

Atlas Air Worldwide Holdings, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Operating Revenue		
ACMI	\$ 198,141	\$ 181,170
AMC Charter	62,874	98,037
Commercial Charter	114,499	91,100
Dry Leasing	24,676	3,747
Other	3,173	3,282
Total Operating Revenue	\$ 403,363	\$ 377,336
Operating Expenses		
Aircraft fuel	81,744	93,358
Salaries, wages and benefits	72,855	72,531
Maintenance, materials and repairs	59,046	58,369
Aircraft rent	35,410	38,494
Depreciation and amortization	28,155	17,808
Navigation fees, landing fees and other rent	27,126	15,626
Passenger and ground handling services	19,371	16,772
Travel	17,282	15,179
Special charge	8,029	-
Gain on disposal of aircraft	-	(23)
Other	26,215	26,625
Total Operating Expenses	375,233	354,739
Operating Income	28,130	22,597
Non-operating Expenses / (Income)		
Interest income	(4,727)	(5,176)
Interest expense	26,452	18,440
Capitalized interest	(312)	(1,402)
Other (income) expense, net	152	552
Total Non-operating Expense	21,565	12,414
Income before income taxes	6,565	10,183
Income tax expense (benefit)	2,539	(9,920)
Net Income	4,026	20,103
Less: Net income (loss) attributable to noncontrolling interests	(3,918)	25
Net Income Attributable to Common Stockholders	\$ 7,944	\$ 20,078
Earnings per share:		
Basic	\$ 0.32	\$ 0.76
Diluted	\$ 0.32	\$ 0.76
Weighted average shares:		
Basic	25,096	26,330
Diluted	25,151	26,439

Atlas Air Worldwide Holdings, Inc.
Consolidated Balance Sheets
(in thousands, except share data)
(Unaudited)

	March 31, 2014	December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 279,652	\$ 321,816
Short-term investments	9,572	10,904
Restricted cash	12,537	6,491
Accounts receivable, net of allowance of \$1,327 and \$1,402, respectively	147,299	132,159
Prepaid maintenance	25,698	31,620
Deferred taxes	28,600	54,001
Prepaid expenses and other current assets	36,317	36,962
Total current assets	539,675	593,953
Property and Equipment		
Flight equipment	3,452,605	2,969,379
Ground equipment	48,198	46,951
Less: accumulated depreciation	(280,965)	(256,685)
Purchase deposits for flight equipment	43,577	69,320
Property and equipment, net	3,263,415	2,828,965
Other Assets		
Long-term investments and accrued interest	130,430	130,267
Deposits and other assets	133,326	131,216
Intangible assets, net	74,251	33,858
Total Assets	\$ 4,141,097	\$ 3,718,259
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 49,724	\$ 65,367
Accrued liabilities	231,412	194,292
Current portion of long-term debt ^{1,2}	195,092	157,486
Total current liabilities	476,228	417,145
Other Liabilities		
Long-term debt ^{1,2}	1,923,694	1,539,139
Deferred taxes	349,448	371,655
Other liabilities	66,720	68,195
Total other liabilities	2,339,862	1,978,989
Commitments and contingencies		
Equity		
Stockholders' Equity		
Preferred stock, \$1 par value; 10,000,000 shares authorized; no shares issued	—	—
Common stock, \$0.01 par value; 50,000,000 shares authorized; 28,395,768 and 28,200,213 shares issued, 25,159,601 and 25,038,629, shares outstanding (net of treasury stock), as of March 31, 2014 and December 31, 2013, respectively	284	282
Additional paid-in-capital	562,404	561,481
Treasury stock, at cost: 3,236,167 and 3,161,584 shares, respectively	(128,246)	(125,826)
Accumulated other comprehensive loss	(10,407)	(10,677)
Retained earnings	900,457	892,513
Total stockholders' equity	1,324,492	1,317,773
Noncontrolling interest	515	4,352
Total equity	1,325,007	1,322,125
Total Liabilities and Equity	\$ 4,141,097	\$ 3,718,259

¹ Balance sheet debt at March 31, 2014 totaled \$2,118.8 million, including the impact of \$40.1 million of unamortized discount.

² The face value of our debt at March 31, 2014 totaled \$2,158.9 million, compared with \$1,738.0 million on December 31, 2013.

Atlas Air Worldwide Holdings, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Operating Activities:		
Net Income Attributable to Common Stockholders	\$ 7,944	\$ 20,078
Net income (loss) attributable to noncontrolling interests	(3,918)	25
Net Income	4,026	20,103
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	32,401	21,063
Accretion of debt securities discount	(2,073)	(2,327)
Provision for allowance for doubtful accounts	83	(67)
Special charge	8,029	—
Gain on disposal of aircraft	—	(23)
Deferred taxes	2,554	(9,848)
Stock-based compensation expense	1,907	3,644
Changes in:		
Accounts receivable	(14,585)	(6,584)
Prepaid expenses and other current assets	7,050	7,227
Deposits and other assets	6,724	815
Accounts payable and accrued liabilities	(672)	20,386
Net cash provided by operating activities	45,444	54,389
Investing Activities:		
Capital expenditures	(4,095)	(10,548)
Purchase deposits and delivery payments for flight equipment	(478,739)	(235,492)
Changes in restricted cash	(6,046)	—
Proceeds from short-term investments	783	2,426
Proceeds from insurance	—	9,109
Proceeds from disposal of aircraft	—	400
Net cash used for investing activities	(488,097)	(234,105)
Financing Activities:		
Proceeds from debt issuance	572,552	224,848
Prepayment of accelerated share repurchase	—	(30,000)
Purchase of treasury stock	(2,420)	(24,233)
Excess tax benefit from stock-based compensation expense	(982)	581
Payment of debt issuance costs	(16,974)	(357)
Payments of debt	(151,687)	(70,575)
Net cash provided by financing activities	400,489	100,264
Net decrease in cash and cash equivalents	(42,164)	(79,452)
Cash and cash equivalents at the beginning of period	321,816	409,763
Cash and cash equivalents at the end of period	\$ 279,652	\$ 330,311
Non-cash Investing and Financing Activities:		
Acquisition of flight and ground equipment included in accounts payable and accrued liabilities	\$ 41,581	\$ —

Atlas Air Worldwide Holdings, Inc.
Direct Contribution
(in thousands)
(Unaudited)

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Operating Revenue:		
ACMI	\$ 198,141	\$ 181,170
AMC Charter	62,874	98,037
Commercial Charter	114,499	91,100
Dry Leasing	24,676	3,747
Other	3,173	3,282
Total Operating Revenue	\$ 403,363	\$ 377,336
 Direct Contribution:		
ACMI	\$ 45,198	\$ 39,944
AMC Charter	9,468	12,737
Commercial Charter	(12,245)	(8,685)
Dry Leasing	8,171	1,176
Total Direct Contribution for Reportable Segments	50,592	45,172
 Add back (subtract):		
Unallocated income and expenses	(35,998)	(35,012)
Special charge	(8,029)	—
Gain on sale of aircraft	—	23
Income before Income Taxes	6,565	10,183
 Add back (subtract):		
Interest income	(4,727)	(5,176)
Interest expense	26,452	18,440
Capitalized interest	(312)	(1,402)
Other (income) expense, net	152	552
Operating Income	\$ 28,130	\$ 22,597

Atlas Air Worldwide uses an economic performance metric, Direct Contribution, to show the profitability of each of its segments after allocation of direct ownership costs. Atlas Air Worldwide currently has the following reportable segments: ACMI, AMC Charter, Commercial Charter, and Dry Leasing. Each segment has different operating and economic characteristics, which are separately reviewed by senior management.

Direct Contribution consists of income (loss) before taxes, excluding special charges, nonrecurring items, gains on the sale of aircraft, and unallocated fixed costs.

Direct costs include crew costs, maintenance costs, fuel, ground operations, sales costs, aircraft rent, interest expense related to aircraft debt and aircraft depreciation.

Unallocated income and expenses include corporate overhead, non-aircraft depreciation, interest income, foreign exchange gains and losses, other revenue and other non-operating costs, including one-time items.

Atlas Air Worldwide Holdings, Inc.
Reconciliation to Non-GAAP Measures
(in thousands, except per share data)
(Unaudited)

	For the Three Months Ended		
	March 31, 2014	March 31, 2013	Percent Change
Net Income Attributable to Common Stockholders	\$ 7,944	\$ 20,078	(60.4%)
After-tax impact from:			
ETI tax benefit	-	(14,160)	
Special charge ¹	3,382	-	
Loss (gain) on disposal of aircraft	-	(15)	
Adjusted Net Income Attributable to Common Stockholders	\$ 11,326	\$ 5,903	91.9%
 Diluted EPS	 \$ 0.32	 \$ 0.76	 (57.9%)
After-tax impact from:			
ETI tax benefit	-	(0.54)	
Special charge ¹	0.13	-	
Loss (gain) on disposal of aircraft	-	(0.00)	
Adjusted Diluted EPS	\$ 0.45	\$ 0.22	104.5%

¹ Included in Special charge in 2014 were GSS employee termination benefits, a GSS loan reserve and an adjustment to lease termination costs for two 747-400BCFs.

Atlas Air Worldwide Holdings, Inc.
Reconciliation to Non-GAAP Measures
(in thousands, except per share data)
(Unaudited)

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Net Cash Provided by Operating Activities	\$ 45,444	\$ 54,389
Less:		
Capital expenditures	4,095	10,548
Capitalized interest	312	1,402
Free Cash Flow¹	\$ 41,037	\$ 42,439

¹ Free Cash Flow = Cash Flows from Operations minus Base Capital Expenditures and Capitalized Interest.

Base Capital Expenditures excludes purchases of aircraft.

Atlas Air Worldwide Holdings, Inc.
Reconciliation to Non-GAAP Measures
(in thousands)
(Unaudited)

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Income before income taxes	\$ 6,565	\$ 10,183
Special charge ¹	8,029	-
Gain on disposal of aircraft	-	(23)
Adjusted pretax income	<u>14,594</u>	<u>10,160</u>
Interest expense, net	21,413	11,862
Other non-operating expenses	<u>152</u>	<u>552</u>
Adjusted operating income	36,159	22,574
Depreciation and amortization	<u>28,155</u>	<u>17,808</u>
EBITDA, as adjusted²	64,314	40,382
Aircraft rent	<u>35,410</u>	<u>38,494</u>
EBITDAR, as adjusted³	<u><u>\$ 99,724</u></u>	<u><u>\$ 78,876</u></u>

¹ Included in Special charge in 2014 were GSS employee termination benefits, a GSS loan reserve and an adjustment to lease termination costs for two 747-400BCFs.

² Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, special charge, and gains on disposal of aircraft, as applicable.

³ Adjusted EBITDAR: Earnings before interest, taxes, depreciation, amortization, aircraft rent expense, special charge, and gains on disposal of aircraft, as applicable.

Atlas Air Worldwide Holdings, Inc.
Operating Statistics and Traffic Results
(Unaudited)

	For the Three Months Ended		Increase/ Decrease
	March 31,		
	2014	2013	
Block Hours			
ACMI	28,008	28,089	(81)
AMC Charter			
Cargo	434	1,874	(1,440)
Passenger	2,534	2,561	(27)
Commercial Charter	5,661	4,719	942
Nonrevenue	236	190	46
Total Block Hours	<u>36,873</u>	<u>37,433</u>	<u>(560)</u>
Revenue Per Block Hour			
ACMI	\$ 7,074	\$ 6,450	\$ 624
AMC Charter	21,184	22,105	(921)
Cargo	21,440	23,334	(1,894)
Passenger	21,140	21,206	(66)
Commercial Charter	20,226	19,305	921
Average Utilization (block hours per day)			
ACMI ¹	9.3	10.5	(1.2)
AMC Charter			
Cargo	8.0	6.9	1.1
Passenger	6.1	7.1	(1.0)
Commercial Charter	7.6	7.1	0.5
All Operating Aircraft ^{1,2}	<u>8.8</u>	<u>9.4</u>	<u>(0.6)</u>
Fuel			
AMC			
Average fuel cost per gallon	\$ 3.33	\$ 3.63	\$ (0.30)
Fuel gallons consumed (000s)	6,833	11,418	(4,585)
Commercial Charter			
Average fuel cost per gallon	\$ 3.19	\$ 3.32	\$ (0.13)
Fuel gallons consumed (000s)	18,496	15,627	2,869

¹ ACMI and All Operating Aircraft averages in the first quarter of 2014 reflect the impact of increases in the number of CMI aircraft and amount of CMI flying compared with the first quarter of 2013.

² Average of All Operating Aircraft excludes Dry Leasing aircraft, which do not contribute to block-hour volumes.

Atlas Air Worldwide Holdings, Inc.
Operating Statistics and Traffic Results
(Unaudited)

	For the Three Months Ended		Increase/ Decrease
	2014	March 31, 2013	
Segment Operating Fleet (average aircraft equivalents during the period)			
ACMI¹			
747-8 Cargo	8.7	7.0	1.7
747-400 Cargo	12.5	13.1	(0.6)
747-400 LCF	3.1	1.6	1.5
767-300 Cargo	2.0	1.4	0.6
767-200 Cargo	5.0	5.0	-
747-400 Passenger	1.0	1.0	-
767-200 Passenger	1.0	-	1.0
767-300 Passenger	-	0.7	(0.7)
Total	33.3	29.8	3.5
AMC Charter			
747-400 Cargo	0.6	3.0	(2.4)
747-400 Passenger	1.8	1.9	(0.1)
767-300 Passenger	2.8	2.1	0.7
Total	5.2	7.0	(1.8)
Commercial Charter			
747-8F Cargo	0.2	-	0.2
747-400 Cargo	7.7	7.2	0.5
747-400 Passenger	0.2	0.1	0.1
767-300 Passenger	0.2	0.1	0.1
Total	8.3	7.4	0.9
Dry Leasing			
777-200 Cargo	5.8	0.3	5.5
757-200 Cargo	1.0	1.0	-
737-300 Cargo	1.0	1.0	-
737-800 Passenger	2.0	2.0	-
Total	9.8	4.3	5.5
Total Operating Aircraft	56.6	48.5	8.1
Out of Service ²	1.0	0.5	0.5

¹ ACMI average fleet excludes spare aircraft provided by CMI customers.

² Out-of-service aircraft were temporarily parked during the period and are completely unencumbered. Permanently parked aircraft, all of which are also completely unencumbered, are not included in the operating statistics above.