

ATLAS AIR WORLDWIDE HOLDINGS INC
Form DEF 14A
April 19, 2019

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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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

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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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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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 Wednesday, May 22, 2019. Our meeting will be held at 10:00 a.m., local time, at the Doral Arrowwood Hotel and Conference Center, 975 Anderson Hill Road, Rye Brook, New York 10573.

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

A Record Year and Outlook

Atlas Air Worldwide continues to grow.

We have driven substantial growth in the scale, diversity and profitability of our business over the past several years. We generated record volumes, revenue, and earnings in 2018.

Our focus is on express, e-commerce and fast-growing markets, such as those in Asia and South America, where we had the best year in Company history in 2018.

Our record performance in 2018 and our outlook for another record year in 2019 are driven by multiyear initiatives that have expanded our capabilities, enabled us to serve a greater range of customers, and provided a solid platform for future growth opportunities.

We are excited about our future and our role in the future of airfreight.

Our business and our initiatives begin with our mission to be our customers' most trusted partner. Our operating philosophy is to grow our business by helping our customers grow theirs. Embedded in our core values is our commitment to the highest standards of safety and regulatory compliance, and to policies that promote the health and well-being of our employees and the environment.

Airfreight is vital in today's modern, global economy. It is a catalyst for international trade. It provides efficient access to markets. It is driving increased innovation in supply chains, and it is a powerful contributor to global economic and social development.

We are proud to be a leader in an industry where we can grow our business, deliver value for our customers and shareholders, and be a driver of positive social impact. Global airfreight traffic is expected to double in size over the next 20 years. As it does, it will drive a continuing increase in connectivity between developed and developing countries, triggering opportunities for economic growth and social transformation in local communities that otherwise would not be in reach.

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2018 Financial and Operating Performance

Operationally and financially, our 2018 results reflected the continued leadership and strength of our ACMI and Charter businesses, the growth of our annuity-like Dry Leasing operations, ongoing efficiency and productivity initiatives and a disciplined balance sheet focus.

Volumes in 2018 increased 17% to a record 296,264 block hours, with revenue growing 24% to a record \$2.7 billion and total direct contribution by our business segments increasing 18% to \$496.3 million.

On a reported basis, income from continuing operations, net of taxes, increased 21% to \$270.6 million, or \$5.22 per diluted share, which included an unrealized gain on financial instruments of \$123.1 million related to outstanding warrants.

On an adjusted basis, income from continuing operations, net of taxes,* grew 53% to \$204.3 million, or \$7.27 per diluted share* in 2018, with Adjusted EBITDA* rising 26% to \$540.6 million.

Looking Ahead

Atlas Air Worldwide is well-positioned to meet customer demand by capitalizing on the scale and scope of our domestic and worldwide operations to drive higher volumes, revenue and earnings in 2019.

We have the aircraft and provide the services that customers want. In March 2019, we expanded our strategic relationship with leading e-commerce retailer Amazon. We are scheduled to begin flying five 737-800 freighters for Amazon on a CMI (crew, maintenance and insurance) basis this year, with an opportunity to operate up to 15 additional aircraft by May 2021. As airfreight continues to grow, further globalization will require time-definite air networks such as those we provide to facilitate the flow of goods.

With the exceptional contribution of our employees, we are eager to grow our business, deliver value and benefits for our customers and shareholders, and extend our role in the global movement of goods, technology, ideas and social good.

Continued Alignment of Strategy, Performance and Executive Compensation

Our strong 2018 financial and operating results are a reflection of our leadership in international aviation outsourcing. During 2018, key accomplishments included the addition of 16 aircraft to our operating fleet in response to customer demand, with the operating fleet numbering more than 100 aircraft for the first time; significant progress on our initiative to provide air transport services for Amazon; expanded relationships with existing customers, including Asiana Cargo, DHL Express and the U.S. military; and the establishment of new relationships with new customers, including Industria de Diseno Textil, S.A. (Inditex) and SF Express. Our long-term strategy is to move more deeply into express, e-commerce and fast-growing global markets. Driving our execution of this strategy are an experienced, dedicated team of employees focused on our customers' expectations; a modern, superior fleet tailored to meet our customers' unique needs; a broad array of value-added, global operating services; and a solid financial structure.

Our 2018 executive compensation programs were thoughtfully structured to align with our long-term strategy and drive our operational performance and deliver strong financial results. Shareholder feedback has been and will continue to be influential in shaping our governance and executive compensation programs and practices.

Recent Governance Enhancements

As part of our ongoing commitment to incorporating specific feedback from shareholders into our governance practices, we implemented several noteworthy changes since our last shareholder meeting consistent with topics of importance raised by shareholders. Among other changes, we (1) elected two gender-diverse (including one ethnically diverse) Board members, (2) amended the Nominating and Governance Committee charter to provide that

*

Adjusted income from continuing operations, net of taxes, Adjusted Diluted EPS from continuing operations, net of taxes, and Adjusted EBITDA are non-GAAP measures. A reconciliation to the most directly comparable GAAP measures may be found on Page 45 and Page 46 of our 2018 Annual Report on Form 10-K, included with our Annual Report to Shareholders.

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diversity should be a factor in assessing the Board's core competencies as a whole, and (3) moved to proactively prevent potential over-boarding issues by amending our Corporate Governance Principles to limit directors to serving on a maximum of four public-company boards (including the Company's board).

We regularly conduct ongoing reviews of our governance practices to ensure that we maintain best practices and enhanced disclosure in our proxy statement and other SEC filings.

Continued Focus on Environmental and Social Issues

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

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

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

Robert F. Agnew, Chairman
Timothy J. Bernlohr
Charles F. Bolden, Jr.
William J. Flynn
Bobby J. Griffin
Carol B. Hallett
Jane H. Lute
Duncan J. McNabb
Sheila A. Stamps
John K. Wulff

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Notice of 2019 Annual Meeting of Shareholders To be held on May 22, 2019

We will hold the 2019 Annual Meeting of Shareholders of Atlas Air Worldwide Holdings, Inc., a Delaware corporation, on Wednesday, May 22, 2019, at 10:00 a.m., local time, at the Doral Arrowwood Hotel and Conference Center, 975 Anderson Hill Road, Rye Brook, New York, for the following purposes:

1. To elect a Board of Directors to serve until the 2020 Annual Meeting of Shareholders or until their successors are elected and qualified;
2. To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2019;
3. To hold an advisory vote to approve the compensation of the Company's Named Executive Officers;
4. To consider and vote on a proposal to approve an amendment to our 2018 Incentive Plan to increase the number of shares that are available for issuance of awards under such plan; and
5. To transact such other business, if any, as may properly come before the meeting and any adjournments thereof.

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

Only shareholders of record at the close of business on April 8, 2019, which date has been fixed as the record date for notice of the Annual Meeting of Shareholders, are entitled to receive this notice and to vote at the meeting and any adjournments thereof.

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

By Order of the Board of Directors

ADAM R. KOKAS
Executive Vice President, General Counsel and Secretary

April 19, 2019

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 22, 2019
This Proxy Statement and the AAWW 2018 Annual Report are available for downloading, viewing and printing at <https://www.ezodproxy.com/atlasair/2019>.

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PROXY SUMMARY

PROXY SUMMARY

2018 Performance Highlights

Overview of Business

We are a leading global provider of outsourced aircraft and aviation operating services. We operate the world's largest fleet of 747 freighters and provide customers a broad array of 747, 777, 767, 757 and 737 aircraft for domestic, regional and international cargo and passenger operations. Our fleet totaled 112 aircraft at year-end 2018, including 16 we added pursuant to growth initiatives in 2018.

We provide unique value to our customers by giving them access to a wide range of modern, efficient aircraft, combined with outsourced aircraft operating services that we believe lead the industry in terms of quality and global scale. We operated almost 60,000 flights serving 382 destinations in 89 countries in 2018, reflecting our far-reaching global scale and scope.

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

2018 Performance Highlights and Key Accomplishments

We delivered record volumes, revenue and earnings in 2018, reflecting our growth initiatives and our focus on express, e-commerce and fast-growing global markets.

Strategic Initiatives

We added 16 aircraft (nine 767s, six 747s and one 777) to our operating fleet in response to customer demand, with more than 100 planes included in our operating fleet for the first time. We ended the year with 112 aircraft across five fleet types that are well-suited to our growing domestic and regional operations, as well as our long-haul, international flying.

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We expanded our commercial relationship with leading e-commerce retailer Amazon. We placed and began operating eight new 767-300 freighters for Amazon during 2018, raising the number to 20 at year-end, which was in line with our expectations when we commenced this new service in 2016.

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PROXY SUMMARY

We completed agreements to operate 747 freighters for several existing and new customers, including Asiana Cargo, Inditex, one of the world's largest fashion retailers, and SF Express, China's leading express operator.

Continued Growth Opportunities

Our record financial and operating performance in 2018 reflected the leadership and strength of our ACMI and Charter businesses, the growth and annuity-like contribution of our Dry Leasing operations, ongoing efficiency and productivity initiatives, and a disciplined balance sheet focus.

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

While expanding our operating platforms and our fleet during 2018, we continued to maintain a lean management structure.

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

Strong Performance in 2018

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.

2018 Capital Allocation Actions:

Added 16 aircraft to operating fleet in response to customer demand, ending the year with 112 aircraft across five fleet types

Secured \$223 million of financing with respect to 14 767-300 aircraft for Amazon dry lease and CMI agreements

Secured \$167 million of financing for two 777-200 aircraft for DHL Express dry lease and CMI agreements

Paid \$250 million of debt principal

Focused on maintaining a healthy cash position \$248.4 million² at year-end 2018

Amended and extended revolving credit facility, increasing available amounts under the facility to \$200 million for four years

Maintained authority to repurchase shares up to \$25 million

1
Adjusted Diluted EPS from continuing operations, net of taxes, is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure may be found on Page 45 of our 2018 Annual Report on Form 10-K, included with our Annual Report to Shareholders.

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

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Shareholder Outreach, Engagement and Responsiveness

We have engaged in extensive ongoing shareholder outreach over the past eight years to better understand shareholder perspectives and consider ideas for improvements to, among other things, our corporate governance, sustainability and executive compensation practices, as well as our business strategy and performance, capital allocation strategy and public disclosures. This year, we again engaged in a robust shareholder outreach program, reaching out to shareholders representing approximately 75% of our outstanding shares, and engaged with shareholders representing over 65% of our outstanding shares. We have made recent changes to our governance and executive compensation practices in response to insights gained during these discussions.

During all shareholder outreach meetings, AAWW sought input on our overall pay program, as well as emerging topics of expressed shareholder interest, such as environmental, social and governance ("ESG") issues. We received many supportive and positive comments on the Company's direction (both from a business growth and governance perspective), our recent pay program changes and our board rotation/refreshment and outlook.

As a result of specific feedback from shareholders, we have made several changes to our compensation program and practices and disclosure over recent years, and made changes to our governance practices in response to topics of importance raised by shareholders. Examples of feedback received are also included below.

Summary of Key Messages and Actions Related to Shareholder Outreach

Percentage weighting of performance-based LTI awards

Support for our performance-based versus time-based LTI weighting of 50%/50%

Favorability of relative LTI metrics

Support for the use of a TSR metric with a thoughtful broad comparator group and no upward modification in the event the absolute total shareholder return is negative (even if the Comparative TSR performance achieved would have provided for an upward adjustment)

Board Composition & Refreshment

Supportive of extensive board refreshment in recent years, including emphasis on strengthening needed board skills/experience, in addition to expansion of gender and other diversity

ESG/Sustainability

Investors continued to encourage our focus on ESG factors and commitment to strong ESG practices

Investor interest in sustainability continues to gain momentum as investors seek to gain a deeper understanding of the Company's focus on, and

commitment to, ESG matters

Peer Group Selection

Supportive of revised, revamped peer group that more closely reflects the global nature and structure of our business and operations

Share Ownership Guidelines

Support for increased share ownership levels for the CEO and other executives to further align the interests of management with those of shareholders

Compensation structure to limit inappropriate risk taking

Investors continued to encourage our ongoing monitoring and review of executive compensation program to identify potential sources of material risk within the program design and administration

Support for comprehensive risk assessment performed annually by independent compensation consultant

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PROXY SUMMARY

**CHANGES MADE IN DIRECT
RESPONSE TO FEEDBACK**

Changes made since our last shareholder meeting:

Enhanced disclosure regarding LTI percentage weighting as a percentage of total compensation (p. 37)

Elected two gender-diverse (including one ethnically diverse) board members having skills in cybersecurity and finance (skills identified by the Board and the Nominating and Governance Committee as areas of significant value-added Board skills) (p. viii)

Amended Nominating and Governance Committee charter to provide that diversity (including gender and ethnicity) should be a factor in assessing the Board's core competencies as a whole (p. 26)

Moved to proactively prevent potential over-boarding issues by amending Corporate Governance Principles to limit directors to serving on a maximum of four public-company boards (including the Company's board) (p. 27)

Implemented regular cybersecurity briefings at Board meetings

Extensive changes in 2017 – 2018:

Transitioned to strict double-trigger standard for all awards, requiring actual separation from service for second trigger

Added relative TSR performance measure to LTI awards to further strengthen pay-for-performance link

Enhanced disclosure regarding LTI performance target setting

Increased CEO stock ownership guidelines to 6x base salary to further align CEO interest with shareholders

Named two new nominees with a focus on gender diversity, cybersecurity, banking and financial skills as well as other skills in our board matrix to the 2018 Board slate. Also rotated Chairs of Board and Nominating & Governance Committee in 2017

Revised peer group to reflect appropriate comparators for our evolving global business

Included a member of the Compensation Committee in shareholder outreach

Other recent shareholder-driven changes:

Adopted proxy access providing eligible shareholders the right to include director nominees in our proxy materials

Increased the weight of corporate financial and customer service goals from 70% to 80% in determining compensation of our Named Executive Officers ("NEOs") under the Annual Incentive Program

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

Memorialized our general practice of granting equity awards subject to vesting periods greater than one year by adding minimum vesting language to our 2016 Plan and continued this provision in our current 2018 Plan

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Engaged a new independent compensation consultant, Pay Governance LLC ("Pay Governance"), in late 2016

Added enhanced disclosure regarding our environmental, social and governance practices

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

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

Adopted majority voting to elect Directors in uncontested elections

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

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

In-Season Engagement. In 2018, prior to our annual meeting, we reached out to shareholders representing over 75% of our outstanding shares (including 24 of our 26 largest holders) and held discussions with all available shareholders.

Off-Season Engagement. After our 2018 annual meeting, we reached out to shareholders representing approximately 75% of our outstanding shares and engaged with shareholders representing over 65% of our outstanding shares, to obtain additional feedback on our corporate governance and executive compensation practices. As further discussed herein, specific shareholder feedback throughout the years has directly resulted in changes and enhancements to our executive compensation and corporate governance programs.

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The diagram below represents our ongoing shareholder outreach process.

Compensation Program that Aligns Pay and Performance

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

1. Attracts, motivates and retains high-performing executives
2. Provides performance-based incentives to reward achievement of short- and long-term business goals and strategic objectives which align with our operating plan, while recognizing individual contributions
3. Aligns the interests of our executives with those of our shareholders, including by placing more than 89% of 2018 CEO total compensation opportunity "at risk", with over 68% subject to achievement of preestablished performance goals tied to operational, financial and strategic objectives.

In making compensation decisions for 2018, the Compensation Committee considered our operating strategy and goals, as well as comments received through our shareholder outreach program. In response to shareholder feedback, we adopted some very significant and impactful changes, as described on page iv and the Compensation Discussion and Analysis.

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The Company performance metrics we believe are important to our shareholders are the same metrics as we used in our incentive plans in 2018:

Annual Incentives

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

Long-Term Incentives PSUs and Performance Cash

EBITDA Growth	EBITDA Growth
Return on Invested Capital	Return on Invested Capital
TSR <i>(for awards granted in 2018 and later)</i>	Comparative TSR <i>(for awards granted in 2018 and later)</i>

Strong, Well-Balanced Corporate Governance Practices

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

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

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

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

Focus on Board Composition, Refreshment and Rotation. We regularly evaluate the composition of our Board and our Committee leadership to ensure that we have the right balance of experience and perspective, and a mix of skills, backgrounds and diversity to effectively facilitate oversight of management and strategy. To that end, we have welcomed five new directors since 2016, which represents one-half of the current Board, and rotated the Chair of the Board in mid-2017 following the rotation of the Chairs of our Audit Committee, Compensation Committee, and Nominating and Governance Committee over that time frame.

Shareholders should note that while the Board does not follow formal age and tenure policies, it is the Board's current expectation that Chairs (Board and Committees) will generally serve from three to five years and that members of the Board will generally serve 12 to 15 years. Both the Board and the Nominating and Governance Committee review Board and Committee composition, tenure, refreshment and rotation matters on a regular basis.

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New Directors for 2018

Jane H. Lute

Shelia A. Stamps

To best serve shareholders, both of these recently elected Directors bring an appropriate balance of fresh perspective and experience to effectively oversee strategy and management.

The current average tenure of our Directors and the composition of our Board is as follows:

Director Tenure

Board Composition

To evidence the Board's focus on refreshment, tenure and composition matters, the Board's average tenure has declined from eight years in April 2016 to approximately seven years today.

Please see pages 15-30 for further discussion of our governance practices.

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GENERAL INFORMATION

ATLAS AIR WORLDWIDE HOLDINGS, INC.

**2000 Westchester Avenue
Purchase, New York 10577**

**PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS**

May 22, 2019

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 Wednesday, May 22, 2019, at the Doral Arrowwood Hotel and Conference Center, 975 Anderson Hill Road, Rye Brook, New York 10573 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 22, 2019. Proxies may be solicited in person, by telephone or by mail, and the costs of such solicitation will be borne by AAWW.

THE COMPANY

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

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

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

Our primary service offerings include the following:

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

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

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THE COMPANY

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 generally 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.

~75% of Block Hours

~25% of Block Hours

Not Tied to Block Hours

*

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

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ABOUT THE ANNUAL MEETING

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 or postponements 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 2020 Annual Meeting or until their successors are elected and qualified (Proposal No. 1);

FOR ratifying the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2019 (Proposal No. 2);

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

FOR the approval of an amendment to our 2018 Incentive Plan to increase the number of shares that are available for issuance of awards under such plan (Proposal No. 4).

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

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

Record Date and Voting Securities

All of our shareholders of record at the close of business on April 8, 2019 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. As of the Record Date, there were 25,852,099 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.

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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, 2019. The affirmative vote of a

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ABOUT THE ANNUAL MEETING

majority of the shares represented at the Annual Meeting, either in person or by proxy and entitled to vote on this proposal, is required to ratify the selection of PricewaterhouseCoopers LLP. Shares voting "Abstain" will have the same effect as a vote "Against" this Proposal 2. Brokers, banks, and other nominees have discretionary voting power in respect of this item.

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

Proposal No. 4: Approval of an Amendment to our 2018 Incentive Plan. The affirmative vote of a majority of the shares represented at the Annual Meeting, either in person or by proxy and entitled to vote on this proposal, is required to approve the amendment to our 2018 Incentive Plan to increase the number of shares that are available for issuance of awards under such plan. Shares voting "Abstain" or broker non-votes will have no effect on approval of the amendment to our 2018 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

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Our Board has nominated 10 persons to stand for election at the 2019 Annual Meeting and to hold office until the next Annual Meeting. All Nominees are currently Directors elected at the 2018 Annual Meeting. The Nominating and Governance Committee has recommended the 10 Nominees for nomination by the Board after an evaluation of the size and composition of the Board and a review of each member's skills, characteristics, and independence. The Board believes that each of the Nominees brings strong skills, background, experience and industry expertise to the boardroom, giving the Board as a group the appropriate balance of skills needed to exercise its oversight responsibilities and composition that aligns with our long-term strategy. The Board further believes that diversity with respect to gender, ethnicity, background, professional experiences and perspectives are important elements in the Board selection process. To underscore its commitment to Board diversity, the Nominating and Governance Committee amended its charter in late 2018 to provide that such diversity (including gender and ethnicity) should be a factor in assessing the Board's core competencies as a whole. Both the Nominating and Governance Committee and the full Board will therefore consider attributes such as race, gender, cultural background and professional experience when reviewing candidates for the Board and in assessing the Board's overall composition.

Each Nominee has consented to be named as a Nominee for election as a Director and has agreed to serve if elected. Except as otherwise described below, if any of the Nominees is not available for election at the time of the Annual Meeting, discretionary authority will be exercised to vote for substitutes designated by our Board of Directors, unless the Board chooses to reduce the number of Directors. Management is not aware of any circumstances that would render any Nominee unavailable. At the Annual Meeting, Directors are expected to be elected to hold office until the 2020 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

Board Composition and Nomination Considerations

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

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

Evolving strategic priorities;

Existing characteristics of our Board, including tenure and diversity;

Results of our annual Board and Committee self-evaluations; and

Shareholder feedback sought as part of a robust outreach program with Board member participation.

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Evaluation of Director Nominees and Recent Board Expansion

In 2017 and early 2018, the Board of Directors and the Nominating and Governance Committee continued a process begun in 2016 for seeking out, evaluating and recommending potential candidates for election to the Board. During 2017 and early 2018, the full Board, under the guidance of the Nominating and Governance Committee, undertook a thorough review of the skills, qualifications and tenure of our incumbent Directors, as well as the size of the Board, in the context of our long-range strategic plan, consistent with our governance principles, and taking into account feedback from shareholder outreach. The Board reviewed in detail the experience, skills, and qualifications of our then-incumbent Directors and identified new areas of subject-matter expertise that would enhance the overall strength of our current Board and the ability of the Company to execute its long-term strategic plan. The results of these evaluations and the meaningful and tangible feedback generated were also considered by the Board and the Committee in searching for and evaluating nominees who could (1) add new and different areas of subject-matter expertise to the Board consistent with our growing Company and long-term strategy, and (2) strengthen the overall effectiveness of the Board. Key skills and qualifications that the Board and Committee identified included information technology, cybersecurity, finance, banking, executive leadership experience and presence, as well as public-company board experience. Through this process, the Board identified Ms. Lute, who has extensive geopolitical, information technology and cybersecurity experience, and Ms. Stamps, who has extensive finance and banking experience, as candidates for election to the Board at the 2018 Annual Meeting, thereby strengthening the overall effectiveness of the Board through the addition of new and different areas of subject matter expertise. Both Ms. Lute and Ms. Stamps also possess senior executive leadership skills and experience, as well as public-company board experience, traits the Board considered highly desirable.

The Board and the Nominating and Governance Committee asked all of the Directors to consider the skills and qualifications identified and recommend potential candidates to be considered. A special committee of the Board, consisting of the Chair of the Nominating and Governance Committee, the Chairman of the Board, the Chief Executive Officer and another of the independent Directors, was then established to interview and evaluate the identified candidates and make recommendations to the Nominating and Governance Committee. Over several months, this special committee interviewed all candidates recommended by the members of the Nominating and Governance Committee, as well as members of the Board. While all of the candidates interviewed demonstrated an extraordinary and diverse background and scope of experience, the Nominating and Governance Committee determined to recommend, and with approval by the Board to nominate, Ms. Lute and Ms. Stamps, for election as Directors of the Company.

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Director Skills and Experience

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

Capital Structure

Civil &
Governmental
Aviation

Corporate
Governance

Current /
Previous Senior
Executive
Experience

Cybersecurity &
Information
Technology

Finance,
Accounting &
Risk
Management

Global
Operations

International
Trade

Legal,
Regulatory &
Government
Affairs

Mergers &
Acquisitions

Military Affairs

Public-Company
Board Experience

Sales &
Marketing

Strategic
Planning

Supply Chain &
Procurement

Transportation &
Security

We view each of the skillsets discussed in the above chart to be essential to the effective oversight of the Company, as discussed further below.

Capital Structure: Background and experience in capital structure and allocation to help the Board make informed decisions regarding the funding of our operations

Civil & Governmental Aviation: Background and experience in commercial aviation and the impact of governmental regulation on the industry to help the Board deepen its understanding of the markets in which we operate

Corporate Governance: Experience and knowledge of public-company governance issues and policies and governance best practices to support our goal to operate ethically, with accountability and transparency

Current/Previous Senior Executive Experience: Business and strategic management experience from service in a significant leadership position such as a CEO or CFO or other senior leadership role to help us drive business strategy, growth and performance

Cybersecurity & Information Technology: Experience in technology, innovation or cybersecurity, particularly as a senior executive, to assist us as we seek to identify and address the impact of technology on our business and our long-term success

Finance, Accounting & Risk Management: Background and experience in finance, accounting, financial reporting or risk management to support the Board in providing effective financial oversight over a growing and increasingly complex organization

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Global Operations: Experience doing business internationally or focused on international issues and operations and exposure to markets, economies and cultures outside the U.S. that provides the Board with a diversity of perspectives in its decision-making

International Trade: Experience in the international exchange of goods and services whose economic, social and political importance are on the rise and that are taking on a larger role in the Board's practical understanding in Company decision-making and strategy

Legal, Regulatory & Governmental Affairs: Experience in legal, regulatory and governmental affairs, including as part of a business and/or through positions with governmental organizations, helps the Board understand legal risks and contributes to its understanding of the regulatory landscape and working with governmental agencies

Mergers & Acquisitions: Experience that provides the Board with insight into developing and implementing strategies for our growing business

Military Affairs: Experience in military matters to help the Board understand and oversee the development of our business and relationship with the AMC, USTRANSCOM and other government related operations

Public-Company Board Experience: Experience acquired on other boards to help the Board oversee an ever-changing mix of strategic, operational and compliance-related matters

Sales & Marketing: Experience to help the Board oversee the identification and development of new markets for our services and related goods

Strategic Planning: Experience and background in strategic planning to help the Board define and prioritize our direction, communicate our message and ensure organizational alignment that reflects a shared vision of the Company's role, values and priorities

Supply Chain & Procurement: Experience in sourcing and managing the flow of goods and services to help us maximize customer value and to gain a competitive advantage in the marketplace

Transportation: Experience in our business and industry that contributes to the Board's understanding in defining and prioritizing our strategy and key issues most impactful to our business

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

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Nominees for Director

Robert F. Agnew

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

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

Independent Chairman

Age: 68

Director since: 2004

Committees:

Nominating and Governance

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

Timothy J. Bernlohr

Background: Mr. Bernlohr is the founder and managing member of TJB Management Consulting, LLC, which specializes in providing project-specific consulting services to businesses in transformation, including restructurings, interim executive management and strategic planning services (TJB Management Consulting is a privately held business). Mr. Bernlohr founded the consultancy in 2005. Mr. Bernlohr was President and Chief Executive Officer of RBX Industries, Inc., which was a nationally recognized leader in the design, manufacture, and marketing of rubber and plastic materials to the automotive, construction, and industrial markets, until it was sold in 2005. Prior to joining RBX in 1997, Mr. Bernlohr spent 16 years in the International and Industry Products divisions of Armstrong World Industries, where he served in a variety of management positions. Mr. Bernlohr also serves as a director of WestRock Company (Chairman, Compensation Committee), International Seaways, Inc. (Chairman, Compensation Committee) and Skyline Champion Corporation (Chairman of the Board). Within the last five years, he was a director of Chemtura Corporation, Rock-Tenn Company, The Cash Store Financial Services Inc., and Overseas Shipholding Group, Inc.

Independent Director

Age: 60

Director since: 2006

Committees:

Audit (Chair)

Nominating and Governance

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

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Charles F. Bolden, Jr.

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

Independent Director

Age: 72

Director since: 2017

Committees:

Audit

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

William J. Flynn

Background: Mr. Flynn has been our President and Chief Executive Officer since June 2006. Mr. Flynn has a 42-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. Within the last five years, Mr. Flynn was a director of Republic Services, Inc. He currently serves as a director of Airlines for America (a trade association).

President and CEO

Age: 65

Director since: 2006

Board Skills and Qualifications: Capital Structure; Civil and Governmental Aviation; Corporate Governance; Finance, Accounting and Risk Management; Global Operations; International Trade; Legal, Regulatory and Government Affairs; Mergers and Acquisitions;

Military Affairs; Current/Previous Senior Executive Experience; Supply Chain and Procurement; Public-Company Board Experience; Sales and Marketing; Strategic Planning; Transportation and Security

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Bobby J. Griffin

Background and Experience: Mr. Griffin served as President International Operations for Ryder System, Inc., a global provider of transportation, logistics and supply chain management solutions from 2005 to 2007. Beginning in 1986, Mr. Griffin served in various other management positions with Ryder, including as Executive Vice President International Operations from 2003 to 2005 and Executive Vice President Global Supply Chain Operations from 2001 to 2003. Prior to Ryder, Mr. Griffin was an executive at ATE Management and Service Company, Inc., which was acquired by Ryder in 1986. He currently serves as director of Hanesbrands Inc., United Rentals, Inc. ("United Rentals") and WESCO International, Inc. Mr. Griffin was named Lead Independent Director for United Rentals effective May 8, 2019.

Independent Director

Age: 70

Director since: 2016

Committees:

Compensation

Nominating and Governance

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

Carol B. Hallett

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

Independent Director

Age: 81

Director since: 2006

Committees:

Compensation (Chair)

Nominating and Governance

Board Skills and Qualifications: Civil and Governmental Aviation; Global Operations; International Trade; Legal, Regulatory and Government Affairs; Military Affairs; Supply

Chain and Procurement; Public-Company Board Experience; Strategic Planning;
Transportation and Security

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Jane H. Lute

Independent Director

Age: 62

Director since: 2018

Committees:

Compensation

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

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

Table of Contents**PROPOSAL NO. 1 ELECTION OF DIRECTORS****Duncan J. McNabb***Independent Director***Age:** 66**Director since:** 2012**Committees:**

Audit

Nominating and Governance
(Chair)

Background: General Duncan J. McNabb, Retired, U.S. Air Force, served as Commander of the United States Air Mobility Command from 2005 to 2007 and Commander of the United States Transportation Command (USTRANSCOM) from 2008 until his retirement from the Air Force in December 2011. USTRANSCOM is the single manager for air, land, and sea transportation for the Department of Defense (DOD). He also served as DOD's Distribution Process Owner, overseeing DOD's end-to-end supply chain, transportation, and distribution to our armed forces worldwide. General McNabb commanded more than \$56 billion in strategic transportation assets, over 150,000 service personnel and a worldwide command-and-control network. A graduate of the United States Air Force Academy and Air Force pilot, he flew more than 5,600 hours in transport and rotary aircraft, including the C-17. General McNabb has held command and staff positions at squadron, group, wing, major command and DOD levels. During his over 37-year military career, General McNabb also served as the Air Force Deputy Chief of Staff for Plans and Programs with responsibility for all Air Force programs and over \$500 billion in funding over the Air Force's Five-Year Defense Plan (FYDP). He later served as Director of Logistics on the Joint Staff and was responsible for operational logistics and strategic mobility support to the Chairman of the Joint Chiefs and the Secretary of Defense. Before his final command at USTRANSCOM, McNabb served as the 33rd Vice Chief of Staff of the Air Force. General McNabb is also a Director and Chairman of the Government Security Committee of AT Kearney Public Sector & Defense Services (a privately held business), a member of the Boards of Directors of AAR Corp. and of Elbit Systems of America (a privately held business), as well as a cofounder and a managing partner of Ares Mobility Solutions, Inc. (also a privately held business). He serves as Chairman of the Board of Trustees for Arnold Air Society and Silver Wings and Chairman of the Airlift/Tanker Association (both not-for-profit organizations). Within the last five years, he was also a director of AdvanTac Technologies and HDT Global (both privately held businesses).

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

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Sheila A. Stamps

Independent Director

Age: 61

Director since: 2018

Committees:

Audit

Background and Experience: Ms. Stamps, has a diversity of strategic and financial experience including governance oversight of aviation businesses. She previously served as Executive Vice President at DBI, LLC, a private mortgage investment company, from 2011 to 2012. She served from 2008 to 2011 as Director of Pension Investments and Cash Management at New York State Common Retirement Fund, and from 2004 to 2005 as a Fellow at the Weatherhead Center for International Affairs at Harvard University. Prior to this, Ms. Stamps served as a Managing Director and Head of Relationship Management, Financial Institutions at Bank of America (formerly FleetBoston Financial Corporation). From 1982 to 2003, she held a number of executive positions with Bank One Corporation (now, JPMorgan Chase & Co.), including Managing Director and Head of European Asset-Backed Securitization and Managing Director and Senior Originator of Asset-Backed Securitization. She currently serves as a Director of CIT Group, Inc. and CIT Bank N.A.; a Director of IES Abroad, and from 2014-2018 as Commissioner and Audit Committee Chair of the New York State Insurance Fund. Ms. Stamps holds an MBA from the University of Chicago; serves on the Board Advisory Services Faculty of the National Association of Corporate Directors; and is recognized as a NACD Board Leadership Fellow.

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

John K. Wulff

Independent Director

Age: 70

Director since: 2016

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

Board Skills and Qualifications: Finance, Accounting and Risk Management; Current/Previous Senior Executive Experience; Governmental and Regulatory; Capital

Committees:

Audit

Compensation

Structure; Corporate Governance; Global Operations; Mergers and Acquisitions; Public-
Company Board Experience; Strategic Planning

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CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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Our Board held five in-person meetings and four telephonic meetings in 2018. 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 2018 Annual Meeting, except for Ms. Lute.

Board Leadership Structure

The Chairman of the Board is an independent director. We have maintained separate roles for the Chairman of the Board and the CEO for almost 15 years. While we do not have a formal policy in place with respect to separating or combining the positions of Chairman and CEO or having an independent Chairman, 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 at this time.

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 Chairman's key responsibilities include:

Presiding over meetings of our Board of Directors, executive sessions of our nonmanagement Directors and our annual meeting of shareholders;

Briefing the CEO on issues discussed in executive sessions;

Facilitating communications among directors and between the CEO and the Board, and supervising the circulation of information to the full Board;

Developing, in conjunction with our CEO, and approving the agenda for our Board meetings;

Recommending Board committee appointments and responsibilities in conjunction with the Nominating and Governance Committee;

Leading the evaluation process of our CEO, with oversight of the annual Board or Committee self-evaluations;

Overseeing the periodic review of management's strategic plan; and

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

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

Board Effectiveness and Annual Assessment

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

The effectiveness of the Board and its operations;

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The Board's leadership structure;

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

The quality of Board interactions;

The effectiveness of Board Committees;

Efficiency of Board and Committee meetings; and

The evaluation process itself.

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

Periodically, we may employ the services of an independent third party (as was the case in late 2017) to facilitate our annual evaluations of the Board and its three standing Committees (Audit, Compensation and Nominating and Governance). Regardless of whether an independent party is involved in the evaluation process, the results of the assessments are compiled without attribution into a single form and sent to the Directors for a full Board assessment and to each Committee member, for those Committees on which they serve, to identify areas for future improvement. The evaluation results and the feedback received are used to update policies and practices as appropriate. The feedback is also considered by the Nominating and Governance Committee and the full Board when searching for and evaluating future Board nominees to help ensure we are adding the proper mix of subject matter expertise and perspective consistent with the needs of our growing company and our long-term strategy.

During 2017 and early 2018, continuing the process developed and implemented over the previous two years, the full Board, under the guidance of the Nominating and Governance Committee, undertook a thorough review of the skills, qualifications and tenure of our incumbent Directors, as well as the size of the Board, in the context of our long-term strategic plan. The Board was particularly focused on enhancing its expertise in information technology, cybersecurity, banking and finance, as well as seeking nominees who had executive experience and presence and public-company board experience. The Board believes that building a diverse Board comprised of individuals from different backgrounds and with a range of experiences and viewpoints is desirable. This commitment to Board diversity is consistent with the Nominating and Governance charter which provides that diversity (including gender and ethnicity) should be a factor in assessing the Board's core competencies as a whole.

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

Board Refreshment

We recognize the importance of Board refreshment being evaluated on an ongoing basis within the context of our overall business strategy. The Nominating and Governance Committee regularly considers the size and composition, including consideration of diversity, background, experience, and tenure, of the Board and how its members change over time. Discussions are held throughout the year covering Director tenure

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and the skillsets then currently represented by the incumbent Directors. These discussions are supported by the formal evaluation process described above that identifies areas for improvement, including the need to add new members with unique expertise and experience which the Nominating and Governance Committee believes will benefit the Company and the Board as a whole. Through this process, we have added five new Directors, constituting one-half of the entire Board, since 2016. These five Directors (Mr. Griffin (2016), Mr. Wulff (2016), Mr. Bolden (2017), Ms. Lute (2018) and Ms. Stamps

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(2018)) have brought a fresh perspective and added skills and experience to help the Board effectively oversee management and the implementation of the Company's long-term strategy.

The Board believes that, on balance, mandatory retirement and term limits would sacrifice the contributions of Directors who have been able to develop increasing insight into our strategy and operations over time, and thus has not established a mandatory retirement age or term limits. As noted above, the Nominating and Governance Committee evaluates the qualifications and performance of each incumbent Director before recommending his or her nomination for an additional term. Additionally, our Corporate Governance Principles provide that any Director who has a significant change in his or her job responsibilities must submit a letter of resignation from the Board, which allows the Board to review the continued appropriateness of the Director's membership on the Board in light of the changed circumstances.

The following graphic illustrates how our Board assessment and refreshment processes support our commitment to help ensure that our Board collectively has the right mix of skills and experience necessary to oversee management, implement our long-term strategy and meet our evolving business and strategic needs:

Board Oversight of Risk-Mitigation Process

The Board of Directors is responsible for oversight of the Company's risk-assessment and management process. It exercises its risk-oversight function both as a whole and through delegation to its three standing Committees, each of which meets regularly and reports back to the Board.

The Board delegates to the Nominating and Governance Committee risk-management oversight responsibility of corporate governance policies and procedures, including Board organization and membership.

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 certain 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 Nominating and Governance, 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 Nominating and Governance, Audit and Compensation Committees, the Board regularly receives briefings from management on certain operational, safety and commercial risks, financial and liquidity risks, information technology and cybersecurity risks and human resources and human capital matters. The Board also periodically discusses risk oversight 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

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functions for companywide 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.

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

Director Independence

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

Our Nominating and Governance Committee Charter includes categorical standards to assist the Nominating and Governance Committee in making its determination of Director independence within the meaning of the rules of the SEC and the Marketplace Rules of NASDAQ. The Nominating and Governance Committee will not consider a Director to be independent if, among other things, he or she:

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

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

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

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

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

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

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

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Active and Engaged Board

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

Compensation

Continued compensation practices implemented during prior year (see "Compensation Discussion and Analysis" beginning on page 32)

Enhanced disclosure regarding LTI payouts (see page 37)

Governance

Amended Nominating and Governance Committee charter to provide that diversity (including gender and ethnicity) should be a factor in assessing the Board's core competencies as a whole (see page 26)

Moved to proactively prevent potential over-boarding issues by amending Corporate Governance Principles to limit directors to serving on a maximum of four public-company boards (including the Company's board) (see page 27)

Compensation

Transitioned to strict double-trigger standard for all awards, requiring actual separation from service for second trigger

Added relative TSR performance measure to LTI awards to further strengthen pay-for-performance alignment with no upward modification in the event the absolute total shareholder return is negative (even if the Comparative TSR performance achieved would have provided for an upward adjustment)

Enhanced disclosure around LTI performance target setting

Increased CEO stock ownership guidelines to 6x base salary to further align CEO incentives with shareholders

Revised peer group to reflect appropriate comparators for our growing and evolving global business

Compensation member participation in shareholder outreach

Board

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Nominated two new directors to the Board in 2018, with a focus on gender diversity, cybersecurity and banking/finance skills

Made significant changes to Board leadership, including new Chairman of the Board in May 2017 and ongoing refreshment of Committee Chairs

Recurring Board briefings on cybersecurity matters by the Senior Vice President of Information Technology

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Compensation

Increased the weight of corporate financial and customer service goals from 70% to 80% in determining compensation of our NEOs under the AIP

Enhanced disclosure to clarify rigor of performance goals under the AIP

Formalized existing practice of granting equity awards subject to vesting periods greater than one year by adding minimum vesting language to 2016 Plan

Engaged a new independent compensation consultant, Pay Governance

Board

Implemented additional Board refreshment including one new director added in 2017 and two new directors added in 2016

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

Governance

Added proxy access provisions to our By-laws

Added enhanced disclosure of our environmental, social and governance policies

Executive Sessions

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

Communications with the Board

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

Code of Ethics and Employee Handbook

Our Audit Committee monitors our Code of Ethics applicable to the CEO, Senior Financial Officers and Members of the Board of Directors. The Code includes certain provisions regarding disclosure of violations and waivers of, and amendments to, the Code of Ethics by covered parties. The Code of Ethics is reviewed on an annual basis by our Audit Committee. 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 "About Us - Structure and Governance" section of our website at www.atlasairworldwide.com.

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In 2018, we conducted a comprehensive global review of our Employee Handbook and Code of Conduct to ensure it was compliant with applicable laws and consistent with best practices. The new Employee Handbook and Code of Conduct that sets forth, among other things, the policies and business practices that apply to all employees of any AAWW operating subsidiary in accordance with applicable federal, state and local laws and best practices, was provided and distributed to employees in January 2019. The Employee Handbook addresses such topics as compliance with laws, moral and ethical conduct, equal employment opportunity, promoting a work environment free from harassment or discrimination, paid time off, work place leaves, the protection of intellectual property and proprietary information, and numerous other personal policies and procedures.

Environmental, Social and Governance Issues

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

Environmental:

Setting groundwork to participate in CORSIA, the global carbon emissions program governing international flying starting on January 1, 2021, which currently aims to have its member companies commit to **zero carbon growth** by 2022

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

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

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

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

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

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

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

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Social

We were awarded a **top rating by the Women on Boards 2020** organization for our board gender diversity rate of 30%

In 2018, we **increased our capacity for developing our employees and increasing opportunities for advancement** through the hiring of a Senior Director of Talent Development and Learning

As in prior years, various **Board members were able to interact with nonexecutive employees** through a planned site visit, which constituted a key component of our Director onboarding program. Board and committee meetings were held during this site visit at which various nonexecutive employees presented key information on their topics of expertise.

We are an Equal Opportunity Employer

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

We have a "**zero tolerance**" **policy for harassment, discrimination or retaliation of any kind in the workplace, and provided Company-wide anti-harassment training to all employees**

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

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

The health and safety of our employees, particularly our crewmembers, is paramount

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

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

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

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

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

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Governance

Atlas was recognized for having the **Governance Team of the Year in 2018** by Corporate Secretary Magazine

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

We endorse the concept of Board and Committee **refreshment**, which has resulted in the election of **five new Board members over the last three years** and the rotation of the Chairman of the Board and the Chairs of our three standing Committees over the last three years

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

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

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

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

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

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

Compensation of Nonemployee Directors

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

Compensation for our nonemployee Directors consists of the following:

Cash Retainer

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

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Equity Compensation Restricted Stock Units

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

The RSUs generally vest and are automatically converted into common shares on the one-year anniversary of the date of grant.

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

Chairman Position

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

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

Meeting Fees

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

Medical, Dental and Vision Care Insurance

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

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

2018 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 2018, and (ii) the grant date fair value of restricted stock units awarded to each

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nonemployee Director in 2018, calculated in accordance with the accounting guidance on share-based payments. Mr. Flynn did not receive any additional compensation for his service as a Director in 2018.