Our Business
Atlas Air Worldwide Holdings, Inc. (Nasdaq: AAWW) is a global leader in innovative, outsourced aviation operations and services, delivering added value, reliability and superior performance to our customers.

Whether for express and e-commerce delivery providers, the U.S. military, leading international airlines, freight forwarders, charter customers or others, we offer an unmatched operational platform with access to the most modern equipment and an array of integrated service solutions.


Innovative Services and Solutions
Atlas Air Worldwide delivers value. Every day of the year. In every corner of the world. Through an array of innovative services and solutions.

We empower our express and e-commerce delivery, airline, freight forwarder and charter customers to increase fleet flexibility and network efficiency, drive an expanded global presence, and more quickly capitalize on market-growth opportunities.

Our ACMI (Aircraft, Crew, Maintenance and Insurance) customers receive a 747-8 or 747-400 freighter crewed, maintained and insured by us. Our complementary CMI (Crew, Maintenance, Insurance) service crews, maintains, and insures freighter and passenger 747, 777, 767 and 737 aircraft supplied by our customers (which they may lease from us).

Leading global shippers, freight forwarders, manufacturers and the U.S. military rely on our Charters and our modern 747 freighter fleet to carry their cargo safely, efficiently and cost-effectively. Airlines, charter brokers, sports teams and fans, entertainers and the U.S. military also depend on our reliable 747 and 767 passenger service.

Titan offers global customers the added benefits of Dry Leasing, a solution that provides access to efficient aircraft, such as our 777 and 767 freighters, and engines through lease rather than purchase.

We also provide related aviation services, including Flight-Crew Training for pilots selected to fly Air Force One and the E-4B National Airborne Operations Center; schedule analysis and management; and route- and traffic-rights management.

History
From idea to industry leader
Our founder, the late Michael Chowdry, observed in the early 1990s that passenger airlines were losing money and parking aircraft while the limited number of high-gross-weight, long-haul freighters were all fully utilized.
At the time, freight hauling was largely an afterthought in the passenger airline industry. Most airlines sold belly capacity for air cargo in the baggage holds of passenger planes operated on passenger routes. Mr. Chowdry saw an opportunity in the air cargo sector and founded Atlas Air, which began by leasing freighter aircraft to other airlines on an Aircraft, Crew, Maintenance and Insurance (ACMI) contract basis.

Atlas began operations in 1993 with one aircraft, a Boeing 747-200. During the 1990s, Atlas experienced substantial growth as customers realized the benefits of long-term leasing to meet their demands.

In 1997, Atlas placed an order for 10 new, more advanced Boeing 747-400 freighters, with an option to purchase up to 10 more. By 1998, demand for its services was so strong that Atlas increased its order to 12 Boeing 747-400s. By the end of 2000, the Atlas fleet had grown to a total of 36 aircraft.


After restructuring in 2004, the company began trading on NASDAQ as AAWW in 2006 and was also named to the Russell 2000 Index. In September 2006, the company launched a generational re-fleeting initiative by entering an order for new-technology Boeing 747-8 freighters.

In 2007, Polar Air Cargo Worldwide closed on a strategic transaction with DHL Express that gives DHL a 49% equity interest, including a 25% voting interest, in Polar, which operates a high-quality, time-definite, international express air cargo network. This landmark transaction, in turn, provides DHL Express guaranteed capacity on key trade lanes while Atlas Air Worldwide gains a valuable long-term customer, securing a strong revenue stream and further reducing both fuel and commercial risks through a long-term ACMI agreement.

In 2011, Atlas Air took delivery of its first three next-generation Boeing 747-8 freighters. We also initiated a new 767 passenger- and cargo-aircraft operating platform, expanding our operations into an attractive gauge of aircraft.

In January 2012, Atlas Air secured extremely attractive Ex-Im Bank-backed financing for six additional 747-8Fs—financing that provided significant savings in its ownership cost for these assets. Atlas took delivery of four of these 747-8Fs in 2012 and two in 2013.

Atlas Air Worldwide also joined the S&P SmallCap 600 Index in 2013. In addition, our Titan dry leasing subsidiary acquired the company’s first three Boeing 777 freighters, and added three more 777s to its fleet in early 2014.

Reflecting the demand for the company’s aircraft and services, Atlas Air acquired its tenth 747-8 freighter from Boeing in November 2015. In addition, Titan expanded its Dry Leasing portfolio by acquiring its first two Boeing 767 aircraft. Following their conversion from passenger to freighter configuration, these aircraft were both dry leased to DHL Express and operated for them under separate CMI agreements.

In April 2016, we completed the acquisition of Southern Air, Inc., a premier provider of intercontinental and domestic CMI services with five 777 and five 737 freighters. The strategically compelling, highly complementary combination provided Atlas immediate entry into 777 and 737 aircraft operating platforms with opportunities for additional growth.

In May 2016, we announced a strategic, long-term relationship with Amazon to provide and operate 20 Boeing 767-300 converted freighters in support of the continuing expansion of Amazon’s e-commerce business and the enhancement of its customer delivery capabilities. In line with the schedule we announced in 2016, we placed and began operating our 20th aircraft for Amazon in November 2018, ahead of the peak holiday season. In February 2019, the number of 767-300 freighters in CMI and Dry Lease service for Amazon was reduced to 19 with the loss of an aircraft. In September 2019, the number of 767-300 freighters in CMI service for Amazon was reduced to 17 with the early termination of CMI services for two aircraft.

As part of the inherent value creation, and to align interests and strengthen our long-term relationship, we granted Amazon warrants (Warrant A) to acquire up to 20% (after the issuance) of AAWW’s common shares at a price of $37.50 per share exercisable through May 4, 2021. Warrant A has vested in full in accordance with its existing terms.

August 2020
The agreements also provide for future growth of the relationship as Amazon may increase its business with us. We have granted Amazon warrants (Warrant B) to acquire up to an additional 10% (after the issuance) of AAWW’s common shares at the same exercise price, exercisable through May 4, 2023, with vesting tied to payments made by Amazon in connection with incremental new business beyond the leasing or operation of the 20 767-300s that vested Warrant A.

In March 2019, we expanded our relationship with Amazon. We began operating five Boeing 737-800 converted freighters on a CMI basis in 2019, with an opportunity to operate additional aircraft.

Similar to our May 2016 agreement, we have granted Amazon warrants (Warrant C) to acquire up to an additional 9.9% (after the issuance) of AAWW’s common shares as Amazon may increase its business with us. This new tranche of warrants has a strike price of $52.90 per share exercisable through March 27, 2026, with vesting tied to payments made by Amazon in connection with incremental new business beyond the leasing or operation of the 20 767-300s that vested Warrant A.

The 737-800 CMI flying, as well as additional future growth of the relationship, will contribute toward the vesting of Warrant B and Warrant C. While there is no guarantee as to the future revenue that may be generated, full vesting of these warrants would require $1.42 billion in future incremental revenue from Amazon.

In December 2019, we entered into an agreement with Bain Capital Credit to form a joint venture to develop a diversified freighter aircraft Dry Leasing portfolio with an anticipated value of approximately $1.0 billion. This long-term joint venture aims to capitalize on demand for cargo aircraft, underpinned by robust e-commerce and express market growth.

Under the joint venture, Bain and Titan have committed to provide $360.0 million and $40.0 million of equity capital, respectively, which may be supplemented with additional commitments over time, to acquire aircraft over the next several years. Titan will also provide aircraft- and lease-management services to the venture.

Today, Atlas Air Worldwide is the leading global provider of outsourced aircraft and aviation operating services. We are proud to be the world’s largest operator of Boeing 747 freighter aircraft and the only outsource provider of Boeing’s 747-8F. We are also proud to provide customers a broad array of 747, 777, 767 and 737 freighter and passenger aircraft for domestic, regional and international ACMI, CMI, charter and dry lease operations.

With a focus on express, e-commerce, the U.S. military and fast-growing global markets, our transformed business model, diversified business mix, expanding CMI and passenger-charter operations, Continuous Improvement productivity gains and initiatives, and strong balance sheet position us to deliver value to our customers and drive future revenues, earnings, and cash flow for our shareholders.

**Financials**

In 2019, reported results reflected a loss from continuing operations, net of taxes, of $293.1 million, or $11.35 per diluted share, on revenues of $2.74 billion. Our reported results included a noncash special charge of $638.4 million ($503.1 million after tax), partially offset by an unrealized gain on financial instruments of $75.1 million related to outstanding warrants.

On an adjusted basis, EBITDA totaled $504.8 million, while income from continuing operations, net of taxes, totaled $139.6 million, or $5.24 per diluted share. (See February 20, 2020 press release at www.atlasairworldwide.com for Non-GAAP reconciliation.)

For the six months ended June 30, 2020, reported net income totaled $102.3 million, or $3.92 per diluted share, which included $20.2 million of CARES Act grant income related to our participation in the Payroll Support Program and an unrealized loss on outstanding warrants of $29.7 million.

On an adjusted basis, EBITDA totaled $368.2 million, while adjusted net income during the period totaled $153.1 million, or $5.87 per diluted share. (See August 6, 2020 press release at www.atlasairworldwide.com for Non-GAAP reconciliation.)
Management Team
Atlas Air Worldwide’s strong management team has extensive airline, transportation, and logistics experience.

John W. Dietrich, President and Chief Executive Officer
James A. Forbes, Executive Vice President, Chief Operating Officer
Adam R. Kokas, Executive Vice President, General Counsel and Secretary
Spencer Schwartz, Executive Vice President and Chief Financial Officer
Michael T. Steen, Executive Vice President and Chief Commercial Officer
Patricia Goodwin-Peters, Senior Vice President Human Resources

Key Customers
Customers include some of the world’s leading airlines, express and e-commerce providers, and manufacturers – AeroLogic, Amazon, Asiana Cargo, EL AL, HP Inc., Inditex, Qantas, DHL Express, FedEx, SF Express and UPS; air charter specialist Chapman Freeborn; as well as governments, nongovernment organizations and major freight forwarders – DHL Global Forwarding, Agility, APEX Logistics, CEVA, Expeditors, Flexport, Geodis, Hellmann, Kuehne+Nagel, Nippon Express, DSV Panalpina, DB Schenker, and UPS SCS, among others. CMI customers include Amazon, Boeing, DHL Express, MLW Air and Nippon Cargo Airlines.

Total Fleet: 117*
Operating Fleet: 109
Dry Lease: 8

53 Boeing 747s:
• 10 747-8Fs
• 34 747-400Fs
• 5 747-400 Passenger
• 4 Large Cargo Freighters (LCFs)

41 Boeing 767s:
• 33 767-200/300Fs
• 6 767-200/300 Passenger
• 2 767-300 Freighters Titan

14 Boeing 777s:
• 2 A+CMI 777Fs
• 6 CMI 777Fs
• 1 Charter 777F
• 5 Titan 777Fs

9 Boeing 737s:
• 5 737-800Fs
• 3 737-400Fs
• 1 737-300 Freighter Titan

*As of 2Q20.

Cities served:
Atlas Air Worldwide’s companies manage and operate for customers around the world, including to any city capable of handling a Boeing 747. In 2019, we operated more than 65,000 flights, serving 400 destinations in 90 countries.

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