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

Use these links to rapidly review the document
TABLE OF CONTENTS

Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

þ Definitive Proxy Statement

o Definitive Additional Materials

o 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)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

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.

Table of Contents

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.*

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

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.

Table of Contents

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 million[2] 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.*

Table of Contents

PROXY SUMMARY

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

Table of Contents

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

Table of Contents

PROXY SUMMARY

- 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.

Table of Contents

PROXY SUMMARY

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.

Table of Contents

PROXY SUMMARY

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 (*for awards granted in 2018 and later*)	Comparative TSR *(for awards granted in 2018 and later)*

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.

PROXY SUMMARY

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.

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

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.

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.

Table of Contents

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.

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

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.

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.

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.

Table of Contents

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

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 unto 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.

Table of Contents

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Nominees for Director

Robert F. Agnew

Independent Chairman

Age: 68

Director since: 2004

Committees:
Nominating and Governance

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

Mr. Agnew has over 30 years of experience in aviation and marketing consulting and has been a leading provider of aircraft valuations to banks, airlines, and financial institutions worldwide. Previously, he served as Senior Vice President of Marketing and Sales at World Airways. Mr. Agnew began his commercial aviation career at Northwest Airlines, where he concentrated on government and contract sales, schedule planning, and corporate operations research. Earlier, he served in the U.S. Air Force as an officer and instructor navigator with the Strategic Air Command. 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.

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

Timothy J. Bernlohr

Independent Director

Age: 60

Director since: 2006

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.

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

Table of Contents

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Charles F. Bolden, Jr.

Independent Director
Age: 72
Director since: 2017

Committees:
Audit

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

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

William J. Flynn

President and CEO
Age: 65
Director since: 2006

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).

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

Table of Contents

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Bobby J. Griffin

Independent Director

Age: 70

Director since: 2016

Committees:

Compensation
Nominating and Governance

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

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

Carol B. Hallett

Independent Director

Age: 81

Director since: 2006

Committees:

Compensation (Chair)
Nominating and Governance

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

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

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

Table of Contents

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 Secretary from 2009-2013. She also served as Chief Executive Officer of the Center for Internet Security (CIS), an operating not-for-profit organization and home of the Multi-State Information Sharing and Analysis Center (MS-ISAC), providing cybersecurity services for state, local, tribal and territorial governments. Ms. Lute 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

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

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

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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;

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

- 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 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

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

(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 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.

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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.

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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

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

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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.

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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**

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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

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**

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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.

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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.

Robert F. Agnew	251,000	109,998	360,998
Timothy J. Bernlohr	121,000	109,998	230,998
Charles F. Bolden, Jr.	99,500	109,998	209,498
James S. Gilmore(2)	40,736	-	40,736
Bobby Griffin	99,500	109,998	209,498
Carol B. Hallett	116,000	109,998	225,998
Jane H. Lute	60,792	109,998	170,790
Frederick McCorkle(2)	39,236	-	39,236
Duncan McNabb	114,500	109,998	224,498
Sheila A. Stamps	59,292	109,998	169,290
John K. Wulff	101,000	109,998	210,998

(1) These units vest on the one-year anniversary of the grant date. The grant date fair value was $67.90 per share.

(2) Mr. Gilmore and Mr. McCorkle retired from the Board on May 23, 2018.

Nonemployee Directors' Outstanding Equity Awards at Fiscal Year-End 2018

The table below shows outstanding equity awards for our nonemployee Directors as of December 31, 2018. Market values reflect the closing price of our Common Stock on the NASDAQ Global Market on December 31, 2018, which was $42.19 per share.

Robert F. Agnew	5/23/2018	1,620	68,348
Timothy J. Bernlohr	5/23/2018	1,620	68,348
Charles F. Bolden, Jr.	5/23/2018	1,620	68,348
Bobby Griffin	5/23/2018	1,620	68,348
Carol B. Hallett	5/23/2018	1,620	68,348
Jane H. Lute	5/23/2018	1,620	68,348
Duncan McNabb	5/23/2018	1,620	68,348
Sheila A. Stamps	5/23/2018	1,620	68,348
John K. Wulff	5/23/2018	1,620	68,348

(1) The grant date fair value of units granted on May 23, 2018 was $67.90 per share.

Board and Committee Information

Our Board maintains three standing committees, an Audit Committee, Compensation Committee, and Nominating and Governance Committee, each of which has a charter that details the committee's responsibilities. The charters

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

for all the standing committees of the Board of Directors are available on our website located at www.atlasairworldwide.com under the "About Us Structure and Governance" section. The charters are also available in print and free of charge to any shareholder who sends a written request to the Secretary at Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, NY 10577.

Nominating and Governance Committee

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

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

The Nominating and Governance Committee held five in-person meetings in 2018.

Evaluation of Director Nominees

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

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

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

The Board believes that diversity with respect to gender, ethnicity, background, professional experiences and perspectives is an important element in the Board selection process. During 2018, the Nominating and Governance

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Committee amended its charter to provide that 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 consider such attributes, in addition to diversity of cultural background and professional experience, when reviewing candidates for the Board and in assessing the Board's overall composition. The goal is to achieve a Board that provides effective oversight of the Company through the appropriate balance of diversity of perspectives, experience, expertise, skills, specialized knowledge and other qualifications and attributes of the individual Directors.

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

Corporate Governance Principles

We annually review our Corporate Governance Principles, believing that sound corporate governance practices provide an important framework to assist the Board in fulfilling its responsibilities. The business and affairs of AAWW are managed under the direction of our Board, which has responsibility for establishing broad corporate policies, setting strategic direction, and overseeing management. An informed, independent, and involved Board is essential for ensuring our integrity, transparency, and long-term strength, and maximizing shareholder value. The Corporate Governance Principles address such topics as codes of conduct; Director nominations and qualifications; Board committees; Director compensation; conflicts and waivers of compliance; powers and responsibilities of the Board; Board independence; meetings; Director access to officers and other employees; shareholder communications with the Board; annual Board evaluations; financial statements and disclosure matters; delegation of power; and oversight and independent advisors. During 2018, we 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). A copy of our Corporate Governance Principles is available in the "About Us   Structure and Governance" section of our website at www.atlasairworldwide.com.

Audit Committee

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

The Audit Committee's primary function, as set forth in its written charter (available on our website at www.atlasairworldwide.com in the "About Us   Structure and Governance" section) is to assist the Board in overseeing the:

- Quality and integrity of the financial statements of the Company;
- Qualifications and independence of our independent registered public accounting firm;
- Performance of the Company's internal audit function and independent registered public accounting firm;

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

- Compliance with legal and regulatory requirements by the Company; and

- Effectiveness of the Company's financial reporting process, disclosure practices and systems of internal controls.

The Audit Committee is also responsible for overseeing the Company's Code of Ethics (see also "Code of Ethics and Employee Handbook" above) and related party transactions. The Audit Committee reviews and reassesses the adequacy of its charter on an annual basis and recommends proposed changes to the Board of Directors for approval. The Audit Committee held four in-person meetings and four telephonic meetings in 2018.

Evaluation of Independent Registered Public Accounting Firm

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

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

In addition to PwC's independence, the Audit Committee considered several other factors in deciding whether to reappoint PwC, including the quality of PwC's staff and work; PwC's procedures related to quality control; the quality and candor of communication and interaction with our PwC team; PwC's capability and expertise to perform an audit of a company having the complexity of AAWW's business; the length of time PwC has served as the Company's independent registered public accounting firm; the appropriateness of PwC's fees; and the potential impact of changing our independent registered public accounting firm. As a result, the Audit Committee has selected PwC as the Company's independent registered public accounting firm for the year ending December 31, 2019. See Proposal 2 herein for additional information concerning the reappointment of PwC as the Company's independent registered public accounting firm.

Audit Committee Report

AAWW management has responsibility for preparing the Company's financial statements and PwC is responsible for auditing those financial statements. In this context, the Audit Committee has reviewed and discussed AAWW's audited consolidated financial statements as of and for the fiscal year ended December 31, 2018 with management and with PwC. The Audit Committee discussed with PwC the matters required to be discussed by *Auditing Standard No. 1301 Communications with Audit Committees.*

Based upon its reviews and discussions, including the matters related to PwC's independence, as described above, the Audit Committee recommended, and the Board of Directors approved, that AAWW's audited consolidated financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2018, for filing with the SEC.

THE AUDIT COMMITTEE
Timothy J. Bernlohr, Chair
Charles F. Bolden, Jr.
Duncan J. McNabb
Sheila A. Stamps
John K. Wulff

Table of Contents

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Compensation Committee

Duties and Responsibilities

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

The Compensation Committee is also responsible for:

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

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

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

Processes and Procedures

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

The Compensation Committee is required by its charter to meet at least four times annually. During 2018, the Compensation Committee held five in-person meetings and three telephonic meetings and acted once by written consent. In 2018, the Compensation Committee consisted of four outside Directors, Ms. Hallett (Chair), Mr. Wulff, Mr. Griffin and Ms. Lute, each of whom is an independent Director within the meaning of applicable SEC and NASDAQ rules.

Compensation Determination Process

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

- Role of Independent Compensation Consultant

The Compensation Committee has engaged the services of Pay Governance, which reported directly to the Committee and provided no other services to the Company or any of its affiliates. For 2018, the Committee assessed the independence of Pay Governance pursuant to the SEC and NASDAQ rules and concluded that no conflict of interest existed that would prevent Pay Governance from independently representing the Compensation Committee.

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

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

Role of Our Senior Executives

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

The Committee's Risk Assessment of Our Compensation Policies

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

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

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

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

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

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

Individual performance. Annual incentive awards are determined, in part, based on the Committee's evaluation of individual performance and contributions. Further, the Committee may exercise a certain amount of discretion in approving final award payouts, which mitigates the potential for inappropriate risk-taking that can result from a strict application of formulaic compensation arrangements. No such discretion was exercised in 2018.

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

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee during 2018 (Ms. Hallet, Mr. Griffin, Mr. McCorkle, Ms. Lute and Mr. Wulff) has ever been an officer or employee of the Company or had any relationship requiring disclosure by the Company under Item 404 of Regulation S-K. None of our executive officers served as a member of the board of directors or the compensation committee of any entity that had one or more of its executive officers serving as a member of the Board or Compensation Committee.

COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION DISCUSSION AND ANALYSIS

Our Compensation Discussion and Analysis (CD&A) describes Atlas Air's executive compensation program, including total 2018 compensation, for our named executive officers listed below:

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

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

COMPENSATION DISCUSSION AND ANALYSIS

Overview

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

In 2018, we executed on our strategic initiatives to strengthen and diversify our business mix, expand our customer base, generate cost savings through operating efficiencies, and enhance our portfolio of assets and services. Our results reflected the strength of our ACMI and Charter businesses, growth in our Dry Leasing business, progress in our efficiency and productivity initiatives, and the addition of 16 aircraft to our operating fleet during the year in response to customer demand.

Block Hours	296,264	**17.2%**				
Revenue	$2,677.7	**24.2%**				
Direct Contribution from Segments						
	$496.3	**18.3%**				
Free Cash Flow*	$306.4	**29.4%**	**Net Cash Provided by Operating Activities**	**$**	**425.6**	**28.3%**
Adjusted EBITDA*	$540.6	**26.1%**	**Income from Continuing Operations, Net of Taxes**	**$**	**270.6**	**20.6%**
Adjusted Income from Continuing Operations, Net of Taxes*	$204.3	**52.8%**	**Income from Continuing Operations,**	**$**	**270.6**	**20.6%**

Net of Taxes

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

COMPENSATION DISCUSSION AND ANALYSIS

Direct Link between Compensation and Business Strategy

Our compensation programs are designed to drive achievement of our business strategies and provide competitive opportunities, principally dependent on the successful achievement of performance goals closely tied to Company performance, as exemplified by the features set forth below. Our strong 2018 performance resulted in annual incentive payouts reflecting these extremely positive outcomes.

Annual Incentives

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

Long-Term Incentives PSUs and Performance Cash

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

* *We use Adjusted Net Income ("ANI") and EBITDA to measure our financial results. ANI excludes certain non-cash income and expenses and items impacting year-over-year comparisons of our results, providing useful information in evaluating our annual financial results. In addition, as a result of warrant accounting, our diluted shares outstanding fluctuate as a function of our share price throughout the year, making an absolute metric such as ANI more useful for our investors and analysts than a per-share metric.*

Continued Focus on Shareholder Engagement, Responsiveness to Shareholder Feedback and Compensation Program Enhancements

As discussed in the following pages and on pages iii-vi, 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. During all shareholder outreach meetings, AAWW sought input on proactively developed proposed changes to our pay program and practices.

In direct response to specific shareholder feedback, we made a number of meaningful, impactful changes to our pay program in 2018. We received many supportive and positive comments on the Company's direction (both from a business growth and governance perspective), the pay program changes implemented and our board rotation/refreshment and outlook.

COMPENSATION DISCUSSION AND ANALYSIS

Enhancements to Address Shareholder Feedback

The tables below highlight the executive compensation changes made in response to specific shareholder feedback as part of our Compensation Committee's robust efforts to be responsive to items of importance to our shareholders. These most recent changes are in addition to numerous significant changes to our governance and compensation practices over the last several years.

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

CHANGES MADE IN DIRECT **RESPONSE TO SHAREHOLDER FEEDBACK**

Enhanced graphic disclosure of long-term incentive mix and opportunity (see page 38)

Two new Directors in 2018, with new director Jane Lute, who has extensive knowledge and experience in geopolitical and cybersecurity matters, joining the Compensation Committee (see page viii)

2017

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

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

2017	**Added relative TSR performance measure** to LTI awards to strengthen pay-for-performance link*
2017	**Enhanced disclosure regarding LTI performance target setting**
2017	**Increased CEO stock ownership guidelines** to 6x base salary to further align our CEO's interests with those of our shareholders (see page 54 for additional details and similarly rigorous ownership requirements for our other NEOs and Directors)
Annual Bonus Performance Metrics	**Increased the weight of corporate financial and customer service goals** for our NEOs from 70% to 80% effective 2017.
	Enhanced disclosure to clarify that Company performance goals continue to be set at a higher level than actual Company performance in prior years
Recent Change in Independent Compensation Consultant	Following a competitive and thorough selection process in 2016, the Compensation Committee **retained Pay Governance as its new independent compensation consultant**

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

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

Our Compensation Committee believes that our compensation practices have played a key role in our steady operating and financial results during transformative growth periods such as those experienced in 2018, 2017 and 2016 and challenging times experienced generally in the global freight industry over the recent previous years. Our compensation programs are designed to drive achievement of our business strategies and provide competitive opportunities, principally dependent on the successful achievement of performance goals closely tied to Company performance. The performance metrics within the executive compensation program are designed to drive the achievement of key business, financial, on-time customer, and operational annual and long-term results, in addition to individual contributions.

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

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

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

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

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Primary Components of NEO Compensation

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

Base Salary	Cash	Fixed annual compensation	§ Attract and retain executive talent § Compensate executives for their responsibility, experience, sustained high performance and contributions to Company success
Annual Incentives	Cash	Adjusted Net Income (previously EPS) On-time customer reliability metrics Individual performance objectives	§ Drives key business, operating and individual results on an annual basis (Adjusted Net Income) § Derived from our annual operating plan (Adjusted Net Income) § Strictly performance-based against measureable metrics; no payout guaranteed (all metrics)
Long-Term Incentives	Performance Share Units (PSU) and Performance Cash	Growth in Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA growth") Return on Invested Capital ("ROIC") Relative Total Shareholder Return ("TSR") (*for awards granted in 2018 and later*)	§ Links NEO and long-term shareholder interests § Serves as a key retention tool and a strong long-term performance driver § Performance-based against measureable metrics; no payout guaranteed (all metrics)

		§ Close alignment to shareholder returns via a relative metric (TSR)
		§ **Specific responsiveness to shareholder feedback**
RSUs	Alignment with shareholder returns	§ Multiyear long-term retention § Value tied to share price

Significant Portion of CEO Compensation Opportunity Performance-Based and/or At-Risk

We design our CEO's compensation opportunity to be largely performance-based and at-risk. 68.3% of the maximum total CEO compensation opportunity in 2018 was designed to be based on attainment of performance metrics, including approximately 47.0% in the form of long-term multiyear opportunities and 21.3% in annual incentive opportunity. An additional 21.0% of compensation opportunity was granted in the form of RSUs with three-year vesting, resulting in 89.3% of CEO compensation opportunity being at risk.

After five years of no increase to our CEO's base salary, his base salary was increased by 10% in 2018, his first salary increase since 2013, resulting in a 2% annualized increase over the past five years. This salary increase reflects:

- A significant increase in the CEO's scope of responsibilities since the time of his last salary increase in 2013;
- Growth in the size of the Company's fleet from 57 aircraft to 112 aircraft;
- An increase in annual AAWW aggregate revenue from $2.4 billion in 2013 (including $722 million in revenue from Polar) to approximately $3.7 billion (including approximately $1.1 billion from Polar) in 2018;
- Growth in the total number of employees from 1,943 at the end of 2013 (including 151 Polar employees) to 3,481 at the end of 2018 (including 206 Polar employees); and

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Completion of numerous successful strategic initiatives as part of the Company's long-term strategic plan, including the acquisition of Southern Air, a highly complementary business combination that has expanded our platform into 777 and 737 operations; the entry into a long-term commercial relationship with Amazon; and improved customer relationships both within the U.S. and internationally.

Our CEO's bonus opportunity has not been increased since 2010. Additionally, his long-term incentive opportunity was reduced from a 4.75 multiple of salary to a 3.75 multiple of salary in 2014 to be better aligned with peer group levels.

The following charts illustrate our CEO's total compensation opportunity in 2018, as well as the 2018 long-term incentive opportunity for our CEO (at target levels):

Starting with 2018 CEO compensation design, the addition of a comparative TSR modifier and other changes to performance-based long-term incentive awards results in significant compensation opportunity structured to be performance-based, as set forth below.

2018 Total CEO Compensation Opportunity **Long-Term Incentive Opportunity**

* Consists of 25% PSUs and 25% performance cash.

For overall LTI opportunity structure for all our NEOs, please see pages 45-50.

Pay Outcomes Reflect Company Performance

Our compensation program is structured to be strongly aligned with the performance of the Company, with a significant portion of our NEOs' compensation based upon various performance metrics tied to our annual and long-term incentive plans. The performance metrics are designed to drive the achievement of key business, financial, on-time customer, and operational annual and long-term results, in addition to individual contributions. The performance-based payouts for 2018 demonstrate the Compensation Committee has set rigorous goals that align with the Company's strategy and reflect the performance outcomes over the past few years:

Annual Incentive (2018): Payout at 1.95x of Target for our NEOs, reflecting our strong 2018 performance, which included record volumes, revenue, and earnings, the continued rollout of Amazon aircraft, fleet growth to meet new and existing customer demand, and an increase in adjusted net income of approximately 53%. Please see page 42 for a further discussion of our 2018 annual incentive ("AIP") payout.

Performance-Based Long-Term Incentive (for three-year period 2016 2018): Payout reflecting transformative company growth and attainment of metrics due to 2016 Amazon transaction.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Best Practices and Risk Mitigation

The Compensation Committee is required by its charter to meet at least four times annually. During 2018, the Compensation Committee held five in-person meetings and three telephonic meetings and acted once by written consent. In 2018, the Compensation Committee consisted of four outside Directors, Ms. Hallett (Chair), Mr. Wulff, Mr. Griffin and Ms. Lute, each of whom is an independent Director within the meaning of applicable SEC and NASDAQ rules.

We maintain stock ownership guidelines, anti-hedging and anti-pledging policies, as further described below and on page 55. All of our NEOs are in full compliance with all of such guidelines and policies. Through our compensation program design and related policies, we pursue the alignment of interests of our executives with those of our shareholders over a multiyear long-term basis and encourage thoughtful and appropriate business risk-taking.

The following table sets forth several of our compensation and corporate governance practices, which were primarily enacted in response to shareholder feedback and which reflect market best practices.

Strict "Double Trigger" for All NEO LTI Awards	All awards granted in 2014 or after for NEOs other than the CEO provide for a strict "double trigger" to vest following a change-in-control event. For the CEO (whose 2014 2017 awards contained individual provisions relating to his retirement eligibility), starting with awards issued in 2018, in response to shareholder feedback, revisions were made to all his long-term awards to require a double trigger a qualifying separation of service for vesting in connection with a change in control.
Significant "At-Risk" Compensation	More than 83% of 2018 CEO total compensation opportunity was designed to be "at risk" at target payout while more than 89% of total CEO compensation opportunity was designed to be "at risk" at maximum opportunity.
"Clawback" Policy	"Clawback" of annual incentive compensation to discourage imprudent risk taking.
No Adjustments for Shareholder Buybacks	Executives' annual incentives do not benefit from share buybacks.
No Change in Control Gross-Ups	Change of control payments are not grossed up for tax purposes.
Limited Perquisites	Strictly limits perquisites and does not provide for items such as personal use of airplanes, Company-provided autos, and/or auto allowances or club dues.
No Grants of Stock Options	The Company provides full value equity awards with either performance-based vesting or extended time-vesting requirements and has not granted stock options for many years.
No Repricing	No repricing of underwater stock options allowed.

No Hedging or Pledging of Shares	Strict prohibition on hedging and monetizing transactions involving the Company's securities and from engaging in certain speculative transactions in respect of the Company's securities. No waivers, preclearance or exceptions are permitted.
Risk Management	Compensation program design does not promote excessive risk-taking.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Discussion of Our Compensation Program

Components of Compensation

Three primary components for our NEOs' compensation include (1) Base Salary, (2) Annual Incentives and (3) Long-Term Incentives. See "Primary Components of NEO Composition" on page 36 as well as below for additional details on our compensation components.

1. Base Salary

Purpose: Compensate executives for their leadership, management responsibility, experience, sustained high level of performance, and contribution to our success.

Process for setting salaries: The amount of any senior executive salary increase has been determined by the Compensation Committee, in consideration of a number of factors, including but not limited to the nature and responsibilities of the position; level of performance of the individual; expertise of the individual; advice of the Compensation Committee's independent compensation consultant, including survey data; and recommendations of the CEO (except regarding his own salary) and the General Counsel (except regarding his own salary).

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

Salary in 2018: The Compensation Committee adjusted the annual base salary of the CEO by an increase of $100,000, his first salary increase since 2013 and equal to a 2% annualized increase over the past five years. Further information regarding this adjustment may be found on pages 36-37.

The Compensation Committee also increased the salaries for the other NEOs, the first such increase since 2014, except for a February 2015 adjustment for Mr. Steen whose annual base salary was increased by $20,000 in connection with his promotion to President and CEO of the Company's Titan dry leasing subsidiary, while also retaining his EVP position for AAWW.

Following the adjustments described above, the 2018 annual base salary rates for Messrs. Flynn, Dietrich, Steen, Kokas and Schwartz were, respectively, $1,135,000, $715,000, $675,000, $625,000 and $625,000.

Performance-Based Compensation: Annual and Long-Term Incentive Compensation

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

At-Risk Philosophy:

The Compensation Committee believes that a significant portion of a senior executive's compensation should be "at-risk," based upon the Company's financial and operating performance. Performance-based compensation aligns senior executive compensation with our goals for corporate financial and operating performance and encourages a high level of individual performance. For 2018, 68.3% of our CEO's maximum total direct compensation opportunity (base salary and maximum payout opportunity of annual and long-term incentive awards granted in 2018) was performance-based. Beginning with 2018, an even greater portion of our CEO's compensation has been placed "at-risk" due to changes to our performance-based long-term incentive awards, described further below, including the addition of a Comparative TSR modifier.

COMPENSATION DISCUSSION AND ANALYSIS

2. Annual Incentive Program

Annual cash incentive compensation awards to our executives are made under our AIP. The AIP is a sub-plan and part of the Company's 2018 Plan, which has been approved by shareholders. Bonuses are payable based on the achievement of the ANI, on-time customer reliability, and individual business objectives as further described below. As a preliminary matter, the Company must generate a threshold level of ANI for any award to become payable under the AIP.

Each of our executives is assigned a minimum threshold, target bonus opportunity and a maximum bonus opportunity. The 2018 bonus opportunity range for each executive is set forth in the table below:

Mr. Flynn	75	100	200%
Mr. Dietrich	67.5	90	180%
Mr. Steen	67.5	90	180%
Mr. Kokas	63.75	85	170%
Mr. Schwartz	63.75	85	170%

How We Set Our AIP Incentive Metrics:

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

In designing the annual incentive awards for our executives, the Compensation Committee considers the Board-approved annual budget, as well as short- and long-term strategic goals, and then designs the annual targets, including adjusted net income, around the Board-approved budget and strategic plan, which is consistent with the earnings framework that we provide publicly in our related earnings release. As described below, each of our AIP metrics is set at a challenging, rigorous level, which results in payouts only for strong performance.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Alignment Between Our Performance, Our Strategy and Our AIP Incentive Metrics:

Set forth below are the metrics used under our AIP performance incentive plans in 2018 to provide appropriate rewards for prudent risk-taking, key financial performance and objective results in support of our business strategy. In addition, we believe that our performance metrics align and underscore the link between incentive compensation and the successful execution of our business strategy, and reflect our ongoing commitment to a pay-for-performance compensation philosophy.

Adjusted Net Income*	**60%**	Aligned with the creation of shareholder value and the achievement of objective relevant financial performance targets.
On-time customer reliability	**20%**	Objective, measurable goals that provide an incentive to management to meet or exceed challenging standards set by our customers in the applicable service agreements (maintaining superior on-time customer reliability is essential to differentiating AAWW from its competitors and strengthening long-term customer relationships).
Individual performance objectives	**20%**	Tied directly to the annual and long-term goals set in our board-approved annual operating budget and long-term strategic plan, including continuous improvement and cost savings, diversifying our business, and enhancing our financial results.

* *We use Adjusted Net Income (ANI) to measure our financial results. ANI excludes certain noncash income and expenses and items impacting year-over-year comparisons of our results, providing useful information in evaluating our annual financial results. In addition, as a result of warrant accounting, our diluted shares outstanding fluctuate as a function of our share price throughout the year, making an absolute metric, such as ANI, more useful for our investors and analysts than a per-share metric.*

Note: Detailed quantitative Company financial performance goals for our incentive compensation plans are disclosed for the completed 2018 fiscal year. Due to the potential for competitive harm, 2019 goals will be disclosed in next year's Proxy Statement.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

2018 AIP Payout

Based on our record financial and operating performance in 2018 (see pages i-ii for additional detail), which included exceptionally strong achievement of our ANI, on-time customer reliability, and individual performance objectives weighted for each executive as set forth immediately above and below, the Compensation Committee determined an AIP payout for 2018 at 1.952x of Target for our NEOs. The 2018 AIP as a percentage of salary for Messrs. Flynn, Dietrich, Steen, Kokas and Schwartz was 195%, 176%, 176%, 166% and 166%, respectively. Actual bonus amounts paid to Messrs. Flynn, Dietrich, Steen, Kokas, and Schwartz under the AIP are included in the Summary Compensation Table for Fiscal 2018 under the "Non-Equity Incentive Plan Compensation" column.

Adjusted Net Income Objective Metric. The most heavily weighted performance factor in the 2018 AIP is ANI. For purposes of the AIP, the ANI performance range was (1) a threshold amount of $127.9 million, (2) $170.5 million for the target amount, and (3) $187.5 million representing maximum achievement. For 2018, ANI was $204.3 million, which resulted in a 2x target performance factor and which was approximately 53% higher than 2017 ANI.

Our ANI target setting under the AIP is designed to be rigorous. In 2018, the AIP's ANI target of $170.5 million:

- represented an approximate 27% increase over the Company's actual ANI of $134.4 million in 2017 and
- represented an approximate 36% increase over the Company's 2017 AIP's ANI target of $125.72 million.

* ANI 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.

On-Time Customer Reliability Objective Metric. An additional objective performance metric that was used to determine 2018 AIP payments was our on-time customer reliability. Our 2018 on-time customer reliability goals are objective, measurable goals that are set to meet or exceed challenging standards set forth in our customer contracts. In 2018, our weighted overall on-time performance was achieved at 1.76x of target. While such goals are customer-specific and proprietary, they are all very aggressive and denote a high level of on-time performance.

2018 Individual Performance Objectives. Individual annual performance objectives for our NEOs are reviewed with and approved by the Compensation Committee early in the year, or late in the preceding year, when the Company's operating plan is being reviewed and approved by the Board of Directors. These individual performance objectives are based in large part on our annual business plan and our long-term strategic plan, including continuous improvement and cost savings, diversifying our business, and enhancing our financial results, among others.

Our Compensation Committee reviewed each NEO's 2018 accomplishments in detail and certified that each of our NEOs exceeded their individual performance objectives, resulting in a 2x target performance factor.

COMPENSATION DISCUSSION AND ANALYSIS

2018 individual performance objectives for our NEOs included the following, among others:

Mr. Flynn		
Recalibrate and Execute the Company's Strategic Plan; *Develop and Structure Corporate Balance Sheet to Fund Growth Initiatives*	Support plans to diversify and grow revenue and profitability, including recalibration of the Company's strategic plan	Delivered record levels of revenue, free cash flow, EBITDA and adjusted net income
	Continue development of the Atlas fleet plan to provide for customer growth and fleet modernization	Operated a record number of block hours
		Added six 747s, one 777 and nine 767 aircraft to the Company's fleet, including the successful onboarding of all 767 freighters required to be converted for, and delivered to, Amazon in 2018
		Expanded ACMI and CMI operations with new and existing customers
Mr. Dietrich		
Execute Strategic Plan; *Implement Long-Term Labor Strategy*	Facilitate and lead the integration and merger with Southern Air, including further development of an Express Operations Center ("EOC") and pursuit of a Single Operating Certificate ("SOC")	Successfully integrated Southern Air into Atlas Air on time and on budget, achieving transactional synergies well beyond the business case, while completing all critical SOC requirements and positioned to implement SOC at Company discretion
	Continue to implement the Amazon contract, including supporting timely aircraft conversions and onboarding of all newly acquired aircraft	Integrated the Southern Air, Atlas Air, and Polar operating groups to create the EOC at Cincinnati/Northern Kentucky International Airport with a primary focus on express operations
	Oversee pilot staffing and training plans to accommodate fleet growth plans	Successfully implemented the Amazon contract, including managing and supporting the operational implementation of the Amazon network, including crew training, station start-ups, and onboarding all scheduled 2018 aircraft conversions and deliveries

Successfully met the 2018 crewmember hiring and training schedule to accommodate the Company's fleet growth plan

COMPENSATION DISCUSSION AND ANALYSIS

Mr. Steen		
Strategic Plan and Business Development	Expand ACMI and CMI operations with existing customers	Generated record revenues, earnings and growth from all business lines (Titan, ACMI, CMI, Charter and South America)
	Develop and refine geographic growth opportunities	Added several new strategic customers, particularly in the fast growing express segment and Asia-Pacific region
	Continue to develop Titan and expand its portfolio of owned and managed assets	Delivered record South American revenues, while strengthening and expanding the Company's position as a leading operator in all major markets in the region
		Continued refining and progressing the Company's strategic plan and made significant progress in several strategic areas
		Executed the first phase of the Titan expansion plan
Mr. Kokas		
Facilitate Growth Initiatives; Execute the Strategic Plan	Continue development of the fleet to provide for customer growth and fleet modernization	Provided legal advice and support related to the acquisition, leasing and financing of 16 aircraft in 2018, all in support of the Company's significant fleet expansion plans

	Enhance shareholder value through support of tax and other strategies and cultivating relationships with the Company's largest shareholders through a robust shareholder engagement program	Successfully delivered record revenue, block hours, earnings and cash flows Continued proactive shareholder outreach and communications plan that articulates the Company's long-term strategy, goals and achievements, along with environmental, social and governance initiatives and achievements
Mr. Schwartz		
Recalibrate and Execute the Strategic Plan to Enhance Shareholder Value; Develop and Structure the Balance Sheet to Fund Growth Initiatives	Continue development of the Atlas fleet plan to provide for customer growth and fleet modernization and determine financing initiatives to address such growth while maintaining a strong balance sheet	Delivered record earnings and cash flows Supported the addition of 16 new aircraft to the Company's fleet in 2018 and arranged financings for these aircraft on terms that were favorable to the Company
	Enhance shareholder value by driving continuous improvement savings, developing strategies to lower taxes and continuing proactive investor/analyst communication plan that articulates AAWW's strategy and goals	Negotiated reduced income tax rates and various incentives that resulted in significant savings Maintained proactive communication outreach effort detailing AAWW's strategies, goals and roadmap for delivering growth and value

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

3. Long-Term Incentive Compensation

During 2018, the Compensation Committee made long-term incentive grants to our NEOs in the form of performance share units, performance-based cash awards, and time-based restricted stock units.

Long-Term Incentive Awards

The total long-term incentive grant in a given year is based on a multiple calculated as a percentage of base salary. For the CEO, the multiple is based on his actual base salary and for the other NEOs and other executives, the multiple is based on an average base salary for all executives at a particular level (for example Executive Vice President, Senior Vice President or Vice President). The multiple is converted into an aggregate LTI plan award opportunity dollar amount, and for 2018 awards, which, consistent with prior years, is then converted into a target number of RSU, PSU and performance cash awards using the average closing price of the Company's common stock for the 30 trading days ending on February 28, 2018, trailing the grant date.

Assuming achievement at maximum performance opportunity, the performance share units and performance cash units together would pay at approximately two-thirds of the value of the overall award grant.

Long-term performance incentives are directly linked to Company long-term strategic initiatives that are intended to enhance shareholder long-term interests and are consistent with the key long-term metrics favored by a majority of our shareholders currently, EBITDA growth and Average ROIC. Starting with awards granted in 2018, our performance LTI includes a Comparative TSR metric.

For 2018, the LTI award consisted of three-year performance stock units and performance cash awards and three-year vesting restricted stock units, all as more fully described below. The weighting mix of the LTI components were as follows:

Award mix at time of grant: (1) Time-vesting Restricted Stock Units 50%, (2) Performance Stock Units 25% (target level) and (3) Cash 25% (target level)

At a possible future maximum payout of our performance-based LTI: (1) Time-vesting Restricted Stock Units 33%, (2) Performance Stock Units 33% and (3) Performance Cash 33%.

LTI Mix at Target

LTI Mix at Maximum Opportunity

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

How We Set Our LTI Incentive Metrics:

In designing the long-term incentive awards for our executives, the Compensation Committee considers the Board-approved business plan, as well as long-term strategic goals, and designs long-term incentive targets, including Average ROIC and EBITDA growth. We believe that most of our executives' total compensation should be at risk and that a significant portion of their total compensation should be equity-based, providing a strong alignment between the senior executives' compensation and shareholders' interests.

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

Link Between Our Performance, Our Strategy and Our LTI Incentive Metrics:

Set forth below are the metrics used under our long-term performance incentives in 2018 to provide appropriate rewards for prudent risk-taking, key financial performance and objective results in support of our business strategy. In addition, we believe that our performance metrics align and underscore the link between incentive compensation and the successful execution of our business strategy, and reflect our ongoing commitment to a pay-for-performance compensation philosophy.

EBITDA growth	**50%**	Encourages management to pursue long-term profit potential and cash flow opportunities and is consistent with achievement of the Company's long-term strategic goals. Used for companies in industries like ours that require significant upfront financial investments. EBITDA growth is an appropriate measure of underlying profit potential and an indicator of operating cash flow.
Average ROIC	**50%**	Drives growth and profitability through the efficient use of our capital and encourages prudent risk-taking. Used because the Company's strategic plan involves a significant investment program in its aircraft fleet, and the ability of the Company to manage its balance sheet to generate returns is an important measure to investors.
Relative TSR modifier (*effective beginning with 2018 awards*)	**+/ 20% adjustment based on relative performance against comparator group**	Implemented as a direct result of shareholder feedback.

Adds relative metric to our LTI in accordance with shareholder feedback. (Company three-year share performance compared to S&P SmallCap 600 Index companies)

Further aligns compensation with shareholder returns and value

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)

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

We have not disclosed the 2018 specific EBITDA growth and Average ROIC targets for the three-year performance period because they represent confidential, commercially sensitive information that we do not disclose to the public and that could cause competitive harm if known in the marketplace.

Both EBITDA growth and Average ROIC targets, as well as the factors that influence these measures, such as revenue and efforts to control costs, are inherently competitive and, if disclosed, would provide valuable insight into areas of focus for the Company. The Compensation Committee sets the EBITDA growth and Average ROIC goals at a level that it believes would be challenging but possible for the Company to achieve. ***In the interest of providing as much disclosure as appropriate to aid shareholders in assessing the rigor of our LTI metrics, below is a detailed description of our LTI goal-setting process:***

Additional Information on Long-term Incentive Goal Setting:

The performance LTI grant has three separate goals for both the EBITDA Growth and Average ROIC metrics Threshold, Target, and Maximum. The Threshold values are set at levels the Compensation Committee believes are reasonably achievable, to motivate and support retention objectives. The Target values are set at levels that are expected to be difficult, but attainable. The Maximum levels require outstanding performance resulting from stronger than forecasted market growth and stretch by management to capitalize on that growth. Threshold levels for both the EBITDA Growth and Average ROIC metric of the 2018 grant were set at the Threshold levels of the 2017 grant.

The performance goals for the 2018 2020 performance period were established during the first quarter of 2018. When establishing the performance goals for the 2018 grant, the Compensation Committee took into account the Federal Reserve's real GDP growth outlook, commentary from the Organization for Economic Cooperation and Development (OECD), and freight-tonne kilometer (FTK) forecasts from the International Air Transport Association (IATA). The Committee used those inputs as a primary set of guidelines when establishing the goals, which are further described below. OECD is an intergovernmental economic organization with 35 member countries that was founded to stimulate world trade and economic progress, and IATA is a global organization of airlines. Since we are an airline with global reach, these entities' forecasts provide a reasonable and balanced prediction of macroeconomic trends against which to measure our performance and these forecasts are considered by AAWW (and often shareholders) when considering potential long term performance.

EBITDA Growth:

- Threshold Set at a level consistent with the OECD outlook and in excess of the Federal Reserve outlook
- Target Set consistent with the IATA FTK growth estimate and in excess of the US and OECD outlooks
- Maximum Growth well beyond industry and economist projections

Average ROIC:

- Threshold Slightly above Atlas' weighted average cost of capital
- Target Meaningfully above Atlas' weighted average cost of capital
- Maximum Significantly above Atlas' weighted average cost of capital

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Our long-term incentive performance metrics relate to key Company long-term strategies and provide substantial payouts only upon achievement of exceptional performance.

At the end of the three-year period, the awards vest based on a performance matrix ranging from no vesting if the Company's performance is in the bottom quintile of both EBITDA growth and Average ROIC metrics to 2x target vesting if performance on both metrics is in the top quintile. Target vesting (100% of the award) is achieved if the Company's performance is at the target level. **Starting with awards granted in 2018, performance LTI awards are further subject to a comparative total shareholder return ("Comparative TSR") modifier, based on AAWW share price performance during the three-year performance period relative to the component companies of the S&P 600 SmallCap Index.** The Comparative TSR modifier will be applied to the vesting percentage determined based on the achievement of the EBITDA growth and Average ROIC metrics and could increase or decrease that vesting percentage by up to 20%. **However, no upward modification will be made in the event the absolute total shareholder return is negative, even if the Comparative TSR performance achieved would have provided for an upward adjustment.**

Payout of 2016-2018 Performance LTI Awards. In the first quarter of 2019, the Compensation Committee reviewed AAWW's performance over the three-year performance period ended December 31, 2018 for grants made in 2016. The performance metrics for these awards were EBITDA growth and three-year average ROIC applied on an absolute basis. Performance LTI payouts for the 2016-2018 performance period were made in early 2019 for our NEOs other than our CEO Mr. Flynn, whose retirement eligibility entitled him to an accelerated payout in September 2016 due to the Amazon transaction. 2016-2018 Performance LTIs were paid at twice the target level due to the triggering of certain change in control provisions set forth in the Performance LTI as a result of our 2016 transaction with Amazon. Beginning in 2018, all of such performance awards provide for such payout not at the time of a change in control but only following a "double trigger" event both a change of control and a related termination of employment. This strict double trigger standard is designed to provide retention incentives to key employees while appropriately adjusting for the changed performance environment brought about by a change in control.

Performance-Based Share Units

Performance share units, or PSUs, are paid in AAWW common shares upon vesting. Key characteristics of the PSUs granted in 2018 are as follows:

- Pays only if the Company achieves, over a three-year period, rigorous preset objective financial targets measured as compared to comparative financial targets for a peer group.
- Subject to the following financial metrics for the 2018 grant: EBITDA growth, average ROIC and Comparative TSR.
- The grant date value is reported in the Summary Compensation Table, but actual value (if any) will not be realized by the NEOs until the three-year period ends and then only if the awards meet applicable performance criteria.

Cash-based Long-Term Incentive Awards

Cash-based long-term incentive awards are paid at the end of a three-year performance period. Key characteristics of the cash-based long-term incentive awards are as follows:

- Pays only if the Company achieves, over a three-year period, rigorous preset comparative financial targets.
- Subject to the following financial metrics for the 2018 grant: EBITDA growth, average ROIC and Comparative TSR.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Restricted Stock Units

Restricted stock units, or RSUs, are paid in shares of Common Stock and have the following key characteristics:

- Vest annually on the anniversary of grant date over a three-year period.
- Align economic interests of management with long-term shareholders.

RSUs are designed to attract and retain executives by providing them with (1) stock ownership during the applicable vesting period, and (2) a strong incentive to remain with the Company until at least the applicable vesting period ends. In addition, our stock ownership guidelines described below encourage continued alignment between NEOs and other executives and our shareholders.

Transformative Events Impacting CEO Compensation (2016 2018)

2016 was a truly historic and transformative year for the Company, with an immediately accretive acquisition of a competitor, Southern Air, that expanded our fleet into the 777 and 737 operating platforms, followed shortly by a transaction with Amazon that was approved by over 99% of shareholders. Due to long-standing arrangements with our CEO at the time relating to his retirement eligibility, payouts of certain then-outstanding long-term incentive awards were accelerated in 2016 due to a deemed "change of control" related to the transaction with Amazon. As set forth in the "Summary Compensation" Table, the acceleration resulted in an extraordinary one-time increase in the reportable amount of our CEO's 2016 total compensation value.

Mr. Flynn did not receive any incremental LTI vesting or payouts in 2017 or 2018, due to the 2016 payouts.

Following such acceleration, and consistent with shareholder feedback, revisions were made to all CEO (and other executive) long-term awards to require a double trigger a qualifying separation of service for vesting in connection with a change of control. In fact, the Company recently entered into an incremental transaction with Amazon and no such "change of control" or related payout occurred.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Peer Group

Carefully Analyzed Peer Group to Aid Our Compensation Decisions

Our Compensation Committee, together with its independent compensation consultant, periodically reviews relevant competitive market pay data for executives in our industry and similar industries. The Committee identifies a core group of companies, used to periodically assess the Company's compensation levels and practices, as one factor in the compensation-setting process. In late 2017, our Compensation Committee worked closely with its independent compensation consultant over the course of many months to refine our peer group. The refined group, which was used for comparator purposes when making 2018 compensation decisions, appears below. We did not change our peer group in 2018.

The Compensation Committee believes that identification of peers using a broad industry sector code is inadequate and does not establish similarity of operations and business models, nor adequately represent past, current and future competitors for managerial talent, factors the Compensation Committee considers in the selection of companies for these purposes.

Given the global nature and structure of our business, we believe it is critical to recruit and retain executives with a breadth of experience in global markets. A significant portion of our revenue is derived from companies and business activity based outside of the United States, including those of our unconsolidated subsidiary, Polar, which is operated by our leadership team. In 2018, we operated almost 60,000 flights, serving 382 destinations in 89 countries.

AAWW's 2018 revenue was approximately $3.7 billion.

For peer comparison purposes, AAWW's revenue includes its airline subsidiary Polar's revenue of approximately $1,059 million.

- AAWW holds a 75% voting interest and 51% economic interest in Polar.
- Polar operates a fleet of 747 and 767 freighters in time-definite, airport-to-airport scheduled air cargo service to North America, Asia, Europe and the Middle East.
- Mr. Flynn serves as Chairman, CEO and President, Mr. Dietrich serves as Executive Vice President and Chief Transportation Officer and Mr. Kokas serves as Executive Vice President, General Counsel and Assistant Secretary of Polar. As executive officers of Polar, Messrs. Flynn, Dietrich and Kokas have significant Polar-related executive, operating and administrative responsibilities. In addition, Messrs. Flynn, Dietrich, Kokas and Schwartz are members of the Polar board of directors, with Mr. Flynn serving as Chairman.

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

For 2018, our peer group includes companies that are, in comparison to AAWW:

- Comparably sized as measured by revenue, with median revenue peer group in 2018 of $2.0 billion, and with revenues that range from .24 to ..85 of AAWW's revenue. (AAWW's 2018 revenue (i) was approximately $3.7 billion, including approximately $1,059 million from Polar and (ii) estimated at $4.0 billion in 2019, inclusive of Polar revenue).
- Operate and compete for business and talent in similar industries, including transportation, logistics and aerospace services industries.

Other factors considered by the Compensation Committee in making 2018 peer group decisions included the following, among others:

- Companies that are among the Russell 3000 index and proxy advisory firm peers

- Companies with assets between $1 and $10 billion and a market capitalization ranging from $0.5 to $6.0 billion.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

As a secondary source and broader group, the Compensation Committee may also refer to the S & P SmallCap 600 or S & P Composite 1500 Indices as additional reference points.

Our 2018 peer group is comprised of the following companies:

AAR Corp.	*Provider of aviation services to the worldwide commercial aerospace and government/defense industries*	$1,748
Aerojet Rocketdyne Holdings, Inc.	*Aerospace and defense manufacturer*	1,896
Air Transport Services Group, Inc.	*Provider of air cargo transportation and related services*	892
Barnes Group Inc.	*Aerospace and industrial manufacturer*	1,496
BWX Technologies, Inc.	*Supplier of nuclear components and products*	1,800
Cubic Corp.	*Provider of diversified systems and services to the transportation and defense markets*	1,203
Curtiss-Wright Corp.	*Engineered, technologically advanced products and services*	2,412
Esterline Technologies Corp.	*Aerospace and defense manufacturer*	2,035
GATX Corporation	*Railcar leasing*	1,361
Genesee Wyoming Inc.	*Rail operator and infrastructure owner*	2,349
Hawaiian Holdings Inc.	*Parent company of Hawaiian Airlines, Inc.*	2,837
Hexcel Incorporated	*Manufacturer of advanced composite materials*	2,189
Moog Inc.	*Supplier of motion control and electronic solutions*	2,709
Park-Ohio Holdings Corp.	*Industrial supply chain logistics and diversified manufacturing industries*	1,658
Teledyne Technologies, Inc.	*Provider of enabling technologies for industrial growth markets*	2,902
Triumph Group Inc.	*Manufacturer of aerospace structures, systems and components*	3,199
Werner Enterprises, Inc.	*Freight carrier and transportation and logistics company*	2,458
Wesco Aircraft Holdings, Inc.	*Distributor and producer of supply chain management services to the aerospace industry*	1,570
Median Revenue of Peers*		**1,965**
Atlas Air Worldwide Holdings, Inc.		**3,746**

*

KLX Inc. was acquired by Boeing in October 2018 and Engility Holdings, Inc. was acquired by Science Applications International Corp in January 2019. These companies are no longer part of our peer group.

COMPENSATION DISCUSSION AND ANALYSIS

Other Elements of Compensation

Limited Other Benefits and Limited Perquisites

We provide our executives with common benefits, which include health insurance (including certain limited retiree health benefits), severance benefits commensurate with position, 401(k) plan participation, and a retirement restoration program. The Compensation Committee believes that perquisites should be limited and not broad-based. Such perquisites are limited principally to financial counseling and limited travel-related benefits, including limited tax reimbursement payments related thereto. Details concerning these perquisites can be found in the footnotes to the "2018 Summary Compensation Table" below.

Retirement Plans

In addition to the Company's 401(k) plan, the Company maintains the 401(k) Restoration and Voluntary Deferral Plan (the "Retirement Restoration Plan") for employees holding the title of Executive Vice President or higher. This plan is a nonqualified deferred compensation plan intended to make eligible employees whole for compensation limits imposed under our 401(k) plan. Under the retirement restoration plan, a participant is eligible to make elective deferrals and to receive employer credits equal to 5% of eligible compensation in excess of the limits described in Sections 401(a)(17) and 402(g) of the Code. Initial employer credits vest upon the third anniversary of the executive's initial eligibility for the plan, and all employer credits after such anniversary are fully vested. Deferrals and employer credits are credited with notional earnings equal to the prime interest rate until distributed on the earliest of (i) the participant becoming disabled, (ii) the participant's separation from service (including death), or (iii) a change of control of the Company.

Under our Benefits Program for Senior Executives, employees holding the rank of Executive Vice President or above would become retirement-eligible upon attaining age 60 and 10 years of service. Of our NEOs, only Mr. Flynn is currently retirement-eligible, and no other NEO is retirement-eligible.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Additional Compensation Policies

Executive Stock Ownership

In support of the Board philosophy that performance and equity incentives provide the best incentives for our NEOs and other members of management and promote increases in shareholder value, the Board monitors compliance with Stock Ownership Guidelines (the "Guidelines") covering all Directors, NEOs, and certain other executives. Such guidelines include both stock ownership and recommended stock holding periods as described below. The Guidelines require executives to achieve certain levels of share ownership over a five-year period based on the lesser of a percentage of annual base salary or a fixed number of shares.

Current target share ownership levels for the Directors and the NEOs under the Guidelines are generally based on the lesser of: (1) 4x annual base cash retainer, or 7,500 shares, for independent Directors, (2) 6x base salary, or 120,000 shares, for the CEO, (3) 3.5x base salary, or 40,000 shares, for the Chief Executive Officer of Titan (currently, Mr. Steen) and the President of Atlas Air (currently, Mr. Dietrich,) and (4) 3x base salary, or 30,000 shares, for other executive vice presidents.

All of our Directors and NEOs are in full compliance with the requisite Common Stock ownership levels set forth in the Guidelines.

Tax Considerations

Section 162(m) of the Code, as in effect for 2017, restricts the deductibility for federal income tax purposes of the compensation paid to the CEO and each of the other NEOs who was an executive officer at the end of the applicable fiscal year (other than our Chief Financial Officer) for such fiscal year to the extent that such compensation for such executive exceeds one million dollars and does not qualify as "qualified performance-based compensation" as defined under Section 162(m) of the Code. The Compensation Committee historically considered available opportunities to deduct compensation paid to NEOs for U.S. federal income tax purposes. The Tax Cuts and Jobs Act, which was enacted on December 22, 2017, eliminated the exception for "performance-based" compensation and expanded the number of executives to which the 162(m) limit may apply. As a result, except to the extent provided in limited transition relief, compensation over one million dollars paid to any named executive officer will no longer be deductible under Section 162(m) of the Code. The Compensation Committee reserves the right to provide compensation to our executives that is not deductible, including but not limited to when necessary to comply with contractual commitments, or to maintain the flexibility needed to attract talent, promote retention, or recognize and reward desired performance.

Equity Grant Practices

The Compensation Committee generally grants equity awards to NEOs in the first quarter of each year. The Compensation Committee does not have any programs, plans or practices of timing these awards in coordination with the release of material nonpublic information. In fact, such awards are granted a week or more following the filing of the Company's 10-K and the related issuance of its earnings release. We have never backdated, repriced, or spring-loaded any of our equity awards.

Clawback Policy

We have had a compensation clawback policy since 2014, in order to enhance the alignment of our compensation program features with best practices and consistent with feedback received from our shareholders. Our clawback policy permits us to seek to recover certain amounts of annual cash incentive compensation awarded to any executive officers on or after February 2014 if payment of such compensation was based on the achievement of financial results that were subsequently the subject of a substantial restatement of our financial statements due to material noncompliance and the executive officer's intentional misconduct after February 2014 that contributed to a higher amount of cash incentive compensation received.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Committee Report

Letter to the Shareholders from the Board of Directors

In managing the Company, our entire Board of Directors seeks to achieve long-term, sustainable performance and to create value through a well-reasoned, long-term strategic plan; prudent risk management; effective corporate governance practices and executive compensation programs; and well-functioning talent and succession planning. Please see "Letter to the Shareholders from the Board of Directors" appearing at the beginning of this Proxy Statement.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section with senior management. Based on this review, the Compensation Committee recommends to the Board of Directors that the Compensation Discussion and Analysis section be included in this proxy statement and the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

THE COMPENSATION COMMITTEE
Carol B. Hallett, Chair
Bobby J. Griffin
Jane H. Lute
John K. Wulff

Table of Contents

2018 SUMMARY COMPENSATION TABLE

Compensation Tables and Explanatory Notes

2018 Summary Compensation Table

As described in the Compensation Discussion and Analysis "Overview" section of this Proxy Statement, based on our extensive shareholder outreach over the last several years, we have made numerous changes to our compensation programs, while maintaining and enhancing our pay-for-performance philosophy and ensuring that these programs do not promote excessive risk taking. Please read the Compensation Discussion and Analysis "Overview" appearing on pages 33-39 of this Proxy Statement, along with the remainder of the Compensation Discussion and Analysis section on pages 40-54 and the material presented below.

The following table provides information concerning compensation for our NEOs during fiscal year 2018: