

ATLAS AIR WORLDWIDE HOLDINGS INC

Form DEF 14A

April 17, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

ATLAS AIR WORLDWIDE HOLDINGS, INC.

(Name of Registrant As Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-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:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**ATLAS AIR WORLDWIDE HOLDINGS, INC.**

2000 Westchester Avenue  
Purchase, New York 10577-2543

April 17, 2009

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2009 Annual Meeting of Stockholders of Atlas Air Worldwide Holdings, Inc. The Annual Meeting will be held at 11:00 a.m., local time, on Friday, May 22, 2009, 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 and Proxy Statement. The annual report for the year ended December 31, 2008 is also enclosed.

The shares represented by your proxy will be voted at the Annual Meeting 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 and voting in person. Attending the Annual Meeting in and of itself will not constitute a revocation of a proxy.

Sincerely,

EUGENE I. DAVIS  
Chairman of the Board of Directors

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**ATLAS AIR WORLDWIDE HOLDINGS, INC.  
2000 WESTCHESTER AVENUE  
PURCHASE, NEW YORK 10577-2543**

**Notice of 2008 Annual Meeting of Stockholders  
To be held on May 22, 2009**

We will hold the 2009 Annual Meeting of Stockholders of Atlas Air Worldwide Holdings, Inc., a Delaware corporation, on Friday, May 22, 2009, at 11:00 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 2010 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, 2009; and
3. 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 March 24, 2009, which date has been fixed as the record date for notice of the Annual Meeting, 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 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, 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 17, 2009

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**ATLAS AIR WORLDWIDE HOLDINGS, INC.  
2000 Westchester Avenue  
Purchase, New York 10577-2543**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS  
MAY 22, 2009**

**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), for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held on Friday, May 22, 2009, at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, 38th Floor, New York, NY 10036 at 11:00 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 17, 2009. 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 and is a holding company with a principal operating subsidiary, Atlas Air, Inc. (Atlas), which is wholly-owned. AAWW also maintains a 51% economic interest and a 75% voting interest in Polar Air Cargo Worldwide, Inc. (Polar). Except as otherwise noted, Atlas, Polar and AAWW (along with AAWW's other subsidiaries) 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 2010 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, 2009 (Proposal No. 2).

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.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 22, 2009**

**This Proxy Statement and the AAWW 2008 Annual Report are available for downloading, viewing and printing at <http://www.ezodproxy.com/AtlasAir/2009>**



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**Record Date and Voting Securities**

All of our stockholders of record at the close of business on March 24, 2009 (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 21,079,243 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 card 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.

**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 (each, a Director and collectively, the Directors ) 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.

*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, 2009.* 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 of Common Stock that are voted FOR, AGAINST, or ABSTAIN are treated as being present at the Annual Meeting for purposes of establishing a quorum. An abstention will have the effect of a negative vote with regard to the proposal ratifying the selection of our independent auditors. However, as each nominee to the Board of Directors must receive a plurality of the votes cast at the Annual Meeting in order to be elected as a director, withholding a vote for a nominee, which is tantamount to an abstention, will have no effect on the election of director nominees.

If you hold your shares in street name through a broker, bank or other nominee and you don't vote your shares at the Annual Meeting or provide your proxy, the broker or nominee has the authority to vote your unvoted shares on routine matters, which includes the election of Directors and the ratification of the selection of our independent registered public accounting firm. Accordingly, if a broker or nominee votes your shares on these matters in accordance with these rules, your shares will count as present at the Annual Meeting for purposes of establishing a quorum and will count as yes votes and no votes, as the case may be, with respect to all routine matters voted on at the Annual

Meeting. 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.

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### **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 \$5,000, plus out-of-pocket expenses.

### **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 March 31, 2009, 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 March 31, 2009, through the exercise of any stock option or other right. The number of shares of our Common Stock issued and outstanding as of March 31, 2009 was 21,079,643.



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Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (a)	Percentage of Outstanding Shares Beneficially Owned
<b>5% Stockholders</b>		
Harbinger Holdings, LLC (b) 555 Madison Avenue, 16 <sup>th</sup> Floor New York, NY 10022	8,406,290	39.9%
OppenheimerFunds, Inc. (c) Two World Financial Center 225 Liberty Street New York, NY 10281	2,065,967	9.8%
<b>Directors:</b>		
Robert F. Agnew	17,086	*
Timothy J. Bernlohr	10,875	*
Keith E. Butler	21,300	*
Eugene I. Davis	42,757	*
James S. Gilmore III	21,575	*
Carol B. Hallett	11,575	*
Frederick McCorkle	22,086	*
<b>Director and Named Executive Officer:</b>		
William J. Flynn	140,122	*
<b>Other Named Executive Officers:</b>		
John W. Dietrich	109,691	*
Jason Grant	19,740	*
Adam R. Kokas	27,180	*
Michael T. Steen	21,859	*
All directors and executive officers as a group (13 persons, including the persons listed above)	465,846	2.2%

\* 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 the day prior to the Annual Meeting. For executive officers, includes shares subject to vested options exercisable as of March 31, 2009 or within 60 days thereafter as follows:

William J. Flynn	48,866
John W. Dietrich	60,401
Jason Grant	6,800
Adam R. Kokas	10,124
Michael T. Steen	6,800

- (b) This information is based on a Schedule 13D/A dated March 4, 2009 and filed with the SEC on March 6, 2009 for HMC Atlas Air, L.L.C., along with Harbinger Capital Partners Offshore Manager, L.L.C., HMC Investors, L.L.C., Harbinger Capital Partners Special Situations Fund, L.P., Harbinger Capital Partners Special Situations GP, LLC, HMC-New York, Inc., Harbert Management Corporation, Harbinger Holdings, LLC, Philip Falcone, Raymond J. Harbert, and Michael D. Luce. As set forth in this filing, Harbinger Holdings, LLC and Philip Falcone share voting and dispositive power over all 8,406,290 shares, HMC Atlas Air, L.L.C. and Harbinger Capital Partners Offshore Manager, L.L.C. share voting and investment power over 7,311,376 shares, and Harbinger Capital Partners Special Situations Fund, L.P. and Harbinger Capital Partners Special Situations GP, LLC share voting and dispositive power over 1,094,914 shares. We have not made any independent determination as to the beneficial ownership of these stockholders and are not restricted in any determination we may make by reason of inclusion of such stockholders or their shares in this table.
- (c) This information is based on a Schedule 13G/A dated December 31, 2008 and filed with the SEC on January 23, 2009 for OppenheimerFunds, Inc. and Oppenheimer Small and Mid-Cap Value Fund. As set forth in this filing, OppenheimerFunds, Inc. shares voting and dispositive power over all 2,065,967 shares, while Oppenheimer Small and Mid-Cap Value Fund shares voting and dispositive power with regard to 1,600,000 shares. We have not made any independent determination as to the beneficial ownership of these stockholders and are not restricted in any determination we may make by reason of inclusion of such stockholders or their shares in this table.

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**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 copies of such 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, and we have no reason to believe that our 10% stockholders have not complied with their filing requirements under Section 16(a).

**Certain Relationships and Related Person Transactions**

Our Code of Ethics 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](http://www.atlasair.com), provides that our executive officers and Directors should follow the guidelines outlined in our Employee Compliance Manual 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](http://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, where 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 eight Directors. The current term of all of our Directors expires at the Annual Meeting.

Our Nominating and Governance Committee is responsible for (i) evaluating annually the size and composition of the Board, (ii) reviewing annually the skills, characteristics and independence of the Directors, (iii) reviewing every two years each Director's continuation of service on the Board, and (iv) recommending to the full Board annually the nominees for election as Directors of the Company at each annual meeting of stockholders. The Nominating and Governance Committee recently recommended, and the full Board of Directors approved, a proposal to reduce the size of the Board from eight members to seven, effective as of the date of the Annual Meeting. Factors considered by both the Nominating and Governance Committee and the Board in making this decision include, but are not limited to, the reduced size of the Company (given the recent de-consolidation of Polar from the Company's financial results), reducing costs (as part of the Company's Continuous Improvement initiative) and the reduced complexity of the Company's operations, such as the elimination of the Company's Scheduled Service business and reduced fuel risk related thereto, as well as a reduction in the financial complexity of the Company with the Polar de-consolidation.

Following the decision to reduce the size of the Board, the Nominating and Governance Committee recommended, and the Board of Directors approved, a seven-person slate of nominees for election as Directors of the Company at the Annual Meeting. In determining the seven-person slate, the Nominating and Governance Committee members

individually considered the working relationship among members of the Board, the contributions made by each Director over the short and long term, the skills, characteristics, independence, business experience and acumen, among other things, of each of the incumbent Directors, and the breadth of skill required for membership on the board of a publicly-held corporation, including weighing



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such factors as industry and regulatory experience, membership on other boards of directors, and the attainment of current and prior corporate leadership positions. As a result, all of our current Directors are standing for election at the Annual Meeting, except for Keith E. Butler. The Board wishes to thank Mr. Butler for his dedicated service and the contributions he has made to the Company since its emergence from bankruptcy almost five years ago.

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 2010 Annual Meeting or until their successors are elected and qualified, as provided in our By-laws.

The following list sets forth the names of our incumbent Directors up for election. Additional biographical information concerning these individuals is provided as of March 31, 2009 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.**

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**Nominees for Director**

**Eugene I. Davis**, age 54, 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 its establishment in 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 member of the Board of Directors of American Commercial Lines, Inc., Knology, Inc., Hights Cross Communications, Inc., Solutia Inc. and TerreStar Corporation.

**Robert F. Agnew**, age 58, has been a member of our Board since July 2004, the Chairman of our Audit Committee since June 2006 and a member of our Nominating and Governance Committee since its establishment in 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. In addition, Mr. Agnew serves on the board of The National Defense Transportation Association and chairs the Military Airlift Committee for the Commander of the U.S. Air Force Air Mobility Command.

**Timothy J. Bernlohr**, age 50, 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. 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 is also chairman of Manischewitz Company and a director of Cadence Innovation, Nybron Flooring International, Trident Resources Corporation, General Insulation, Inc., Bally Total Fitness Corporation, BHM Technologies, and Zemex Minerals, Inc. Mr. Bernlohr is a graduate of Penn State University.

**William J. Flynn**, age 55, 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 to PWC Logistics Corporation of Kuwait in September 2005. Prior to his tenure at GeoLogistics, Mr. Flynn served as Senior Vice President at CSX Transportation,

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one of largest Class 1 railroads operating in the U.S., from 2000 to 2002 where he was responsible for the traditional railcar traffic unit. 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. Mr. Flynn ultimately served as head of the company's Asia operations. Mr. Flynn is also a director of Republic Services, Inc. and Horizon Lines, Inc. He 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.

**James S. Gilmore III**, age 59, has been a member of our Board since July 2004, a member of our Nominating and Governance Committee since its establishment in March 2006 and the Chairman of such Committee since June 2006. Mr. Gilmore, an attorney who is also currently acting as a business consultant, 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 a candidate for the United States Senate seat from the Commonwealth of Virginia. 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. Former Governor 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 Everquest Financial Services, Inc. and Cypress Communications, Inc.

**Carol B. Hallett**, age 71, 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 in 1995, Ms. Hallett served as senior government relations advisor with Collier, Shannon, Rill & Scott from 1993 to 1995. Ms. Hallett has also been a member of the board of directors of Rolls Royce-North America since 2003, Wackenhut Services Inc., since 2006 and the National Security Advisory Committee for CSC since 2008. From 2003 to 2004, Ms. Hallett was chair of Homeland Security at Carmen Group, Inc. where she helped to develop the homeland security practice for the firm. Additionally, she was a director of Fleming Companies, Inc. from 1993 to 2003, Litton Industries from 1993 to 2002 and Mutual of Omaha Insurance Company from 1998 to 2008.

**Frederick McCorkle**, age 64, has been a member of our Board and Compensation Committee since July 2004 and a member of our Nominating and Governance Committee since its establishment in 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 Services. He is also a member of the board of directors of Lord Corporation, Jura Corporation and Rolls-Royce North America. In addition to his board memberships, General McCorkle serves as a Senior Strategic Advisor for Optical Air Data Systems and the Purdy Corporation.

## **CORPORATE GOVERNANCE, BOARD AND COMMITTEE MATTERS**

Our Board held six in person meetings in 2008. It also held 10 telephonic meetings in 2008, 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

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Director serves. All of the Directors who were serving at the time of our 2008 annual meeting of stockholders attended the 2008 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 were 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 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, was elected Chairman of Polar on 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 meeting fees totalling \$15,000 for chairing three telephonic and four in person meetings of the Polar Board of Directors during 2008. Except for Mr. Davis, no other person is compensated by the Company for serving as a Director of Polar.

**Table of Contents***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 shares vest on the earlier of the date of the Company's next succeeding annual meeting of stockholders or on the one-year anniversary of the date of grant.

*2008 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 2008, and (ii) the dollar value of restricted shares and/or restricted stock units recognized for financial statement purposes that were awarded to each such person in prior years. In accordance with Statement of Financial Accounting Standard No. 123 (revised 2004) Share-Based Payment ( SFAS No. 123R ), we record expense for this grant ratably over the vesting period.

Name (1)	Fees Paid in Cash (\$)(2)	Stock Awards (\$)(3)	Total (\$)
Eugene I. Davis	303,128	135,712	438,840
Robert F. Agnew	148,967	80,423	229,390
Timothy J. Bernlohr	100,904	183,125	284,029
Keith E. Butler	88,000	80,423	168,423
James S. Gilmore III	105,240	80,423	185,663
Carol B. Hallett	78,680	182,573	261,253
Frederick McCorkle	123,157	80,423	203,580

- (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 paid to Mr. Davis in connection with his serving as Chairman of Polar.
- (3) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, calculated in accordance with SFAS No. 123R, and includes amounts from (i) restricted stock awards granted in 2008 and prior years and (ii) restricted stock units awarded in May 2008 and prior years. The underlying valuation assumptions are disclosed in Footnote 14 to our audited financial statements filed with our Annual Report on Form 10-K for fiscal 2008.



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*Board Members Outstanding Equity Awards at Fiscal Year-End 2008*

The table below shows outstanding equity awards for our outside Directors as of December 31, 2008. Market values reflect the closing price of our Common Stock on the NASDAQ Global Market on December 31, 2008, which was \$18.90 per share.

**Number of Shares or**