ATLAS AIR WORLDWIDE HOLDINGS INC
Form DEF 14A
April 18, 2016
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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 þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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þ Definitive Proxy Statement

¨ Definitive Additional Materials

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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)

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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 May 24, 2016. Our meeting will be held at 10:00 a.m. at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, 38th Floor, New York, NY 10036.

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 and 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:

Company Performance

We have remained financially healthy and profitable in a challenging economic environment by capitalizing on strategic initiatives to strengthen and diversify our business mix, expanding our customer base, generating cost savings through operating efficiencies, and enhancing our portfolio of assets and services. In 2015, these efforts supported a 35% increase in adjusted earnings per share (EPS) to $5.01 per share and generated a 32% increase in free cash flow to $326.8 million.*

With a resilient business model, strong customer relationships, a superior fleet, and dedicated employees, we are well-positioned to continue to capitalize on market opportunities and to generate substantial earnings and cash flow.

Our business strategies and actions complement 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.

In April 2016, we acquired Southern Air Holdings, Inc. (Southern Air), a premier provider of intercontinental and domestic CMI (crew, maintenance, and insurance) services.

The acquisition of Southern Air, which will be immediately accretive, is strategically compelling and highly complementary. It provides us immediate entry into 777 and 737 aircraft operating platforms, with potential for developing additional business with existing and new customers of both companies. The result will be a more diversified and profitable company offering access to the widest range of modern, efficient aircraft.

Shareholder Outreach and Responsiveness

In parallel with our ongoing investor relations outreach, we conduct proactive and focused engagement with a significant majority of our shareholders each year. This engagement helps us understand our shareholders perspectives on our corporate governance and executive compensation programs, as well as on our business

* Adjusted EPS and Free Cash Flow are non-GAAP measures. Reconciliations of such non-GAAP measures to corresponding GAAP numbers are contained in Exhibit A attached hereto (with respect to Free Cash Flow) and the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the U.S. Securities Exchange Commission (SEC) on February 18, 2016 (with respect to adjusted EPS).

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strategy and performance, capital allocation strategy, and public disclosures. At the Board level, we continue to take these viewpoints under careful consideration when reviewing and refining our programs, communications, and disclosures. As a result, our current corporate governance and executive compensation practices reflect an ongoing constructive dialogue with our shareholders as well as corporate governance best practices.

Board Leadership and Governance Update

Over the past year, 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 its Committee leadership, we are pleased to report that we have nominated two new independent director candidates, Bobby J. Griffin and John K. Wulff, to our Board for 2016. These individuals bring complementary perspectives and experiences that further align the Board s skills and expertise with the Company s long-term business strategy. In the last two years, we have also refreshed both the independent Chairman and the Chair of our Compensation Committee. We continue to engage with our shareholders to stay current on evolving corporate governance practices and ensure we maintain a strong and well-balanced corporate governance structure.

Pay-for-Performance Alignment

Through ongoing dialogue with shareholders over the past several years, we have made substantive changes to our compensation program in response to feedback in order to reinforce the alignment of executive pay with Company performance. The performance-based payouts in recent years have demonstrated that we set rigorous performance goals that align with our strategy and that payouts reflect actual performance outcomes. This pay-for-performance culture ensures that our senior executives compensation is in the best interests of both our Company and our shareholders.

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, your investment and your support.

Frederick McCorkle, Chairman

Robert F. Agnew

Timothy J. Bernlohr

William J. Flynn

James S. Gilmore

Carol B. Hallett

Duncan J. McNabb

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Notice of 2016

Annual Meeting of Shareholders

To be held on May 24, 2016

We will hold the 2016 Annual Meeting of Shareholders of Atlas Air Worldwide Holdings, Inc., a Delaware corporation, on Tuesday, May 24, 2016, at 10:00 a.m., local time, at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, 38th Floor, New York, NY 10036, for the following purposes:

1. To elect a Board of Directors to serve until the 2017 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 ended December 31, 2016;

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

4. To consider and vote on a proposal to approve our 2016 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 March 28, 2016, 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,
Chief Human Resources Officer and Secretary

April 18, 2016

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 24, 2016

This Proxy Statement and the AAWW 2015 Annual Report are available for

downloading, viewing and printing at http://www.ezodproxy.com/atlasair/2016.

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PROXY SUMMARY

2015 Performance Highlights

We delivered strong performance in 2015. We grew earnings substantially, outperforming the airfreight market, and we positioned the company for future earnings growth.

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 and the strong operating leverage of our model. In addition, we continued to deliver against aggressive, objective, on-time customer service quality goals while maintaining a safe and compliant operation.

Our results reflect the strength of our ACMI and Dry Leasing businesses, growth in Charter, 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 demand for our aircraft and services.

* Adjusted net income, adjusted EPS, and Free Cash Flow are non-GAAP measures. Reconciliations of such non-GAAP measures to corresponding GAAP numbers are contained in Exhibit A attached hereto (with respect to Free Cash Flow) and the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on February 18, 2016 (with respect to adjusted EPS and adjusted net income).

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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.

In line with our commitment and strategy, we used proceeds from our issuance of $224.5 million of 2.25% Convertible Senior Notes in June 2015 to retire debt with an average coupon rate of 8.1% on five of our 747-400 freighters. Separately, we entered into new term loans that reduced rates on two of our original 747-8 aircraft from 6.37% to 3.53%. These refinancings have significantly reduced our cost of debt, reduced aircraft ownership costs, enhanced earnings and cash flows, and increased fleet flexibility.

Also during 2015, we invested in additional 747 and 767 aircraft in response to market demand and customer requirements. Complementing our fleet initiatives, we repurchased 1.7% of our outstanding shares while maintaining a strong cash position.

In April 2016, we acquired Southern Air, a premier provider of intercontinental and domestic CMI services.

The acquisition of Southern Air, which will be immediately accretive, provides us immediate entry into 777 and 737 aircraft operating platforms, with potential for developing additional business with existing and new customers of both companies. The result will be a more diversified and profitable company offering access to the widest range of modern, efficient aircraft.

Shareholder Outreach and Engagement

We have made an extensive, multiyear effort to solicit and understand shareholder perspectives, engaging with shareholders for the past five years. We continue to proactively engage with a substantial portion of our shareholders in order to solicit their perspectives and consider further improvements to our corporate governance and executive compensation programs, as well as our business strategy and performance, capital allocation strategy and public disclosures. Over the past few years, we have made significant changes to our compensation program as a result of this engagement with our shareholders. We have also worked to expand and enhance our public disclosure around the topics that were of interest to our shareholders during these discussions.

PROXY SUMMARY

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 topics relevant to our Company and the evolving governance landscape in the off-season as well as our annual meeting ballot items.

In-Season Engagement. In 2015, prior to our annual meeting, we reached out to shareholders representing approximately two-thirds of outstanding shares (including each of our 20 largest holders).

Off-Season Engagement. After our annual meeting, we reached out to shareholders representing approximately three-quarters of our outstanding shares and held discussions with all interested holders, representing approximately half of our outstanding shares, to obtain additional feedback on our corporate governance and executive compensation practices. We gathered meaningful feedback that the Board considered and incorporated into its discussions, including in setting and structuring 2016 compensation, although interested shareholders with whom we held discussions did not identify specific executive compensation practices requiring changes.

The diagram below represents our ongoing shareholder outreach process.

Compensation Program that Aligns Pay and Performance

The goal of our compensation program is to align executive compensation with Company and individual performance while providing the incentives needed to attract, motivate, and retain executives that drive the Company s creation of long-term shareholder value. Our Compensation Committee achieves this by:

ü **Aligning annual incentives** with key annual financial objectives that directly tie to our operating plan.

ü **Aligning long-term incentive awards** with our long-term strategic plan, executive retention and our shareholders interests.

ü **Creating a pay mix portfolio** with an appropriate balance of fixed and variable pay, as well as performance-based pay having short- and long-term components.

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Over the past few years, we have made substantive changes to our compensation program and corporate governance practices in response to shareholder feedback. These changes have further aligned pay and performance. Because a significant portion of our annual incentive and long-term incentive compensation is based on performance metrics, over the past two years our payouts under these plans have closely reflected our Company s performance outcomes. For example, in 2014 we trailed our peers in EBITDA growth and were in the middle quintile of ROIC, resulting in a payment under the Long-Term Incentive Performance Awards at 50% of target. In 2015, no payments were made under the Long-Term Incentive Performance Awards, in large part due to the effect of our settlement in 2015 of a legacy civil antitrust lawsuit.

For more information regarding our compensation program, please see Compensation Discussion and Analysis, beginning on page 23.

Strong, Well-Balanced Corporate Governance Practices

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

ü **Independent Board Leadership**. We have had separate Chairman of the Board and CEO roles for more than 10 years, with an independent Chairman, elected annually by our Board. In the last two years, we have refreshed both the independent Chairman (May 2014) and the Chair of our Compensation Committee (September 2014), providing strong, independent Board leadership.

ü **Focus on Board Refreshment.** 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. To that end, we welcome two new candidates to the 2016 slate of Nominees for Director, Bobby J. Griffin and John K. Wulff.

Bobby J. Griffin **John K. Wulff**

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PROXY SUMMARY

Upon election by our shareholders at the 2016 Annual Meeting, the average tenure of our Directors would be as follows:*

ü **Best Practices.** We maintain corporate governance best practices that promote accountability and protect shareholder rights, including the adoption 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 investor relations matters.

* The referenced chart includes Messrs. Griffin and Wulff, who have been nominated to our Board but are not currently directors of the Company. For biographical and other information regarding Mr. Griffin and Mr. Wulff, please see pages 8 and 11, respectively.

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ATLAS AIR WORLDWIDE HOLDINGS, INC.

2000 Westchester Avenue

Purchase, New York 10577

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 24, 2016

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), for use at the Annual Meeting of Shareholders (the Annual Meeting) to be held on Tuesday, May 24, 2016, at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, 38th Floor, New York, NY 10036 at 10:00 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 18, 2016. Proxies may be solicited in person, by telephone or by mail, and the costs of such solicitation will be borne by AAWW.

AAWW is a leading global provider of outsourced aircraft and aviation operating services, operating the world s largest fleet of 747 freighters, as well as operating 747 and 767 passenger aircraft and 767 freighters. AAWW also owns and dry leases a portfolio of aircraft, including six 777 freighters.

AAWW is a holding company with a principal wholly-owned airline operating subsidiary, Atlas Air, Inc. (Atlas). It also has a 51% economic interest and a 75% voting interest in Polar Air Cargo Worldwide, Inc. (Polar). Polar operates dedicated Boeing 747 freighters for DHL Express transpacific express operations. In addition to this long-term strategic partnership, Polar provides airport-to-airport scheduled air cargo service for freight forwarders and other customers. AAWW is also the parent company of several wholly-owned subsidiaries related to dry leasing services (collectively referred to as Titan). Except as otherwise noted, AAWW, Atlas, 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.

AAWW recently acquired Southern Air. The acquisition of Southern Air provides us with immediate entry into 777 and 737 aircraft operating platforms, with the potential for developing additional business with existing and new customers of both companies. Southern Air currently flies five 777-200F and five 737-400F aircraft under CMI agreements.

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 2017 Annual Meeting or until their successors are elected and qualified (Proposal No. 1);

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ABOUT THE ANNUAL MEETING

FOR ratifying the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2016 (Proposal No. 2);

FOR the adoption of an advisory resolution approving the compensation of our Named Executive Officers (the Say on Pay vote) (Proposal No. 3); and

FOR the approval of our 2016 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 March 28, 2016 (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 24,812,088 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, 2016. 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 Approving the Compensation of the Company s Named Executive Officers. 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

Named Executive Officers. 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.

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Proposal No. 4: Approval of the 2016 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 the 2016 Incentive Plan. Shares voting Abstain or broker no-votes will have no effect on approval of the 2016 Incentive Plan. Brokers, banks, and other nominees have no discretionary voting power in respect of this item.

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PROPOSAL NO. 1   ELECTION OF DIRECTORS

Our Board has nominated nine persons (seven whom are currently members of the Board) to stand for election at the 2016 Annual Meeting and to hold office until the next Annual Meeting. Except for Messrs. Griffin and Wulff, all Nominees are currently Directors elected at the 2015 Annual Meeting. The Nominating and Governance Committee has recommended the nine 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 and experience to the Board, giving the Board as a group the appropriate skills needed to exercise its oversight responsibilities. Mr. Griffin was identified by our Chief Executive Officer and Mr. Wulff was identified by one of our current independent Directors as part of the Nominating & Governance Committee s process for identifying potential Directors with a view to refreshing the Board.

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 will be elected to hold office until the 2017 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.

Director Core Competencies

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 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 Committee takes into account a number of factors, including the Company s:

- Evolving strategic priorities;
- Existing characteristics of our Board, including tenure and diversity; and
- Results of our annual Board and Committee self-evaluations.

During 2015, 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 our current Board and the ability of the Company to execute on its long-range strategic plan. Key qualifications that the Board and Committee identified included financial expertise, executive/operational experience, and backgrounds in supply chain logistics and global operations.

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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, and established a committee consisting of the Chair of the Nominating and Governance Committee, the Chair of the Board, and the Chief Executive Officer 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, Mr. Griffin and Mr. Wulff as candidates for election to the Board at the 2016 Annual Meeting.

In consideration of the factors noted above, the Board actively seeks new Directors who possess the skills and qualifications that would enhance Board effectiveness. 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 BELOW.

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Nominees for Director

Frederick McCorkle

Independent Chairman

Age: 71

Director since: 2004

Committees:

Compensation

Nominating and Governance

Background: General McCorkle retired from the U.S. Marine Corps in October 2001 after serving since 1967. He last served as Deputy Commandant for Aviation, Headquarters, Marine Corps, Washington, D.C. In this position, he was responsible for all of Marine Aviation procurement, material and parts support, including maintenance of Marine Corps aircraft, with a budget in excess of $8 billion. General McCorkle began his career as a naval aviator in 1969 and accumulated over 6,500 flight hours in more than 65 different series of aircraft over the course of his career. His assignments, accomplishments, and decorations are numerous and include the Distinguished Flying Cross, the Purple Heart, the Air Medal, the Navy Commendation Medal, and the Navy Achievement Medal. General McCorkle is currently a member of the board of directors of Lord Corporation and Jura Corporation (both privately held businesses) and of Rolls-Royce North America (a unit of Rolls Royce Group plc). General McCorkle also served as a Senior Strategic Advisor for Boeing, GKN, and Timken Corporation.

Board Skills and Qualifications: Civil and Governmental Aviation; Corporate Governance; Global Operations; Legal Regulatory and Government Affairs; Military Affairs; Procurement and Distribution; Strategic Planning; Transportation and Security

Robert F. Agnew

Independent Director

Age: 65

Director since: 2004

Committees:

Audit (Chairman)

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.

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 and Stanley-Martin Communications, LLC (both privately held businesses). 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 and Risk Management; Global Operations; Mergers and Acquisitions; Military Affairs; Procurement and Distribution; Strategic Planning; Transportation and Security

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Timothy J. Bernlohr

Independent Director

Age: 57

Director since: 2006

Committees:

Audit

Nominating and Governance

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. 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 served in a variety of management positions. Mr. Bernlohr also serves as lead director of Chemtura Corporation, and as a director of WestRock Company and Overseas Ship Holding Group. Within the last five years, he was a director of Rock-Tenn Company, Smurfit Stone Container Corporation, Ambassadors International, Inc., Aventine Renewable Resources, and WCI Steel, Inc.

Board Skills and Qualifications: Capital Structure; Corporate Governance; Finance and Risk Management; Legal, Regulatory and Government Affairs; Mergers and Acquisitions; Procurement and Distribution; Strategic Planning; Transportation and Security

William J. Flynn

President and CEO

Age: 62

Director since: 2006

Committees:

None

Background: Mr. Flynn has been our President and Chief Executive Officer since June 2006. Mr. Flynn has a 38-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. He served as a director of Horizon Lines, Inc. from November 2006 to April 2012. Mr. Flynn is Chairman of the National Defense Transportation Association and a Director of Airlines for America.

Board Skills and Qualifications: Capital Structure; Civil and Governmental Aviation; Corporate Governance; Finance and Risk Management; Global Operations; International and National Trade; Legal, Regulatory and Government Affairs; Mergers and Acquisitions; Military Affairs; Procurement and Distribution; Strategic Planning; Transportation and Security

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

James S. Gilmore III

Independent Director

Age: 66

Director since: 2004

Committees:

Nominating and Governance

(Chairman)

Compensation

Background: Mr. Gilmore, an attorney and business consultant with Gilmore Global Group, L.L.C., served as the 68th Governor of the Commonwealth of Virginia from 1998 to 2002. Mr. Gilmore was a partner in the law firm of Kelley Drye & Warren LLP from 2002 to 2008, where he served as the Chair of the firm s Homeland Security Practice Group focusing on corporate, technology, information technology, and international matters. He is President and Chief Executive Officer of the Free Congress Foundation, which offers bipartisan solutions to domestic fiscal challenges. In 2003, President George W. Bush appointed Mr. Gilmore to the Air Force Academy Board of Visitors, and he was elected Chairman in the fall of 2003. Mr. Gilmore served as the Chairman of the Republican National Committee from 2001 to 2002. He also served as Chairman of the Congressional Advisory Panel to Assess Domestic Response Capabilities for Terrorism involving Weapons of Mass Destruction, a national panel established by Congress to assess federal, state, and local government capabilities to respond to the consequences of a terrorist attack. Also known as the Gilmore Commission, this panel was influential in developing the Office of Homeland Security. He is also a director of CACI International Inc. and GRT, Inc. (a privately held business). Within the last five years, Mr. Gilmore served as a Director of Barr Laboratories, Inc., IDT Corporation, and Everquest Financial Ltd. (a privately held business). He was also a member of the advisory board of Unisys Corporation and the federal advisory board of Hewlett-Packard Company.

Board Skills and Qualifications: Corporate Governance; Global Operations; International and National Trade; Legal, Regulatory and Government Affairs; Procurement and Distribution; Strategic Planning

Bobby J. Griffin

Independent Director

Age: 67

New Director Nominee

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. Mr. Griffin served as a director of Horizon Lines, Inc. from 2010 to 2012. Mr. Griffin currently serves as director of Hanesbrands Inc., United Rentals, Inc. and WESCO International, Inc.

Board Skills and Qualifications: Corporate Governance; Executive Experience; Global Operations, Transportation and Supply Chain Logistics; Procurement and Distribution; Strategic Planning; Transportation and Security

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Carol B. Hallett

Independent Director

Age: 78

Director since: 2006

Committees:

Compensation (Chair)

Background: Ms. Hallett has been of counsel at the U.S. Chamber of Commerce since 2003 and serves as a member of the U.S. Chamber Foundation Board of Directors. 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 been a director of Rolls Royce-North America (a unit of Rolls Royce Group plc) since 2003. In addition, she has been appointed by the Secretaries of Treasury and Homeland Security to serve on the Customs Oversight Advisory Committee (COAC) for a term ending in 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), Horizon Lines, Inc., and Mutual of Omaha Insurance Company.

Board Skills and Qualifications: Civil and Governmental Aviation; Corporate Governance; Global Operations; International and National Trade; Legal, Regulatory and Government Affairs; Procurement and Distribution; Strategic Planning; Transportation and Security

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Duncan J. McNabb

Independent Director

Age: 63

Director since: 2012

Committees:

Audit

Nominating and Governance

Background: General McNabb 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 Chariman of the Government Security Committee of AT Kearney Public Sector & Defense Services and AdvanTac Technologies (both privately held businesses), 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, was a former Chairman of the Logistics Division of the National Defense Industrial Association, and is also a member of the Advisory Board of International Relief & Development. Within the last five years, he was also a director of HDT Global (a privately held business).

Board Skills and Qualifications: Civil and Governmental Aviation; Global Operations; International and National Trade; Legal, Regulatory and Government Affairs; Military Affairs; Procurement and Distribution; Strategic Planning; Transportation and Security

John K. Wulff

Independent Director

Age: 67

New Director Nominee

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 fourteen 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 and Chemtura Corporation. Within the last five years, Mr. Wulff served as a director of Moody s Corporation and Sunoco, Inc.

Board Skills and Qualifications: Finance and Accounting; Governmental and Regulatory; Capital Structure; Corporate Governance; Risk Management; Global Operations; Mergers and Acquisitions; Strategic Planning

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CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Our Board held five in-person meetings and five telephonic meetings in 2015. Pursuant to Board policy, Directors are expected to attend all Board and Committee meetings, as well as our annual meeting of shareholders. Each Director attended more than 75% of the meetings of the Board and committees of the Board on which such Director serves. All of the Directors attended the 2015 Annual Meeting.

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 periodic basis and 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.

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 more than 10 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 non-management Directors and our annual meeting of shareholders;
- Briefing the CEO on issues raised 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.

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Board Oversight of Risk Management 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.

Compensation of Outside Directors

Compensation for our outside Directors consists of the following:

Cash Retainer

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

Equity Compensation - Restricted Stock Units

- On the date of our annual meeting of shareholders, each of our Directors (other than Mr. Flynn) 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 units 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.

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CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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 are made available to our nonemployee Directors and their eligible dependents on terms at a premium cost similar to that charged to Company employees.

Nonemployee Directors who retire from the Board after 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. For purposes of the foregoing sentence, retirement is defined solely as a nonemployee Director opting not to stand for re-election to the Board.

2015 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 2015, and (ii) the grant date fair value of restricted stock units awarded to each nonemployee Director in 2015, calculated in accordance with the accounting guidance on share-based payments.

Name	Fees Paid in Cash ($)	Stock Awards ($) [1]	Total ($)
Robert F. Agnew	121,716	110,005	231,721
Timothy J. Bernlohr	99,560	110,005	209,565
James S. Gilmore III	114,832	110,005	224,836
Carol B. Hallett	116,000	110,005	226,005
Frederick McCorkle	254,073	110,005	364,078
Duncan J. McNabb	99,000	110,005	209,005

[1] The value of stock equals the grant date fair value of $58.05 per share on May 27, 2015.

Nonemployee Directors Outstanding Equity Awards at Fiscal Year-End 2015

The table below shows outstanding equity awards for our outside Directors as of December 31, 2015. Market values reflect the closing price of our Common Stock on the NASDAQ Global Market on December 31, 2015, which was $41.34 per share.

Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Robert F. Agnew	5/27/2015	1,895(1)	78,339
Timothy J. Bernlohr	5/27/2015	1,895(1)	78,339
James S. Gilmore III	5/27/2015	1,895(1)	78,339
Carol B. Hallett	5/27/2015	1,895(1)	78,339
Frederick McCorkle	5/27/2015	1,895(1)	78,339
Duncan J. McNabb	5/27/2015	1,895(1)	78,339
	7/23/2012	1,483(2)	61,307

(1) These units vest on the earlier of the day immediately preceding the date of the 2016 Annual Meeting or May 27, 2016. The grant date fair value was $58.05 per share.

(2) These units vest in four equal annual installments beginning on the first anniversary of the grant date. The next vesting event is scheduled to occur on July 23, 2016. The grant date fair value was $42.16 per share.

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.

Board Effectiveness and Annual Assessment

Each year our Board and its Committees conduct self-evaluations to ensure they are performing effectively and to identify opportunities to improve Board and Committee performance. The written self-assessment is conducted under the oversight of the Nominating and Governance Committee. Anonymous evaluation responses are reviewed and assessed. A written report, based on the anonymous written feedback from the Directors and senior management is compiled and presented by the chair of the Nominating and Governance Committee. The final report is discussed by the Nominating and Governance Committee, and the Committee shares and discusses these responses with the full Board and the other committees of the Board, as applicable.

During 2015, 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. Through this process, the Board identified Mr. Griffin and Mr. Wulff as candidates for election to the Board at the 2016 Annual Meeting. See Director Core Competencies above for additional information.

A copy of our Corporate Governance Principles can be found on the Corporate Governance page of the Corporate Background portion of our website at www.atlasair.com. Our Corporate Governance Principles are described in greater detail below.

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CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Director Independence

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

Our Nominating and Governance Committee Charter includes categorical standards to assist the 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 outside 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 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.

The Board considered that Ms. Hallett is a consultant to the U.S. Chamber of Commerce (the Chamber) and solicits membership in, support of, and contributions to, the Chamber, all of which are important factors in determining the compensation she receives from the Chamber. The Company is a member of the Chamber and participates in various activities of the Chamber. Although Ms. Hallett may be deemed to have an indirect interest in payments made by the Company to the Chamber, the Board has determined that these payments are not material because they were made in the ordinary course of business, the amount paid to the Chamber in 2015 was significantly below the financial thresholds established to determine Director independence (see above), and that any interest Ms. Hallett may be deemed to have in membership fees and other support of the Chamber paid by the Company are de minimis.

Board Committees

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. Gilmore (Chairman) and Messrs. Agnew, Bernlohr, McCorkle, and McNabb, 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 in 2015.

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 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.

New and incumbent Directors are individually evaluated from a skills and characteristics perspective on a number of different factors, including having 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 Committee s ongoing evaluation of the Board s composition, in early 2016, our Board named Bobby J. Griffin and John K. Wulff to the slate of 2016 Director Nominees, which would increase the size of the Board from seven Directors to nine at the time of the Annual Meeting. Messrs. Griffin and Wulff were recommended as Director candidates by the Nominating and Governance Committee following referrals by our current Directors as part of the Committee s process for identifying potential Directors. Mr. Griffin has notable executive experience in the areas of transportation, logistics, and supply chain management, including extensive international experience, due to his past senior leadership positions with Ryder System, Inc. Mr. Wulff has an especially strong financial background gained through various auditing, executive and finance positions, as well as substantial experience in leadership positions as a Director of several public companies.

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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 Company considers diversity as an important element of the Board section process but does not have a formal policy regarding the diversity of its Directors. The 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.

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 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 three outside Directors: Messrs. Agnew (Chairman), Bernlohr, and McNabb, 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. Agnew and Bernlohr are audit committee financial experts as defined under applicable SEC rules. The Board believes that Mr. Agnew possesses the attributes necessary to be deemed an audit committee financial expert, these attributes having been acquired by chairing the AAWW Audit Committee for almost ten years, among other things.

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 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 appointing the independent registered public accounting firm, approving, in advance, audit and permitted non-audit services in accordance with the Committee s preapproval policy (see also Proposal No. 2 below) and 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 2015.

Audit Committee Report

AAWW management has responsibility for preparing the Company s financial statements and AAWW s independent registered public accounting firm, PricewaterhouseCoopers LLP (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, 2015 with management and with PwC. The Audit Committee discussed with PwC the matters required to be discussed by *Auditing Standard No. 16 Communications with Audit Committees.* The Audit Committee received from 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.

Based upon its reviews and discussions 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, 2015, for filing with the SEC.

THE AUDIT COMMITTEE

Robert F. Agnew, Chairman

Timothy J. Bernlohr

Duncan J. McNabb

Code of Ethics and Employee Handbook

We have adopted a Code of Ethics applicable to the CEO, Senior Financial Officers and Members of the Board of Directors that is monitored by our Audit Committee and that 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 the policies and business practices that apply to all of our executives and other employees globally (except as provided under applicable law). The Employee Handbook and Code of Conduct addresses such topics as compliance with laws, moral and ethical conduct, equal employment opportunity, promoting a work environment free from harassment or discrimination, and the protection of intellectual property and proprietary information, among other things. In 2015, we completed a year-long review of our Employee Handbook and Code of Conduct to remain compliant with applicable law and consistent with best practices. We also implemented and distributed an updated Employee Handbook and Code of Conduct to employees worldwide in 2015.

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CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Compensation Committee

The Board s Compensation Committee assists the Board in discharging and performing its duties regarding the compensation of our executives, including our named executive officers (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 required by its charter to meet at least four times annually. During 2015, the Compensation Committee held four in-person meetings and one telephonic meeting and acted once by written consent. In 2014, the Compensation Committee consisted of three outside Directors, Ms. Hallett (Chair), Mr. Gilmore and Mr. McCorkle, each of whom is an independent Director within the meaning of applicable SEC and NASDAQ rules. The Committee Chair position was refreshed in 2014, with Ms. Hallett replacing Mr. McCorkle as Committee Chair in September 2014.

How We Make Compensation Decisions

The Compensation Committee is 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. The Committee also monitors the search for, and approves the proposed compensation for, all senior executives at the level of executive vice president and above, and periodically reviews and makes recommendations to the full Board regarding the compensation of Directors. In addition, the Compensation Committee retains and oversees the independent compensation consultant that provides advice regarding such compensation matters. See Compensation Discussion & Analysis Discussion of our Compensation Program for a discussion of how we set our performance metrics.

The Role of Independent Compensation Consultants in the Compensation Process. The Committee has retained Willis Towers Watson as its independent compensation consultant. The compensation consultant advises the Committee on compensation for our senior executives and reviews and advises on our annual incentive plan (AIP) for these senior executives and our long-term incentive compensation plans for all our eligible employees. The compensation consultant periodically reviews the salaries, incentive awards (annual and long-term), and other benefits that we provide to our senior executives so that it may advise the Committee whether compensation paid to these persons is competitive with companies and industries in which we compete for executive talent. At the direction of the Committee, the compensation consultant advises on a framework and performance metrics for both our annual and long-term incentive plans. A representative from the compensation consultant also generally participates in Committee meetings related to executive compensation and regularly communicates with the Chair of the Committee. In addition, the compensation consultant assists the Committee in its annual risk assessment of our compensation policies and practices.

Consideration of the Independence of the Compensation Consultant. Towers Watson was exclusively engaged by the Compensation Committee during fiscal 2015. Subsequent to that engagement, Willis Group Holdings Plc (Willis) merged with Towers Watson to become Willis Towers Watson. We have historically used other Willis subsidiaries for certain non-aviation insurance brokerage services. Willis has been retained by management to provide these and other insurance brokerage services since 2000. Neither Willis Towers Watson nor any affiliate provided any other services to the Company. The Committee has reviewed the independence of Willis Towers Watson in light of SEC and NASDAQ listing standards regarding compensation consultants and has concluded that Willis Towers Watson s work for the Committee is independent and does not create any conflicts of interest. The Committee has the sole authority to retain or replace Willis Towers Watson as the Committee s compensation consultant.

The Compensation Committee also has considered whether the non-executive compensation services provided by Willis Towers Watson create any conflicts of interest in light of SEC Rule 10C-1 and the listing standards of NASDAQ. Because of the policies and procedures that Willis Towers Watson has in place, as well as the policies and procedures that the Compensation Committee has in place, the Compensation Committee has concluded that to the extent the work performed by Willis Towers Watson may create a possible appearance of a conflict of interest, there are sufficient safeguards and policies in place to mitigate or eliminate any such conflict, and therefore, no conflict of interest exists.

The factors used by the Compensation Committee to determine that no conflict of interest exists include the following:

- the individual compensation consultant receives no incentive or other compensation based on the fees charged to the Company for other services provided by Willis Towers Watson;
- the individual compensation consultant is not responsible for selling or providing other services of Willis Towers Watson to the Company;
- Willis Towers Watson s professional standards prohibit the individual compensation consultant from considering any other relationships Willis Towers Watson or its affiliates may have with the Company in rendering his or her advice and recommendations;
- the individual compensation consultant has direct access to the Compensation Committee without management intervention;
- the individual compensation consultant does not own any stock of the Company;
- the individual compensation consultant does not provide any services to us other than those provided at the direction of the Compensation Committee;
- there is no business or personal relationship between any Compensation Committee member or executive officer of the Company and the individual compensation consultant or Willis Towers Watson;
- the amount of fees received by Willis Towers Watson for the services provided to the Compensation Committee is less than .01% of the total revenues of Willis Towers Watson; and
- all non-executive and non-Director compensation services are provided by personnel of Willis Towers Watson who are not involved in providing services at the direction of the Compensation Committee.

The Role of Our Senior Executives in the Compensation Process. The Committee makes its decisions after reviewing recommendations from the independent compensation consultant, the CEO, and the Chief Human Resources Officer. Except for discussions related to their own levels of compensation, Mr. Flynn and Mr. Kokas participate in portions of the Committee s meetings to discuss the establishment, and ultimate payment, of annual incentive awards to senior executives at the level of executive vice president and above and long-term incentive awards to management and other eligible employees, and for salary adjustments, if any, to our senior executives, as well as other compensation matters related to these persons. 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 Compensation Committee also meets, as needed, in executive session with outside counsel and the independent compensation consultant to discuss any matters that the Compensation Committee or any of these groups believes warrant the Compensation Committee s attention.

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 senior executives serving as members of the Board or Compensation Committee.

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 for any annual incentive award payment, as well as the year s objectives for financial, on-time customer service reliability and service quality and individual 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 (at the request of the Committee). Our CEO and Chief Human Resources Officer 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.

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The Committee s Risk Assessment of Our Compensation Policies

The Compensation Committee, after considering advice of Willis Towers Watson, has concluded that our 2015 compensation program is appropriately balanced and does not promote imprudent or excessive risk taking based on the following factors:

Extent of oversight. The Compensation Committee with members of management 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 very steep incentive slopes, unreasonable goals or thresholds, 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.

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.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis, as well as the Executive Compensation Tables, are organized as follows:

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Overview

Proxy Summary

For a summary of certain of the items discussed below, please see Proxy Summary beginning on page i of this Proxy Statement.

Overview of Business

We are a leading global provider of outsourced aircraft and aviation services. We are the parent company of Atlas, Southern Air, and Titan. We are also the majority shareholder of Polar.

Through Atlas and Polar, we operate the world s largest fleet of 747 freighters. Through Atlas and Southern Air, we operate 777, 767 and 737 freighters as well as 747 and 767 passenger aircraft. We also own and dry lease a portfolio of aircraft through Titan, including six 777 freighters. In total, we have a fleet of more than 75 aircraft.

We provide unique value to our customers by giving them access to the widest range of modern, efficient aircraft, combined with outsourced aircraft operating services that we believe lead the industry in terms of quality and global scale. Prior to acquiring Southern Air, we operated 32,506 flights serving 426 destinations in 123 countries in 2015, reflecting our unmatched global scale and scope.

Our customers include airlines, express delivery providers, 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.

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 yield (rate) risk and most other operational fees and costs.

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CMI (Crew, Maintenance, and Insurance): Within ACMI, we also provide outsourced cargo and passenger aircraft operating solutions, including the provision of crew, maintenance, and insurance, but not the aircraft. Customers assume fuel, demand, and yield risk 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	Charter	Dry Leasing
~70-75% of Block Hours*	~25-30% 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.*

Performance Highlights and Key Achievements in 2015

The Company performed well in 2015, outperforming the airfreight market and delivering significant increases in adjusted net income, adjusted EPS, and free cash flow. 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 Dry Leasing businesses, growth in the Charter 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. See also 2015 Pay for Performance on page 30.

Our long-term strategic plan to diversify our business and enhance our financial results is consistent with the metrics in our short- and long-term incentive plans. Over the past several years, we have sought to transform and diversify our business. Our executives have successfully executed a number of long-term strategic initiatives approved by our Board, notwithstanding market environments that were often challenging and turbulent. The table below shows how our most significant company metrics have progressed during this period.

Company Metrics *($ Millions for Adjusted EBITDA and Free Cash Flow)*	**2011**	**2015**	**2011-2015 CAGR**
Block Hours	137,055	178,060	h **6.8%**
Fleet Growth*	43	67	h **11.7%**
Free Cash Flow**	$77.9	$326.8	h **43.1%**

Adjusted EBITDA**	$211.8	$377.9	h **15.6%**
Four-Year ROIC**		31.9%	

* *Includes customer-owned aircraft.*

** *Adjusted EBITDA, Free Cash Flow and ROIC are non-GAAP measures. A reconciliation of such non-GAAP measures to the corresponding GAAP numbers is contained in Exhibit A attached hereto.*

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COMPENSATION DISCUSSION AND ANALYSIS

The continued success of our business begins with our customers and the superior value-added services we provide. In 2015, despite a challenging global airfreight market, we successfully:

- Outperformed the global airfreight market;
- Delivered against aggressive objective on-time customer service quality goals and maintained a safe and compliant operation;
- Continued execution of our long-term strategic plan;
- Acquired our tenth 747-8 freighter and secured highly attractive financing;
- Acquired two 767 aircraft and converted them to freighter configuration, driving additional reliable, predictable profitability in both our Dry Leasing business and CMI operations;
- Expanded ACMI service for DHL Express (Transpacific), extended ACMI service with BST Logistics (Asia), Etihad Airways (Middle East) and Qantas (Australia);
- Expanded CMI Boeing 767 freighter service in North America for DHL Express;
- Expanded commercial and military Charter flying, including carrying our one-millionth charter passenger;
- Achieved substantial Continuous Improvement operating efficiencies;
- Enhanced shareholder value by repurchasing 1.7% of our outstanding shares;
- Maintained a strong cash position;
- Generated strong free cash flow; and
- Refinanced higher-cost 747-400 EETC debt and 747-8F term loans with lower-cost debt, improving financial and operating flexibility.

In April 2016, we acquired Southern Air, a premier provider of intercontinental and domestic CMI services.

The acquisition of Southern, which will be immediately accretive, provides us immediate entry into 777 and 737 aircraft operating platforms, with potential for developing additional business with existing and new customers of both companies. The result will be a more diversified and profitable company offering access to the widest range of modern, efficient aircraft.

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.

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Shareholder Outreach and Engagement

We have made an extensive multiyear effort to solicit and understand shareholder perspectives, engaging with shareholders each year for the past five years. In 2015, we reached out to holders of approximately 75% of our outstanding shares to help our Board better understand the evolving perspectives of our shareholders regarding the Company s governance and compensation practices. In response to these outreach efforts, we held discussions with all interested holders constituting approximately half of our outstanding shares. We gathered meaningful feedback that the Board considered and incorporated into its discussions, including in setting and structuring 2016 compensation, although interested shareholders with whom we held discussions did not identify specific executive compensation practices requiring changes.

The results of these discussions were reported to the relevant committees and the full Board. They are taken into consideration as the Board contemplates further improvements to our corporate governance and executive compensation programs, communications, and disclosures. The diagram below represents our ongoing shareholder outreach process.

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COMPENSATION DISCUSSION AND ANALYSIS

Compensation Program and Corporate Governance Changes in Recent Years

In response to shareholder feedback and concerns, our Compensation Committee has made significant changes to both our compensation program and corporate governance practices over the last several years to further link pay and performance and enhance market alignment and our corporate governance practices.

Annual Bonus Performance Metrics	Individualperformance metrics for the CEO comprise 20% of weighted performance metrics commencing in 2014 (versus 30% in prior years).
Peer Group	Revisedthe benchmark peer group to consist of ~20 companies in industries similar to ours, with median revenue size approximately equal to AAWW revenues (including revenues of Polar).
Multiple Peer Groups	Aseparate peer group previously used for LTI award grants was eliminated.
Incentive Plans Performance Metrics	Long-termincentive plan metrics changed from relative to absolute measures.
CEO Compensation Benchmarking	CEOlong-term incentive plan (LTI) award grant level revised in 2014 to be targeted at approximately the median of benchmark peer group.
Clawback	AdoptedAIP clawback policy.
Change-in-Control Provisions	Long-termincentive awards have double trigger change-in-control provisions, with legacy single trigger awards comprising less than 10% of total legacy LTI awards.
Majority Voting	Adoptedmajority voting standard in uncontested elections to enhance Director accountability and as a matter of best corporate governance practices.
Board Refreshment	Twonew Nominees up for election this year, enhancing the Board s overall level of skill and bringing new perspectives to the Board and Committee decision-making processes. Rotatedthe independent Board Chair and Compensation Committee Chair positions within the last two years to ensure fresh perspectives and to enhance the Directors understanding of different aspects of the Company s business and enabling functions.

Enhanced Stock Ownership Guidelines	Revisedour Guidelines to increase target ownership requirements for the Directors and the NEOs. Targetownership levels for the Directors and the NEOs are now based on the lesser of: (1) 4x annual base cash retainer, or 7,500 shares, for independent Directors, (2) 5x base salary, or 100,000 shares, for the CEO, (3) 3.5x base salary, or 40,000 shares, for the Chief Executive Officer of Titan or the President of Atlas Air, and (4) 3x base salary, or 30,000 shares, for executive vice presidents.

Compensation Program That Aligns Pay and Performance

Our Compensation Committee believes that our compensation practices have played a key role in our steady operating and financial results during challenging times in the global freight industry over the last several years. The Committee aligns executive compensation with Company and individual performance while providing incentives needed to attract, motivate, and retain executives that drive the Company s creation of long-term shareholder value.

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The Compensation Committee achieves these goals by:

Aligning annual incentives with key annual financial, on-time customer service 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, and

Creating a pay mix portfolio with an appropriate balance of fixed and variable pay, as well as performance-based pay having short- and long-term components, with different performance metrics important to the Company in each.

Each NEO is compensated with three primary forms of executive compensation: base salary, annual bonus incentive opportunity, and long-term performance incentive awards. Annual and long-term performance incentives are payable based on specific performance objectives as set forth in the below diagram.

Elements of Pay	Form	Links to Performance	Purpose
Base Salary	Cash	Fixed annual compensation	¡ Attract and retain executive talent ¡ Designed to compensate executives for their responsibility, experience, sustained high level of performance and contribution to our success
Annual Incentives	Cash	EPS Objective on-time customer service reliability metrics Individual Performance Objectives	¡ Drives key business, operating and individual results on an annual basis ¡ Derived from our annual operating plan ¡ Strictly performance-based against measureable metrics; no payout guaranteed
Long-Term Incentives	Performance Share Units (PSU) and Performance Cash	Average Growth in Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Return on Invested Capital (ROIC)	¡ Links NEO and long-term shareholder interests ¡ Serves as a key retention tool and a strong long-term performance driver ¡ Performance-based against measureable metrics; no payout guaranteed
	RSUs	Alignment with shareholder returns	¡ Serves as a key long-term retention tool and value increases with increase in share price

CEO Compensation Opportunity

A significant majority of compensation opportunity for our CEO is performance-based. As indicated below, 66.6% of maximum total CEO compensation opportunity in 2015 was performance-based, including almost 43.5% in performance-based LTI opportunity and 23.1% in annual incentive opportunity. An additional 21.9% of compensation opportunity was in the form of RSUs with four-year vesting.

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COMPENSATION DISCUSSION AND ANALYSIS

Our CEO s base salary has not been increased since April 2012, his bonus opportunity has not been increased since 2010 and his long term incentive opportunity was decreased from 4.75 multiple of salary to 3.75 multiple of salary in 2014 to be better aligned with peer group levels. The following charts illustrate our CEO s total compensation opportunity in 2015, as well as the 2015 long-term incentive opportunity for our CEO (assuming payout at maximum levels):

2015 Total CEO Compensation Opportunity

CEO s Long-Term Incentive Opportunity

We maintain stock ownership guidelines and anti-hedging and anti-pledging policies, as further described below in more detail. Aligning the interests of our executives with those of our shareholders provides incentives to our executives to avoid taking inappropriate business risks.

2015 Pay for Performance

Our compensation program is structured to be strongly aligned with the performance of the Company, with a significant portion of senior executives compensation based upon three performance metrics tied to our annual and long-term incentive plans. The performance metrics are designed to drive the achievement of key business, financial, on-time customer service, and operational annual and long-term results, in addition to individual contributions. The performance-based payouts for 2015 demonstrate the Compensation Committee has set rigorous goals that align with the Company s strategy and reflect the performance outcomes over the past few years:

Performance-Based Long-Term Incentive (for 3 year period 2013-2015): No payout was made due primarily to the impact of the settlement of a legacy civil class action antitrust lawsuit in 2015.

Annual Incentive (2015): Payout at approximately 2x target, reflecting our strong 2015 performance.

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Compensation Best Practices

Compensation Practice	AAWW Policy
Significant At Risk Compensation	ü Morethan 65% of maximum total CEO and target total other NEOs compensation is at risk and subject to achievement of pre-established performance goals tied to operational, financial and strategic objectives.
Clawback Policy	ü Adoptionof a clawback of annual incentive compensation to discourage imprudent risk taking.
No Adjustments for Shareholder Buybacks	ü Shareholderbuybacks are not factored in EPS calculation for AIP purposes. Therefore, executives annual incentives do not benefit from share buybacks.
Double Trigger Vesting Acceleration	ü Doubletrigger in long-term equity and cash performance incentive awards (granted in 2014 and beyond), with no vesting unless a change of control is accompanied by a qualifying termination of employment. Legacy single trigger awards now make up less than 10% of our outstanding grants.
No Change of Control Gross Ups	ü Changeof control payments are not grossed up for tax purposes.
Extended Vesting Requirements	ü Time-basedequity award agreements provide for a four-year vesting schedule.
Limited Perquisites	ü TheCompany strictly limits perquisites and does not provide for items such as personal use of airplanes, Company-provided autos, and/or auto allowances or club dues.
No Grants of Stock Options	ü TheCompany provides full value equity awards with either performance-based vesting or extended time-vesting requirements and has not granted stock options for many years.
No Repricing	ü Repricingof underwater stock options not allowed.
Stock Ownership Requirements	ü Minimumstock ownership guidelines and recommended holding periods for stock are in place, and all executive officers are compliant in all respects.
No Hedging or Pledging of Shares	ü Insidersprohibited from engaging in hedging and monetizing transactions involving the Company s securities and from engaging in certain speculative transactions in respect of the Company s securities.
Risk Management	ü Compensationprogram design does not promote excessive risk taking.
Independent Compensation	ü TheCompensation Committee has determined that the compensation consultant is independent.

Consultant	
162(m) Compliant	ü AIPcompensation is designed to qualify as performance-based compensation under Section 162(m).
Performance Assessment	ü TheCompensation Committee annually assesses its own performance.

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Discussion of Our Compensation Program

Using a Sensibly Structured Peer Group to Aid Our Compensation Decisions

Our Compensation Committee, together with its independent compensation consultant, periodically reviews relevant competitive market pay data for executives in our industry and similar industries. The Committee identifies a core group of companies, used to periodically assess the Company s compensation levels and practices, as one factor in the compensation-setting process. In 2014, we completely changed our peer group in response to shareholder feedback to (i) include additional companies in similar industries with similarly sized revenues, and (ii) remove companies with larger revenues that required regression and other adjustments to their revenue data.

Given the global nature of our business, we believe it is critical to recruit and retain executives with a breadth of experience in global markets. A significant portion of our revenue is derived from companies and business activity based outside of the United States. In 2015, we operated 32,506 flights, serving 426 destinations in 123 countries.

For 2015, our peer group includes companies that are, in comparison to AAWW:

- Comparably sized as measured by revenue, with median revenue in 2015 of $2.6 billion, and with revenues that range from 0.48x to 2.65x of AAWW s revenue (including Polar revenue), and

- Operate and compete for business and talent in similar industries, including transportation, logistics and aerospace services industries.

For peer comparison purposes only, AAWW s revenue includes Polar revenue. AAWW holds a 51% economic interest and a 75% voting interest in Polar. Polar operates a fleet of Boeing 747 freighters in time-definite, airport-to-airport scheduled air cargo service to North America, Asia, Europe, and the Middle East. Although Polar s revenues and results are not consolidated with those of AAWW for financial reporting purposes, Mr. Flynn serves as Chairman, CEO and President, Mr. Dietrich serves as Executive Vice President and Chief Transportation Officer, and Mr. Kokas serves as Executive Vice President, General Counsel, Chief Human Resource Officer, and Assistant Secretary of Polar. As executive officers of Polar, Messrs. Flynn, Dietrich, and Kokas have significant executive and operating responsibilities at Polar.

Because AAWW controls the voting interests of Polar and AAWW s NEOs serve in executive positions at Polar for the benefit of both AAWW (as majority owner of Polar) and Polar, we believe including Polar s revenues among AAWW s for purposes of peer group comparisons is appropriate.

Our 2015 peer group is comprised of the following companies:

Company	Description		Revenue for FY2015 ($ in millions)
Alliant Techsystems Inc.* (nka: Orbital ATK, Inc.)	*Aerospace, defense, commercial products*		*4,532*
Barnes Group Inc.	*Aerospace and industrial manufacturer*		*1,194*
B/E Aerospace Inc.	*Aerospace fasteners and consumables distributor*		*2,730*
Bristow Group Inc.	*Offshore helicopter transport services*		*1,727*
Con-Way Inc.*	*Freight transportation and logistics*		*5,806*
Curtiss-Wright Corp.	*Engineered, technologically advanced products and services*		*2,206*
Echo Global Logistics, Inc.	*Technologically enabled business process outsourcing*		*1,512*
Esterline Technologies Corp.	*Aerospace and defense manufacturer*		*1,936*
Exelis Inc.*	*Aerospace, defense and information solutions provider*		*3,277*
GATX Corporation	*Railcar leasing*		*1,450*
Harris Corporation*	*International communications and information technology*		*5,083*
Hexcel Corporation	*Industrial manufacturer*		*1,861*
Kansas City Southern	*International transportation*		*2,419*
Rockwell Collins, Inc.	*Avionics and information technology systems and services provider*		*5,244*
Ryder System, Inc.	*Truck rental, supply chain and fleet management services*		*6,572*
Spirit Aerosystems Holdings, Inc.	*Aero structures manufacturer*		*6,644*
Tidewater Inc.	*Large offshore service vessels to global energy industry provider*		*1,496*
TransDigm Group Inc.	*Commercial and military aerospace components manufacturer*		*2,707*
Trinity Industries, Inc.	*Transportation, construction and industrial products manufacturer*		*6,393*
UTi Worldwide Inc.	*Global supply chain management solutions provider*		*4,180*
Median Revenue of Peers*		*$*	*2,563*

* During 2015, four of AAWW s peer companies were acquired or underwent significant transactions. These companies included Alliant Techsystems, Inc. (now known as Orbital ATK, Inc.), Con-Way Inc., Exelis, Inc., and Harris Corporation. With respect to Con-Way Inc. and Exelis, Inc., the last available revenue reflects FY2014 and is included in the table above for information purposes, but is not reflected in the calculation of median revenue of peers.

In 2014, the Committee adjusted the LTI award grant level for our CEO to be targeted at approximately the median of our benchmarking peer group. For NEOs other than the CEO, major elements of pay at target were at or above the 75th percentile.

Based on its review of AAWW peer companies, the Compensation Committee, together with its independent compensation consultant, determined changes to be made for the 2016 peer group based on recent market events. In 2016, the AAWW peer group will include three new companies to replace the three entities that were the subject of 2015 mergers and acquisitions activity. The new companies are Teledyne Technologies Inc., Park-Ohio Holdings Corp., and AAR Corp. and will replace Con-Way Inc., Exelis Inc., and Harris Corporation. Alliant Techsystems Inc., now known as Orbital ATK, Inc., will remain in the peer group.

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COMPENSATION DISCUSSION AND ANALYSIS

Base Salary

Purpose: Base salary is designed to compensate executives for their responsibility, experience, sustained high level of performance, and contribution to our success.

Process for setting salaries: The amount of any senior executive salary increase is determined by the Compensation Committee based on a number of factors, including but not limited to:

- the nature and responsibilities of the position;
- the level of performance of the individual;
- the expertise of the individual;
- survey data;
- advice of the Compensation Committee s independent compensation consultant; and
- recommendations of the CEO (except regarding his own salary) and the Chief Human Resources Officer (except regarding his own salary).

Salary levels for executives are generally reviewed annually by the CEO and the Compensation Committee as part of the performance review process.

Actions in 2015: The Compensation Committee made no adjustments to the salary for the CEO. The Committee has not increased the salary for the CEO since April 2012.

In February 2015, the Committee reviewed the salary level for Mr. Steen in connection with his promotion to President and CEO of the Company s Titan dry leasing subsidiary, and increased his salary from $580,000 to $600,000 to create better internal alignment among senior executive officers.

The Compensation Committee has not increased salaries for the other NEOs since 2014.

Performance-Based Annual and Long-Term Incentive Compensation

The Compensation Committee takes a holistic approach to incentive compensation using a combination of related short- and long-term performance-based incentives to achieve the Company s annual, as well as longer-term, strategic goals.

At-Risk Philosophy:

The Compensation Committee believes that a significant portion of a senior executive s compensation should be at-risk, based upon the Company s financial and operating performance. Performance-based compensation aligns senior executive compensation with our goals for corporate financial and operating performance and encourages a high level of individual performance. For 2015, 66.6% of our CEO s maximum total direct compensation opportunity (base salary and maximum payout opportunity of annual and long-term incentive awards granted in 2015) was performance-based.

How we set our incentive metrics:

AIP financial and performance metrics are based on measurable performance-based criteria, including (i) EPS; (ii) on-time customer service reliability and (iii) individual annual objectives for our NEOs.

Long-term performance incentives are directly linked to strategic initiatives intended to enhance shareholder long-term interests.

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We base a significant portion of our executives compensation on the Company s financial and operating performance to align senior executive compensation with our goals for corporate financial as well as operating performance and to encourage a high level of individual performance. The annual and long-term metrics upon which our incentive plans are structured are designed to drive, on an integrated basis, the achievement of key business, financial, on-time customer service, and operational annual and long-term results, as well as to recognize the individual contributions of our executives towards these goals.

In designing the annual incentive awards for our executives, the Compensation Committee considers the annual budget and short- and long-term strategic goals approved by the full Board of Directors and then designs the annual and long-term incentives targets such as EPS, ROIC, and EBITDA around the budget and strategic plan. **Notably, share repurchases do not contribute to the achievement of EPS performance under the AIP.** We also believe that a significant portion of our executives total compensation should be equity-based, providing a strong alignment between the senior executive s compensation and shareholders interests.

Link Between Our Strategy and Our Incentive Metrics:

Our long-term business strategy contemplates initiatives which enhance our organizational and operating capabilities, generate additional operating efficiencies, broaden our portfolio of assets and services, and diversify our business mix.

Set forth below are the metrics used under our performance incentive plans in 2015 to provide appropriate rewards for prudent risk-taking, key financial performance and objective results in support of our business strategy. In addition, we believe that our performance metrics align and underscore the link between incentive compensation and the successful execution of our business strategy, and reflect our ongoing commitment to a pay-for-performance compensation philosophy.

After a review with our Board of Directors regarding the potential for competitive harm, we do not disclose in advance of payout the detailed quantitative company financial performance targets for our incentive compensation plans.

Annual Incentives		
Performance Metrics	**Weighting**	**Rationale**
EPS	CEO: 60% Other NEOs: 50%	Promotes the creation of shareholder value and the achievement of financial performance targets, particularly profitability.
On-time customer service reliability	CEO: 20% Other NEOs: 20%	Provides an incentive to management to meet or exceed challenging standards set by our customers in order to strengthen long-term customer relationships.
Individual annual objectives	CEO: 20% Other NEOs: 30%	Tied directly into the annual and long-term goals set in our annual operating budget and long-term strategic plan.

Long-Term Incentives		
Performance Metrics	**Weighting**	**Rationale**
Adjusted EBITDA growth	50% vesting based on a performance matrix	Encourages management to pursue long-term profit potential and cash flow opportunities and is consistent with achievement of the Company s long-term strategic goals.
ROIC	50%	

vesting based on a performance matrix	Drives growth and profitability through the efficient use of our capital and encourages prudent risk-taking.

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COMPENSATION DISCUSSION AND ANALYSIS

The metrics approved for our AIP are based on measurable performance-based criteria:

- ***EPS Objective Metric.*** Our primary performance-based metric in our AIP is the Company s Earnings Per Share. In calculating pretax earnings, items contained in the Company s board-approved annual operating budget do not result in any adjustment. However, items such as any gain or loss resulting from changes in accounting principles, results from discontinued operations and specific other operating, and non-operating expenses may be taken into account as adjustments to the extent that amounts related thereto were not included in the target for the Company s operating plan as approved by the Board of Directors. We make these adjustments, if any, to account for factors that we believe are not within the control of management, are not representative of our management team s performance under the operating plan and to promote incentives for management to make decisions that focus on the creation of long-term value rather than based on short-term bonus payments.

- ***On-time customer service reliability Objective Metric.*** These are all objective, measurable goals that are set to meet or exceed challenging standards set forth in customer service agreements (maintaining superior on-time customer service is essential to differentiating AAWW from its competitors).

- ***Individual annual objectives for our NEOs.*** These are tied directly into the annual and long-term goals set in our annual operating budget and long-term strategic plan, including continuous improvement and cost savings, diversifying our business, and enhancing our financial results.

For our long-term incentive awards, the Compensation Committee each year establishes the performance metrics for the following three-year award period. Our long-term incentive performance metrics relate to key Company long-term strategies and provide substantial payouts only upon achievement of exceptional performance. The metrics approved for long-term performance awards for 2015 were based on:

- ***EBITDA growth Objective Metric.*** Used for companies in industries like ours that require significant upfront financial investments. EBITDA is an appropriate measure of underlying profit potential and an indicator of operating cash flow.

- ***ROIC Objective Metric.*** Used because the Company s strategic plan involves a significant investment program in its aircraft fleet, and the ability of the Company to manage its balance sheet to generate returns is an important measure to investors.

At the end of the three-year period, the awards vest based on a performance matrix ranging from no vesting if the Company s performance is in the bottom quintile of both EBITDA and ROIC metrics to 200% vesting if performance on both metrics is in the top quintile. Target vesting (100% of the award) is achieved if the Company s performance is at the target level.

More detail on our AIP and LTIP, as well as more specifics relating to the awards granted in 2015 to our CEO and NEOs, is provided below.

Annual Performance-Based Cash Incentive Program

Annual cash incentive compensation awards to our executives are made under the AIP, which is part of the Company s 2007 Incentive Plan (Incentive Plan). Annual cash incentive awards under the AIP are intended to qualify as performance-based compensation as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Each of our executives is assigned a target bonus opportunity and a maximum bonus opportunity. For 2015, Mr. Flynn had a target bonus opportunity of 100% and a maximum bonus opportunity of 200% of annual base salary; the target bonus opportunity for Messrs. Dietrich and Steen was adjusted from 85% to 90% of annual base salary, and a maximum bonus opportunity of 180% of annual base salary. The increase was in connection with the increased level of senior executive responsibility with Mr. Dietrich s promotion to President and COO of Atlas Air, Inc. in addition to being President and COO of the Company, and Mr. Steen s promotion to President & CEO of Titan in addition to serving as Chief Commercial Officer of the Company. Messrs. Kokas and Schwartz had a target bonus opportunity of 85% of annual base salary, with a maximum bonus opportunity of 170%.

Bonuses are payable based on the achievement of the EPS, on-time customer service reliability, and individual business objectives described below. The Company must generate a threshold level of EPS for any award to be

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payable under the AIP as further described below. Based on instructions from the Compensation Committee and on the business plan reviewed by the Board, management and Willis Towers Watson recommended an AIP for 2015 based on achievement of our EPS, service reliability, and individual performance objectives weighted for each executive as set forth above under Link Between Our Strategy and Our Incentive Metrics .

As described below, the Company exceeded the threshold EPS level for awards to be payable under the AIP for 2015 and all of the financial and individual business objectives of our CEO and our other NEOs were achieved at 200%, while the service quality metric was achieved at 180%. Actual bonus amounts paid to Messrs. Flynn, Dietrich, Steen, Kokas, and Schwartz under the AIP are included in the Summary Compensation Table for Fiscal 2015 under Non-Equity Incentive Plan Compensation .

EPS Objective Metric. One of the performance factors in the 2015 AIP was our EPS. For purposes of the AIP, the EPS performance range was (1) a threshold amount of $3.28 per share, (2) $4.10 per share for the target amount, and (3) $4.40 per share representing maximum achievement. **The EPS number was calculated based on 25.25 million shares outstanding, which was set at the beginning of the year, (to avoid any benefits due to share repurchases, which could otherwise result in a higher bonus payout based solely on such share repurchases)**. For 2015, EPS, using the pre-established shares outstanding, exceeded the Board s forecast and the maximum achievement levels of EPS of $4.40, applying the adjustment for the litigation settlement and related legal fees and charges related to the early extinguishment of debt as required by the AIP (other adjustments to EPS under the AIP would not have the effect of reducing EPS). Accordingly, the EPS metric was achieved at 200%.

Our EPS metric under the AIP is designed to be rigorous. The target amount of $4.10 in 2015 represented a **34.4% increase over $3.05, our target amount in 2014**.

On-Time Customer Service Reliability Objective Metric. In addition to EPS, the second objective performance metric that was used to determine 2015 annual cash bonus payments was our on-time customer service reliability. Our 2015 on-time customer service quality goals are all objective, measurable goals that are set to meet or exceed challenging standards set forth in our customer service agreements. In 2015, we exceeded our on-time customer service reliability levels in all categories except for AMC performance, resulting in 180% performance attributable to this objective performance metric.

The on-time customer service reliability portion of our AIP is an objective on-time calculation. It is comprised of specific challenging, objective, measurable on-time customer service reliability goals set forth in our written customer contracts.

Customer Service Offering	2015 Result
ACMI	Exceeded all on-time objective customer service performance goals during the year without incurring net customer financial penalties.
CMI	Exceeded all on-time objective customer service performance goals during the year without incurring net customer financial penalties.
AMC/Military	On-time objective customer service performance goals during the year achieved in part. Both cargo and passenger performance were impacted by fewer mission counts (less flights), short notice demand and higher rates of operational delays.

2015 Individual Performance Objectives. Individual annual objectives for our NEOs are reviewed with and approved by the Compensation Committee each year, typically when the Company s operating plan is being

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approved by the Board of Directors. These performance objectives tie into our annual business plan and our long-term strategic plan, including continuous improvement and cost savings, diversifying our business, and enhancing our financial results, among others.

Set forth below are the primary objectives and achievements for each of our NEOs during 2015. All of our NEOs met or exceeded the maximum achievement on their individual performance objectives (the third AIP performance metric), resulting in a 200% performance factor. This metric was weighted at 20% for our CEO and 30% for all other Named Executive Officers for 2015.

2015 Individual Performance Objectives

William J. Flynn President and Chief Executive Officer

ü ***Execute the Company s Long-Term Strategic Plan***

- Analyzed and pursued select business opportunities of potential strategic and financial importance to AAWW, including the Southern Air acquisition, among others.
- Developed creative and innovative business cases that will attract customer interest in asset placements/commitments.
- Expanded the CMI footprint with the addition of four more 767-200 aircraft to service DHL Express s domestic needs.
- Expanded DHL Express core network with (i) the replacement of 747-8F aircraft for 747-400F aircraft, (ii) the addition of incremental 747-400F aircraft, and (iii) the extension of expiring aircraft terms.
- Continued developing AAWW s long-range strategic fleet plan (including 777 aircraft).
- Executed on a number of other significant aircraft related transactions that are expected to make significant contributions to future earnings and to generate very favorable rates of return.
- Enhanced Titan dry leasing structure to deliver increased annual income tax benefits.
- Successfully strengthened, grew, and developed customer relationships and opportunities by leveraging the Company s positive market position and financial strength.
- Actively participated in various legislative and regulatory activities involving flight and duty time and other issues of importance to the Company.

ü ***Achieve Continuous Improvement Savings; Develop and Structure Corporate Balance Sheet to Fund Growth Initiatives***

- Key participant in (i) a Continuous Improvement program that resulted in achieved savings and productivity improvements substantially in excess of targets, (ii) program designed to mitigate engine overhaul costs, (iii) a $224.5 million convertible note offering that effectively refinanced 8.1% debt with 2.25% debt, and (iv) a $320.2 million loan facility to refinance loans on two existing 747-8F aircraft and to finance a 2015 747-8F aircraft purchase, all on very favorable terms and at very favorable rates.

John W. Dietrich Executive Vice President and Chief Operating Officer

ü ***Service Quality Objectives***

- Met and exceeded on-time performance targets in ACMI, 767-CMI and Express segments.

- Achieved in part AMC passenger and cargo targets.

- Met or exceeded all performance targets for Boeing LCF and Son Air operations.

- Successfully completed International Operations Safety Audit (IOSA).

ü ***Continuous Improvement and Strategic Growth Initiatives***

- Successfully executed on the comprehensive and structured Company-wide Continuous Improvement program with achieved savings and productivity improvements substantially in excess of targets.

- Helped develop and lead (i) a program designed to mitigate engine overhaul costs, (ii) a program to optimize crew staffing procedures, (iii) a fuel saving initiative that resulted in more value-added fuel savings for the Company s customers.

- Increased hiring and training output by 200%.

ü ***Manage Department of Defense (DOD) Strategy and Maximize Opportunities***

- Proactively managed DOD strategy, teaming arrangements, and entitlements.

- Continue to develop relationships at DOD to maximize revenue in a very challenging market.

Michael Steen Executive Vice President and Chief Commercial Officer

ü ***Develop and Implement Titan Growth Plan***

- Grew Titan to become a world leading freighter lessor in terms of value.

- Increased Titan revenue and profits on a year-over-year basis.

- Placed a B757-200F on a new lease with DHL Express and negotiated the sale of a B737-800 aircraft.

- Led efforts to acquire two B767-300ERs and negotiated conversion slots for these aircraft.

- Negotiated the acquisition of five additional 767-300ERs for conversion and placement with DHL Express and others.

- Negotiated a new six-year lease with Corendon Airlines for a B737-800 aircraft.

- Evaluated numerous sale and leaseback opportunities.