee identified included information technology, cybersecurity, finance, banking, executive leadership experience and presence, as well as public company board experience.

The Board and the Nominating and Governance Committee asked all of the Directors to consider the skills and qualifications identified and recommend potential candidates to be considered. A special committee of the Board, consisting of the Chair of the Nominating and Governance Committee, the Chairman of the Board, the Chief Executive Officer and another of the independent Directors, was then established to interview and evaluate the identified candidates and make recommendations to the Nominating and Governance Committee. Over several months, this special committee interviewed all candidates recommended by the members of the Nominating and Governance Committee, as well as members of the Board. While all of the candidates interviewed demonstrated an extraordinary and diverse background and scope of experience, the Nominating and Governance Committee determined to recommend, and with approval by the Board to nominate, Ms. Lute, who has extensive information technology and cybersecurity experience, and Ms. Stamps, who has an extensive background in banking and finance, for election as Directors of the Company. Both nominees possess senior executive leadership experience, as well as public company board experience.

Director Skills and Experience

Our Board selected Director Nominees based on their diverse skills, qualifications, backgrounds and expertise, which the Board believes will contribute to the effective oversight of the Company. The chart below depicts the current skills, qualifications, and expertise represented on our Board.

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED ON THE IMMEDIATELY FOLLOWING PAGES.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Nominees for Director

Robert F. Agnew

Independent Chairman

Age: 67

Director since: 2004

Committees:

Nominating and Governance

Background: Mr. Agnew is President and Chief Executive Officer of Morten Beyer & Agnew, an international aviation consulting firm experienced in the financial modeling and technical due diligence of airlines and aircraft funding (Morten Beyer & Agnew is a privately held business).

Mr. Agnew has over 30 years of experience in aviation and marketing consulting and has been a leading provider of aircraft valuations to banks, airlines, and financial institutions worldwide. Previously, he served as Senior Vice President of Marketing and Sales at World Airways. Mr. Agnew began his commercial aviation career at Northwest Airlines, where he concentrated on government and contract sales, schedule planning, and corporate operations research. Earlier, he served in the U.S. Air Force as an officer and instructor navigator with the Strategic Air Command. Mr. Agnew is also a member of the Board of directors of TechPubs LLC (a privately held business) and, within the last five years, served as director of Stanley Martin Communities, LLC (also a privately held business). In addition, he is a member of the Board of Trustees of the International Society of Transport Aircraft Trading Foundation and formerly chaired the Military Airlift Committee of The National Defense Transportation Association.

Board Skills and Qualifications: Civil and Governmental Aviation; Finance, Accounting and Risk Management; Global Operations; Mergers and Acquisitions; Military Affairs; Current/Previous Senior Executive Experience; Supply Chain and Procurement; Sales and Marketing; Strategic Planning; Transportation and Security

Timothy J. Bernlohr

Independent Director

Age: 59

Background: Mr. Bernlohr is the founder and managing member of TJB Management Consulting, LLC, which specializes in providing project-specific consulting services to businesses in transformation, including restructurings, interim executive management and strategic planning services (TJB Management Consulting is a privately held business). Mr. Bernlohr founded the consultancy in 2005. Mr. Bernlohr was President and Chief Executive Officer of RBX Industries, Inc., which was a nationally recognized leader in the design, manufacture, and marketing of rubber and plastic materials to the automotive, construction, and industrial markets, until it was sold in 2005. Prior to joining RBX in 1997, Mr. Bernlohr spent 16 years in the International and Industry Products divisions of Armstrong World Industries, where he

Director since: 2006

Committees:

Audit (Chair)

Nominating and Governance

served in a variety of management positions. Mr. Bernlohr also serves as a director of WestRock Company (Chairman, Compensation Committee), Overseas Ship Holding Group (Chairman, Compensation Committee) and International Seaways, Inc. (Chairman, Compensation Committee) Mr. Bernlohr has advised that he is not standing for reelection to the Overseas Ship Holding Group board. Within the last five years, he was a director of Chemtura Corporation, Rock-Tenn Company, The Cash Store Financial Services Inc., and Aventine Renewable Resources.

Board Skills and Qualifications: Capital Structure; Corporate Governance; Finance, Accounting and Risk Management; Legal, Regulatory and Government Affairs; Mergers and Acquisitions; Current/Previous Senior Executive Experience; Supply Chain and Procurement; Sales and Marketing; Strategic Planning; Transportation and Security

Charles F. Bolden, Jr.

Independent Director

Age: 71

Director since: February 2017

Committees:

Audit

Major General Charles F. Bolden, Jr., Retired U.S. Marine Corps served as the 12th Administrator of the National Aeronautics and Space Administration (NASA) from July 2009 to January 2017. As Administrator, he led a nationwide NASA team to advance the missions and goals of the U.S. space program. General Bolden s 34-year career with the U.S. Marine Corps also included 14 years as a member of NASA s Astronaut Office. After joining the Office in 1980, General Bolden traveled to orbit four times aboard the space shuttle between 1986 and 1994, commanding two of the missions and piloting two others. His flights included deployment of the Hubble Space Telescope and the first joint U.S.-Russian shuttle mission, which featured a cosmonaut as a member of his crew. General Bolden left NASA in 1994 and returned to the operating forces of the Marine Corps. His final duty was as Commanding General of the 3rd Marine Aircraft Wing, Miramar, Calif. General Bolden currently serves as Director of Lord Corporation (a privately held business) and Blue Cross/Blue Shield of South Carolina (a mutual insurance company).

Board Skills and Qualifications: Civil and Governmental Aviation; Corporate Governance; Global Operations; Military Affairs; Public Company Board Experience; Strategic Planning; Transportation and Security

William J. Flynn

President and CEO

Age: 64

Director since: 2006

Background: Mr. Flynn has been our President and Chief Executive Officer since June 2006. Mr. Flynn has a 41-year career in international supply chain management and freight transportation.

Prior to joining us, Mr. Flynn served as President and Chief Executive Officer of GeoLogistics Corporation since 2002 where he led a successful turnaround of the company s profitability and the sale of the company in September 2005. Prior to his tenure at GeoLogistics, Mr. Flynn served as Senior Vice President at CSX Transportation from 2000 to 2002. Mr. Flynn spent over 20 years with Sea-Land Service, Inc., a global provider of container shipping services, serving in roles of increasing responsibility in the U.S., Latin America, and Asia. He ultimately served as head of the company s operations in Asia. Mr. Flynn is also a director of Republic Services, Inc. but is not standing for reelection to that company s board. He also serves as a director of Airlines for America (a trade association).

Board Skills and Qualifications: Capital Structure; Civil and Governmental Aviation; Corporate Governance; Finance, Accounting and Risk Management; Global Operations; International Trade; Legal, Regulatory and Government Affairs; Mergers and Acquisitions; Military Affairs; Current/Previous Senior Executive Experience; Supply Chain and Procurement; Public Company Board Experience; Sales and Marketing; Strategic Planning; Transportation and Security

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Bobby J. Griffin

Independent Director

Age: 69

Director since: 2016

Committees:

Compensation

Nominating and Governance

Background and Experience: Mr. Griffin served as President International Operations for Ryder System, Inc., a global provider of transportation, logistics and supply chain management solutions from 2005 to 2007. Beginning in 1986, Mr. Griffin served in various other management positions with Ryder, including as Executive Vice President International Operations from 2003 to 2005 and Executive Vice President Global Supply Chain Operations from 2001 to 2003. Prior to Ryder, Mr. Griffin was an executive at ATE Management and Service Company, Inc., which was acquired by Ryder in 1986. He currently serves as director of Hanesbrands Inc., United Rentals, Inc. and WESCO International, Inc.

Board Skills and Qualifications: Corporate Governance; Current/Previous Senior Executive Experience; Global Operations; International Trade; Mergers and Acquisitions; Public Company Board Experience; Supply Chain and Procurement; Strategic Planning; Transportation and Security

Carol B. Hallett

Independent Director

Age: 80

Director since: 2006

Committees:

Compensation (Chair)

Nominating and Governance

Background: Ms. Hallett has been of counsel at the U.S. Chamber of Commerce since 2003 and served as a member of the U.S. Chamber Foundation Board of Directors from 2003 to 2015. From 1995 to 2003, Ms. Hallett was President and Chief Executive Officer of the Air Transport Association of America (ATA), the nation s oldest and largest airline trade association, now known as the Airlines for America (A4A). Prior to joining the ATA, Ms. Hallett served as senior government relations advisor with Collier, Shannon, Rill & Scott from 1993 to 1995. From 2003 to 2004, she was chair of Homeland Security at Carmen Group, Inc., where she helped develop the homeland security practice for the firm. From 1986 through 1989, Ms. Hallett served as United States Ambassador to the Commonwealth of the Bahamas. From 1989 to 1993, she was Commissioner of the United States Customs Service. Ms. Hallett has also served as a director of Rolls Royce-North America (a unit of Rolls Royce Group plc) from 2003 to 2018. In addition, she was appointed by the Secretaries of Treasury and Homeland Security and served on the Customs Oversight Advisory Committee (COAC) from 2011 to 2015. Ms. Hallett has served on the Transnational Threat Committee at the Center for Strategic and International Studies since 2003. Within the last five years, she was a director of G4S Government Solutions Inc. (a privately held business).

Board Skills and Qualifications: Civil and Governmental Aviation; Global Operations; International Trade; Legal, Regulatory and Government Affairs; Military Affairs; Supply Chain and Procurement; Public Company Board Experience; Strategic Planning; Transportation and Security

Jane H. Lute

Independent Director

Age: 61

New Director Nominee

Background and Experience: Ms. Lute is the President and CEO of SICPA North America, a company that specializes in providing solutions to protect the integrity and value of products, processes, and documents. Ms. Lute also serves as Special Advisor to the Secretary-General of the United Nations, where she has held several positions in peacekeeping and peace building. Previously, Ms. Lute served as Deputy Secretary for the U.S. Department of Homeland Secretary from 2009-2013. She also served as Chief Executive Officer of the Center for Internet Security (CIS), an operating not-for-profit organization and home of the Multi-State Information Sharing and Analysis Center (MS-ISAC), providing cybersecurity services for state, local, tribal and territorial governments. Ms. Lute is a member of several international commissions focused on cybersecurity and the future of the Internet. She began her distinguished career in the United States Army and served on the National Security Council staff under both Presidents George H.W. Bush and William Jefferson Clinton. Ms. Lute holds a Ph.D. in political science from Stanford University and a J.D. from Georgetown University. She is a member of the Virginia bar. Ms. Lute is also a director of Union Pacific Corporation.

Board Skills and Qualifications: Cybersecurity and Information Technology; Corporate Governance; Global Operations; Legal, Regulatory and Government Affairs; Military Affairs; Current/Previous Senior Executive Experience; Public Company Board Experience

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Duncan J. McNabb

Independent Director

Age: 65

Director since: 2012

Committees:

Audit

Nominating and Governance

(Chair)

Background: General Duncan J. McNabb, Retired, U.S. Air Force served as Commander of the United States Air Mobility Command from 2005 to 2007 and Commander of the United States Transportation Command (USTRANSCOM) from 2008 until his retirement from the Air Force in December 2011. USTRANSCOM is the single manager for air, land, and sea transportation for the Department of Defense (DOD). He also served as DOD s Distribution Process Owner, overseeing DOD s end-to-end supply chain, transportation, and distribution to our armed forces worldwide. General McNabb commanded more than $56 billion in strategic transportation assets, over 150,000 service personnel and a worldwide command-and-control network. A graduate of the United States Air Force Academy and Air Force pilot, he flew more than 5,600 hours in transport and rotary aircraft, including the C-17. General McNabb has held command and staff positions at squadron, group, wing, major command and DOD levels. During his over 37-year military career, General McNabb also served as the Air Force Deputy Chief of Staff for Plans and Programs with responsibility for all Air Force programs and over $500 billion in funding over the Air Force s Five-Year Defense Plan (FYDP). He later served as Director of Logistics on the Joint Staff and was responsible for operational logistics and strategic mobility support to the Chairman of the Joint Chiefs and the Secretary of Defense. Before his final command at USTRANSCOM, McNabb served as the 33rd Vice Chief of Staff of the Air Force. General McNabb is also a Director and Chairman of the Government Security Committee of AT Kearney Public Sector & Defense Services (a privately held business), a member of the Boards of Directors of AAR Corp. and of Elbit Systems of America (a privately held business), as well as a cofounder and a managing partner of Ares Mobility Solutions, Inc. (also a privately held business). He serves as Chairman of the Board of Trustees for Arnold Air Society and Silver Wings, Chairman of the Airlift/Tanker Association and is a member of the Board of Visitors of the United States Air Force s Air University. Within the last five years, he was also a director of AdvanTac Technologies and HDT Global (both privately held businesses).

Board Skills and Qualifications: Civil and Governmental Aviation; Global Operations; International Trade; Legal, Regulatory and Government Affairs; Military Affairs; Supply Chain and Procurement; Public Company Board Experience; Strategic Planning; Transportation and Security

Sheila A. Stamps

Independent Director

Age: 60

New Director Nominee

Background and Experience: Ms. Stamps, has a diversity of strategic and financial experience including governance oversight of aviation businesses. She previously served as Executive Vice President at Dreambuilder Investments, LLC, a private mortgage investment company, from 2011 to 2012. She served from 2008 to 2011 as Director of Pension Investments and Cash Management at New York State Common Retirement Fund, and from 2004 to 2005 as a Fellow at the Weatherhead Center for International Affairs at Harvard University. Prior to this, Ms. Stamps served as a Managing Director and Head of Relationship Management, Financial Institutions at Bank of America (formerly FleetBoston Financial Corporation). From 1982 to 2003, she held a number of executive positions with Bank One Corporation (now, JPMorgan Chase & Co.), including Managing Director and Head of European Asset-Backed Securitization and Managing Director and Senior Originator of Asset-Backed Securitization. She currently serves as a Director of CIT Group, Inc. and CIT Bank N.A.; Commissioner and Audit Committee Chair of the New York State Insurance Fund; and Director of IES Abroad. Ms. Stamps holds an MBA from the University of Chicago; serves on the Board Advisory Services Faculty of the National Association of Corporate Directors; and is recognized as a NACD Board Leadership Fellow.

Board Skills and Qualifications: Capital Structure; Corporate Governance; Finance, Accounting and Risk Management; Legal, Regulatory and Government Affairs; Marketing; Strategic Planning; Current/Previous Senior Executive Experience; Public Company Board Experience

John K. Wulff

Independent Director

Age: 69

Director since: 2016

Background and Experience: Mr. Wulff is the former Chairman of the board of directors of Hercules Incorporated, a specialty chemicals company, a position he held from July 2003 until Ashland Inc. s acquisition of Hercules in November 2008. Prior to that time, he served as a member of the Financial Accounting Standards Board from July 2001 until June 2003. Mr. Wulff was previously Chief Financial Officer of Union Carbide Corporation, a chemical and polymers company, from 1996 to 2001. During his 14 years at Union Carbide, he also served as Vice President and Principal Accounting Officer from January 1989 to December 1995, and Controller from July 1987 to January 1989. Mr. Wulff was also a partner of KPMG LLP and predecessor firms from 1977 to 1987. Mr. Wulff is also a member of the board of directors of Celanese Corporation. Within the last five years, Mr. Wulff served as a director of Chemtura Corporation, Moody s Corporation and Sunoco, Inc.

Committees: Audit Compensation	**Board Skills and Qualifications:** Finance, Accounting and Risk Management; Current/Previous Senior Executive Experience; Governmental and Regulatory; Capital Structure; Corporate Governance; Global Operations; Mergers and Acquisitions; Public Company Board Experience; Strategic Planning

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Our Board held five in-person meetings and four telephonic meetings in 2017. Pursuant to Board policy, Directors are expected to attend all Board and Committee meetings, as well as our annual meeting of shareholders. Each standing Director attended more than 75% of the meetings of the Board and committees of the Board on which such Director serves. All of the standing Directors attended the 2017 Annual Meeting.

Board Leadership Structure

The Chairman of the Board is an independent director. We have maintained separate roles for the Chairman of the Board and the CEO for almost 14 years. While we do not have a formal policy in place, the Board evaluates its leadership structure on a periodic basis to ensure it aligns with the evolving circumstances and needs of the Company. The Board believes that its current structure is in the best interest of the Company and its shareholders.

The separation of the roles contributes to the Board s strong and independent oversight of a focused and effective management team. It allows the CEO to focus on the everyday operations of the business while also positioning the Chairman to provide independent counsel and leadership to the Board, CEO, and management team relating to Company operations, governance, and compensation matters. The independent Chairman s key responsibilities include:

- Presiding over meetings of our Board of Directors, executive sessions of our nonmanagement Directors and our annual meeting of shareholders;
- Briefing the CEO on issues discussed in executive sessions;
- Facilitating communications among directors and between the CEO and the Board, and supervising the circulation of information to the full Board;
- Developing, in conjunction with our CEO, and approving the agenda for our Board meetings;
- Recommending Board committee appointments and responsibilities in conjunction with the Nominating and Governance Committee;
- Leading the evaluation process of our CEO, with oversight of the annual Board or Committee self-evaluations;
- Overseeing the periodic review of management s strategic plan; and

Carrying out any other responsibilities requested by the CEO or the Board.

We currently believe that having an independent Chairman also promotes a greater role for the nonexecutive Directors in the oversight of the Company, including oversight of material risks facing the Company, encourages active participation by the independent Directors in the work of our Board of Directors, and enhances our Board of Directors role of representing shareholders interests.

Board Effectiveness, Annual Assessment and Refreshment

The Board is focused on enhancing its performance through a rigorous assessment process of the effectiveness of the Board and its Committees with a view to increasing shareholder value. We have designed our Board evaluation process to solicit input and perspective from all our Directors on various matters, including, but not limited to:

The effectiveness of the Board and its operations;

The Board s leadership structure;

Board composition, including the Directors capabilities, experiences and knowledge;

The quality of Board interactions;

The effectiveness of Board Committees;

Efficiency of Board and Committee meetings; and

The evaluation process itself.

As set forth in its charter, the Nominating and Governance Committee oversees the Board and Committee evaluation process. The process includes written evaluation forms that assess the effectiveness of the Board and its standing Committees and that provide feedback on an unattributed basis. Candid, one-on-one discussions between the Chairman of the Nominating and Governance Committee and each of the other Board members are also conducted and provide additional individual feedback.

In 2017, the Nominating and Governance Committee **engaged an independent third party to conduct the evaluations of the Board and our standing committees (Audit, Compensation and Nominating and Governance)**, and may do so in the future from time to time. The independent third party prepared the applicable evaluation forms and interviewed each Director to obtain additional comments and feedback. Regardless of whether an independent third party is involved in the evaluation process, the results of the assessments are compiled without attribution into a single form and sent to the Directors for a full Board assessment and to each Committee member, for those Committees on which they serve, to identify areas for future improvement. The evaluation results and the feedback received are used to update policies and practices as appropriate. The feedback is also considered by the Nominating and Governance Committee and the full Board when searching for and evaluating future Board nominees to help ensure we are adding the proper mix of subject matter expertise and perspective consistent with the needs of our growing company and our long-term strategy. In response to feedback received form Directors in 2017, areas identified for improvement included gender and experiential diversity, senior-level succession planning, long-term strategy and risk mitigation and continued Board focus on shareholder returns, among others.

During 2017 and early 2018, continuing the process developed and implemented over the previous two years, the full Board, under the guidance of the Nominating and Governance Committee, undertook a thorough review of the skills, qualifications and tenure of our incumbent Directors, as well as the size of the Board, in the context of our long-term strategic plan. **The Board was particularly focused on enhancing its expertise in information technology, cybersecurity, banking and finance, as well as seeking nominees who had executive experience and presence and public company board experience**. While the Company does not have a formal policy with respect to diversity, the Board believes that building a diverse Board comprised of individuals from different backgrounds and with a range of experiences and viewpoints is desirable.

Through this process, the Board identified Ms. Lute, who has an extensive cybersecurity background and is currently a director of Union Pacific Corporation, and Ms. Stamps, who has extensive banking and finance experience and currently serves on the board of CIT Group Inc., as candidates for election to the Board at the 2018 Annual Meeting. See Director Core Competencies above for additional information.

The graphic below summarizes the robust process undertaken by the Board to identify the new Director nominees in 2018:

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Board Oversight of Risk-Mitigation Process

The Board of Directors is responsible for oversight of the Company s risk-assessment and management process.

The Board delegates to the Compensation Committee responsibility for oversight of management s compensation risk assessment, and ensuring that the compensation practices of the Company continue to not encourage excessive risk-taking by management.

The Board delegates other risk-management oversight matters to our Audit Committee. The Audit Committee s responsibilities include:

- Direct oversight of our internal audit function, including the organizational structure and staff qualification, as well as the scope and methodology of the internal audit process; and

- A review, at least annually, of our enterprise risk-management plan to ensure that appropriate measures and processes are in place, including discussion of the major risks, the key strategic plan assumptions considered during the assessment and steps implemented to monitor and mitigate such exposures on an ongoing basis.

The Audit and Compensation Committees report to the Board, as appropriate, when a matter rises to the level of a material, enterprise-level risk. In addition to the reports from the Audit and Compensation Committees, the Board periodically discusses risk oversight, included as part of its annual detailed corporate strategy review.

The Company s management is responsible for day-to-day risk management. Our Internal Audit, Safety, Security, Corporate Controller, Information Technology, Human Resources, Legal, Business Resiliency, and Treasury Departments serve as the primary monitoring and testing functions for Company-wide policies and procedures, and manage the day-to-day oversight of the risk management strategy for the ongoing business of the Company. This oversight includes identifying, evaluating, and addressing potential risks that may exist at the enterprise, strategic, financial, operational, technological, compliance, and reporting levels.

We believe that the division of risk-management responsibilities as described above is an effective approach for addressing risks facing the Company.

Director Independence

The Nominating and Governance Committee has determined that all Directors, including our new Nominees but excluding Mr. Flynn, are independent under Company standards and SEC and NASDAQ rules. The Nominating and Governance Committee classifies the following Directors nominated for election at the Annual Meeting as independent: Ms. Hallett, Lute and Stamp and Messrs. Agnew, Bernlohr, Bolden, Griffin, McNabb and Wulff.

Our Nominating and Governance Committee Charter includes categorical standards to assist the Nominating and Governance Committee in making its determination of Director independence within the meaning of the rules of the

SEC and the Marketplace Rules of NASDAQ. The Nominating and Governance Committee will not consider a Director to be independent if, among other things, he or she:

Was employed by us at any time in the last three years;

Has an immediate family member who is, or in the past three years was, employed by us as an executive officer;

Has accepted or has an immediate family member who has accepted any compensation from us in excess of $120,000 during a period of 12 consecutive months within the three years preceding the determination of independence (other than compensation for Board service, compensation to a family member who is a nonexecutive employee, or benefits under a tax-qualified retirement plan or nondiscretionary compensation);

Is, was or has a family member who is or was a partner, controlling shareholder, or executive officer of any organization to which we made or from which we received payments for property or services in the current year or any of the past three fiscal years in an amount that exceeds the greater of $200,000 or 5% of the recipient s consolidated gross revenues for the year;

Is or has a family member who is employed as an executive officer of another entity where at any time during the last three years any of the Company s executive officers serve or served on the entity s compensation committee; or

Is or has a family member who is a current partner of the Company s independent registered public accounting firm or was or has a family member who was a partner or employee of the Company s independent registered public accounting firm who worked on the Company s audit at any time during the last three years.

Pursuant to the Nominating and Governance Committee Charter and as further required by NASDAQ rules, the Nominating and Governance Committee made a subjective determination as to each nonemployee Director that no relationship exists which, in the opinion of the Board, would interfere with such individual s exercise of independent judgment in carrying out his or her responsibilities as a Director. As part of such determination, the Nominating and Governance Committee examined, among other things, whether there were any transactions or relationships between AAWW and an organization of which a nonemployee Director or Director Nominee has been a partner, shareholder, or officer within the last fiscal year. The purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that a Director is independent.

Active and Engaged Board

As part of the Board s ongoing review of the Company s practices and in consideration of specific shareholder feedback, our Board has implemented many compensation, Board and governance enhancements during recent years. The below table provides a summary of these changes.

2017 2018
Compensation
Transition to strict double-trigger standard for all awards, requiring actual separation from service for second trigger (see page 58)
Addition of relative TSR performance measure to LTI awards to further strengthen pay-for-performance alignment (see page 43)
Enhanced disclosure around LTI performance target setting (see page 44)
Increased CEO stock ownership guidelines to 6x base salary to further align CEO incentives with shareholders (see page 50)
Revisions to peer group to reflect appropriate comparators for our growing and evolving global business (see page 47)
No increase to our CEO s base salary or bonus award opportunity in over five years (see page 37)
Compensation member participation in shareholder outreach (see page v)
Board
Nominated two new directors to the Board in 2018, with a focus on gender diversity, cybersecurity and banking/finance skills (see page 7)
Significant changes to Board leadership, including new Chairman of the Board in May 2017 and ongoing refreshment of Committee Chairs (see page viii)

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

2016 2017

Compensation

- **Increased the weight of corporate performance goals from 50% to 60%** in determining compensation of our NEOs under the AIP
- **Enhanced disclosure to clarify rigor of performance goals** under the AIP
- **Formalized existing practice of granting equity awards subject to vesting periods greater than one year** by adding minimum vesting language to 2016 Plan
- **Engaged a new independent compensation consultant**, Pay Governance

Board

- **Additional Board refreshment** including one new director added in 2017 and two new directors added in 2016
- **Adopted limits on Director service on other boards** in keeping with market best practices and investor input regarding a board s time commitment

Governance

- **Added proxy access provisions** to our by-laws
- **Added enhanced disclosure of our environmental, social and governance policies**

Additional Changes Prior to 2016 Annual Meeting

Compensation

- **Reduced CEO LTI award opportunity** from 4.75 multiple of salary to 3.75 multiple of salary in to be better aligned with peer group levels
- **Revised CEO LTI award grant level to be targeted at approximately median of peers**

Governance

- **Adopted majority voting to elect Directors in uncontested elections**

Executive Sessions

The outside members of the Board, as well as our Board Committees, meet in executive session (with no management Directors or management present) on a regular basis, as well as upon the request of one or more outside Directors. The sessions have been generally scheduled and led by the Chairman of the Board, and executive sessions of our committees are chaired by the respective committee chair. The executive sessions include topics the outside Directors or Committee members deem appropriate.

Communications with the Board

The Board of Directors welcomes input and suggestions. Shareholders and other interested parties who wish to communicate with the Board may do so by mail to the Office of the Secretary, Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, NY 10577, or e-mail to corporate.secretary@atlasair.com. All communications received by Directors from third parties that relate to matters within the scope of the Board s responsibilities will be forwarded to the Chairman of the Board. All communications received by Directors from third parties that relate to matters within the responsibility of one of the Board committees will be forwarded to the Chairman of the Board and the Chairman of the appropriate committee. All communications received by Directors from third parties that relate to ordinary business matters that are not within the scope of the Board s responsibilities are forwarded to AAWW s General Counsel.

Code of Ethics and Employee Handbook

Our Audit Committee monitors our Code of Ethics applicable to the CEO, Senior Financial Officers and Members of the Board of Directors. The Code includes certain provisions regarding disclosure of violations and waivers of, and amendments to, the Code of Ethics by covered parties. The Code of Ethics is reviewed on an annual basis. Any person who wishes to obtain a copy of our Code of Ethics may do so by writing to the Office of the Secretary, Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, NY 10577. A copy of the Code of Ethics is available in the Corporate Background section of our website at www.atlasair.com under the heading Code of Conduct .

We also have an Employee Handbook and Code of Conduct that sets forth, among other things, the policies and business practices that apply to all employees of any AAWW operating subsidiary in accordance with applicable federal, state and local laws and best practices, with the exception of the pilots of Southern. Southern pilots are currently subject to a separate Employee Handbook that is similar in content to our Employee Handbook and Code of Conduct. We are commencing a comprehensive review of our Employee Handbook and Code of Conduct in 2018 and anticipate having a new single Employee Handbook for all employees of AAWW operating subsidiaries by year-end. The Employee Handbooks address such topics as compliance with laws, moral and ethical conduct, equal employment opportunity, promoting a work environment free from harassment or discrimination, paid time off, work place leaves, the protection of intellectual property and proprietary information, and numerous other personal policies and procedures.

Environmental, Social and Governance Issues

As a leading global provider of outsourced aviation operating services, we encounter and manage a broad range of environmental, social and governance (ESG) issues. We have identified the following ESG issues, by category, as among the most relevant to our business and of highest interest to our key stakeholders:

Environmental:

Setting groundwork to participate in CORSIA, the global carbon emissions program governing international flying starting on January 1, 2021

Our current fleet consists primarily of 747-8F, 747-400F and 777F aircraft, which have **reduced environmental impact and noise, and are modern assets** that we believe are **superior in terms of fuel efficiency**, range, capacity and loading capabilities

Our newer-model -8F aircraft are about **15% more fuel-efficient** than our 400s, which translates into approximately **15% lower carbon dioxide emissions**

The -8Fs are also approximately **30% less noisy** than 747-400 aircraft

We conserve fuel wherever possible through our FuelWise fuel management information system, which uses our existing data to analyze fuel consumption performance, enabling us to track fuel-burn rates more accurately and efficiently and to identify additional opportunities to conserve fuel

We work with our customers to plan routes that are **more fuel-efficient**

We participate in industry and governmental initiatives to optimize air traffic management systems, where advances could result in **substantial reductions in fuel use and emissions and fewer interruptions at airports**

Our record on the ground is also very strong, with **no significant spills of fuel, deicing fluids or other liquids**

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Social

We are an Equal Opportunity Employer

We have **affirmative action plans** in place to ensure that qualified applicants and employees are receiving an equal opportunity for recruitment, selection, advancement and every other term and privilege associated with employment with AAWW

We have a **zero tolerance** **policy for harassment, discrimination or retaliation of any kind in the workplace**

We seek to **attract talented individuals** as employees and to **develop them** to their fullest potential

We also seek to offer our employees **highly competitive compensation and benefit packages** to retain them for the long term

The health and safety of our employees, particularly our crewmembers, is paramount, and **our health and safety track record** reflects this commitment

Our crewmembers and dispatchers are represented by the International Brotherhood of Teamsters, Aviation Division

We **encourage diversity and inclusiveness** in our workforce

We have specific policies in place **prohibiting** human trafficking

We have provided **cost-free charter flights for disaster relief** and have encouraged our employees to **support disaster relief and related activities**

We sponsor fundraising efforts and employee volunteer events for nonprofit organizations such as Junior Achievement (with employees regularly volunteering at socioeconomically disadvantaged area schools) and the American Red Cross, including **Company matches of employee donations**

Governance

We are firmly committed to maintaining a **strong corporate governance program**, which reflects best practices

We endorse the concept of Board and Committee **refreshment**, which has resulted in the election of **five new Board members over the last two years** (assuming all nominees are elected at the 2018 Annual Meeting) and the rotation of the Chairman of the Board and the Chairs of our three standing Committees over the last three years

We have a **rigorous and effective Board and Committee evaluation process** in place, which evaluations are conducted internally or by an independent third party. The results and feedback of the evaluations are used to identify areas of future improvement, to update policies and practices, as appropriate, and to help the Board and the Nominating and Governance Committee evaluate future Board nominees to ensure we are adding the proper mix of subject matter expertise and perspectives to the Board

We require our employees to **act responsibly in full compliance** with all applicable laws and standards and to **maintain the highest level of ethical conduct** in their dealings with customers, suppliers and other stakeholders

We provide **recurrent compliance training** to our employees that supports their ability to act responsibly in full compliance with all applicable laws and standards

We are committed to maintaining a **strong control environment** and to making effective controls an integral part of our routine business practices and having effective checks and balances in place so that we can address many issues before they become larger problems

We are committed to **frequent and extensive shareholder engagement**, which has included Board member participation, to learn what issues are important to the owners of your Company

Your Board of Directors is **committed to enhancing shareholder value** and has approved a long-term strategic plan, which is designed to achieve this objective and which is being implemented by senior management under the Board s close supervision

Compensation of Nonemployee Directors

The compensation of our nonemployee Directors is reviewed by the Compensation Committee on a periodic basis. In 2017, the Compensation Committee reviewed the current compensation amounts for nonemployee directors in tandem with Pay Governance LLC, the Committee s independent compensation consultant. Based on such review, the Committee determined that the compensatory arrangements currently in place for the nonemployee Directors are reasonably aligned with Company size and that no changes to such arrangements would be made at present.

Compensation for our nonemployee Directors consists of the following:

Cash Retainer

Each of our nonemployee Directors receives a $95,000 annual cash retainer, payable quarterly in advance.

Equity Compensation Restricted Stock Units

On the date of our annual meeting of shareholders, each of our nonemployee Directors receives an annual grant of restricted stock units for a number of shares having a value (calculated based on the closing price of our Common Stock on the date of grant) of $110,000.

The RSUs generally vest and are automatically converted into common shares on the earlier of (i) the date immediately preceding the Company s next succeeding annual meeting of shareholders or (ii) the one-year anniversary of the date of grant.

Nonemployee directors have the option to defer the receipt of common shares resulting from the vesting of their restricted stock units.

Chairman Position

The Chairman of the Board receives $150,000 annually; and

The Chairs of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee receive $20,000, $15,000 and $15,000, respectively, per year.

Meeting Fees

Directors do not receive regular meeting fees. However, if more than six meetings of the Board or any Committee occur (determined independently) in any given year, meeting fees are paid at the rate of $1,500 per meeting (with the Chairman of the Board or the Committee Chair being paid at the rate of $3,000 for any such meeting).

Medical, Dental and Vision Care Insurance

Optional medical, dental and vision care coverage have been made available to certain nonemployee Directors and their eligible dependents on terms and at a premium cost similar to that charged to Company employees. Eligibility for this benefit has ended, but remains in effect for nonemployee Directors whose original participation began in or before 2011.

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Certain nonemployee Directors who opt not to stand for re-election to the Board after reaching age 60 and who have 10 or more years of Board service are eligible to participate in the Company s medical plans (at full premium cost to the Director) until they become eligible for Medicare benefits. Eligibility for this benefit has ended, but remains in effect for nonemployee Directors whose original participation began in or before 2011.

2017 Total Compensation of Nonemployee Directors

The following table shows (i) the cash amount paid to each nonemployee Director for his or her service as a nonemployee Director in 2017, and (ii) the grant date fair value of restricted stock units awarded to each nonemployee Director in 2017, calculated in accordance with the accounting guidance on share-based payments. Mr. Flynn did not receive any additional compensation for his service as a Director in 2017.

Name	Fees Paid in Cash ($)	Stock Awards ($)[1]	Total ($)
Robert F. Agnew	180,500	109,998	290,498
Timothy J. Bernlohr	125,500	109,998	235,498
Charles F. Bolden, Jr.	74,250	109,998	184,248
James S. Gilmore III	110,000	109,998	219,998
Bobby Griffin	101,000	109,998	210,998
Carol B. Hallett	120,500	109,998	230,498
Frederick McCorkle	182,000	109,998	291,998
Duncan J. McNabb	110,000	109,998	219,998
John K. Wulff	102,500	109,998	212,498

(1) These units vest on the date of the 2018 Annual Meeting. The grant date fair value was $48.65 per share.

Nonemployee Directors Outstanding Equity Awards at Fiscal Year-End 2017

The table below shows outstanding equity awards for our nonemployee Directors as of December 31, 2017. Market values reflect the closing price of our Common Stock on the NASDAQ Global Market on December 31, 2017, which was $58.65 per share.

Name	Grant Date	Number of Shares or Units of Stocks That have not Vested (#)[1]	Market Value of Shares or Stocks Th Have Not Vested ($)
Robert F. Agnew	5/24/17	2,261	132,608
Timothy J. Bernlohr	5/24/17	2,261	132,608

Charles F. Bolden, Jr.	5/24/17	2,261	132,608
James S. Gilmore III	5/24/17	2,261	132,608
Bobby Griffin	5/24/17	2,261	132,608
Carol B. Hallett	5/24/17	2,261	132,608
Frederick McCorkle	5/24/17	2,261	132,608
Duncan J. McNabb	5/24/17	2,261	132,608
John K. Wulff	5/24/17	2,261	132,608

(1) These units vest on the date of the 2018 Annual Meeting. The grant date fair value was $48.65 per share.

Board and Committee Information

Our Board maintains three standing committees, an Audit Committee, Compensation Committee, and Nominating and Governance Committee, each of which has a charter that details the committee s responsibilities. The charters for all the standing committees of the Board of Directors are available in the Corporate Background section of our website located at www.atlasair.com and by clicking on the Corporate Governance link. The charters are also available in print and free of charge to any shareholder who sends a written request to the Secretary at Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, NY 10577.

Nominating and Governance Committee

The Nominating and Governance Committee currently consists of Mr. McNabb (Chairman), Messrs. Agnew, Bernlohr and Griffin, and Ms. Hallett, each of whom is an independent Director within the meaning of the applicable NASDAQ rules. The principal functions of the Nominating and Governance Committee are to:

- Identify and approve individuals qualified to serve as members of our Board;
- Select Director Nominees for the next annual meeting of shareholders;
- Review at least annually the independence of our Directors;
- Oversee our Corporate Governance Principles; and
- Perform or oversee an annual review of the CEO, the Board and its committees.

The Nominating and Governance Committee held four in-person meetings and one telephonic meeting in 2017. In addition, a subcommittee of the Nominating and Governance Committee met several times in 2017 and in early 2018 to interview and evaluate candidates for the Board.

Evaluation of Director Nominees and Expansion of the Board

Our Nominating and Governance Committee is responsible for reviewing and developing the Board s criteria for evaluating and selecting new Directors. The Nominating and Governance Committee s charter sets forth the criteria for skills and characteristics for Directors (see Election of Directors for the qualifications and experience of current Directors). The Nominating and Governance Committee identifies new candidates from a variety of sources, including recommendations submitted by shareholders.

The Nominating and Governance Committee strives to maintain an independent Board with broad and diverse experience and judgment that is committed to representing the long-term interests of our shareholders. New and incumbent Directors are individually evaluated from a skills and characteristics perspective on a number of different factors, including the following traits: high personal standards; the ability to make informed business judgments; literacy in financial and business matters; the ability to be an effective team member; a commitment to active involvement and an ability to give priority to the Company; no affiliations with competitors; achievement of high levels of accountability and success in his or her given fields; experience in the Company s business or in professional fields or other industries or as a manager of international business so as to have the ability to bring new insight, experience or contacts and resources to the Company; no direct affiliations with major suppliers, customers or contractors; and preferably previous public company board experience with good references.

As part of the Nominating and Governance Committee s ongoing evaluation of the Board s composition, in 2017 and early 2018, our Board named Ms. Lute and Ms. Stamps to the slate of the 2018 Director Nominees, which would maintain the size of the Board at 10. Ms. Lute and Ms. Stamps were recommended as Director candidates by the Nominating and Governance Committee following referrals by our current Directors as part of the Nominating and Governance Committee s process for identifying potential Directors. Ms. Lute has notable experience in cybersecurity, information technology, legal, regulatory and government affairs, and military affairs. Ms. Stamps has extensive experience in finance, banking, accounting and risk management, legal, regulatory and government affairs and corporate governance. Both Ms. Lute and Ms. Stamps have executive leadership experience, and both have public-company board experience.

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

The Nominating and Governance Committee will also consider whether potential Nominees are independent, as defined in applicable rules and regulations of the SEC and NASDAQ. The Board will nominate new Directors only from candidates identified, screened, and approved by the Nominating and Governance Committee. The Nominating and Governance Committee uses the criteria specified above when considering candidates for a Board seat and then searches for candidates that best meet those criteria without limitations imposed on the basis of race, gender, or national origin. The Board will also take into account the nature of and time involved in a Director s service on other boards in evaluating the suitability of individual Directors and making its recommendation to AAWW s shareholders. Service on boards of other organizations must be consistent with our conflict of interest policies applicable to Directors and other legal requirements.

While the Company does not have a formal policy regarding the diversity of its Directors, the Board believes that diversity with respect to gender, ethnicity, background, professional experiences and perspectives is an important element in the Board selection process. Both the Nominating and Governance Committee and the full Board will consider attributes such as race, gender, cultural background and professional experience when reviewing candidates for the Board and in assessing the Board s overall composition. The goal is to achieve a Board that provides effective oversight of the Company through the appropriate balance of diversity of perspectives, experience, expertise, skills, specialized knowledge and other qualifications and attributes of the individual Directors.

Our Nominating and Governance Committee will consider shareholder recommendations for candidates to serve on the Board, provided that such recommendations are made in accordance with the Nominating and Governance Committee s policy on security-holder recommendations of Director Nominees (the Shareholder Nominating Policy), which is subject to a periodic review by the Nominating and Governance Committee. Among other things, the Shareholder Nominating Policy provides that a shareholder-recommendation notice must include the shareholder s name, address, and the number of shares beneficially owned, as well as the period of time such shares have been held, and should be submitted to the Office of the Secretary, Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, NY 10577. A copy of our current Policy on Security Holder Recommendation of Director Nominees is available in the Corporate Background section of our website at www.atlasair.com. In evaluating shareholder Nominees, the Board and the Nominating and Governance Committee seek to achieve a balance of knowledge, experience, and capability. As a result, the Nominating and Governance Committee evaluates shareholder Nominees using the same membership criteria set forth above.

Corporate Governance Principles

We annually review our Corporate Governance Principles, believing that sound corporate governance practices provide an important framework to assist the Board in fulfilling its responsibilities. The business and affairs of AAWW are managed under the direction of our Board, which has responsibility for establishing broad corporate policies, setting strategic direction, and overseeing management. An informed, independent, and involved Board is essential for ensuring our integrity, transparency, and long-term strength, and maximizing shareholder value. The Corporate Governance Principles address such topics as codes of conduct; Director nominations and qualifications; Board committees; Director compensation; conflicts and waivers of compliance; powers and responsibilities of the Board; Board independence; serving on other boards and committees; meetings; Director access to officers and other employees; shareholder communications with the Board; annual Board evaluations; financial statements and disclosure matters; delegation of power; and oversight and independent advisors. A copy of our Corporate Governance Principles is available in the Corporate Background section of our website at www.atlasair.com.

Audit Committee

The Audit Committee of the Board of Directors currently consists of five outside Directors: Messrs. Bernlohr (Chairman), Bolden, Gilmore, McNabb and Wulff, each of whom is an independent Director within the meaning of the applicable rules and regulations of the SEC and NASDAQ (see also Director Independence above). The Board has determined that Messrs. Bernlohr and Wulff are audit committee financial experts as defined under applicable SEC rules.

The Audit Committee s primary function, as set forth in its written charter (available in the Corporate Background section of our website at www.atlasair.com under the heading Audit Committee Charter) is to assist the Board in overseeing the:

Quality and integrity of the financial statements of the Company;

Qualifications and independence of our independent registered public accounting firm;

Performance of the Company s internal audit function and independent registered public accounting firm;

Compliance with legal and regulatory requirements by the Company; and

Effectiveness of the Company s financial reporting process, disclosure practices and systems of internal controls.
The Audit Committee is also responsible for overseeing the Company s Code of Ethics (see also Code of Ethics above) and related party transactions. The Audit Committee held four in-person meetings and four telephonic meetings in 2017.

Evaluation of Independent Registered Public Accounting Firm

As noted above, the Audit Committee assists the Board in overseeing the independent registered public accounting firm s qualifications, independence and performance. The Audit Committee is also responsible for appointing the independent registered public accounting firm and approving, in advance, audit and permitted nonaudit services in accordance with the Committee s preapproval policy (see also Proposal No. 2 below).

The Audit Committee received from AAWW s independent registered public accounting firm, PricewaterhouseCoopers LLP (PwC), the written communications required by applicable requirements of the Public Company Accounting Oversight Board regarding communications with the Audit Committee concerning independence and satisfied itself as to the independence of PwC.

In addition to PwC s independence, the Audit Committee considered several other factors in deciding whether to reappoint PwC, including the quality of PwC s staff and work; PwC s procedures related to quality control; the communication and interaction with our PwC team; PwC s capability and expertise to perform an audit of a company having the complexity of AAWW s business; the length of time PwC has served as the Company s independent registered public accounting firm; the appropriateness of PwC s fees; and the potential impact of changing our independent registered public accounting firm. As a result, the Audit Committee has selected PwC as the Company s independent registered public accounting firm for the year ending December 31, 2018.

Audit Committee Report

AAWW management has responsibility for preparing the Company s financial statements and PwC is responsible for auditing those financial statements. In this context, the Audit Committee has reviewed and discussed AAWW s audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 with management and with PwC. The Audit Committee discussed with PwC the matters required to be discussed by *Auditing Standard No. 1301 Communications with Audit Committees.*

Based upon its reviews and discussions, including the matters related to PwC s independence, as described above, the Audit Committee recommended, and the Board of Directors approved, that AAWW s audited consolidated financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017, for filing with the SEC.

THE AUDIT COMMITTEE

Timothy J. Bernlohr, Chair

Charles F. Bolden, Jr.

James S. Gilmore III

Duncan J. McNabb

John K. Wulff

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Compensation Committee

Duties and Responsibilities

The Board s Compensation Committee assists the Board in discharging and performing its duties regarding the compensation of our executives, including our NEOs, executive succession planning, and other matters. The Compensation Committee also is the administrator of our long-term incentive award and annual bonus plans.

The Compensation Committee is also responsible for:

- Reviewing, evaluating and establishing compensation plans, programs and policies for, and reviewing and approving the total compensation of, our senior executives at the level of executive vice president and above, including our CEO;

- Monitoring the search for, and approving the proposed compensation for, all senior executives at the level of executive vice president and above and periodically reviewing and making recommendations to the full Board regarding the compensation of Directors; and

- Retaining and overseeing the independent compensation consultant that provides advice regarding executive and Director compensation matters.

Processes and Procedures

Following approval of the annual budget, either before or during the first quarter of each year, the Committee establishes the minimum financial performance objective required before any annual incentive award payment may be made, as well as the year s objectives for financial, on-time customer service reliability and individual performance goals and objectives for senior executives. All are taken into account in setting the performance range for each such executive and ultimately in determining the amount of each such executive s annual award payment, if any. The Committee establishes these criteria, with the advice of the independent compensation consultant and outside counsel, as appropriate, after reviewing information submitted to the Committee by the CEO and Chief Human Resources Officer (CHRO) (at the request of the Committee). Our CEO and CHRO also provide information to the Committee regarding annual and long-term incentive plans that the Committee considers, with the advice of the independent compensation consultant and outside counsel, in its determination of awards under those plans.

The Compensation Committee is required by its charter to meet at least four times annually. During 2017, the Compensation Committee held four in-person meetings and two telephonic meetings and acted once by written consent. In 2017, the Compensation Committee consisted of four outside Directors, Ms. Hallett (Chair), Mr. Wulff, Mr. Griffin and Mr. McCorkle, each of whom is an independent Director within the meaning of applicable SEC and NASDAQ rules.

Compensation Determination Process

The Compensation Committee has primary responsibility for determining and approving, on an annual basis, the compensation of our CEO and other executive officers. The Compensation Committee receives information and advice from its independent compensation consultant, as well as from our human resources, finance and legal departments and management to assist in compensation determinations.

Role of Independent Compensation Consultant

The Compensation Committee engaged the services of Pay Governance LLC (Pay Governance) in 2017, which reported directly to the Committee and provided no other services to the Company or any of its affiliates. For 2017, the Committee assessed the independence of Pay Governance pursuant to the SEC and NASDAQ rules and concluded that no conflict of interest existed that would prevent Pay Governance from independently representing the Compensation Committee.

Pay Governance provides advice and analysis to the Compensation Committee on the design, structure and level of executive and director compensation, and, when requested by the Compensation Committee, attends meetings of the Compensation Committee and participates in executive sessions without members of management present. The independent compensation consultant reports directly to the Compensation Committee, and the Compensation Committee reviews, on an annual basis, the independent compensation consultant s performance and provides the independent compensation consultant with direct feedback on its performance.

Role of Our Senior Executives

While the Compensation Committee has the responsibility to approve and monitor all compensation for our executive officers, management plays an important role in determining executive compensation. Management, at the request of the Compensation Committee, recommends financial goals that drive the business and works with Pay Governance to analyze competitive market data and to recommend compensation levels for our executive officers. Our CEO and CHRO likewise assist the Compensation Committee by providing their evaluation of the performance of our other executive officers and recommending compensation for NEOs other than themselves, including adjustments to annual incentive compensation, based on individual performance. Any individual whose performance or compensation is to be discussed at a Compensation Committee meeting does not attend such meeting (or the applicable portion of such meeting) unless specifically invited by the Compensation Committee, and the CEO is not present during voting or deliberations regarding his compensation.

The Committee s Risk Assessment of Our Compensation Policies

The Compensation Committee is aware of the need to routinely assess the Company s compensation policies and practices as they relate to the Company s risk management and whether the structure and administration of the Company s compensation and incentive programs could promote imprudent in excessive risk-taking. With the support of Pay Governance, the Compensation Committee considered the structure and administration of our compensation program and determined that our program is appropriately balanced and does not promote imprudent or excessive risk-taking. Significant factors contributing to their conclusion included:

Extent of oversight. The Compensation Committee, with support supplied from members of management, regularly reviews the performance of our compensation plans.

Governance. Oversight roles are clearly defined throughout the Company to ensure that pay plans are aligned with business goals and risk tolerances, stress tested under realistic assumptions, and balanced between corporate standards and business-unit autonomy.

Risk profile and balance within the incentive structure. Our plans are designed by the Compensation Committee to appropriately balance fixed and variable pay, cash and equity, short- and long-term incentives, and corporate, business-unit and individual performance goals.

Plan design. Our plans are designed to avoid such features as overly steep incentive slopes, unreasonable goals or thresholds that may incentivize unnecessary risk-taking, uncapped payouts, rigidly formulaic awards, undue focus on any one element of compensation, and misaligned timing of payouts and we maintain risk mitigating features including the Compensation Committee s retained discretion with respect to assessing awards, clawbacks, and shareholding requirements.

Performance metrics. Performance metrics reflect risk and use of capital, quality and sustainability of results and do not provide an incentive to management to seek short-term results that encourage high-risk strategies designed to exact short-term results at the expense of long-term performance and value. Starting with long-term incentive awards issued in 2018, such awards will contain a direct shareholder-return metric, as described in more detail in the Compensation Discussion and Analysis section.

Individual Performance and Discretion. Annual incentive awards are determined, in part, based on the Committee s evaluation of individual performance and contributions. Further, the Committee may exercise a certain amount of discretion in approving final award payouts, which mitigates the potential for inappropriate risk-taking that can result from a strict application of formulaic compensation arrangements.

Clawback Policy. The Compensation Committee has adopted a clawback policy, pursuant to which, the Company may seek to recoup certain incentive-based compensation in the event the Company is required to restate its publicly reported financial statements due to material noncompliance with any financial reporting requirement under the securities laws as a result of misconduct.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee serves as a member of the Board of Directors or the compensation committee of any entity that has one or more of our executive officers serving as members of the Board or Compensation Committee.

COMPENSATION DISCUSSION AND ANALYSIS

Our Compensation Discussion and Analysis (CD&A) describes Atlas Air s executive compensation program, including total 2017 compensation, for our named executive officers listed below:

William J. Flynn	*President and Chief Executive Officer*
John W. Dietrich	*Executive Vice President and Chief Operating Officer*
Michael Steen	*Executive Vice President and Chief Commercial Officer*
Adam Kokas	*Executive Vice President, General Counsel, Chief Human Resources Officer and Secretary*
Spencer Schwartz	*Executive Vice President and Chief Financial Officer*

The CD&A and the Executive Compensation Tables are organized as follows:

COMPENSATION DISCUSSION AND ANALYSIS

Overview

We delivered record volumes, record revenue, and robust earnings growth in 2017, reflecting our growth initiatives and our focus on express, e-commerce and fast-growing global markets.

In 2017, we executed on our strategic initiatives to strengthen and diversify our business mix, expand our customer base, generate cost savings through operating efficiencies, and enhance our portfolio of assets and services. Our results reflected the strength of our ACMI and Charter businesses, growth in our Dry Leasing business, progress in our efficiency and productivity initiatives, and an increase in the average utilization of our operating fleet during the year as we capitalized on the market demand for our aircraft and services.

Performance Metrics *($ Millions, except for Block Hours)*	**2017 Results**	**Percent Change from 2016**	**GAAP Equivalents**	**2017 Results**	**Percent Change from 2016**
Block Hours	252,802	h **20.1%**			
Revenue	$2,156.5	h **17.2%**			
Direct Contribution from Segments	$422.6	h **15.0%**			
Free Cash Flow*	$236.8	h **30.0%**	**Net Cash Provided by Operating Activities**	**$331.7**	h **42.9%**
EBITDA, as adjusted*	$428.6	h **12.1%**	**Income from Continuing Operations, Net of Taxes**	**$224.3**	h **426.3%**

Adjusted Income from Continuing Operations, Net of Taxes*	$133.7	h **17.0%**	**Income from Continuing Operations, Net of Taxes**	**$224.3**	h **426.3%**

* *Free Cash Flow, EBITDA, as adjusted, and Adjusted Income from Continuing Operations, Net of Taxes, are non-GAAP measures. A reconciliation of such non-GAAP measures to the corresponding GAAP numbers is contained in Exhibit A attached hereto.*

Direct Link between Compensation and Business Strategy

Our compensation programs are designed to drive achievement of our business strategies and provide competitive opportunities, principally dependent on the successful achievement of performance goals closely tied to Company performance, as exemplified by the features set forth below. Our strong 2017 performance resulted in annual incentive payouts reflecting these extremely positive outcomes.

Annual Incentives

Company Performance Metric	NEO Performance Metric
Company Financial Performance - Adjusted Net Income*	Adjusted Net Income
Customer On-Time Performance - Stringent standards specified under customer contracts	Customer On-Time Reliability
Company Business Plan and Strategic Initiatives	Individual Performance Objectives (based heavily on annually set corporate strategic objectives)

Long-Term Incentives PSUs and Performance Cash

EBITDA Growth	EBITDA Growth
Return on Invested Capital	Relative Return on Invested Capital
TSR (*for awards granted in 2018 and after*)	Comparative TSR (*for awards granted in 2018 and after*)

* *We use Adjusted Net Income (ANI) to measure our financial results. ANI excludes certain income and expense items that will never impact cash, and provides the best measure of our annual financial results. In addition, as a result of warrant accounting, our diluted shares outstanding fluctuate as a function of our share price throughout the year, making an absolute metric (ANI) more useful for our investors and analysts than a per-share metric.*

Recent Compensation Program Changes Responsiveness to Say-on-Pay Result and Shareholder Feedback

As discussed in the following pages and on page iii, we engage in extensive ongoing shareholder outreach to better understand our shareholders perspectives and consider ideas for further improvements to, among other things, our executive compensation programs and disclosures. In response to our 2017 Say-on-Pay result, AAWW and its Compensation Committee undertook a particularly robust and multifaceted outreach program during the balance of 2017. These extra efforts included participation by a member of our Compensation Committee in shareholder engagement meetings, and committee members also convened in a number of extra meetings and discussions to demonstrate timely and meaningful responsiveness.

During all shareholder outreach meetings, AAWW sought input on proactively developed proposed changes to our pay program and practices. **In direct response to specific shareholder feedback, we made a number of meaningful, impactful changes to our pay program.** We received many supportive and positive comments on the Company s direction (both from a business growth and governance perspective), the proposed pay program changes and our board rotation/refreshment and outlook, including from several shareholders who voted against Say-on-Pay or individual directors in 2017.

COMPENSATION DISCUSSION AND ANALYSIS

Enhancements to Address Say-on-Pay Outcome and Shareholder Feedback

The tables below highlights the executive compensation changes made in response to specific shareholder feedback as part of our Compensation Committee s robust efforts to be responsive to the 2017 say-on-pay outcome, which include board member participation in a number of outreach meetings. These most recent changes are in addition to numerous significant changes to our governance and compensation practices over the last several years.

Topic	What We Heard From Our Shareholders
Amazon acceleration of CEO LTI awards due to retirement eligibility	Strong preference for strict double-trigger awards Helpful to receive clarification that the CEO received no incremental CIC payments and that the CEO received no LTI payouts in 2017
Favorability of relative LTI metrics	Strong support for the addition of a TSR metric with a thoughtful broad comparator group
LTI goal-setting disclosure	An enhancement of disclosure regarding the **process** of long term incentive goal setting would be helpful. Understand concerns about providing long-term market guidance were AAWW to explicitly disclose long-term incentive metrics.
Share Ownership Guidelines	While current 5x CEO requirement is on market, further enhancement of CEO stock ownership would be viewed favorably
Peer Group	We understand your continued significant revenue growth and your business model are unique and global. Taking into account GICS codes along with other relevant factors when reviewing your peer group makes sense.

CHANGES MADE IN DIRECT RESPONSE TO FEEDBACK

Transition to strict double-trigger standard for all awards, requiring actual separation from service for second trigger* (see pages 58 60)

Addition of relative TSR performance measure to LTI awards to strengthen pay-for-performance link* (see pages 43 45)

Enhanced disclosure regarding LTI performance target setting (see page 44)

Increase CEO stock ownership guidelines to 6x base salary to further align our CEO s interests with those of our shareholders (see page 50 for additional details and similarly rigorous ownership requirements for our other NEOs and Directors)

	Board Refreshment and Rotation
	Two new Director nominees in 2018, with a focus on gender diversity, and the addition of information technology, cybersecurity and financial expertise and the detailed skills matrix (see pages 7,11 and 13), enhancing the Board s overall level of skill and bringing new perspectives to the Board and Committee decision-making processes
	Rotated Board and Nominating and Governance Committee chairmanships in 2017
Annual Bonus Performance Metrics	Company performance metrics for our NEOs increased to 60% of weighted performance metrics from 50% effective 2017. Company performance component for our CEO was raised from 50% to 60% effective 2016
	Enhanced disclosure to clarify that company performance goals continue to be set at a higher level than actual company performance in prior years
Recent Change in Independent Compensation Consultant	Following a competitive and thorough selection process in 2016, the Compensation Committee retained Pay Governance as its new independent compensation consultant

* Applicable beginning with awards granted in 2018 outstanding awards granted in 2017 could not be modified retroactively without incurring materially adverse tax consequences under Section 409A of the Internal Revenue Code of 1986, as amended (the Code). This was explained in detail during our shareholder outreach.

How We Incorporate Pay-for-Performance into Our Compensation Programs

Our Compensation Committee believes that our compensation practices have played a key role in our steady operating and financial results during transformative growth periods such as those experienced in 2017 and 2016 and challenging times experienced generally in the global freight industry over the recent previous years. Our compensation programs are designed to drive achievement of our business strategies and provide competitive opportunities, principally dependent on the successful achievement of performance goals closely tied to Company performance. The performance metrics within the executive compensation program are designed to drive the achievement of key business, financial, on-time customer, and operational annual and long-term results, in addition to individual contributions.

The Compensation Committee achieves its pay-for-performance goals by:

- Aligning annual incentives with key annual financial, on-time customer reliability, and operating objectives that directly tie to the Company s strategy and holistic approach to achieving success,

- Aligning long-term incentive awards with executive retention and our shareholders interests by basing awards on key Company financial metrics and long-term operating performance,

- Balancing pay mix appropriately between fixed and variable pay, short- and long-term pay and performance metrics that are tied to business strategy that aligns with shareholder interests and long-term value creation, including the incorporation of a relative total shareholder return metric into long-term incentive awards beginning with awards granted in 2018.

COMPENSATION DISCUSSION AND ANALYSIS

Primary Components of NEO Compensation

The below table summarizes the three primary components of our NEOs compensation:

Elements of Pay	Form	Links to Performance	Purposes
Base Salary	Cash	Fixed annual compensation	Attract and retain executive talent Compensate executives for their responsibility, experience, sustained high performance and contributions to Company success
Annual Incentives	Cash	Adjusted Net Income (previously EPS)	&#82