

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Operating Revenue				
ACMI	\$ 189,583	\$ 177,722	\$ 552,710	\$ 492,846
AMC Charter	95,668	117,377	287,840	376,685
Commercial Charter	104,605	108,078	313,488	305,852
Dry Leasing	11,874	3,057	21,844	8,864
Other	3,660	3,017	10,417	9,013
Total Operating Revenue	<u>\$ 405,390</u>	<u>\$ 409,251</u>	<u>\$ 1,186,299</u>	<u>\$ 1,193,260</u>
Operating Expenses				
Aircraft fuel	93,434	99,080	289,535	311,414
Salaries, wages and benefits	74,167	71,386	219,216	215,640
Maintenance, materials and repairs	31,306	40,524	133,152	136,875
Aircraft rent	48,448	44,133	130,703	126,309
Depreciation and amortization	23,661	16,612	61,840	44,792
Passenger and ground handling services	18,037	18,711	52,109	50,100
Navigation fees, landing fees and other rent	16,438	15,153	46,901	44,090
Travel	14,535	14,746	43,485	42,189
Loss (gain) on disposal of aircraft	501	(1,058)	79	(2,417)
Other	27,157	27,699	80,515	85,306
Total Operating Expenses	<u>347,684</u>	<u>346,986</u>	<u>1,057,535</u>	<u>1,054,298</u>
Operating Income	<u>57,706</u>	<u>62,265</u>	<u>128,764</u>	<u>138,962</u>
Non-operating Expenses (Income)				
Interest income	(4,849)	(4,833)	(15,003)	(14,629)
Interest expense	22,594	17,004	61,711	46,598
Capitalized interest	(291)	(4,052)	(1,985)	(16,356)
Loss on early extinguishment of debt	4,524	143	5,518	285
Other expense (income), net	(241)	(331)	1,415	454
Total Non-operating Expenses (Income)	<u>21,737</u>	<u>7,931</u>	<u>51,656</u>	<u>16,352</u>
Income before income taxes	35,969	54,334	77,108	122,610
Income tax expense	11,247	19,759	11,320	45,899
Net Income	<u>24,722</u>	<u>34,575</u>	<u>65,788</u>	<u>76,711</u>
Less: Net income (loss) attributable to noncontrolling interests	981	717	1,909	(834)
Net Income Attributable to Common Stockholders	<u>\$ 23,741</u>	<u>\$ 33,858</u>	<u>\$ 63,879</u>	<u>\$ 77,545</u>
Earnings per share:				
Basic	<u>\$ 0.94</u>	<u>\$ 1.28</u>	<u>\$ 2.48</u>	<u>\$ 2.94</u>
Diluted	<u>\$ 0.94</u>	<u>\$ 1.27</u>	<u>\$ 2.48</u>	<u>\$ 2.92</u>
Weighted average shares:				
Basic	<u>25,124</u>	<u>26,443</u>	<u>25,710</u>	<u>26,410</u>
Diluted	<u>25,212</u>	<u>26,580</u>	<u>25,784</u>	<u>26,527</u>

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

	September 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 280,967	\$ 409,763
Short-term investments	11,573	10,119
Restricted cash	5,886	—
Accounts receivable, net of allowance of \$1,539 and \$3,172, respectively	118,515	127,704
Prepaid maintenance	21,004	22,293
Deferred taxes	53,799	26,390
Prepaid expenses and other current assets	36,628	36,726
Total current assets	528,372	632,995
Property and Equipment		
Flight equipment	2,971,696	2,209,782
Ground equipment	45,049	39,230
Less: accumulated depreciation	(238,992)	(185,419)
Purchase deposits for flight equipment	38,978	147,946
Property and equipment, net	2,816,731	2,211,539
Other Assets		
Long-term investments and accrued interest	129,665	140,498
Deposits and other assets	133,238	132,120
Intangible assets, net	35,947	35,533
Total Assets	\$ 3,643,953	\$ 3,152,685
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 42,700	\$ 20,789
Accrued liabilities	150,741	152,467
Current portion of long-term debt ^{1,2}	262,568	154,760
Total current liabilities	456,009	328,016
Other Liabilities		
Long-term debt ^{1,2}	1,473,685	1,149,282
Deferred taxes	302,274	265,384
Other liabilities	124,897	121,899
Total other liabilities	1,900,856	1,536,565
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; 28,198,464 and 27,672,924 shares issued, 25,037,540 and 26,443,441, shares outstanding (net of treasury stock), as of September 30, 2013 and December 31, 2012, respectively	282	277
Additional paid-in-capital	557,078	544,421
Treasury stock, at cost; 3,160,924 and 1,229,483 shares, respectively	(125,796)	(44,850)
Accumulated other comprehensive loss	(12,790)	(14,263)
Retained earnings	862,555	798,676
Total stockholders' equity	1,281,329	1,284,261
Noncontrolling interest	5,759	3,843
Total equity	1,287,088	1,288,104
Total Liabilities and Equity	\$ 3,643,953	\$ 3,152,685

¹ Balance sheet debt at September 30, 2013 totaled \$1,736.3 million, including the impact of \$42.8 million of unamortized discount.

² The face value of our debt at September 30, 2013 totaled \$1,779.1 million, compared with \$1,350.8 million on December 31, 2012.

Atlas Air Worldwide Holdings, Inc.
Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	For the Nine Months Ended	
	September 30, 2013	September 30, 2012
Operating Activities:		
Net Income Attributable to Common Stockholders	\$ 63,879	\$ 77,545
Net income (loss) attributable to noncontrolling interests	1,909	(834)
Net Income	65,788	76,711
Adjustments to reconcile Net Income		
to net cash provided by operating activities:		
Depreciation and amortization	73,324	51,509
Accretion of debt securities discount	(6,758)	(6,454)
Provision for allowance for doubtful accounts	217	897
Loss on early extinguishment of debt	5,518	285
Loss (gain) on disposal of aircraft	79	(2,417)
Deferred taxes	10,511	45,346
Stock-based compensation expense	12,176	12,243
Changes in:		
Accounts receivable	6,818	(334)
Prepaid expenses and other current assets	12,494	38,991
Deposits and other assets	2,834	(10,315)
Accounts payable and accrued liabilities	24,665	(9,256)
Net cash provided by operating activities	207,666	197,206
Investing Activities:		
Capital expenditures	(24,860)	(26,732)
Purchase deposits and delivery payments for flight equipment	(561,979)	(312,494)
Changes in restricted cash	(5,886)	
Investment in debt securities	—	(1,179)
Proceeds from short-term investments	4,672	4,342
Proceeds from insurance	9,109	—
Proceeds from disposal of aircraft	4,250	2,715
Net cash used for investing activities	(574,694)	(333,348)
Financing Activities:		
Proceeds from debt issuance	709,484	639,628
Refund of accelerated share repurchase	21,886	—
Prepayment of accelerated share repurchase	(21,886)	—
Purchase of treasury stock	(80,946)	(3,318)
Excess tax benefit from stock-based compensation expense	472	550
Payment of debt issuance costs	(19,682)	(24,808)
Payments of debt	(371,096)	(347,232)
Net cash provided by financing activities	238,232	264,820
Net (decrease) increase in cash and cash equivalents	(128,796)	128,678
Cash and cash equivalents at the beginning of period	409,763	187,111
Cash and cash equivalents at the end of period	\$ 280,967	\$ 315,789
Non-cash Investing and Financing Activities:		
Acquisition of flight equipment and assumed debt	\$ 90,498	\$ —

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Operating Revenue:				
ACMI	\$ 189,583	\$ 177,722	\$ 552,710	\$ 492,846
AMC Charter	95,668	117,377	287,840	376,685
Commercial Charter	104,605	108,078	313,488	305,852
Dry Leasing	11,874	3,057	21,844	8,864
Other	3,660	3,017	10,417	9,013
Total Operating Revenue	\$ 405,390	\$ 409,251	\$ 1,186,299	\$ 1,193,260
Direct Contribution:				
ACMI	\$ 62,587	\$ 51,625	\$ 157,594	\$ 116,573
AMC Charter	14,749	25,437	40,144	76,002
Commercial Charter	(3,859)	3,602	(15,023)	15,559
Dry Leasing	4,681	1,378	8,294	3,967
Total Direct Contribution for Reportable Segments	\$ 78,158	\$ 82,042	\$ 191,009	\$ 212,101
Unallocated income and expenses, net	(37,163)	(28,623)	(108,304)	(91,623)
Loss on early extinguishment of debt	(4,524)	(143)	(5,518)	(285)
Loss (gain) on disposal of aircraft	(501)	1,058	(79)	2,417
Income before Income Taxes	35,970	54,334	77,108	122,610
Interest income	(4,849)	(4,833)	(15,003)	(14,629)
Interest expense	22,594	17,004	61,711	46,598
Capitalized interest	(291)	(4,052)	(1,985)	(16,356)
Loss on early extinguishment of debt	4,524	143	5,518	285
Other expense (income), net	(241)	(331)	1,415	454
Operating Income	\$ 57,707	\$ 62,265	\$ 128,764	\$ 138,962

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, losses (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		
	September 30, 2013	September 30, 2012	Percent Change
Net Income Attributable to Common Stockholders	\$ 23,741	\$ 33,858	(29.9%)
After-tax impact from:			
Fleet retirement costs ¹	-	125	
Loss on early extinguishment of debt ²	4,524	91	
Loss (gain) on disposal of aircraft	319	(674)	
Adjusted Net Income Attributable to Common Stockholders	\$ 28,584	\$ 33,400	(14.4%)
Diluted EPS	\$ 0.94	\$ 1.27	(26.0%)
After-tax impact from:			
Fleet retirement costs ¹	-	-	
Loss on early extinguishment of debt ²	0.18	-	
Loss (gain) on disposal of aircraft	0.01	(0.03)	
Adjusted Diluted EPS	\$ 1.13	\$ 1.26³	(10.3%)
	For the Nine Months Ended		
	September 30, 2013	September 30, 2012	Percent Change
Net Income Attributable to Common Stockholders	\$ 63,879	\$ 77,545	(17.6%)
After-tax impact from:			
Fleet retirement costs ¹	-	2,093	
Loss on early extinguishment of debt ²	5,157	182	
ETI tax benefit	(14,160)	-	
Loss (gain) on disposal of aircraft	50	(1,540)	
Adjusted Net Income Attributable to Common Stockholders	\$ 54,926	\$ 78,280	(29.8%)
Diluted EPS	\$ 2.48	\$ 2.92	(15.1%)
After-tax impact from:			
Fleet retirement costs ¹	-	0.08	
Loss on early extinguishment of debt ²	0.20	0.01	
ETI tax benefit	(0.55)	-	
Loss (gain) on disposal of aircraft	-	(0.06)	
Adjusted Diluted EPS	\$ 2.13	\$ 2.95	(27.8%)

¹ Fleet retirement costs included incremental employee costs related to the retirement of our 747-200 fleet.

² Loss on early extinguishment of debt was related to the financing of 747-8F and 777-200LRF aircraft.

³ Items may not sum due to rounding.

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

Full-Year 2013 Diluted EPS Guidance

GAAP Measure	\$ 3.75 to 4.15
Loss on early extinguishment of debt	0.20
ETI tax benefit	(0.55)
Loss on disposal of aircraft	-
Non-GAAP Measure	<u>\$ 3.40 to 3.80</u>

For the Three Months Ended

	September 30, 2013	September 30, 2012
Net Cash Provided by Operating Activities	\$ 79,489	\$ 111,268
Less:		
Capital expenditures	5,369	8,289
Capitalized interest	291	4,052
Free Cash Flow¹	<u>\$ 73,829</u>	<u>\$ 98,927</u>

For the Nine Months Ended

	September 30, 2013	September 30, 2012
Net Cash Provided by Operating Activities	\$ 207,666	\$ 197,206
Less:		
Capital expenditures	24,860	26,732
Capitalized interest	1,985	16,356
Free Cash Flow¹	<u>\$ 180,821</u>	<u>\$ 154,118</u>

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		For the Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Income before income taxes	\$ 35,969	\$ 54,334	\$ 77,108	\$ 122,610
Fleet retirement costs ¹	-	196	-	3,286
Loss on early extinguishment of debt	4,524	143	5,518	285
Loss (gain) on disposal of aircraft	501	(1,058)	79	(2,417)
Adjusted pretax income	40,994	53,615	82,705	123,764
Interest (income) expense, net	17,454	8,119	44,723	15,613
Other non-operating expenses (income)	(241)	(331)	1,415	454
Adjusted operating income	58,207	61,403	128,843	139,831
Depreciation and amortization	23,661	16,612	61,840	44,792
EBITDA, as adjusted²	81,868	78,015	190,683	184,623
Aircraft rent	48,448	44,133	130,703	126,309
EBITDAR, as adjusted³	<u>\$ 130,316</u>	<u>\$ 122,148</u>	<u>\$ 321,386</u>	<u>\$ 310,932</u>

¹ Fleet retirement costs included incremental employee costs related to the retirement of our 747-200 fleet.

² Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, fleet retirement costs, and losses (gains) on disposal of aircraft, as applicable.

³ Adjusted EBITDAR: Earnings before interest, taxes, depreciation, amortization, aircraft rent expense, fleet retirement costs, and losses (gains) on disposal of aircraft, as applicable.

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

	For the Three Months Ended			For the Nine Months Ended		
	September 30, 2013	September 30, 2012	Increase/ (Decrease)	September 30, 2013	September 30, 2012	Increase/ (Decrease)
Block Hours						
ACMI	28,813	28,451	362	85,274	78,698	6,576
AMC Charter						
Cargo	1,531	2,283	(752)	5,296	8,152	(2,856)
Passenger	3,029	3,882	(853)	8,264	9,121	(857)
Commercial Charter	5,310	5,331	(21)	16,360	14,761	1,599
Nonrevenue	220	277	(57)	655	908	(253)
Total Block Hours	<u>38,903</u>	<u>40,224</u>	<u>(1,321)</u>	<u>115,849</u>	<u>111,640</u>	<u>4,209</u>
Revenue Per Block Hour						
ACMI	\$ 6,580	\$ 6,247	\$ 333	\$ 6,482	\$ 6,262	\$ 220
AMC Charter	20,980	19,039	1,941	21,227	21,808	(581)
Cargo	21,962	19,853	2,109	22,681	23,771	(1,090)
Passenger	20,483	18,561	1,922	20,296	20,053	243
Commercial Charter	19,700	20,273	(573)	19,162	20,720	(1,558)
Average Utilization (block hours per day)						
ACMI ¹	10.1	11.9	(1.8)	10.4	12.3	(1.9)
AMC Charter						
Cargo	5.4	9.2	(3.8)	6.7	9.0	(2.3)
Passenger	8.0	9.0	(1.0)	7.0	8.3	(1.3)
Commercial Charter	6.3	9.3	(3.0)	7.0	9.1	(2.1)
All Operating Aircraft ^{1,2}	<u>8.9</u>	<u>11.0</u>	<u>(2.1)</u>	<u>9.3</u>	<u>11.2</u>	<u>(1.9)</u>
Fuel						
AMC						
Average fuel cost per gallon	\$ 3.62	\$ 2.67	\$ 0.95	\$ 3.63	\$ 3.27	\$ 0.36
Fuel gallons consumed (000s)	11,324	15,357	(4,033)	33,847	44,909	(11,062)
Commercial Charter						
Average fuel cost per gallon	\$ 3.09	\$ 3.29	\$ (0.20)	\$ 3.13	\$ 3.34	\$ (0.21)
Fuel gallons consumed (000s)	16,956	17,637	(681)	53,210	49,256	3,954

¹ ACMI and All Operating Aircraft averages in the third quarter and first nine months of 2013 reflect the impact of increases in the number of CMI aircraft and amount of CMI flying compared with the same periods of 2012.

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			For the Nine Months Ended		
	September 30, 2013	2012	Increase/ (Decrease)	September 30, 2013	2012	Increase/ (Decrease)
Segment Operating Fleet (average aircraft equivalents during the period)						
ACMI¹						
747-8F Cargo	8.0	4.7	3.3	7.7	3.7	4.0
747-400 Cargo ²	13.6	16.5	(2.9)	13.8	16.7	(2.9)
767-300 Cargo	2.0	-	2.0	1.8	-	1.8
767-200 Cargo	5.0	3.8	1.2	5.0	1.8	3.2
747-400 Passenger	1.4	1.0	0.4	1.1	1.1	-
767-300 Passenger	-	-	-	0.3	-	0.3
767-200 Passenger	1.0	-	1.0	0.3	-	0.3
Total	<u>31.0</u>	<u>26.0</u>	<u>5.0</u>	<u>30.0</u>	<u>23.3</u>	<u>6.7</u>
AMC Charter						
747-400 Cargo	3.1	2.7	0.4	2.9	3.1	(0.2)
747-200 Cargo	-	-	-	-	0.2	(0.2)
747-400 Passenger	1.4	1.8	(0.4)	1.7	1.7	-
767-300 Passenger	2.7	2.9	(0.2)	2.6	2.3	0.3
Total	<u>7.2</u>	<u>7.4</u>	<u>(0.2)</u>	<u>7.2</u>	<u>7.3</u>	<u>(0.1)</u>
Commercial Charter						
747-8F Cargo	1.0	-	1.0	0.4	-	0.4
747-400 Cargo	7.7	5.9	1.8	7.8	5.3	2.5
747-200 Cargo	-	-	-	-	0.2	(0.2)
747-400 Passenger	0.2	0.2	-	0.2	0.2	-
767-300 Passenger	0.2	0.1	0.1	0.2	0.2	-
Total	<u>9.1</u>	<u>6.2</u>	<u>2.9</u>	<u>8.6</u>	<u>5.9</u>	<u>2.7</u>
Dry Leasing						
777-200 Cargo	2.6	-	2.6	1.3	-	1.3
757-200 Cargo	1.0	1.0	-	1.0	1.0	-
737-300 Cargo	1.0	0.8	0.2	1.0	0.3	0.7
737-800 Passenger	2.0	2.0	-	2.0	2.0	-
Total	<u>6.6</u>	<u>3.8</u>	<u>2.8</u>	<u>5.3</u>	<u>3.3</u>	<u>2.0</u>
Total Operating Aircraft	<u><u>53.9</u></u>	<u><u>43.4</u></u>	<u><u>10.5</u></u>	<u><u>51.1</u></u>	<u><u>39.8</u></u>	<u><u>11.3</u></u>
Out of Service ³	1.0	-	1.0	0.8	-	0.8

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

² Includes 1.6 and 1.3 Large Cargo Freighters in the three-month periods ended September 30, 2013 and 2012, respectively. Includes 1.6 and 1.1 Large Cargo Freighters in the nine-month periods ended September 30, 2013 and 2012, respectively.

³ Out-of-service aircraft were temporarily parked during the period and are completely unencumbered.