ATLAS AIR WORLDWIDE HOLDINGS INC
Form DEF 14A
April 24, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE l4A

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

EXCHANGE ACT OF 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Under Rule l4a-l2

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

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

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules l4a-6(i)(4) 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 in 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:

¨ Fee paid previously with preliminary materials.

¨ 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:

ATLAS AIR WORLDWIDE HOLDINGS, INC.

2000 Westchester Avenue

Purchase, New York 10577-2543

April 23, 2012

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2012 Annual Meeting of Stockholders of Atlas Air Worldwide Holdings, Inc. The Annual Meeting of Stockholders will be held at 10:00 a.m., local time, on Friday, June 1, 2012, at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, 38th Floor, New York, NY 10036.

The business to be conducted at the Meeting is outlined in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. The annual report for the year ended December 31, 2011 is also enclosed.

The shares represented by your proxy will be voted at the Annual Meeting of Stockholders as therein specified (if the proxy is properly executed, returned and not revoked). Accordingly, we request that you promptly sign, date and mail the enclosed proxy in the accompanying prepaid envelope provided for your convenience. You may revoke your proxy at any time before its use by delivering to the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting of Stockholders and voting in person. Attending the Annual Meeting of Stockholders in and of itself will not constitute a revocation of a proxy.

Sincerely,

EUGENE I. DAVIS

Chairman of the Board of Directors

ATLAS AIR WORLDWIDE HOLDINGS, INC.

2000 WESTCHESTER AVENUE

PURCHASE, NEW YORK 10577-2543

Notice of 2012 Annual Meeting of Stockholders

To be held on June 1, 2012

We will hold the 2012 Annual Meeting of Stockholders of Atlas Air Worldwide Holdings, Inc., a Delaware corporation, on Friday, June 1, 2012, at 10:00 a.m., local time, at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, 38th Floor, New York, NY 10036, for the following purposes:

1. To elect a board of directors to serve until the 2013 Annual Meeting of Stockholders or until their successors are elected and qualified;

2. To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the fiscal year ended December 31, 2012;

3. To hold a non-binding, advisory vote with respect to the compensation of the Company s Named Executive Officers;

4. To approve the performance criteria under the 2007 Incentive Plan for compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended; 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 stockholders of record at the close of business on April 2, 2012, which date has been fixed as the record date for notice of the Annual Meeting of Stockholders, 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 STOCKHOLDERS IN PERSON, BUT IF YOU CANNOT, PLEASE SIGN AND DATE THE ENCLOSED PROXY. RETURN THE PROXY IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. IF YOU ATTEND THE ANNUAL MEETING OF STOCKHOLDERS, YOU MAY VOTE IN PERSON EVEN IF YOU HAVE RETURNED A PROXY. 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

WILLIAM J. FLYNN

President and Chief Executive Officer

April 23, 2012

ATLAS AIR WORLDWIDE HOLDINGS, INC.

2000 Westchester Avenue

Purchase, New York 10577-2543

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

JUNE 1, 2012

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 Stockholders (the Annual Meeting) to be held on Friday, June 1, 2012, at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, 38th Floor, New York, NY 10036 at 10:00 a.m., local time, and at any adjournments or postponements of the Annual Meeting. It is expected that this Proxy Statement and the accompanying proxy will first be mailed or delivered to stockholders beginning on or about April 24, 2012. Proxies may be solicited in person, by telephone or by mail, and the costs of such solicitation will be borne by AAWW.

AAWW was incorporated in Delaware in 2000. Our principal executive offices are located at 2000 Westchester Avenue, Purchase, New York 10577, and our telephone number is (914) 701-8000. AAWW is a holding company with a principal operating subsidiary, Atlas Air, Inc. (Atlas), which is wholly-owned. It also maintains a 49 percent interest in Global Supply Systems Limited (GSS) and has a 51 percent economic interest and a 75 percent voting interest in Polar Air Cargo Worldwide, Inc. (Polar). AAWW is also the parent company of several wholly-owned subsidiaries related to our dry leasing services (collectively referred to as Titan). We are the leading global provider of outsourced aircraft and aviation services, and we operate the world s largest fleet of Boeing 747 freighter aircraft. Except as otherwise noted, AAWW, Atlas, and Titan (along with all other entities included in AAWW s consolidated financial statements) are collectively referred to herein as the Company, AAWW, we, us, or our.

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 on the cover page of this Proxy Statement, in addition to transacting such other business, if any, as may properly come before the meeting or any adjournments thereof. The shares represented by your proxy will be voted as indicated on your proxy, if properly executed. If your proxy is properly signed and returned, but no directions are given on the proxy, the shares represented by your proxy will be voted:

- **FOR** the election of the director nominees named herein, to serve until the 2013 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, 2012 (Proposal No. 2);

FOR the adoption, on a non-binding, advisory basis, of a resolution approving the compensation of our Named Executive Officers (the Say on Pay vote) (Proposal No. 3); and

FOR approving the performance criteria under the AAWW 2007 Incentive Plan (as amended) (the Incentive Plan or the 2007 Plan) for compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) (Proposal No. 4).

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 1, 2012

This Proxy Statement and the AAWW 2011 Annual Report are available for

downloading, viewing and printing at http://www.ezodproxy.com/atlasair/2012.

In addition, if any other matters are properly submitted to a vote of stockholders 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.

Record Date and Voting Securities

All of our stockholders of record at the close of business on April 2, 2012 (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 26,421,640 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 stockholders 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.

Shares Registered in the Name of a Bank, Broker or Nominee

Brokerage firms and banks holding shares in street name for customers are required to vote such shares in the manner directed by their customers. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank or nominee which is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote and are also invited to attend the meeting. Your broker, bank or nominee has enclosed herewith or separately provided a voting instruction form for you to use in directing the broker, bank or nominee how to vote your shares. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a signed proxy from the record holder giving you the right to vote these shares. You should note that if you hold your shares through a brokerage firm, a bank or other nominee, the broker, bank or other nominee that holds the stock will not be able to vote your shares on any proposal other than the appointment of PricewaterhouseCoopers LLP, unless you have provided specific voting instructions. See Broker Non-Votes and Quorum, Vote Required below for additional information.

If you hold your shares directly in your own name, they will not be voted if you do not vote them at the Annual Meeting or provide a proxy.

Broker Non-Votes

A broker non vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner, but does have discretionary voting power over other routine items and submits votes for those matters. As discussed above, if you hold your shares through a broker, bank or other nominee and do not provide specific instructions to your broker, bank or other nominee, your shares may not be voted with respect to the following non-routine proposals:

Proposal 1 (election of the Company s Directors);

Proposal 3 (the Say on Pay vote); and

Proposal 4 (approval of the performance criteria under the 2007 Plan for compliance with Section 162(m) of the Code).

We do not expect to have any broker non-votes with respect to Proposal 2, which is routine and which provides for the ratification of the selection of PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm for the Company for the year ending December 31, 2012.

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 in order 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 1: Election of Directors. Members of the Board are elected by a plurality of the votes cast at the Annual Meeting. This means that the director nominees with the most votes will be elected. Shares voting Abstain or broker non-votes will have no effect on the election of Directors. A Withhold vote with respect to any Director nominee will have the effect of a vote against such nominee. Brokers, banks and other nominees have no discretionary voting power in respect of this item.

Proposal 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, 2012. The affirmative vote of a majority of the shares represented at the Annual Meeting, either in person or by proxy and entitled to vote on this proposal, is required to ratify the selection of PricewaterhouseCoopers LLP. Shares voting Abstain or broker non-votes will have no effect on the ratification of the selection of PricewaterhouseCoopers LLP. Brokers, banks and other nominees have discretionary voting power in respect of this item.

Proposal 3: Advisory Vote Approving the Compensation of the Company s Named Executive Officers. Because Proposal 3 asks for a non-binding, advisory vote, there is no required vote that would constitute approval. We value the opinions expressed by our stockholders in this advisory vote, and our Compensation Committee, which is responsible for overseeing and administering our executive compensation programs, will consider the outcome of the vote when designing our compensation programs and making future compensation decisions for our Named Executive Officers. Shares voting Abstain or broker non-votes will have no effect on this non-binding advisory vote. Brokers, banks and other nominees have no discretionary voting power in respect of this item.

Proposal 4: Approval of the performance criteria under AAWW s 2007 Incentive Plan (as amended). 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 performance criteria under the 2007 Plan for compliance with Section 162(m) of the Code. Shares voting Abstain or broker non-votes will have no effect on the approval of this amendment. Brokers, banks and other nominees have no discretionary voting power in respect of this item.

Revocability of Proxies

If you hold your shares registered in your name, you may revoke your proxy at any time before its use by delivering to the Secretary of AAWW a written notice of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Attending the Annual Meeting in and of itself will not constitute a revocation of a proxy.

If your shares are held in street name and you wish to revoke your proxy and vote at the Annual Meeting, you must contact your broker, bank or other nominee and follow the requirements set by your broker, bank or nominee. We cannot guarantee you that you will be able to revoke your proxy or attend and vote at the Annual Meeting.

Proxy Solicitation

This proxy solicitation is being made by our Board, and the cost of soliciting proxies will be borne by us. We expect to reimburse brokerage firms, banks, custodians and other persons representing beneficial owners of shares of Common Stock for their reasonable out-of-pocket expenses in forwarding solicitation material to such beneficial owners. Proxies may be solicited by certain of our directors, officers and other employees, without additional compensation, in person or by telephone, e-mail or facsimile. We have retained Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, to assist us in the solicitation of proxies and will pay Morrow & Co. a fee estimated not to exceed $8,000, plus out-of-pocket expenses, all related to the solicitation.

Proxy Tabulation

Proxies and ballots will be received and tabulated by an independent entity that is not affiliated with us. The inspectors of election will also be independent of us. Comments on written proxy cards will be provided to the Secretary of AAWW without disclosing the vote unless the vote is necessary to understand the comment.

STOCK OWNERSHIP

The following table sets forth, as of April 2, 2012, information regarding beneficial ownership of our Common Stock by:

- Each stockholder who is known by us to own beneficially 5% or greater of the Common Stock;
- Each Director;
- Each of our Named Executive Officers; and
- All of our Executive Officers and members of our Board as a group.

Unless otherwise indicated, each stockholder has sole voting and investment power with respect to the shares of Common Stock beneficially owned by that stockholder. The number of shares of Common Stock beneficially owned is determined under rules issued by the Securities and Exchange Commission (the SEC). This information is not necessarily indicative of ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days of April 2, 2012, through the exercise of any stock option or other right. The number of shares of our Common Stock issued and outstanding as of April 2, 2012 was 26,421,640.

Beneficial Ownership Table

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (a)	Percentage of Outstanding Shares Beneficially Owned
5% Stockholders:		
BlackRock, Inc. (b) 40 East 52nd Street New York, NY 10022	2,068,411	7.8%
Lord, Abbett & Co. LLC (c) 90 Hudson Street Jersey City, NJ 07302	1,938,872	7.3%
Piper Jaffray Companies (d) 800 Nicollet Mall Suite 800 Minneapolis, MN 55402	1,535,847	5.8%
Dimensional Fund Advisors (e) Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	1,424,546	5.4%
AllianceBernstein L.P. (f) 1345 Avenue of the Americas New York, NY 10105	1,388,474	5.3%
Directors:		
Robert F. Agnew	20,068	*
Timothy J. Bernlohr	19,857	
Eugene I. Davis	58,261	*
James S. Gilmore III	24,557	*
Carol B. Hallett	20,557	*
Frederick McCorkle	28,068	*
Director and Named Executive Officer:		
William J. Flynn	206,497	*
Other Named Executive Officers:		
John W. Dietrich	54,378	*
Michael T. Steen	26,543	*
Adam R. Kokas	37,852	*
Spencer Schwartz	12,553	*
All directors and executive officers as a group (12 persons, including the persons listed above)	509,541	1.9%

* Represents less than 1% of the outstanding shares of Common Stock.

(a) For members of the Board of Directors, includes restricted stock units scheduled to vest on May 31, 2012. For executive officers, includes shares subject to options exercisable as of April 2, 2012 as follows:

William J. Flynn	47,027
John W. Dietrich	
Michael T. Steen	
Adam R. Kokas	9,246
Spencer Schwartz	

(b) This information is based on a Schedule 13G/A dated January 20, 2012 and filed with the SEC on February 13, 2012. We have not made any independent determination as to the beneficial ownership of this stockholder and are not restricted in any determination we may make by reason of inclusion of such stockholder or their shares in this table.

(c) This information is based on a Schedule 13G dated February 14, 2012 and filed with the SEC on the same day. As set forth in this filing, Lord, Abbett has sole voting power over 1,721,827 shares and sole dispositive power with regard to 1,938,872 shares. We have not made any independent determination as to the beneficial ownership of this stockholder and are not restricted in any determination we may make by reason of inclusion of such stockholder or their shares in this table.

(d) This information is based on a Schedule 13G dated February 14, 2012 and filed with the SEC on the same day. We have not made any independent determination as to the beneficial ownership of this stockholder and are not restricted in any determination we may make by reason of inclusion of such stockholder or their shares in this table.

(e) This information is based on a Schedule 13G dated February 10, 2012 and filed with the SEC on February 13, 2012. As set forth in this filing, Dimensional Fund Advisors has sole voting power over 1,385,492 shares and sole dispositive power with regard to 1,424,546 shares. We have not made any independent determination as to the beneficial ownership of this stockholder and are not restricted in any determination we may make by reason of inclusion of such stockholder or their shares in this table.

(f) This information is based on a Schedule 13G dated February 13, 2012 and filed with the SEC on the same day. As set forth in this filing, AllianceBernstein has sole voting power over 1,194,491 shares, sole dispositive power with regard to 1,365,662 shares and shared dispositive power over 22,812 shares. We have not made any independent determination as to the beneficial ownership of this stockholder and are not restricted in any determination we may make by reason of inclusion of such stockholder or their shares in this table.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) requires certain of our executive officers, as well as our Directors and persons who own more than ten percent (10%) of a registered class of AAWW s equity securities, to file reports of ownership and changes in ownership with the SEC. Based solely on our review of the reporting forms received by us or written representations from reporting persons, we believe that during the last fiscal year all executive officers and Directors complied with their filing requirements under Section 16(a) for all reportable transactions during the year.

Certain Relationships and Related Person Transactions

Our Code of Conduct Applicable to our Chief Executive Officer, Senior Financial Officers and Members of the Board of Directors (the Code of Ethics), which is available on our website at www.atlasair.com under the Corporate Background section, provides that such officers and Directors should follow the guidelines outlined in our Employee Handbook and Code of Conduct and communicate any potential or actual conflicts of interest (however immaterial) to the Chairman of the Audit Committee of the Board of Directors, so that an objective, third-party review can be made of the matter. Pursuant to our Audit Committee Charter, which is also available on our website at www.atlasair.com, the Audit Committee reviews reports and disclosures of insider and affiliated party transactions and/or conflicts of interest or potential conflicts of interest involving corporate officers and members of the Board of Directors. The Audit Committee, when appropriate, will also review and approve any involvement of corporate officers and members of the Board of Directors in matters that might constitute a conflict of interest or that may otherwise be required to be disclosed as a related party transaction under SEC regulations. Our Nominating and Governance Committee separately determines Director Independence as summarized in Director Independence below.

PROPOSAL 1

ELECTION OF DIRECTORS

Our By-laws provide for no fewer than one and no more than eleven directors, with the exact number to be fixed by our Board of Directors. Our Board currently consists of seven Directors. The current term of all of our Directors expires at the Annual Meeting.

Our Directors have been recommended for nomination by our Nominating and Governance Committee and nominated by our Board for election at the Annual Meeting. In making its recommendations for nomination, the Nominating and Governance Committee evaluated the size and composition of the Board and reviewed each member s skills, characteristics and independence.

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 further the number of Directors. Management is not aware of any circumstances that would render any nominee unavailable. At the Annual Meeting, Directors will be elected to hold office until the 2013 Annual Meeting or until their successors are elected and qualified, as provided in our By-laws. The Board believes that each of the nominees listed brings strong skills and experience to the Board, giving the Board as a group the appropriate skills to exercise its responsibilities.

The following list sets forth the names of our incumbent Directors up for election. Additional biographical information concerning these individuals is provided as of April 20, 2012 in the text following the list:

Eugene I. Davis

Robert F. Agnew

Timothy J. Bernlohr

William J. Flynn

James S. Gilmore III

Carol B. Hallett

Frederick McCorkle

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED ABOVE.

Nominees for Director

Eugene I. Davis, age 57, has been the Chairman of our Board of Directors and a member of our Audit Committee and our Compensation Committee since July 2004 and of our Nominating and Governance Committee since March 2006. Mr. Davis is Chairman and Chief Executive Officer of PIRINATE Consulting Group, LLC, a privately held consulting firm specializing in turnaround management, merger and acquisition consulting and hostile and friendly takeovers, proxy contests and strategic planning advisory services for domestic and international public and private business entities. Since forming PIRINATE in 1997, Mr. Davis has advised, managed, sold, liquidated and served as a Chief Executive Officer, Chief Restructuring Officer, Director, Committee Chairman and Chairman of the Board of a number of businesses operating in diverse sectors such as telecommunications, automotive, manufacturing, high-technology, medical technologies, metals, energy, financial services, consumer products and services, import-export, mining and transportation and logistics. Previously, Mr. Davis served as President, Vice Chairman and Director of Emerson Radio Corporation and Chief Executive Officer and Vice Chairman of Sport Supply Group, Inc. He began his career as an attorney and international negotiator with Exxon Corporation and Standard Oil Company (Indiana) and as a partner in two Texas-based law firms, where he specialized in corporate/securities law, international transactions and restructuring advisory. Mr. Davis holds a bachelor s degree from Columbia College, a master of international affairs degree (MIA) in international law and organization from the School of International Affairs of Columbia University, and a Juris Doctorate from Columbia University School of Law.

Mr. Davis is also a director of DEX One Corp., Global Power Equipment Group Inc., Spectrum Brands, Inc., WMI Holdings Corp., and U.S. Concrete, Inc. He is also a director of Trump Entertainment Resorts, Inc. and Lumenis Ltd., whose common stock is registered under the Securities Exchange Act of 1934 but does not publicly trade. Mr. Davis is also on the Board of GSI Group, Inc. but is not standing for election as a director at the 2012 annual meeting. During the past five years, Mr. Davis has also been a director of Ambassadors International, Inc., American Commercial Lines Inc., Delta Airlines, Foamex International Inc., Footstar, Inc., Granite Broadcasting Corporation, Ion Media Networks, Inc., Knology, Inc., Media General, Inc., Mosaid Technologies, Inc., Ogelbay Norton Company, Orchid Cellmark, Inc., PRG-Schultz International Inc., Roomstore, Inc., Rural/Metro Corp., SeraCare Life Sciences, Inc., Silicon Graphics International, Smurfit-Stone Container Corporation, Solutia Inc., Spansion, Inc., Tipperary Corporation, Viskase, Inc. and YRC Worldwide, Inc. As a result of these and other professional experiences, coupled with his strong leadership qualities, Mr. Davis possesses particular knowledge and experience in the areas of strategic planning, mergers and acquisitions, finance, accounting, capital structure and board practices of other corporations that benefits our Company and its Board of Directors.

Robert F. Agnew, age 61, has been a member of our Board since July 2004, Chairman of our Audit Committee since June 2006 and a member of our Nominating and Governance Committee since March 2006. Mr. Agnew is President and Chief Executive Officer of Morten Beyer & Agnew, an international aviation consulting firm experienced in the financial modeling and technical due diligence of airlines and aircraft funding. Mr. Agnew has over 30 years experience in aviation and marketing consulting and has been a leading provider of aircraft valuations to banks, airlines and other financial institutions worldwide. Previously, he served as Senior Vice President of Marketing and Sales at World Airways. Mr. Agnew began his commercial aviation career at Northwest Airlines, where he concentrated on government and contract sales, schedule planning and corporate operations research. Earlier, he served in the U.S. Air Force as an officer and instructor navigator with the Strategic Air Command. Mr. Agnew is a graduate of Roanoke College and holds a master s degree in business administration from the University of North Dakota. Mr. Agnew is also a member of the Board of Directors of TechPubs LLC and Stanley-Martin Communications, LLC (both privately-held businesses). In addition, he serves on the Military Airlift Committee of The National Defense Transportation Association. As a result of these and other professional experiences, Mr. Agnew possesses particular knowledge and experience in the areas of civil and governmental aviation that benefits our Company and its Board of Directors.

Timothy J. Bernlohr, age 53, has been a member of our Board since June 2006 and a member of our Audit Committee and Nominating and Governance Committee since that time. Mr. Bernlohr is the founder and managing member of TJB Management Consulting, LLC, which specializes in providing project specific consulting services to businesses in transformation, including restructurings, interim executive management and strategic planning services. Mr. Bernlohr founded the consultancy in 2005. Mr. Bernlohr is the former 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. RBX was sold to multiple buyers in 2004 and 2005. Prior to joining RBX in 1997, Mr. Bernlohr spent 16 years in the International and Industry Products divisions of Armstrong World Industries, where he served in a variety of management positions. Mr. Bernlohr also serves as lead director of Chemtura Corporation and as a director of Rock-Tenn Company. Within the last five years, he was a director of Smurfit Stone Container Corporation, Ambassadors International, Inc. and WCI Steel, Inc. Mr. Bernlohr is a graduate of The Pennsylvania State University. As a result of these and other professional experiences, Mr. Bernlohr possesses particular knowledge and experience in operations, finance, accounting, strategic planning and corporate governance that benefits our Company and its Board of Directors.

William J. Flynn, age 58, has been our President and Chief Executive Officer since June 2006 and has been a member of the Board of Directors since May 2006. Mr. Flynn has a 30 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. He served in roles of increasing responsibility in the U.S., Latin America and Asia. He ultimately served as head of the company s operations in Asia. Mr. Flynn is also a director of Republic Services, Inc. He served as a director of Horizon Lines, Inc. from November 2006 to April 2012. Mr. Flynn holds a Bachelors degree in Latin American studies from the University of Rhode Island and a Masters degree in the same field from the University of Arizona. As a result of these and other professional experiences, Mr. Flynn possesses particular knowledge and experience in international operations, accounting, finance and capital structure that benefits our Company and its Board of Directors. Mr. Flynn represents management on the Board as the sole management, non-independent Director.

James S. Gilmore III, age 62, has been a member of our Board since 2004, a member of our Nominating and Governance Committee since March 2006, and the Chairman of such Committee since June 2006. Mr. Gilmore, an attorney who is currently working as a business consultant through Gilmore Global Group, L.L.C., was the 68th Governor of the Commonwealth of Virginia, serving in that office from 1998 to 2002. He was a partner in the law firm of Kelley Drye & Warren LLP from 2002 to 2008, where he served as the Chair of the firm s Homeland Security Practice Group and where his practice also focused on corporate, technology, information technology and international matters. He was recently named President and Chief Executive Officer of the Free Congress Foundation, an entity that offers bi-partisan conservative solutions to domestic fiscal challenges. In 2003, President George W. Bush appointed Mr. Gilmore to the Air Force Academy Board of Visitors, and he was elected Chairman of the Air Force Board in the fall of 2003. Mr. Gilmore served as the Chairman of the Republican National Committee from 2001 to 2002. He also served as Chairman of the Congressional Advisory Panel to Assess Domestic Response Capabilities for Terrorism involving Weapons of Mass Destruction, a national panel established by Congress to assess federal, state and local government capabilities to respond to the consequences of a terrorist attack. Also known as the Gilmore Commission, this panel was influential in developing the Office of Homeland Security. Mr. Gilmore is a graduate of the University of Virginia and the University of Virginia School of Law. He is also a director of CACI International Inc. Within the last five years, Mr. Gilmore served as a Director of Barr Laboratories, Inc., IDT Corporation, Windmill International (a privately-held business) and Everquest Financial Ltd. (also a privately-held business). During this timeframe, he was also a member of the advisory board of Unisys Corporation and the federal advisory board of Hewlett-Packard Company. As a result of these and other professional experiences, Mr. Gilmore possesses particular knowledge and experience in legal/regulatory and governmental affairs that benefits our Company and its Board of Directors.

Carol B. Hallett, age 74, has been a member of our Board since June 2006 and a member of our Compensation Committee since that time. She has been of counsel at the U.S. Chamber of Commerce since 2003. From 1995 to 2003, Ms. Hallett was President and Chief Executive Officer of the Air Transport Association of America (ATA), Washington, D.C., the nation s oldest and largest airline trade association. 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. Ms. Hallett is also a director of Rolls Royce-North America (a unit of Rolls Royce Group plc) since 2003 and G48-Government Solutions (a privately-held business) since 2006. In addition, she has been appointed by the Secretaries of Treasury and Homeland Security to serve on the Customs Oversight Advisory Committee (COAC) for a two-year period ending in 2013. Within the last five years, she was a director of Horizon Lines, Inc. (from November 2011 to April 2012) and Mutual of Omaha Insurance Company (from 1998 to 2008), as well as a member of the National Security Advisory Committee for CSC (from 2008 to 2011). As a result of these and other professional experiences, Ms. Hallett possesses particular knowledge and experience in national and international trade, transportation and security issues that benefits our Company and its Board of Directors.

Frederick McCorkle, age 67, has been a member of our Board and Compensation Committee since July 2004 and a member of our Nominating and Governance Committee since March 2006. General McCorkle has served as Chairman of the Compensation Committee since June 2006. General McCorkle retired from the U.S. Marine Corps in October 2001 after serving since 1967. He last served as Deputy Commandant for Aviation, Headquarters, Marine Corps, Washington, D.C. General McCorkle is a graduate of East Tennessee State University and holds a master s degree in Administration from Pepperdine University. He is currently a Senior Advisor and a member of the board of directors of GKN Aerospace North America, Inc. (a unit of GKN plc.). He is also a member of the board of directors of Lord Corporation and Jura Corporation (both of which are privately-held businesses) and of Rolls-Royce North America (a unit of Rolls Royce Group plc). In addition to his board memberships, General McCorkle serves as a Senior Strategic Advisor for Timken Corporation, The

Boeing Company and AgustaWestland. As a result of these and other professional experiences, General McCorkle possesses particular knowledge and experience in military affairs and in civil and governmental aviation that benefits our Company and its Board of Directors.

CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS

Our Board held four in person meetings and nine telephonic meetings in 2011, including telephonic meetings held principally to discuss monthly financial results. Pursuant to Board policy, Directors are expected to attend all Board and Committee meetings, as well as our annual meeting of stockholders. Each Director attended at least 75% of the meetings of the Board and committees of the Board on which such Director serves. All of the Directors who were serving at the time of our 2011 annual meeting of stockholders attended the 2011 annual meeting.

Executive Sessions

The outside members of the Board, as well as our Board Committees, meet in executive session (with no management directors or management present) on a regular basis, and upon the request of one or more outside Directors, at least two times a year. The sessions are generally scheduled and chaired by Eugene I. Davis, the Chairman of the Board, and executive sessions of our committees are chaired, respectively, by Robert F. Agnew, Chairman of the Audit Committee, Frederick McCorkle, Chairman of the Compensation Committee, or James S. Gilmore III, Chairman of the Nominating and Governance Committee, as applicable. The executive sessions include whatever topics the outside Directors or Committee members deem appropriate.

Compensation of Outside Directors

Cash Compensation. As of the date of this Proxy Statement, each of our outside Directors is paid $50,000 in cash compensation annually, which is payable quarterly in advance, and also receives the following additional cash compensation as applicable:

Standing Committee Membership

- Each member of the Audit Committee, $15,000 annually;
- Each member of the Compensation Committee, $5,000 annually; and
- Each member of the Nominating and Governance Committee, $5,000 annually.

Chairman Position

- Chairman of the Board, $100,000 annually; and
- Chairman of each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, $25,000 annually.

Meeting Fees

- For each meeting of the Board or a Committee of the Board, including any ad hoc committee, attended in person by a member, a fee to such member of $1,500 or $3,000 if such member is its Chairman;
- For each meeting of the Board or a Committee of the Board, including any ad hoc committee, attended via teleconference or videoconference, a fee to each such member of $500 or $1,000 if such member is its Chairman; and

For each meeting of the Board or a Committee of the Board, including any ad hoc committee, attended in person by a member, all customary out-of-pocket expenses of such member are reimbursed.

Polar Board Compensation

Eugene I. Davis, our Chairman, has served as Chairman of Polar since June 28, 2007. In light of his increased responsibility resulting from the assumption of this position, beginning June 28, 2007, Mr. Davis receives an annual cash retainer of $50,000 (payable quarterly) and meeting fees in respect of meetings of the Polar Board of Directors, consistent with the meeting fees paid to the Company s Directors for Company Board and Committee meetings as described above. Mr. Davis received fees totaling $8,000 for chairing various meetings of the Polar Board of Directors during 2011. Except for Mr. Davis, no other person is compensated by the Company for serving as a Director of Polar.

Equity Compensation

Restricted Stock Units. Each of our Directors (other than Mr. Flynn) receives an annual grant of restricted stock units for a number of shares having a value (calculated based on the closing price of our Common Stock on the date of grant) of $100,000 ($175,000 in the case of Mr. Davis). The units vest and are automatically converted into common shares on the earlier of (i) the date immediately preceding the Company s next succeeding annual meeting of stockholders or (ii) the one-year anniversary of the date of grant.

In 2011, each of our Directors (other than Mr. Flynn) also received a one-time award of 2,000 restricted stock units (3,500 units in the case of Mr. Davis) that vest in four equal installments beginning on the first anniversary of the grant date.

Medical, Dental and Vision Care Insurance

Optional medical, dental and vision care coverage is made available to our non-employee Directors and their eligible dependents at a premium cost similar to that charged to Company employees. Non-employee Directors who retire from the Board after age 60 and who have 10 or more years of Board service are eligible to participate in the Company s medical plans (at full premium cost) until they become eligible for Medicare benefits. For purposes of the foregoing sentence, retirement is defined solely as a non-employee Director opting not to stand for re-election to the Board.

2011 Total Compensation of Directors

The following table shows (i) the cash amount paid to each non-employee Director for his or her service as a non-employee director in 2011, and (ii) the grant date fair value of restricted stock units awarded to each non-employee Director in 2011, calculated in accordance with the accounting rules on share-based payments.

Name (1)	**Fees Paid in Cash ($) (2)**	**Stock Awards ($) (3)**	**Total ($)**
Eugene I. Davis	279,500	372,277	651,777
Robert F. Agnew	128,000	212,722	340,722
Timothy J. Bernlohr	95,000	212,722	307,722
James S. Gilmore III	101,500	212,722	314,222
Carol B. Hallett	76,500	212,722	289,222
Frederick McCorkle	120,000	212,722	332,722

(1) This table does not include compensation paid to Mr. Flynn, the Company s President and Chief Executive Officer. Mr. Flynn s compensation is described in the sections covering executive compensation. He is not paid additional compensation for his service as a Director.

(2) Includes amounts earned or paid to Mr. Davis in connection with his serving as Chairman of Polar.

(3) The value of stock equals the grant date fair value of $56.38 per share.

Board Members Outstanding Equity Awards at Fiscal Year-End 2011

The table below shows outstanding equity awards for our outside Directors as of December 31, 2011. Market values reflect the closing price of our Common Stock on the NASDAQ Global Market on December 30, 2011, the last business day of 2011, which was $38.43 per share.

Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Eugene I. Davis	6/16/2011	3,500(1)	134,505
	6/16/2011	3,103(2)	119,248
Robert F. Agnew	6/16/2011	2,000(1)	76,860
	6/16/2011	1,773(2)	68,136
Timothy J. Bernlohr	6/16/2011	2,000(1)	76,860
	6/16/2011	1,773(2)	68,136
James S. Gilmore III	6/16/2011	2,000(1)	76,860
	6/16/2011	1,773(2)	68,136
Carol B. Hallett	6/16/2011	2,000(1)	76,860
	6/16/2011	1,773(2)	68,136
Frederick McCorkle	6/16/2011	2,000(1)	76,860
	6/16/2011	1,773(2)	68,136

(1) These units vest on the earlier of the day immediately preceding the date of the 2012 Annual Meeting or June 16, 2012. The grant date fair value was $56.38 per share.

(2) These units vest in four equal annual installments beginning on June 16, 2012. The grant date fair value was $56.38 per share.

Communications with the Board

The Board of Directors welcomes input and suggestions. Stockholders and other interested parties who wish to communicate with the Board may do so by writing to our Chairman, c/o Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, New York 10577. All communications received by Board members 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 Board members 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 Board members from third parties that relate to ordinary business matters that are not within the scope of the Board s responsibilities are forwarded to AAWW s General Counsel.

Board Effectiveness

To ensure that our Board of Directors and its Committees are performing effectively and in the best interest of the Company and its stockholders, the Board performs an annual assessment of itself, its Committees and each of its members. The assessment is done under the oversight of the Nominating and Governance Committee.

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

Board Leadership Structure

Pursuant to our Corporate Governance Principles and our By-Laws, the Board of Directors determines the best leadership structure for the Company. The Board has no policy with respect to the separation of the offices of Chairman and Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interest of the Company and its stockholders for the Board to make a determination regarding this matter each time it elects a new Chief Executive Officer.

The Company has maintained separate roles for the Chairman of the Board and the Chief Executive Officer for over 10 years. Our Chairman, Mr. Davis, has been elected to this position annually by his fellow Directors. He presides over meetings of our Board of Directors, executive sessions of our non-management Directors and our annual meeting of stockholders. In addition, our Chairman reviews the agenda for our Board meetings with Mr. Flynn, our Chief Executive Officer, recommends Board committee appointments and responsibilities in conjunction with the Nominating and Governance Committee, and leads the evaluation process of our Chief Executive Officer. We currently believe that having an independent Chairman promotes a greater role for the non-executive 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 stockholders interests.

Board Oversight of Risk Management Process

The Board of Directors is responsible for oversight of the Company s risk assessment and management process. The Board delegated to the Compensation Committee basic responsibility for oversight of management s compensation risk assessment, and that Committee reports to the Board on its review. The Board also delegated risk management oversight to our Audit Committee, which reports the results of its review process to the Board. The Audit Committee s process includes:

- a review, at least annually, of our internal audit process, 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 risk exposures identified by the Company, the key strategic plan assumptions considered during the assessment and steps implemented to monitor and mitigate such exposures on an ongoing basis.

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

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

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

Board Committees

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

Nominating and Governance Committee

General

The Nominating and Governance Committee consists of Mr. Gilmore (Chairman) and Messrs. Agnew, Bernlohr, Davis and McCorkle, each of whom is an independent director within the meaning of the applicable rules of the NASDAQ Stock Market, Inc. (NASDAQ). 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 stockholders;
- review at least annually the independence of our Board members;
- oversee our Corporate Governance Principles; and
- perform or oversee an annual review of the Chief Executive Officer, the Board and its committees.

The Nominating and Governance Committee held two in person meetings in 2011.

Director Qualifications

Our Nominating and Governance Committee is responsible for reviewing and developing the Board s criteria for evaluating and selecting new directors based on our needs from time to time. Pursuant to the Skills and Characteristics for Directors criteria as provided in the Nominating and Governance Committee charter, the Board as a whole should possess core competencies in accounting, finance and disclosure, business judgment, management, crisis response, industry knowledge, international markets, leadership and strategy and vision. New and incumbent Directors are individually evaluated from a skills and characteristics perspective on several different factors, including having the following traits: high personal standards; the ability to make informed business judgments; literacy in financial and business matters; the ability to be an effective team member; a commitment to active involvement and an ability to give priority to the Company; no affiliations with competitors; achievement of high levels of accountability and success in his or her given fields; no geographical travel restrictions; an ability and willingness to learn the Company s business; preferably experience in the Company s business or in professional fields or in 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; preferably a willingness to make a personal substantive investment in the Company; preferably 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, in addition to whether such individuals have the aforementioned skills and characteristics, whether such individuals are independent, as defined in applicable rules and regulations of the SEC and NASDAQ. The Board will nominate new directors only from candidates identified, screened and approved by the Nominating and Governance Committee. The Company does not have a formal policy regarding the diversity of its Directors. 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

stockholders. Service on boards of other organizations must be consistent with our conflict of interest policies applicable to Directors and other legal requirements. The Nominating and Governance Committee identifies new Director candidates from a variety of sources, including recommendations submitted by stockholders.

Evaluation of Stockholder Nominees

Our Nominating and Governance Committee will consider stockholder recommendations for candidates to serve on the Board, provided that such recommendations are made in accordance with the procedures required under our By-laws and as described in this Proxy Statement under Advance Notice Procedures below. The Nominating and Governance Committee also has adopted a policy on security holder recommendations of Director nominees (the Stockholder Nominating Policy), which is subject to a periodic review by the Nominating and Governance Committee. Among other things, the Stockholder Nominating Policy provides that a stockholder recommendation notice must include the stockholder 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: Attention: Secretary, Atlas Air Worldwide Holdings, Inc., 2000 Westchester Avenue, Purchase, New York 10577. A copy of our current Policy on Security Holder Recommendation of Director Nominees is available in the Corporate Background section of our website at www.atlasair.com. In evaluating stockholder 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 stockholder nominees using the same membership criteria set forth above under Director Qualifications.

Corporate Governance Principles

We have adopted 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 stockholder value. The Corporate Governance Principles address such topics as codes of conduct, Director nominations and qualifications, Board committees, Director compensation, conflicts and waivers of compliance, powers and responsibilities of the Board, Board independence, serving on other boards and committees, meetings, Director access to officers and other employees, stockholder communications with the Board, annual Board evaluations, financial statements and disclosure matters, delegation of power and oversight and independent advisors. A copy of our Corporate Governance Principles is available in the Corporate Background section of our website at www.atlasair.com.

Code of Ethics Applicable to the Chief Executive Officer, Senior Financial Officers and Members of the Board of Directors

We have a long standing commitment to conduct our business in accordance with the highest ethical principles. We have adopted a Code of Ethics applicable to the Chief Executive Officer, Senior Financial Officers and Members of the Board of Directors that is monitored by our Audit Committee and that includes certain provisions regarding disclosure of violations and waivers of, and amendments to, the Code of Ethics by covered parties. Any person who wishes to obtain a copy of our Code of Ethics may do so by writing to Atlas Air Worldwide Holdings, Inc., Attn: Secretary, 2000 Westchester Avenue, Purchase, NY 10577. A copy of the Code of Ethics is available in the Corporate Background section of our website at www.atlasair.com under the heading Code of Conduct .

Employee Handbook and Code of Conduct

We also have adopted an Employee Handbook and Code of Conduct that sets forth the policies and business practices that apply to all of our employees and Directors. The Employee Handbook and Code of Conduct addresses such topics as compliance with laws, moral and ethical conduct, equal employment opportunity, promoting a work environment free from harassment or discrimination and the protection of intellectual property and proprietary information, among other things.

Director Independence

Our Nominating and Governance Committee Charter includes categorical standards to assist the Committee in making its determination of Director independence within the meaning of the rules of the SEC and the Marketplace Rules of NASDAQ. The Nominating and Governance Committee will not consider a Director to be independent if, among other things, he or she was employed by us at any time in the last three years; has an immediate family member who is, or in the past three years was, employed by us as an executive officer; has accepted or has an immediate family member who has accepted any compensation from us in excess of $120,000 during a period of 12 consecutive months within the three years preceding the determination of independence (other than compensation for Board service, compensation to a family member who is a non-executive employee or benefits under a tax-qualified retirement plan or non-discretionary compensation); is, was or has a family member who is or was a partner, controlling stockholder or executive officer of any organization to which we made or from which we received payments for property or services in the current year or any of the past three fiscal years in an amount that exceeds the greater of $200,000 or 5% of the recipient s consolidated gross revenues for the year; is or has a family member who is employed as an executive officer of another entity where at any time during the last three years any of the Company s executive officers serve or served on the entity s compensation committee; or is or has a family member who is a current partner of the Company s independent registered public accounting firm or was or has a family member who was a partner or employee of the Company s independent registered public accounting firm who worked on the Company s audit at any time during the last three years.

Pursuant to the Nominating and Governance Committee Charter and as further required by NASDAQ rules, the Nominating and Governance Committee made a subjective determination as to each outside Director that no relationship exists which, in the opinion of the Board, would interfere with such individual s exercise of independent judgment in carrying out his or her responsibilities as a Director. As part of such determination, the Nominating and Governance Committee examined, among other things, whether there were any transactions or relationships between AAWW and an organization of which a Director or director nominee has been a partner, stockholder 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.

In accordance with its annual review and the policies and procedures outlined above, the Nominating and Governance Committee affirmatively determined that the following Directors nominated for election at the Annual Meeting are independent directors: Messrs. Agnew, Bernlohr, Davis, Gilmore and McCorkle and Ms. Hallett. The Nominating and Governance Committee also determined that Mr. Flynn is not independent pursuant to the NASDAQ rules and the Nominating and Governance Committee Charter because he is our President and Chief Executive Officer.

Audit Committee Report

The Audit Committee of the Board of Directors consists of three outside Directors, Messrs. Agnew (Chairman), Bernlohr, and Davis, 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 Mr. Davis is an audit committee financial expert as defined under applicable SEC rules. The Audit Committee s primary function, as set forth in its written charter, is to assist the Board in overseeing the:

quality and integrity of the financial statements of the Company;

independent registered public accounting firm s qualifications and independence;

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

Company s compliance with legal and regulatory requirements; and

effectiveness of the Company s financial reporting process, disclosure practices and systems of internal controls for managing risk.
The Audit Committee is also responsible for appointing the independent registered public accounting firm, approving, in advance, audit and permitted non-audit services in accordance with the Committee s pre-approval policy, which is described below, and monitoring the Company s Code of Ethics (see also Code of Ethics above) and related party transactions. The Audit Committee held four in person meetings and three telephonic meetings in 2011.

The Audit Committee has reviewed and discussed AAWW s audited consolidated financial statements for the fiscal year ended December 31, 2011 with management and with AAWW s independent registered public accounting firm, PricewaterhouseCoopers LLP (pwc). The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by *Statement on Auditing Standards No. 61 Communications with Audit Committees,* as amended (PCAOB, AU section 380). The Audit Committee received from the independent registered public accounting firm the written disclosures and letter 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 the independent registered public accounting firm.

Based upon its reviews and discussions as described above, the Audit Committee recommended, and the Board of Directors approved, that AAWW s audited consolidated financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for filing with the SEC.

Fees to Independent Registered Public Accounting Firm

Services provided to us by pwc for each of the last two fiscal years are described below (dollars in thousands):

	2011	**2010**
Audit Fees	$ 1,441	$ 1,522
Audit-Related Fees	3	5
Tax Fees	980	987
Total	$ 2,424	$ 2,514

Audit Fees represent professional services, including out-of-pocket expenses, rendered for the integrated audit of our consolidated financial statements, for reviews of our financial statements included in our Quarterly Reports on Form 10-Q and for services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements.

Audit-Related Fees in 2011 consist of a subscription for accounting research software and in 2010 consist of consultation on the accounting and disclosure treatment of transactions.

Tax Fees in 2011 and 2010 consist of tax services, including tax compliance, tax advice and tax planning.

Pre-Approval Policies and Procedures

The Audit Committee pre-approves audit and permissible non-audit services provided by the independent registered public accounting firm in accordance with the Committee s pre-approval policy. These services may include audit services, audit-related services, tax services and other services. Necessary approvals required between Audit Committee meetings must be pre-approved by the Audit Committee Chairperson, or such other

Audit Committee member who has been delegated this authority by the Audit Committee Chairperson. For any such approvals between meetings, a description is provided to the Audit Committee for discussion at its next regularly scheduled meeting. The Audit Committee has met with management and the independent registered public accounting firm to review and approve the overall plan and scope of the audit for the current year.

THE AUDIT COMMITTEE

Robert F. Agnew, Chairman

Timothy J. Bernlohr

Eugene I. Davis

Compensation Committee

Committee Responsibility. The Compensation Committee of the Board of Directors was established by the Board to assist it in discharging and performing its duties with respect to senior management compensation, annual incentive compensation, equity compensation and succession planning, among other things. The Compensation Committee also is the administrator of our equity award plans. The Compensation Committee consists of three outside Directors, Mr. McCorkle (Chairman), Mr. Davis and Ms. Hallett, each of whom is an independent director within the meaning of applicable NASDAQ rules.

Process and Procedures

The Compensation Committee is responsible for reviewing, evaluating and establishing compensation plans, programs and policies for, and reviewing and approving the total compensation of, our executive officers at the level of senior vice president and above, including our President and Chief Executive Officer. The Compensation Committee also monitors the search for, and approves the proposed compensation for, any executive officers at the level of senior vice president and above, and periodically reviews and makes recommendations to the full Board regarding the compensation of Directors. In addition, the Compensation Committee retains and oversees the outside compensation consultant that provides advice regarding compensation decisions.

The Compensation Committee is required by its charter to meet at least four times annually. During 2011, the Compensation Committee held four in person meetings, three telephonic meetings, and acted by written consent on two occasions. The Compensation Committee meets regularly in separate sessions with the President and Chief Executive Officer, the General Counsel and Chief Human Resources Officer, and in executive session with outside counsel and the outside compensation consultant to discuss any matters that the Compensation Committee or any of these groups believes warrant the Compensation Committee s attention. The Chairman may also request that other members of management, legal counsel, or other advisors attend the meetings of the Committee, but 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 President and Chief Executive Officer is not present during voting or deliberations as to his compensation.

Role of Executive Officers in Compensation Process. Except for discussions related to their own levels of compensation, Mr. Flynn and Mr. Kokas participate in portions of the Committee s meetings to make recommendations to the Committee for the establishment, and ultimate payment, of annual incentive awards to executive officers at the level of senior vice president and above and long-term incentive awards to management, and for salary adjustments to our senior officers, as well as other compensation matters related to senior management.

Annually, either prior to or during the first quarter of each year, the Committee establishes the minimum performance objective required for any annual incentive award payment, as well as the year s objectives for financial, operational and personal goals and objectives for senior executives to be taken into account in setting the performance range for each executive and determining the amount of each executive s annual award payment, if any. Those criteria are recommended by the President and Chief Executive Officer and Chief Human Resources Officer, working together with the Company s outside compensation consultant and outside counsel (at the request of the Committee), and are reviewed and ultimately established by the Committee. Our President and Chief Executive Officer and Chief Human Resources Officer also make recommendations to the Committee regarding our annual and long-term incentive plans, after review by the Company s outside compensation consultant (at the request of the Committee).

Role of Compensation Consultants in the Compensation Process. Towers Watson has served as the outside compensation consultant to the Committee since July 2007. The compensation consultant advises the Committee regarding compensation for our executive officers and reviews and advises on the Company s annual incentive plan for senior executives and long-term incentive compensation plans. The Committee s compensation consultant periodically reviews the salaries, annual and long-term incentive awards levels that we pay, and other benefits that we provide, to our executive officers so that it may advise the Committee whether compensation paid to our executives is competitive with companies and industries with which we compete for executive talent. At the direction of the Committee, the compensation consultant also works with management to develop a framework and performance measures for both the Company s annual and long-term incentive plans. A representative from the Committee s compensation consultant also generally participates in Compensation Committee meetings related to executive compensation and regularly communicates with the Chair of the Committee. In addition, the consultant assists the Committee in its risk assessment of the Company s compensation policies and practices.

Towers Watson was engaged exclusively by the Committee during fiscal 2011 and neither Towers Watson nor any affiliate provided any other services on behalf of the Company. In order to ensure Towers Watson s continued independence and to avoid any actual or apparent conflict of interest, neither Towers Watson nor any affiliate is expected to be engaged to perform any services beyond those provided to the Committee. The Committee has the sole authority to retain or replace Towers Watson as the Committee s compensation consultant.

Risk Assessment of Compensation Policies. The Compensation Committee, with the assistance of Towers Watson, has concluded that the Company s compensation program is balanced and does not promote imprudent or excessive risk taking. The Company does not use highly leveraged short-term incentives that encourage short-term, high-risk strategies at the expense of long-term performance and value. The Compensation Committee and the full Board are heavily involved in setting target performance metrics consistent with the Company s business strategy, and the Committee retains discretion to adjust downward actual incentive award payouts. The Company s compensation programs reward consistent, long-term performance by heavily weighting long-term performance and equity compensation so that it rewards executives for strong operating performance and favorable financial performance. The Company has also established long-term incentive award metrics that test the Company s results against peer companies over a three year period to ensure that award achievement levels are justified by comparative performance over the long term.

Compensation Discussion and Analysis

Introduction

AAWW s financial performance for 2011 was excellent in a turbulent market environment, both relative to peers and on an absolute basis. We reported:

- Pre-tax income of $157.0 million, the second highest such amount in the Company s history;

- Adjusted net income attributable to common stockholders of $108.8 million and GAAP net income attributable to common stockholders of $96.1 million; and

- Adjusted diluted earnings per common share of $4.12 and GAAP diluted earnings per share of $3.64.

These strong results were achieved notwithstanding global events, including the recent global economic downturn, foreign currency fluctuations and the European debt crisis, which had extraordinarily adverse effects on global freight shipments and on our business. In particular, commercial charter volumes and rates were materially impacted by the lack of a significant traditional holiday peak season, softer demand out of Asia and the return of aircraft capacity into the Asian markets during 2011. Our financial results were also adversely impacted by several other factors, including, but not limited to: Boeing s ongoing delays in delivering the Company s 747-8F aircraft, which the Company had contracted to put into service during 2011, pre-operating expenses related to the introduction of new aircraft types and a special charge for asset impairment and termination charges related to the retirement of the 747-200 fleet. In the context of many of these events and volatility in the financial markets generally, notwithstanding our strong results, the price of a share of our Common Stock declined 31.2% from $55.83 at year-end 2010 to $38.43 at year-end 2011. However, as recently as of April 17, 2012, the price of a share of our Common Stock was $48.17, representing an increase of 29.3% from December 31, 2009 and an increase of 25.3% from December 31, 2011.

Throughout this CD&A, we refer to our adjusted net income attributable to common stockholders and adjusted diluted EPS. A reconciliation of adjusted net income attributable to common stockholders and adjusted diluted EPS to the corresponding GAAP financial measures is contained on pages 42-43 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on February 15, 2012.

Notwithstanding these challenges, we continued to successfully build a growth platform that will deliver substantial revenue and earnings growth in 2012 and beyond. The following lists several of our many strategic and operational achievements completed during 2011:

- Delivered numerous customer service quality metrics at or close to maximum level;
- Developed and implemented a comprehensive military passenger service;
- Placed and received our first three 747-8F aircraft, and the next two scheduled for delivery, in long-term ACMI contracts;
- Secured attractive financing for all of our 747-8F aircraft received or ordered;
- Developed and implemented a 767 passenger platform;
- Completed an industry leading labor contract;
- Received IATA Operational Safety Audit re-certification for cargo and passenger operations without any findings.

Our ongoing commitment to a pay for performance philosophy continued in 2011, whereby a substantial portion of executive compensation was linked to both individual and Company performance. The following chart, based on our 2011 Summary Compensation Table, shows the percentage of total compensation (as reflected in such table) that consisted of fixed compensation and variable or performance-based compensation (long-term performance units are assumed to be earned at the target level for purposes of our Summary Compensation Table). For purposes of this chart and the others appearing below, we have taken the percentages applicable to our five Named Executive Officers (the NEOs or the Named Executive Officers).

The following chart shows the same information as presented directly above, except the percentages valuing the long-term performance units granted in 2011 are assumed to be earned at the maximum level:

We also continue to emphasize a mix of cash compensation (salary), short-term performance-based compensation (Annual Incentive Plan), long-term equity compensation (consisting of both time-based vesting and performance-based equity grants) and retirement benefits. The following chart, based on our 2011 Summary Compensation Table, shows the percentage of total compensation (as reflected in such table) that consisted of salary, retirement benefits, annual performance-based incentive compensation, and long-term equity compensation (long-term performance units are assumed to be earned the at target level for purposes of our Summary Compensation Table).

The following chart shows the same information as presented directly above, except the percentages valuing the long-term performance units granted in 2011 are assumed to be earned at the maximum level:

Key performance metrics, consisting of earnings growth and return on invested capital measured against a select group of transportation-related companies, are used to determine the level of payouts under our long-term performance-based awards, creating a strong link between pay and operating performance, the elements of our business that our officers are most able to influence. Over the 2009-2011 period, AAWW s relative performance on these financial and operational performance metrics placed it in the 56th-75th percentile for earnings growth and the top quartile for return on invested capital against these companies, resulting in payouts at the 175% level (see, Determination of 2011 Compensation *Long Term Incentive Compensation* below) . In 2011, we continued our practice of granting 50% of long-term incentive awards as performance-based equity (at target), with the remainder consisting of time-vested restricted stock units.

We strive to make the metrics under our Annual Incentive Plan challenging. The following chart demonstrates the increase in the threshold, target and maximum adjusted earnings before taxes metric over the last three years:

Other significant elements of the Company s 2011 compensation program that reinforce its compensation strategies and implement what the Committee considers best practices include the following:

- Time-based equity award agreements provide for a four-year vesting schedule;
- The Company provides full value equity awards and does not grant stock options;
- The Company does not grant and does not maintain any of the following for NEOs:
    - excessive perquisites such as personal use of airplanes, Company-provided autos and/or auto allowances, or club dues;
- The Company intends to adopt a claw back policy that complies with the requirements of the Dodd-Frank Act promptly after adoption of implementing rules by the SEC;
- The Company s trading in securities guidelines preclude the NEOs and other insiders from engaging in hedging and monetizing transactions involving the Company s securities and from engaging in certain speculative transactions in respect of the Company s securities;
- The ratio of the Chief Executive Officer s total compensation (base pay, bonus, and long-term incentives) to that of the next highest paid NEO is not disproportionate (the ratio was approximately 2 to 1);
- While total compensation for our CEO increased approximately 7% in 2011 (as reflected in the Summary Compensation Table), this was due primarily to inclusion of a full year of salary at an increased rate approved previously in 2010 (and reflected in last year s proxy statement), together with the effect such increase had on performance and incentive-based compensation that is established as a percentage of salary (which percentages did not change in 2011), and retirement contributions to the 401(K) Restoration and Voluntary Deferral Plan; and
- The Committee s independent compensation consultant performs no services for the Company other than those that support the needs of the Compensation Committee.

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), we held an advisory vote on the compensation of our executive officers (the Say on Pay Vote) at our 2011 annual shareholders meeting. The Committee and the Board were gratified that, at the 2011 annual meeting, approximately 84% of the shareholders who voted on our Say on Pay proposal voted in favor of it. The Committee maintained our executive officer compensation programs in their current form in 2011.

The discussion that follows elaborates on the Committee s philosophy, compensation decision-making process, the elements of our compensation program and the specifics of grants made and payouts approved during 2011 to our Named Executive Officers in light of a successful year for the Company despite a challenging environment in the global freight shipping market.

Executive Summary

Executive compensation at AAWW consists of the following components:

- Base salary;
- Annual cash bonus Intended to reward officers and managerial employees for calendar year performance. Actual bonus payouts may vary from no payout, to targeted payout, to maximum payout based upon Company and individual performance; and
- Long-term incentives Intended to reward officers and other senior managerial employees based on their long-term service and our long-term financial performance. Long-term incentives ordinarily consist of a blend of performance share units, which pay out from zero to twice target, and time-based restricted stock units.

Compensation is also provided through certain retirement, limited perquisites, severance and health and welfare programs.

All executive compensation decisions that impact our senior officers (any person holding the title of Senior Vice President or above) are made by the Compensation Committee, which consists of three independent Directors. This Compensation Discussion and Analysis provides a thorough summary of our compensation programs for our Named Executive Officers, as well as the factors considered by the Committee in making executive compensation decisions.

Overview and Objectives

As indicated above, we have a philosophy of performance-based compensation, aligning a greater proportion of senior executive officers compensation with the Company s performance as responsibilities and position increase. The fundamental objectives of our senior executive compensation policies are to:

- link compensation to enhancement of stockholder value;
- provide a performance-oriented environment that motivates senior executive officers to achieve collectively a high level of earnings;
- reward strong individual performance by linking incentive-based compensation to the performance of each senior executive officer s annual individual performance objectives; and
- enhance our ability to attract and retain top quality management by offering a compensation program that is competitive with the market in which we compete for executive talent and with companies with a complexity and global scale similar to ours.

Total Compensation

As noted above, total compensation is delivered through a combination of three primary elements:

- base salary;
- performance-based annual incentive cash compensation; and
- Performance-based and long-term service based (time-based) equity compensation.

In addition, we provide retirement benefits under our 401(k) restoration and voluntary deferral compensation plan, which is a defined contribution nonqualified deferred compensation plan.

In making compensation decisions with respect to each of the primary compensation components, our Compensation Committee periodically reviews the competitive market for senior executives. Each of the above elements is generally targeted in between the 50th and 75th percentiles compared to survey data provided to us by Towers Watson for the CEO and at the 75th percentile for NEOs other than the CEO. We target at these levels in view of a number of factors, including:

- the robust performance of our high quality, experienced executive team;
- the productivity and commitment of our lean management team;
- the high proportion of incentive compensation that is only paid if earned by superior performance; and
- the express policy of the Board of Directors for the Compensation Committee to provide strong incentives to retain the current management team.

Other than with respect to promotions, no changes were made to total cash compensation opportunity (salary plus annual incentive bonus opportunity) in 2011. In 2011, we reviewed total cash compensation for our senior executives against survey data for companies in the aerospace/defense, automobile and transportation industries contained in a Towers Watson database. This nationwide database includes approximately 30 companies that have a range of revenues with such data regressed to reflect the Company s actual revenues. We selected this survey data base because it contains a broad selection of companies with businesses, complexity and global scale similar to our own (in 2011, we operated more than 18,500 flights, serving over 250 destinations in more than 90 countries). A significant portion of our revenues is derived from companies based outside of the United States. Given the global nature of our business, it is critical to recruit and retain executives with a breadth of experience in global markets. We believe that this database also provides a measure of compensation in the market in which we compete for executive talent and allows us to maintain a lean senior executive team. Reference is made to Exhibit A attached hereto for a list of the various companies comprising this Towers Watson database.

With respect to the level of target payout opportunity under long-term incentive awards, we reviewed long-term incentive data for general industry companies (approximately 300 companies drawn from a proprietary Towers Watson Data Services Report on Long-Term Incentives, Policies and Practices Database, with data regressed to reflect AAWW s actual revenues). We selected this nationwide survey database because it provided a broad measure of long-term incentive compensation in the market in which we compete for executive talent. Reference is made to Exhibit B attached hereto for a list of the companies that comprise this Towers Watson database. As noted below under *Long-Term Equity Compensation,* we measure our operating performance for purposes of determining payout amounts on our long-term incentive performance share or unit awards against a peer group of various companies. This peer group, formulated by management based on criteria developed with the Compensation Committee, was reviewed by Towers Watson and was then reviewed and approved by the Compensation Committee. For awards granted in 2011 covering the 2011 2013 performance period, the peer group consisted of the following 20 companies whose primary lines of business were in the transportation, logistics and outsourced transportation service industries: AerCap Holdings NV, Aircastle Limited, Air Methods Corporation, Alexander & Baldwin Inc., Arkansas Best Corp., ATSG (ABX), Delta Airlines, Bristow Group Inc., GATX Corp., Genesee and Wyoming, Horizon Lines, Hunt (JB) Transport Services Inc., JetBlue Airways Corp., Kansas City Southern, Kirby Corp., Prologis, Ryder Systems, Inc., Skywest Airlines, Southwest Airlines, and Tidewater Inc. The list of peer companies is reviewed and revised from time to time to reflect fundamental corporate transactions such as merger activity. The list is further revised to include companies whose primary businesses are similarly impacted by the performance metrics used for our performance share and unit awards (currently average growth of earnings before taxes and return on invested capital as described in detail below). Size of revenues is not as important for this purpose as nature of business since we are comparing these companies to measure relative operating performance as opposed to benchmarking compensation levels.

Base Salary

Base salary is designed to compensate senior executives for their responsibility, experience, sustained performance and contribution to our success. The amount of any senior executive salary increase is determined by the Compensation Committee based on a number of factors, including but not limited to: the nature and responsibilities of the position; the expertise of the individual; the Towers Watson databases described above; and recommendations of the Chief Executive Officer and Chief Human Resources Officer. Salary levels for senior executives are generally reviewed annually by the Chief Executive Officer and the Compensation Committee as part of the performance review process and have historically been adjusted every two years, as well as on a promotion or material change in job responsibility for any senior executive. As noted below, the Committee did not increa