

Atlas Air Worldwide Investor-Analyst Day

June 25, 2018





Safe Harbor Statement

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This presentation also includes some non-GAAP financial measures. You can find our presentations on the most directly comparable GAAP financial measures calculated in accordance with accounting principles generally accepted in the United States and our reconciliations in the appendix and our earnings releases dated February 22 and May 3, 2018, which are posted on our website at www.atlasair.com.



Today's AAWW Attendees

Today's Speakers...

Bill Flynn

President and Chief Executive Officer

Patricia Goodwin-Peters

SVP Human Resources

Michael Steen

EVP and Chief Commercial Officer

John Dietrich

EVP and Chief Operating Officer

Spencer Schwartz

EVP and Chief Financial Officer

Adam Kokas

EVP, General Counsel and Secretary

Also in Attendance...

Artem Gonopolskiy

VP Financial Planning and Analysis

Dan Loh

Senior Director Investor Relations

Keith Mayer

SVP and Corporate Controller

Ed McGarvey

VP and Treasurer

Beth Roach

Senior Manager Marketing and Communications



Today's Agenda

Welcome

Patricia Goodwin-Peters

Overview

Bill Flynn

Commercial

Michael Steen

Operations

John Dietrich

Financial

Spencer Schwartz

Governance

Adam Kokas

Wrap-Up

Bill Flynn

Q&A

Reception





Our Vision

**To be our customers'
most trusted partner**



Active Participants in Our Global Community

Dedicated to serving customers and the global communities in which we operate

- Seek to attract **talented individuals** and to **develop** them to **fullest potential**
- **Affirmative action plans** to **ensure** qualified applicants and employees receive an **equal opportunity** for recruitment, selection, advancement
- Encourage **diversity** and **inclusiveness**
- **Zero tolerance** for **harassment, discrimination** or **retaliation** of any kind
- **Health and safety of employees** is **paramount**; and **our health and safety track record** reflects this commitment
- Proactive partnership to **prevent human trafficking**
- Cost-free **charter flights for disaster relief**; encourage employees to **support disaster relief** and related activities
- **Employees** regularly **volunteer-teach** at area schools, **with a focus on underprivileged communities**, to **provide education** on financial literacy and other key life and professional skills

Overview

Bill Flynn
President and
Chief Executive Officer





Key Takeaways

Global leader in outsourced aviation

Era of **significant business growth and development**

Expect **sharply higher adjusted net earnings** in 2018

Focus on **express, e-commerce, fast-growing markets**

Opportunities to grow with existing customers and with new ones

Strong foundation for **earnings and cash flow**

Capitalizing on initiatives to drive value and benefit for customers and investors

Shaping a
Powerful Future





Executing Strategic Plan





2018 Objectives

- Deliver **superior service quality**
- Ensure **safe, secure, compliant operation**
- Achieve **earnings goals**
- Maximize **business opportunities**
- Implement full **Amazon** service
- Capitalize on **Southern Air** platform for growth
- Realize **continuous improvement**
- Maintain **solid balance sheet**





So Far in 2018



Amazon

15 aircraft in service
Added two 767s in May and June
20 aircraft expected by year-end



Atlas “On Tour”

Ozzy Osbourne Depeche Mode
Taylor Swift Pearl Jam
Radiohead Lollapalooza
Katy Perry



Holiday Flowers

Total Flights: 145
Weight: 26 million lbs
Block Hours: 554



On the Road Again

Formula One
Moto GP
Parade Floats



Awards

Commercial Bank Financing of the Year
ISHKA
Innovative Financing of the Year
Airfinance Journal
Best Legal Department
New York Law Journal



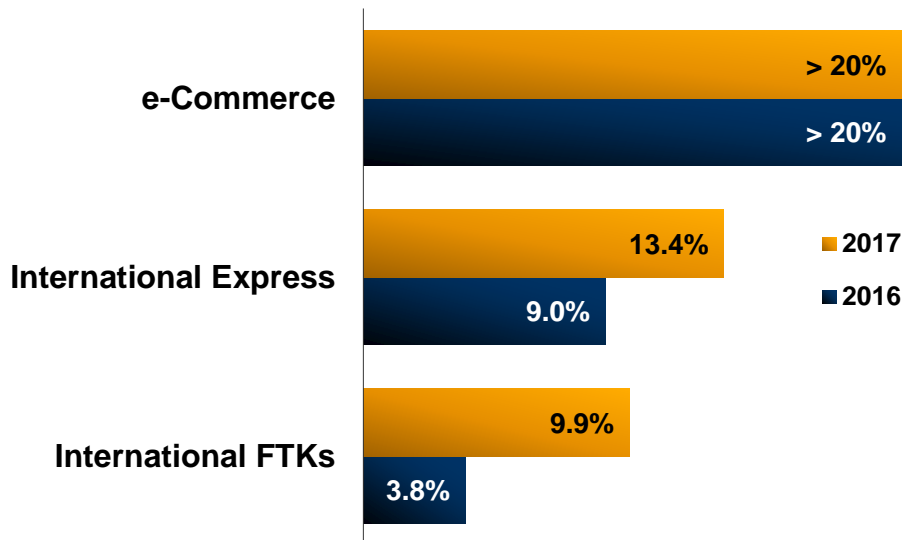
Social Responsibility

Champion Award
Junior Achievement of New York



Airfreight Demand

Market Growth Rates

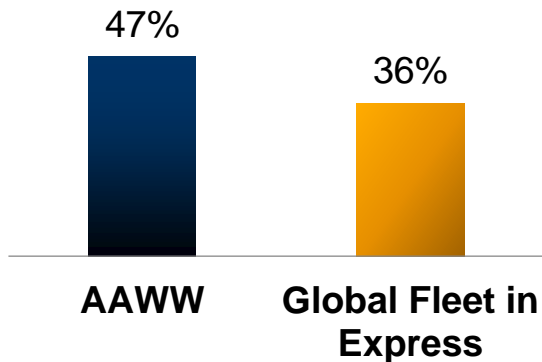




Fleet Aligned with Express and e-Commerce

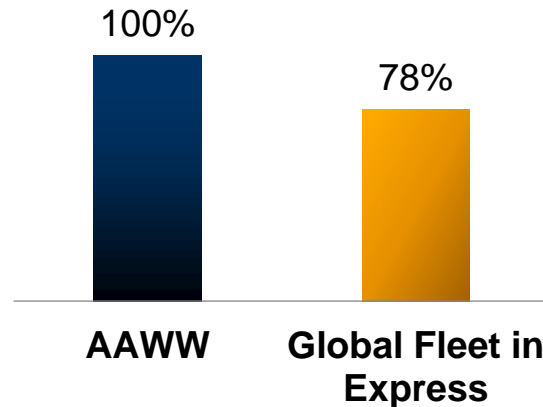
Atlas Fleet
in Express/
e-Commerce
Compared with
Global Fleet

Large Widebody



543 Total global large widebody freighters (747s, 777s, MD-11s, DC-10-30s/40s)

Medium Widebody

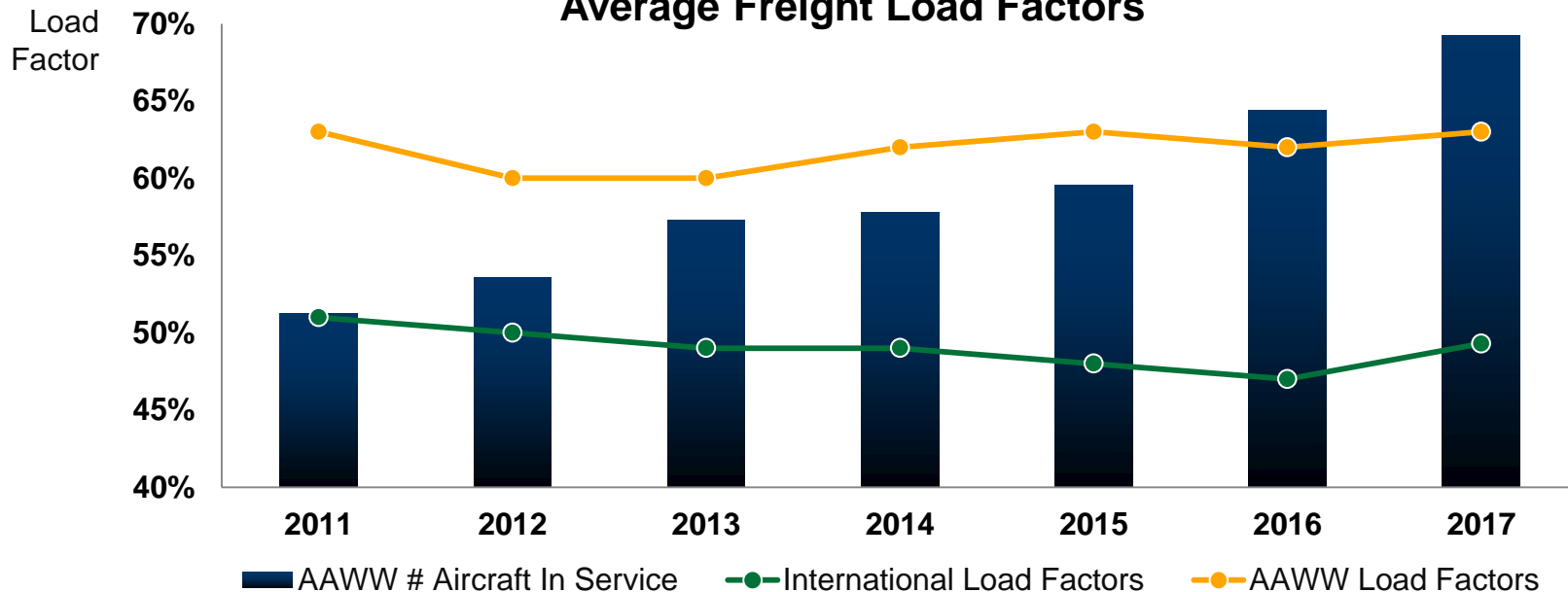


514 Total global medium widebody freighters (767s, A300-600s/B4s, A330-200s, A310-200s/300s, DC-10-10s)



Atlas Load Factors Outperforming

Average Freight Load Factors





Our Fleet

Total Fleet: 112*

Operating Fleet: 92

Dry Lease: 9

In Pipeline: 11



51 Boeing 747s

- 10 747-8Fs
- 33 747-400Fs
- 4 747-400 Passenger
- 4 Boeing Large Cargo Freighters (LCFs)



12 Boeing 777s

- 2 A+CMI 777Fs
- 4 CMI 777Fs
- 6 Titan 777Fs



42 Boeing 767/757s

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7 Boeing 737s

- 5 737-400Fs
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- 1 737-800 Passenger Titan

2018 Fleet Growth: 16 Aircraft

+Nine 767s

+Six 747s

+One 777



*Estimated fleet at 12/31/18



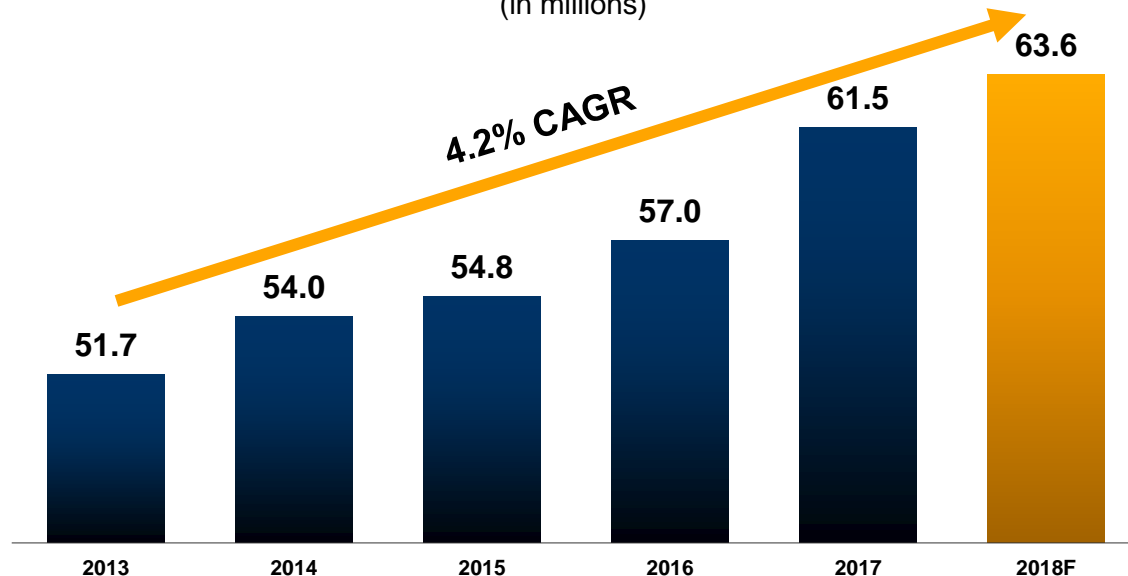
International Global Airfreight – Annual Growth

IATA – Global airfreight tonnage **growing from record levels**

IATA – International freight tonne kilometers (FTKs) flown **up 9.9% in 2017**

IATA – Expects very healthy **4.0% FTK growth in 2018**

IATA Reported Airfreight Tonnage Growing from Record Levels
(in millions)



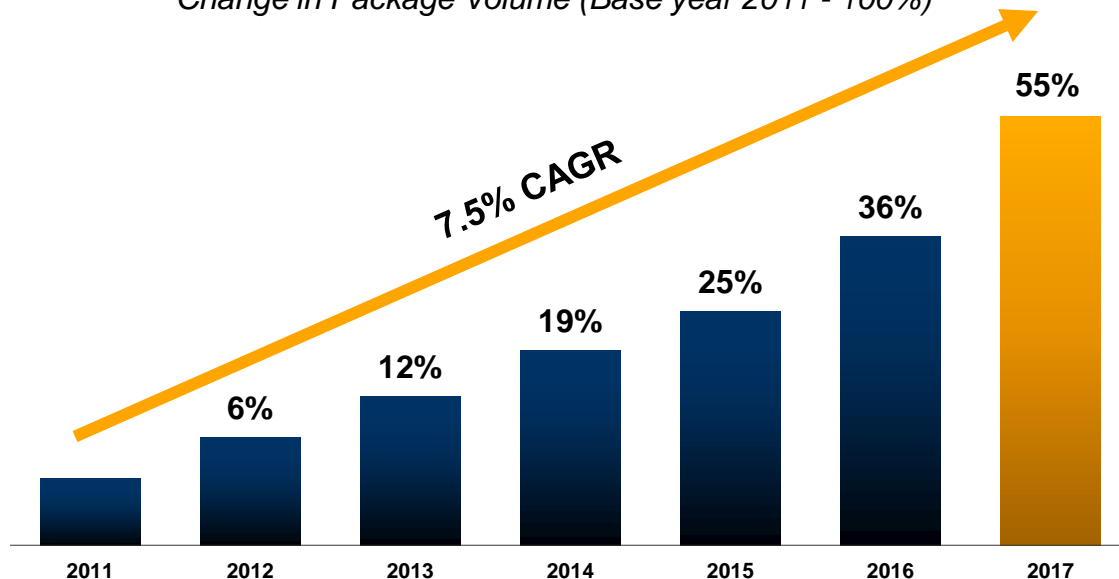


The Key Underlying Express Market is Growing

The International Express market is **showing robust growth**

7.5% CAGR since 2011, over double the pace of general airfreight

International Express Market – DHL, FedEx and UPS
Change in Package Volume (Base year 2011 - 100%)

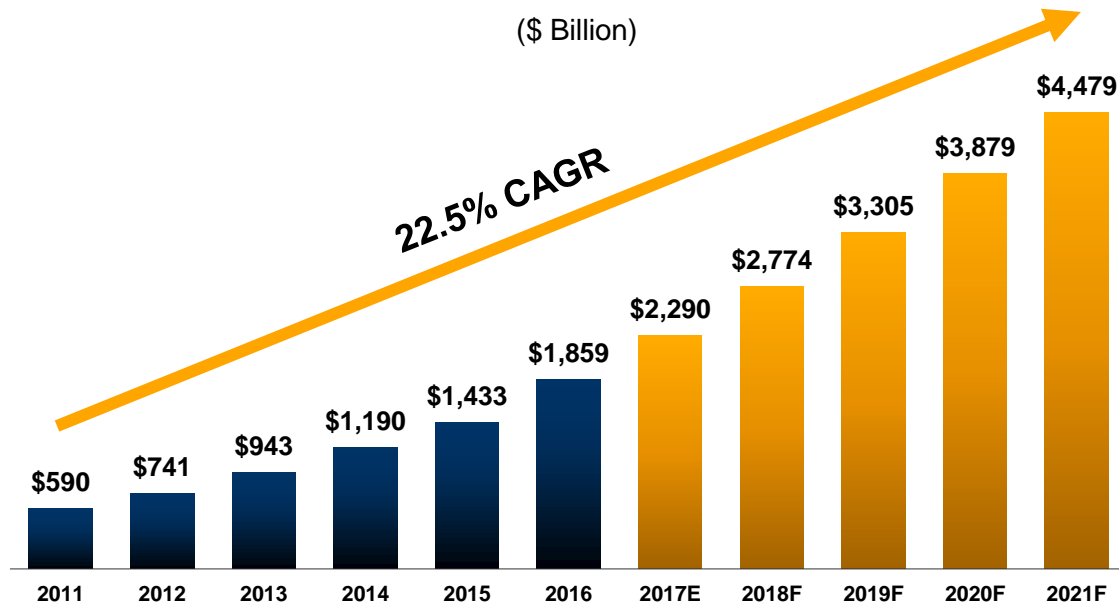




e-Commerce Projected Growth

Global e-Commerce
has grown and is
growing sharply

Global e-Commerce Sales
(\$ Billion)





Key Takeaways

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Shaping a
Powerful Future



Commercial

Michael Steen

Executive Vice President and
Chief Commercial Officer

President and
Chief Executive Officer
Titan Aviation Holdings





Business Developments

ACMI/CMI

Record number of placements (10) in 2017 and **expanded service** for existing customers

Added several **new customers**: e.g., Asiana, Cathay Pacific, NCA

Launched **groundbreaking ACMI service** for DHL Global Forwarding, including a 2nd aircraft in 2018

Significant additional **placements with express operators**: DHL, FedEx and UPS

Now leasing/operating **15 767-300Fs for Amazon**; expect to have 20 in service by the end of 2018

Entered strategic long-term **CMI contract with NCA**

Grew revenue 18% and contribution 15% in 2017

Leasing & Charter Operator of the Year (4th consecutive year)

ASIANA CARGO 





Business Developments

Charter

World's leading 747 charter operator

High-profile sports, racing, entertainment charters: NFL, FC Barcelona, Manchester United, Formula One, Taylor Swift and more

Expanded our network as the leading operator in South America market

Largest provider of cargo and passenger charters to U.S. military

Grew revenue 17% and contribution 13% in 2017



Dry Leasing

Became the world's 3rd largest freighter lessor by value

Added 20 767-300s for conversion; acquired two additional 777-200Fs

Grew revenue 13% and contribution 21% in 2017

AeroLogic

amazon

中国邮政航空公司
China Postal Airlines

DHL

FedEx





Growing Relationship with DHL

Largest provider of strategic lift

41 aircraft, up from original six in 2008

Fleet Types: **747, 777, 767, 757, 737**

ACMI, CMI, Charter, Dry Leasing service

Global network coverage

- Transpacific express
- North American
- Intra-Asian
- Round-the-world routes





Amazon and e-Commerce

Strategic **long-term relationship**

10-year dry leases, **7- to 10-year** CMI

15 B767-300Fs currently

20 aircraft expected by end of 2018

Fast-growing market segment

Potential to **grow**

Dedicated and tailored **solutions**





Diversified Customer Base

Long-term, profitable relationships

Resilient business model and predictable revenues

Shippers





INDITEX



Forwarders/Brokers





KUEHNE+NAGEL







Airlines








Express

Our Strengths

- **Diversified portfolio** of growth-oriented **market leaders**
- Covering the **entire air cargo supply chain**
- High degree of **customer integration**
- Focused on **continuous development and growth**
- **Long-term** contractual **commitments**



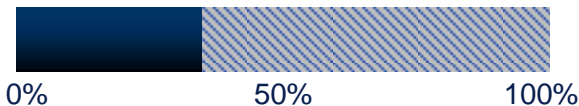
Global Transportation Perspective

Air cargo competitive advantages – speed, reliability, and security

1%

of reported world trade **tonnage** is carried by **air cargo**

35% of reported world trade **value** is carried by **air cargo**



Flowers from South America



26M lbs of Flowers for Holidays

Auto Parts Globally



Inventory, Just-in-Time

Salmon from Chile



75M lbs of Fresh Salmon

Pharmaceuticals Globally



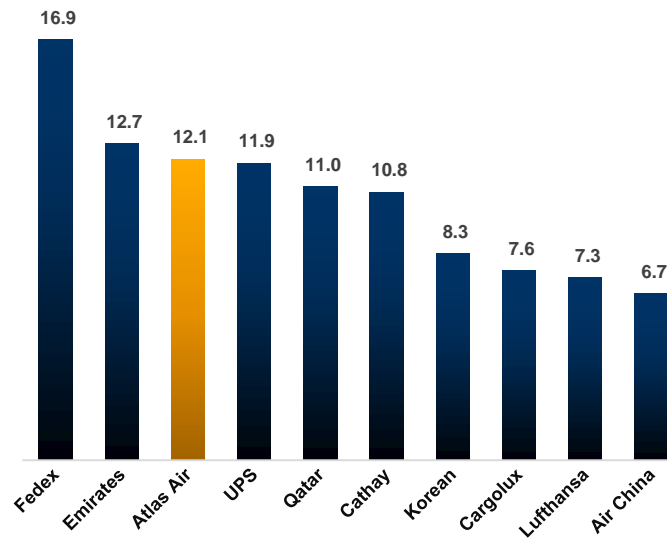
Environmental & Quality Control

Electronics Globally



High-Value Consumer Goods

FTKs by Operator (Billions)

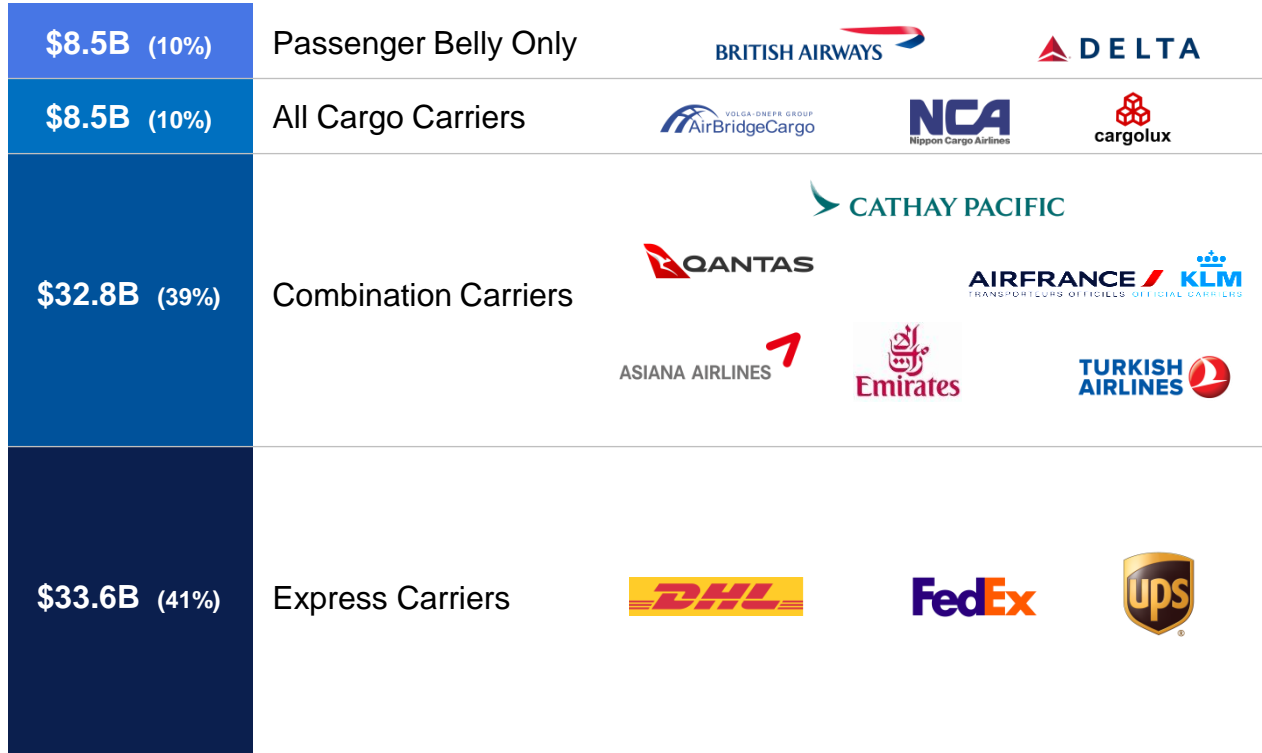




Airfreight – Global and Growing

Airlines operating freighters generate 90% of industry revenues

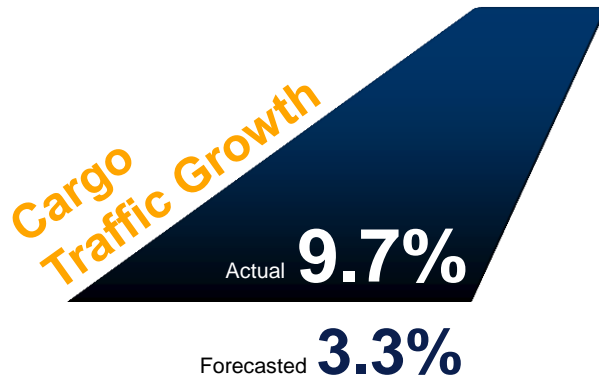
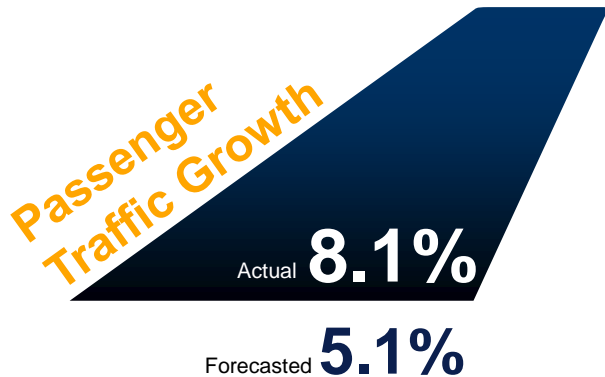
Total
\$85B





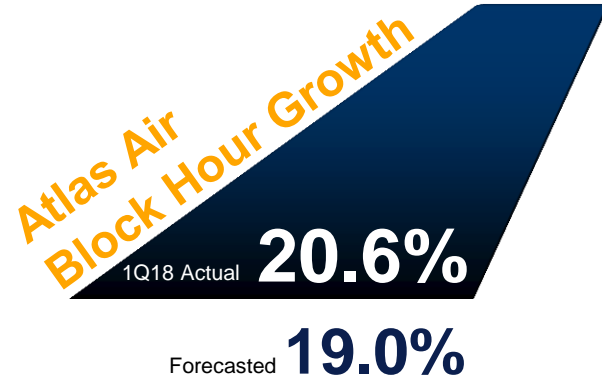
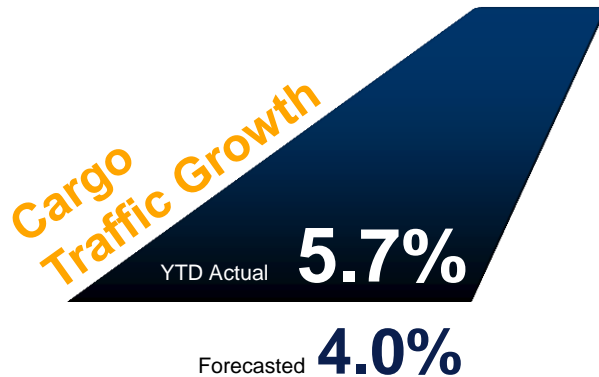
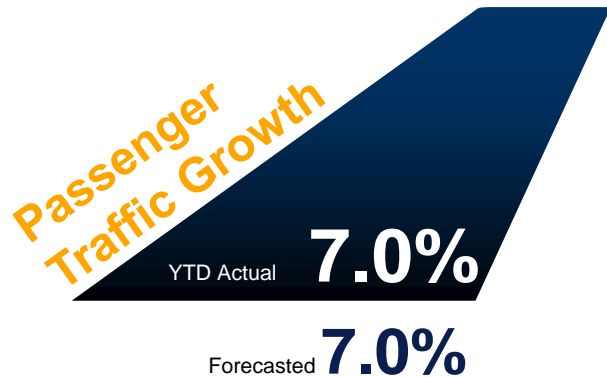
Market Growth 2017

2017 Exceeded Market Expectations Again...





Market Growth Expectations 2018





Delivering a Strong Value Proposition

Traditional Airfreight

- **Growing ~4%** through 2035
- Airfreight: **35% of the value** of world trade
- Airlines seeking **more efficient and flexible freighter solutions**

Express

- Strong growth with **~7.5% CAGR**
- Segment fueled by **strong e-Commerce growth**
- Express carriers require **incremental and flexible asset solutions**

e-Commerce

- Market **growing by >20%**
- Very **low penetration** globally
- Requires **dedicated freighter networks**

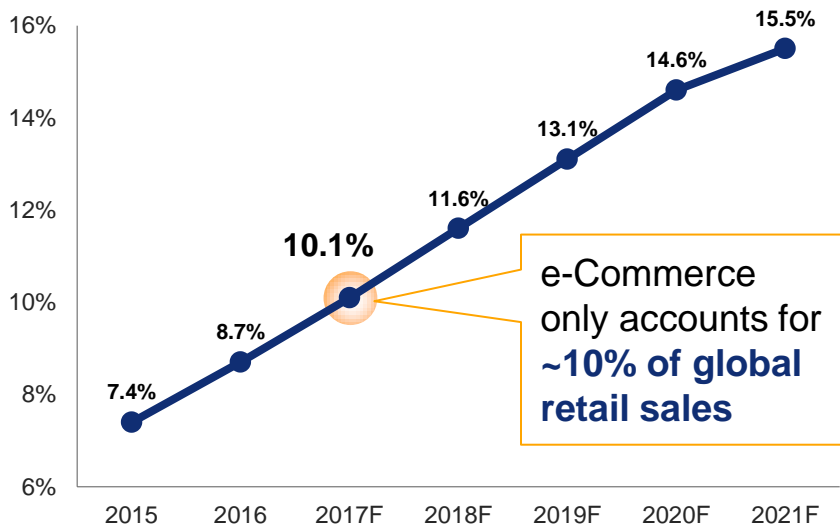
Multiple...
*products
markets
fleet*

**Atlas Air
positioned to
deliver value
and growth**



e-Commerce – A Paradigm Shift

e-Commerce Penetration (as percentage of global retail sales)



e-Commerce Growth Drivers



USA 237M internet users
73% mobile penetration
9% e-Commerce penetration



China 700M internet users
50% mobile penetration
10% e-Commerce penetration



India 300M internet users
25% mobile penetration
2% e-Commerce penetration



The Impact of e-Commerce – B2B vs. B2C

B2B		B2C
Thousands	←	Number of Customers → Billions
High	←	Geographical Density → Low
Pallet	←	Shipment Unit → Package
Low	←	Value / Weight Ratio → High
Scheduled	←	Delivery Frequency → On-Demand
Predictable	←	Delivery Speed → ASAP
Contractual	←	Shipper-Consignee Relationship → Transactional
Purchase Order	←	Payment → Credit Card



Widebody Freighter Supply

Limited deliveries due to reduced orders and fleet retirements

Limited new-production deliveries

over the next several years

- Fewer orders
- Slot constraints

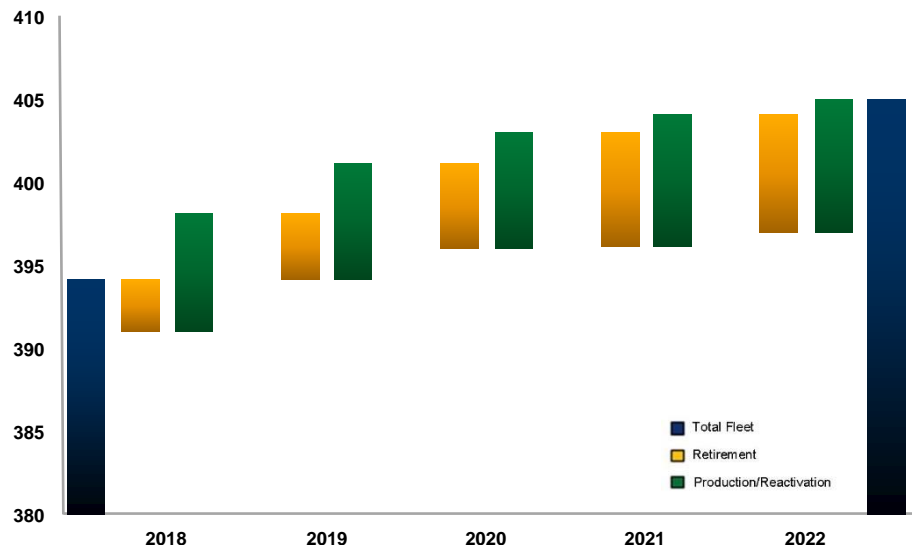
Limited reactivation of parked capacity

- Only eight aircraft in storage under 20-years-old

49 active aircraft will surpass 30 years in age and retire

Fleet expected to grow <1% annually while demand is expected to increase ~4% annually over the next decade

Widebody Freighter Aircraft Projections

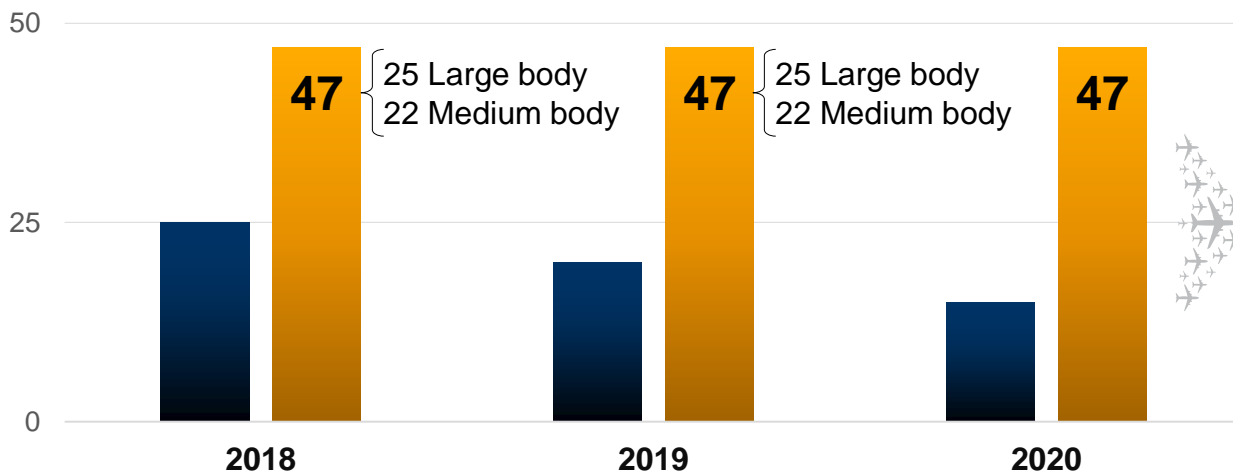




Demand Exceeding Current Orders

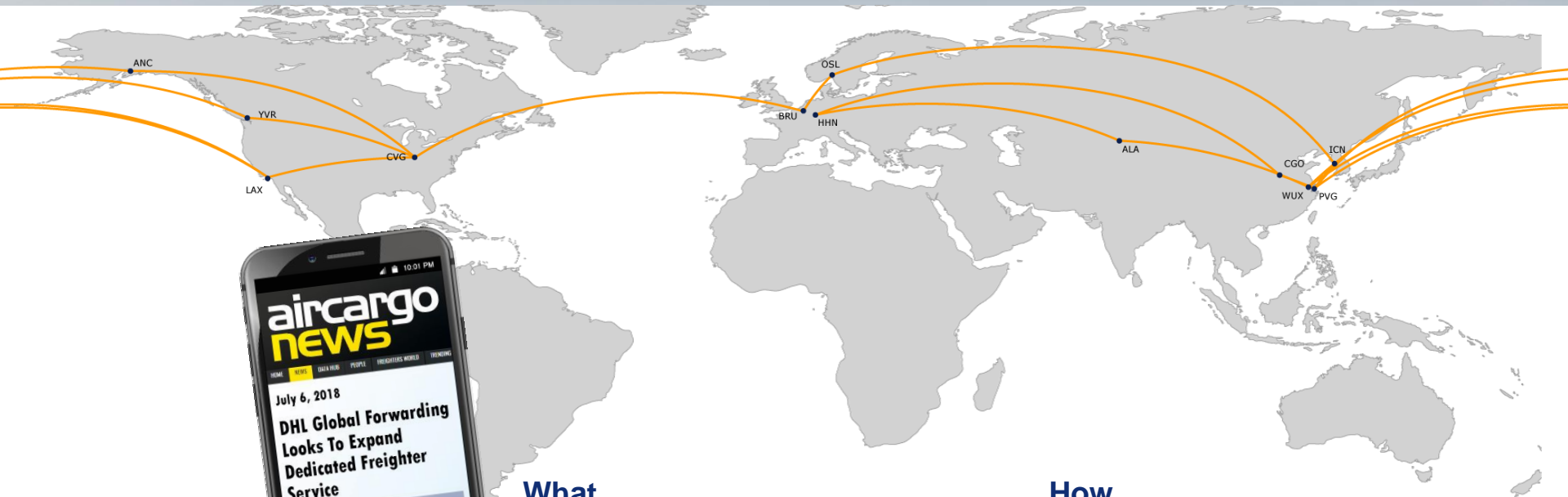
- **Current Orders**
- **New Large Freighters Needed**
(at ~4% growth)

920 new production freighters needed over next 19 years (2017 – 2036)





Delivering Value to DHL Global Forwarding



What

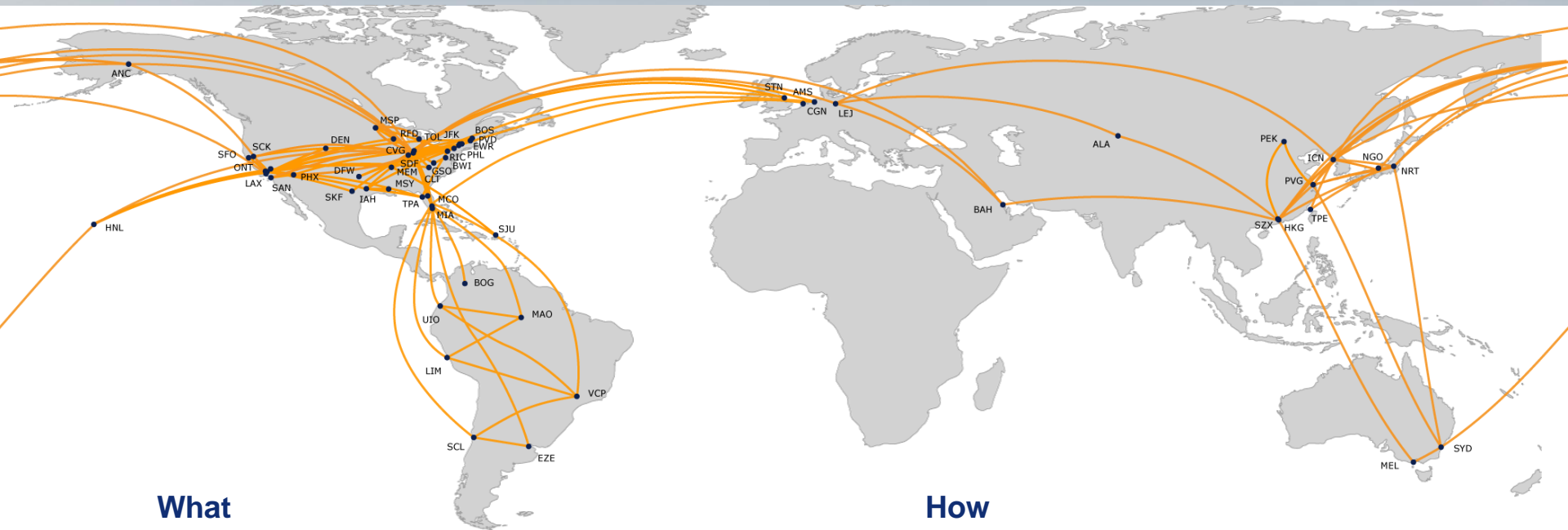
- Strong demand growth driving **shortage of general cargo capacity and escalating cost**
- DHL wanted to **secure capacity** for customers on key trade lanes to guarantee uplift and **add unique value**

How

- **Joint network and fleet analysis** in order to optimize capacity and performance
- Deployed **two 747-400Fs** on global routes
- Focus on **continued growth** and delivering high-quality service



Delivering Value to the Express Market



What

- Continued **strong demand** growth in express segment
- e-Commerce impact requiring **incremental capacity** for peak season
- Global requirements for **leasing solutions**

How

- Network analytics and **segment knowledge**
- Delivered fleet solutions from **five platforms**
- **Innovative capacity solutions** for peak-season demand
- **Expanded our scale** with the top three global express operators



Tailoring Airfreight Networks for e-Commerce

Customers require tailored solutions, and Atlas provides:

- Customized air networks supported by an unparalleled range of freighters
- Global scale to operate domestic, regional and international networks

We match each customer with the **right assets**, the **most efficient networks** and **value-adding solutions**





Atlas is Uniquely Positioned for the Future

The Industry

Airfreight is **vital to global trade growth**

~**\$6.9 trillion** of goods airfreighted annually;
~**35% of total world trade**

Higher-growth e-Commerce and express markets **demand dedicated freighter services**

High-value, time-sensitive inventories **demand airfreight-based supply chain**

Airfreight provides a **compelling value proposition**

Atlas

Modern, reliable, fuel-efficient fleet

Differentiated fleet solutions:
747, 777, 767, 757, 737

Strong portfolio of long-term customers **committed to further expansion**

Operating on **five continents**

Serving the **entire air cargo supply chain**

Unique integrated value proposition

High degree of **customer collaboration**

Focused on innovation and thought leadership



Operations

John Dietrich

Executive Vice President and
Chief Operating Officer





Operations – A Competitive Advantage

Safety, Security & Compliance

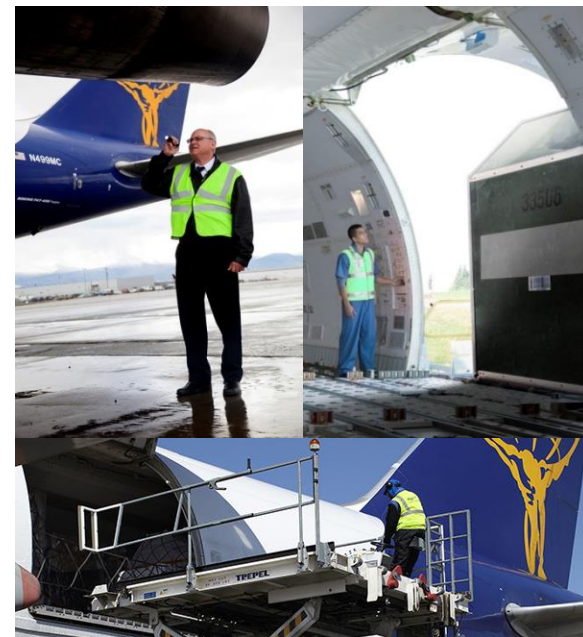
Customer Focus

Operational Excellence

Innovative Solutions

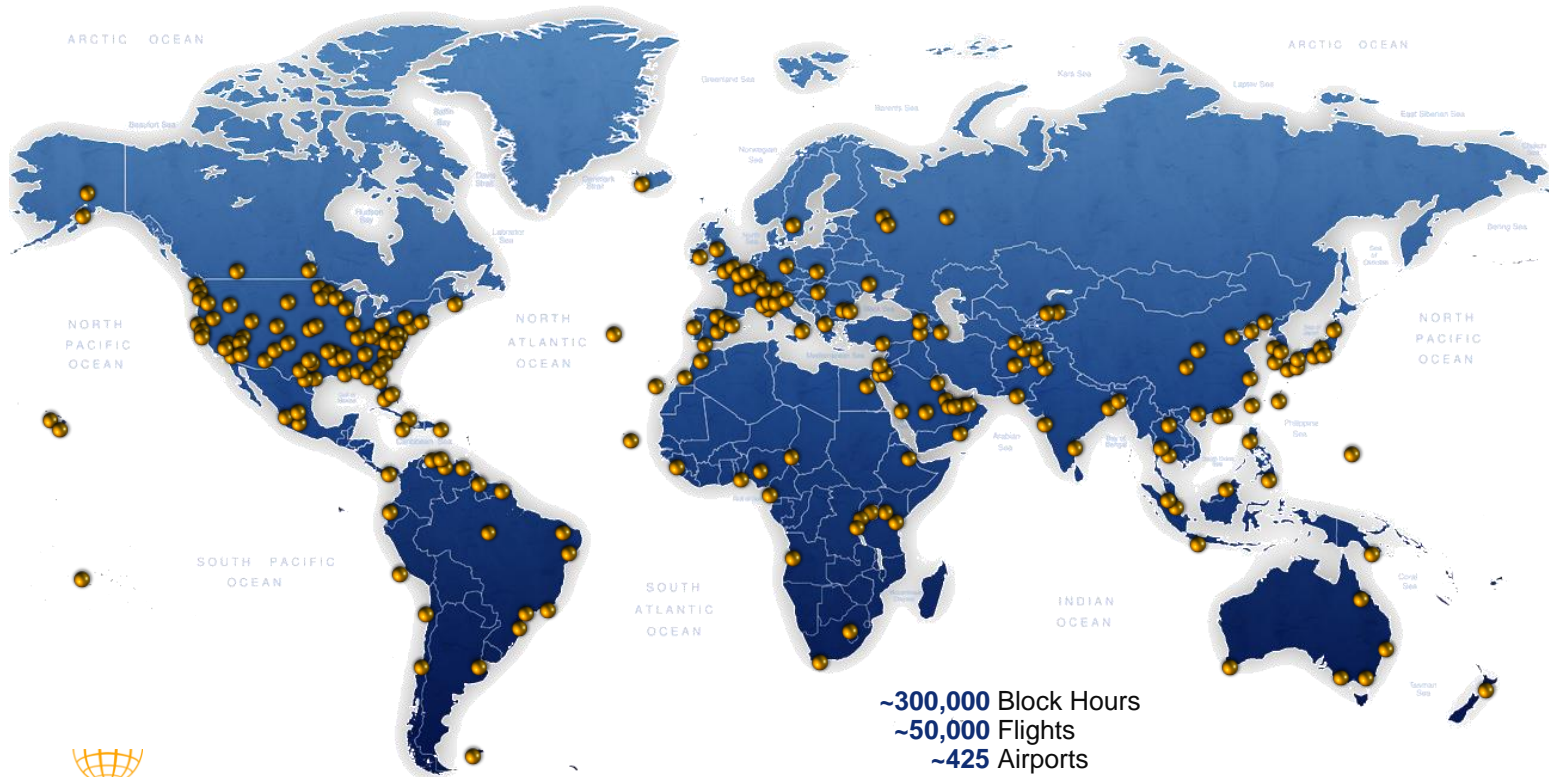
Flexibility for Customers

Continuous Improvement





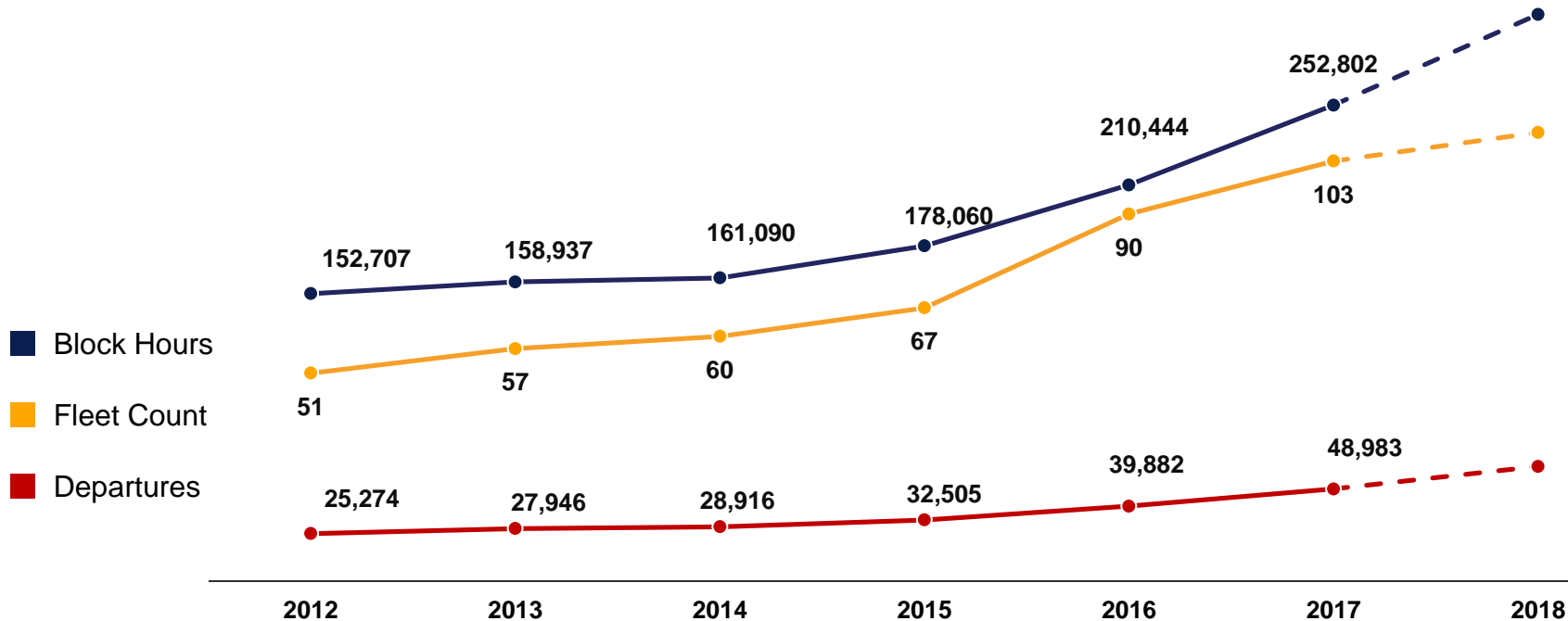
Global Presence



~300,000 Block Hours
~50,000 Flights
~425 Airports
~105 Countries



Growth by Year





Transformation, Diversification and Growth

2011

747-8F & AMC Pax



2012/13

767 Cargo & Pax



2014/15

767 Expansion



2016/18

777 & 737 Cargo

SOUTHERN AIR

amazon





Our Fleet

Total Fleet: 112*

Operating Fleet: 92

Dry Lease: 9

In Pipeline: 11



51 Boeing 747s

- 10 747-8Fs
- 33 747-400Fs
- 4 747-400 Passenger
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42 Boeing 767/757s

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7 Boeing 737s

- 5 737-400Fs
- 1 737-300Fs Titan
- 1 737-800 Passenger Titan

2018 Fleet Growth: 16 Aircraft

+Nine 767s

+Six 747s

+One 777



U.S. Military Civil Reserve Air Fleet (CRAF)

- Member of FedEx Team
 - FedEx, Atlas, Polar, American, Hawaiian, Delta
- 2017 revenues **~\$496 million**
up 14% from 2016
 - Cargo: 2018 YTD through June hours up 38% over Jan-Jun 2017
 - Passenger: 2018 YTD through June hours up 5% over Jan-Jun 2017
- FY17 entitlement **~53%**
- FY18 entitlement **~54%**
- AMC expects FY19 demand to remain consistent with current levels





Safety, Security and Regulatory Compliance

Core Values

- Committed to a culture of safety, security and compliance

Consistent Positive Audits

- Certified on the IATA Operational Safety Audit (IOSA) Registry since 2007
- Zero findings in IOSA audits
- Successfully completed FAA Certificate Holder Evaluation Process
- Successful customer audits (including DoD)

Security

- Designed to protect our people and assets
- Commitment to physical and cyber security
- Global security intelligence network

Proactive Safety Management System (SMS)

- Proactive safety reporting programs
- FAA approved Safety Management System (SMS)
- Favorable trends across the company



Continuous Improvement Focus

- Part of the corporate culture
- Strategic procurement
- FuelWise
- Crew scheduling and resource management
- Strategic process improvements
- Travel-cost improvements
- Southern integration synergies

Initiatives





Southern Air Integration

- The integration with Southern Air **is on track**
- **Single Operating Certificate** planned for 2019
- **Common cultures** and teams working well together
- **Until merger** completed, both airlines continue to operate separately
- Pursuing **single collective bargaining agreement** for pilots
- Remain focused on **exceptional customer service**





Amazon Ramp-Up on Schedule

**22 B767-300 freighters between
3Q16 and year-end 2018** *(20 active and 2 spare)*

- Aircraft acquisitions
- Conversions slots secured
- Onboarding aircraft to our Operating Certificate
- Spare-part provisioning
- Crew hiring and training
- Ground operations support for new and existing stations
- Contingency planning
- Reliability monitoring and reporting
- Communication protocols
- Ongoing process review and future development



Strategic, long-term relationship



Pilot Contract Update

Atlas values the **significant contributions of its crewmembers** and will continue to negotiate for a competitive contract

Under the Railway Labor Act, **labor contracts do not expire**, they become amendable and remain in force

Atlas Air, Inc. pilot collective bargaining agreement became amendable in September 2016

Southern Air, Inc. pilot collective bargaining agreement became amendable in November 2016

Both the Atlas and Southern CBAs have **specific provisions and orderly processes for merging**

The union **does not have the right to strike** under the CBA merger provisions





Operations – A Competitive Advantage

- We manage **diverse, complex and time-definite global networks**
- We are customer-focused and **deliver superior performance**
- Our **global scale** and **operational capabilities** are unparalleled
- **Industry-leading operational expertise**
- We **collaborate with customers** to provide **value-added solutions**
- We are **always driving continuous improvement**
- We are **strategically** positioned to **deliver future growth**



Financial

Spencer Schwartz
Executive Vice President and
Chief Financial Officer





Financial Objectives

Long-term performance and value

Celebrating 25 years as recognized leader in outsourced aircraft and aviation operating services

Leading-edge technology

Modern, world-class, fuel-efficient aircraft servicing multiple market segments

Long-term customer contracts

DHL Express BSA; Amazon agreements; focus on express, e-commerce and fast-growing global markets

Productivity improvements

Continuous improvement; Southern Air synergies

Balanced capital allocation

Business investment; refinanced debt; repurchased >10% of shares since 2013

Earnings framework

Updated throughout the year

Effective governance

Enhanced corporate governance



Significant Business Growth

Strategic Highlights

Full-Year 2017 Performance Highlights

Expanded air transport services provided to Amazon

Significant progress on the integration of Southern Air

Entered several key new customer agreements



Financial Highlights

Volumes increased 20% to 252,802 block hours

↑ 20%

Revenue grew 17% to \$2.16 billion

↑ 17%

Total direct contribution by our business segments increased 15% to \$422.6 million

↑ 15%

Adj. income from continuing operations, net of taxes*, grew 17% to \$133.7 million

↑ 17%

Adj. EBITDA* rose 12% to \$428.6 million

↑ 12%



A Strong Start to 2018

1Q 2018 Performance Highlights

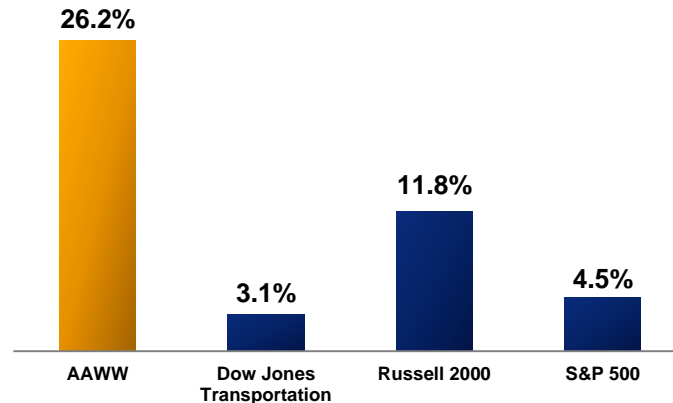
Block Hours	Revenue	Direct Contribution	Adj. Net Income*	Adj. EBITDA*
1Q18 66,495	1Q18 \$590.0M	1Q18 \$86.5M	1Q18 \$23.8M	1Q18 \$93.8M
↑ 21%	↑ 24%	↑ 39%	↑ 187%	↑ 47%

Shareholder Value Creation

Meaningful 2018 Year-to-Date TSR Outperformance Compared with Key Indices



TSR Performance vs. Key Indices**





2018 Framework

Business

- **Stronger** company
- **Solid demand** for our services

Block Hours

- **~19% increase** to **~300,000**
- ~75% of total in ACMI
- Balance in Charter

Revenue/Adj. EBITDA

- **Revenue >\$2.6 billion**
- **Adj. EBITDA ~\$520 million**

Adj. Net Income

- **To grow 35% to 40%** compared with 2017

2Q18 Outlook

- **Adj. EBITDA ~\$110 million**
- **Adj. net income to increase 40% to 45%** from 1Q18

Other 2018 Key Items

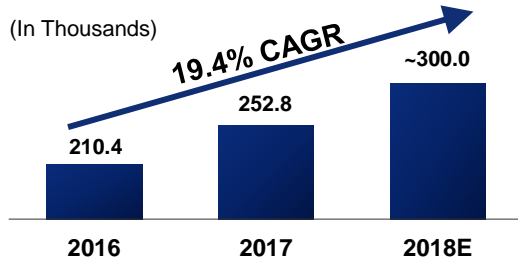
- Maint Exp ~\$320 million
- Depr/Amort ~\$220 million
- Core Capex ~\$100-110 million



Financial and Operating Trends

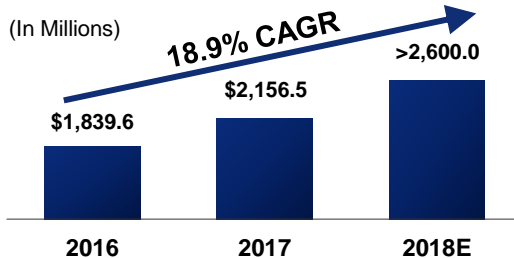
Block Hours

(In Thousands)



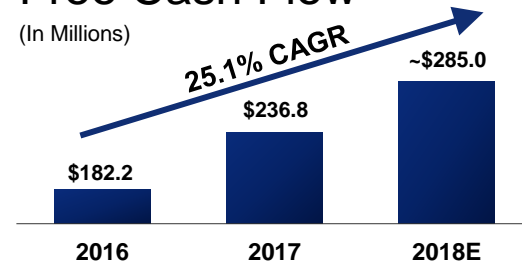
Revenue

(In Millions)



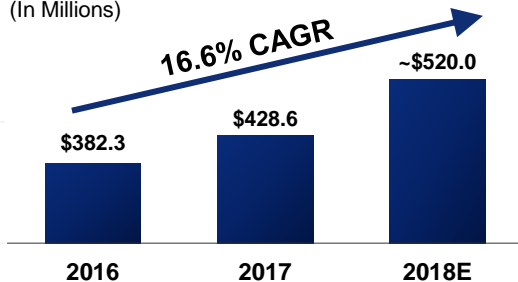
Free Cash Flow*

(In Millions)



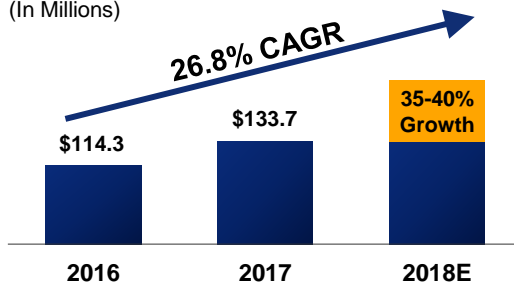
Adj. EBITDA*

(In Millions)



Adj. Net Income*

(In Millions)





Capital Allocation Strategy

Balance Sheet Maintenance

Business Investment

Share Repurchases

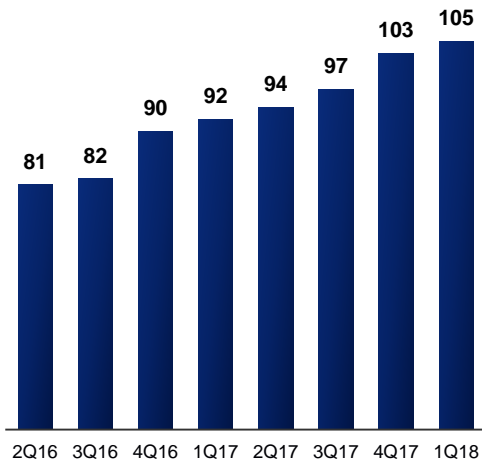
- Acquiring/converting 20 767-300s for Amazon
- Acquired Southern Air
- Refinanced high-cost 747-400 EETC debt and higher-cost 747-8F term loans
- Acquired 10th 747-8F
- Acquired two 777s and two 767s for Dry Leasing; also operating them in CMI
- Acquired 4th and 5th 767 for AMC passenger service
- Repurchased >10% of outstanding stock
- Focused on maintaining healthy cash position



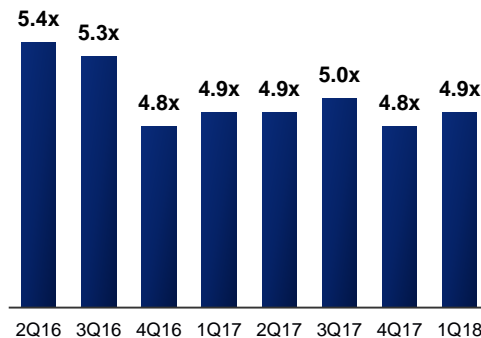


Growing/Diversifying Fleet/Managing Leverage

Fleet Size



Net Leverage Ratio*



Estimated Net Leverage Ratio

Based on estimates of fleet growth, placement dates and financing plans





A History of Favorable Financing

Atlas/Titan Aviation/Amazon 767 Financing

- Bifurcated cash flows (private placement) from the aircraft (equipment note)
- \$145.8 million, weighted average 3.16%
- Received three industry awards

2017 Convertible Notes

- \$289.0 million at 1.875%
- Fund Amazon aircraft; enhance business and financial flexibility; support long-term growth

2015 Convertible Notes

- \$224.5 million at 2.25%
- Retire EETCs with 8.1% average rate

GENx Engine Upgrade/Overhaul Unsecured Financing

- First of its kind; UKEF and Ex-Im joint underwriting
- Airline Economics Airline Management Team of the Year Award

Groundbreaking Ex-Im Backed Financing for Six 747-8F Aircraft

- \$854.2 million, average coupon of 1.88%
- Airfinance Journal North American Financing of the Year Award



Benefits from U.S. Tax Reform

Lower U.S. Corporate Tax Rate

- Expect full-year 2018 adjusted rate of ~16%
- Recorded provisional benefit of \$130.0 million in 2017

Immediate Expensing of Capex

- Capital-intensive business
- Full expensing of new and used U.S. assets

Repatriation of Overseas Earnings

- May repatriate if taxes are insignificant

Modifies Use of NOLs

- Do not expect to pay any significant U.S. federal income tax in this decade or next



Governance and Sustainability

Adam Kokas

Executive Vice President,
General Counsel and Secretary





Proactive Governance Enhancements

**Strong commitment to
leading practices**

Board of Directors

- Extensive board refreshment – five new directors since 2016, more diverse board
- Annual evaluation to ensure right mix of skills, backgrounds, experience and diversity
- Overboarding policy

Corporate Governance

- Added proxy access
- Enhanced disclosure of our environmental, social and governance policies
- Adopted board majority voting



A More Diverse Board

Significant Board Refreshment

New Directors 2018



Jane H. Lute

- President and CEO of SICPA North America
- Special Advisor to the Secretary-General of the United Nations
- Formerly Deputy Secretary for the US Department of Homeland Security
- Significant technology and cybersecurity experience



Sheila A. Stamps

- Previously EVP at Dreambuilder Investments
- Formerly Director of Pension Investments and Cash Management at New York State Common Retirement Fund
- Held senior positions with Bank of America and Bank One (now J.P. Morgan Chase)
- Significant banking and finance experience

New Directors 2016 – 2017



Charles F. Bolden, Jr.
2017

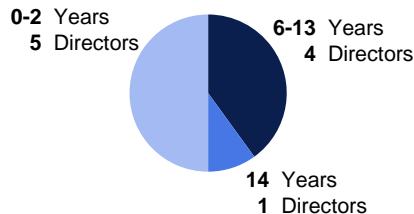


Bobby J. Griffin
2016

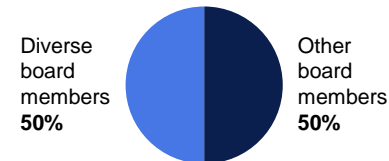


John K. Wulff
2016

Director Tenure



Gender and Ethnic Diversity





Committed to Sustainability

- Modern fleet: **superior fuel-efficiency, range, noise, capacity and loading capabilities**
- 747-8Fs: **~15% more fuel-efficient** than our 400s, **~15% lower carbon dioxide emissions, 30% less noise**
- **FuelWise fuel-management information system** tracks fuel-burn rates, identifies additional opportunities to conserve fuel
- Closely engage with customers to plan **more fuel-efficient routes**
- **Participant in industry/government initiatives** to optimize air-traffic management; seek **substantial reductions in fuel use and emissions, fewer delays at airports**
- Prohibition against shipments containing illegal items covered by **wildlife trafficking laws**
- Strong on-ground record: **no significant spills of fuel, de-icing fluids or other liquids**
- Planned participation in **CORSIA global carbon emissions program**





Recent Corporate Recognition

New York Law Journal Awards, 2018

Best Legal Department

Junior Achievement of New York, 2018

Champion Award

Airfinance Journal Awards, 2017

Innovative Financing of the Year

Aviation News Awards, 2017

Freighter Financing Transaction of the Year

NYSE Governance Services Leadership Awards, 2016

Exemplary Shareholder Engagement

Corporate Secretary Governance Awards, 2016

Governance Professional of the Year (Small- to Mid-Cap)

Aviation News Awards, 2016

Airline Management Team of the Year

New York Law Journal



Wrap-Up

Bill Flynn
President and
Chief Executive Officer





Key Takeaways

Global leader in outsourced aviation

Era of **significant business growth and development**

Expect **sharply higher adjusted net earnings** in 2018

Focus on **express, e-commerce, fast-growing markets**

Opportunities to grow with existing customers and with new ones

Strong foundation for **earnings and cash flow**

Capitalizing on initiatives to drive value and benefit for customers and investors

Shaping a
Powerful Future



Appendix



Reconciliation to Non-GAAP Measures

\$ millions	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11
Income from cont. ops, net of taxes	\$ 224.3	\$ 42.6	\$ 7.3	\$ 102.2	\$ 94.0	\$ 129.7	\$ 96.3
Income tax expense (benefit)	(81.0)	46.8	(24.5)	(12.7)	23.8	75.6	60.7
Income from cont. ops before income taxes	\$ 143.4	\$ 89.4	\$ (17.2)	\$ 89.5	\$ 117.8	\$ 205.3	\$ 157.0
U.S. Tax Cuts and Jobs Act special bonus	3.7	-	-	-	-	-	-
Special charge	0.1	10.1	17.4	15.1	18.6	-	5.4
Noncash expenses and income, net	17.9	8.1	4.5	(0.1)	(1.1)	(1.1)	(0.9)
Transaction-related expenses	4.8	45.6	-	-	-	-	-
Accrual for legal matters	4.1	6.5	104.4	1.3	-	-	-
Pre-operating expenses	-	-	-	-	-	-	17.1
Insurance gain	-	-	-	-	-	(6.3)	-
Loss on early extinguishment of debt	0.1	0.1	69.7	-	5.5	0.6	-
Loss on disposal of aircraft / Fleet retirement costs	0.0	0.0	1.5	14.7	0.4	(2.4)	(0.4)
Gain on investments	-	-	(13.4)	-	-	-	-
Unrealized gain on financial instruments	12.5	2.9	-	-	-	-	-
Adjusted pretax income*	\$ 186.7	\$ 162.7	\$ 166.9	\$ 120.5	\$ 141.2	\$ 196.1	\$ 178.3
Net interest expense	75.6	70.6	81.1	87.8	65.0	29.6	(2.5)
Other non-operating expenses	(0.4)	0.1	1.2	1.1	2.0	0.8	(0.2)
Adjusted operating income*	\$ 261.9	\$ 233.4	\$ 249.2	\$ 209.4	\$ 208.2	\$ 226.5	\$ 175.6
Depreciation and amortization	166.7	148.9	128.7	120.8	86.4	62.5	39.3
EBITDA, as adjusted*	\$ 428.6	\$ 382.3	\$ 377.9	\$ 330.2	\$ 294.6	\$ 289.0	\$ 214.9

*Items may not sum due to rounding



Reconciliation to Non-GAAP Measures

(In \$Millions)	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16
Face Value of Debt	\$ 2,416.6	\$ 2,378.8	\$ 2,259.8	\$ 2,307.2	\$ 2,068.1	\$ 1,943.4	\$ 1,967.7	\$ 2,001.7
Plus: Present Value of Operating Leases	709.7	656.6	681.9	661.0	678.6	749.9	774.7	799.4
Total Debt	3,126.2	3,035.4	2,941.8	2,968.2	2,746.7	2,693.2	2,742.4	2,801.1
Less: Cash and Equivalents	\$ 130.4	\$ 291.9	\$ 176.3	\$ 282.7	\$ 118.9	\$ 138.3	\$ 115.6	\$ 168.3
Less: EETC Asset	27.8	29.0	29.9	30.9	31.9	32.3	34.8	35.8
LTM EBITDAR	\$ 603.0	\$ 570.4	\$ 546.8	\$ 543.1	\$ 525.6	\$ 526.0	\$ 485.9	\$ 484.7
Net Leverage Ratio	4.9x	4.8x	5.0x	4.9x	4.9x	4.8x	5.3x	5.4x