

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Operating Revenue</b>				
ACMI	\$ 211,722	\$ 189,255	\$ 394,462	\$ 378,302
Charter	202,451	235,436	404,754	455,574
Dry Leasing	25,066	27,401	53,258	59,320
Other	4,033	3,741	9,413	7,482
Total Operating Revenue	\$ 443,272	\$ 455,833	\$ 861,887	\$ 900,678
<b>Operating Expenses</b>				
Salaries, wages and benefits	101,542	86,862	195,387	175,635
Aircraft fuel	61,353	96,711	124,573	174,826
Maintenance, materials and repairs	55,435	41,438	112,459	100,270
Aircraft rent	36,723	36,811	73,760	71,072
Depreciation and amortization	37,208	31,936	72,213	63,966
Travel	32,010	23,830	62,333	44,643
Passenger and ground handling services	22,019	21,353	42,898	41,316
Navigation fees, landing fees and other rent	18,777	22,666	40,751	46,169
Loss on disposal of aircraft	-	114	-	1,323
Special charge	-	499	6,631	(69)
Transaction-related expenses	16,788	-	17,581	-
Other	40,593	32,329	72,420	63,273
Total Operating Expenses	422,448	394,549	821,006	782,424
Operating Income	20,824	61,284	40,881	118,254
<b>Non-operating Expenses (Income)</b>				
Interest income	(1,405)	(4,425)	(3,009)	(8,913)
Interest expense	20,938	25,033	42,240	49,581
Capitalized interest	(690)	(177)	(1,047)	(203)
Loss on early extinguishment of debt	-	-	132	-
Unrealized gain on financial instruments	(26,475)	-	(26,475)	-
Other expense (income), net	48	(284)	(192)	391
Total Non-operating Expenses (Income)	(7,584)	20,147	11,649	40,856
Income from continuing operations before income taxes	28,408	41,137	29,232	77,398
Income tax expense	7,489	12,747	7,842	19,776
Income from continuing operations, net of taxes	20,919	28,390	21,390	57,622
Loss from discontinued operations, net of taxes	(345)	-	(345)	-
<b>Net Income</b>	\$ 20,574	\$ 28,390	\$ 21,045	\$ 57,622
<b>Earnings per share from continuing operations:</b>				
Basic	\$ 0.84	\$ 1.13	\$ 0.86	\$ 2.31
Diluted	\$ (0.26)	\$ 1.13	\$ (0.24)	\$ 2.29
<b>Earnings per share from discontinued operations:</b>				
Basic	\$ (0.01)	\$ -	\$ (0.01)	\$ -
Diluted	\$ (0.01)	\$ -	\$ (0.01)	\$ -
<b>Earnings per share:</b>				
Basic	\$ 0.83	\$ 1.13	\$ 0.85	\$ 2.31
Diluted	\$ (0.28)	\$ 1.13	\$ (0.26)	\$ 2.29
<b>Weighted average shares:</b>				
Basic	24,812	25,029	24,761	24,953
Diluted	25,225	25,198	25,036	25,135

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

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 155,247	\$ 425,950
Short-term investments	1,983	5,098
Restricted cash	13,098	12,981
Accounts receivable, net of allowance of \$2,182 and \$1,247, respectively	151,212	164,308
Prepaid maintenance	8,531	6,052
Prepaid expenses and other current assets	50,456	37,548
Total current assets	380,527	651,937
<b>Property and Equipment</b>		
Flight equipment	3,766,496	3,687,248
Ground equipment	63,961	58,487
Less: accumulated depreciation	(504,632)	(450,217)
Purchase deposits for flight equipment	131,600	39,678
Property and equipment, net	3,457,425	3,335,196
<b>Other Assets</b>		
Long-term investments and accrued interest	33,857	37,604
Deferred costs and other assets	185,427	81,183
Intangible assets, net, and goodwill	117,152	58,483
<b>Total Assets</b>	\$ 4,174,388	\$ 4,164,403
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 60,730	\$ 93,278
Accrued liabilities	302,889	293,138
Current portion of long-term debt <sup>1,2</sup>	167,093	161,811
Total current liabilities	530,712	548,227
<b>Other Liabilities</b>		
Long-term debt <sup>1,2</sup>	1,735,266	1,739,496
Deferred taxes	260,008	286,928
Financial instruments and other liabilities	166,534	135,569
Total other liabilities	2,161,808	2,161,993
Commitments and contingencies		
<b>Equity</b>		
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; 29,262,235 and 28,955,445 shares issued, 24,828,079 and 24,636,651, shares outstanding (net of treasury stock), as of June 30, 2016 and December 31, 2015, respectively	293	290
Additional paid-in-capital	635,588	625,244
Treasury stock, at cost; 4,434,156 and 4,318,794 shares, respectively	(176,099)	(171,844)
Accumulated other comprehensive loss	(5,515)	(6,063)
Retained earnings	1,027,601	1,006,556
Total equity	1,481,868	1,454,183
<b>Total Liabilities and Equity</b>	\$ 4,174,388	\$ 4,164,403

<sup>1</sup> Balance sheet debt at June 30, 2016 totaled \$1,902.4 million, including the impact of \$46.3 million of unamortized discount and debt issuance costs of \$53.0 million.

<sup>2</sup> The face value of our debt at June 30, 2016 totaled \$2,001.7 million, compared with \$2,008.1 million on December 31, 2015.

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

	<b>For the Six Months Ended</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Operating Activities:</b>		
Net Income	\$ 21,390	\$ 57,622
Loss from discontinued operations, net of taxes	(345)	-
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	81,818	73,263
Accretion of debt securities discount	(650)	(3,760)
Provision for allowance for doubtful accounts	321	46
Special charge, net of cash payments	6,631	(715)
Loss on early extinguishment of debt	132	-
Unrealized gain of financial instruments	(26,475)	-
Loss on disposal of aircraft	-	1,323
Deferred taxes	7,667	19,773
Stock-based compensation expense	10,961	9,837
Changes in:		
Accounts receivable	39,354	10,135
Prepaid expenses, current assets and other assets	(15,382)	10,582
Accounts payable and accrued liabilities	(78,178)	(7,009)
Net cash provided by operating activities	<u>47,244</u>	<u>171,097</u>
<b>Investing Activities:</b>		
Capital expenditures	(27,239)	(22,117)
Purchase deposits and payments for flight equipment	(186,213)	(62,841)
Acquisition of business, net of cash acquired	(107,498)	-
Changes in restricted cash	(117)	(1,450)
Proceeds from investments	7,512	2,394
Proceeds from disposal of aircraft	-	24,625
Net cash used for investing activities	<u>(313,555)</u>	<u>(59,389)</u>
<b>Financing Activities:</b>		
Proceeds from debt issuance	84,790	224,500
Customer maintenance reserves received	7,187	8,701
Customer maintenance reserves paid	-	(1,752)
Proceeds from sale of warrants	-	36,290
Payments for convertible note hedges	-	(52,903)
Proceeds from stock option exercises	-	1,193
Purchase of treasury stock	(4,255)	(6,314)
Excess tax benefit from stock-based compensation expense	168	588
Payment of debt issuance costs	(1,074)	(6,812)
Payments of debt	(91,208)	(99,050)
Net cash provided by (used for) financing activities	<u>(4,392)</u>	<u>104,441</u>
Net increase (decrease) in cash and cash equivalents	(270,703)	216,149
Cash and cash equivalents at the beginning of period	425,950	298,601
Cash and cash equivalents at the end of period	<u>\$ 155,247</u>	<u>\$ 514,750</u>
<b>Noncash Investing and Financing Activities</b>		
Acquisition of flight equipment included in Accounts payable and accrued liabilities	<u>\$ 15,448</u>	<u>\$ 6,940</u>

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Operating Revenue:</b>				
ACMI	\$ 211,722	\$ 189,255	\$ 394,462	\$ 378,302
Charter	202,451	235,436	404,754	455,574
Dry Leasing	25,066	27,401	53,258	59,320
Other	4,033	3,741	9,413	7,482
<b>Total Operating Revenue</b>	<b>\$ 443,272</b>	<b>\$ 455,833</b>	<b>\$ 861,887</b>	<b>\$ 900,678</b>
<b>Direct Contribution:</b>				
ACMI	\$ 45,490	\$ 51,157	\$ 70,230	\$ 91,059
Charter	24,856	25,019	45,633	55,478
Dry Leasing	6,878	10,894	17,286	26,419
<b>Total Direct Contribution for Reportable Segments</b>	<b>\$ 77,224</b>	<b>\$ 87,070</b>	<b>\$ 133,149</b>	<b>\$ 172,956</b>
Add back (subtract):				
Unallocated income and expenses, net	(58,503)	(45,320)	(106,048)	(94,304)
Loss on early extinguishment of debt	-	-	(132)	-
Unrealized gain on financial instruments	26,475	-	26,475	-
Special charge	-	(499)	(6,631)	69
Transaction-related expenses	(16,788)	-	(17,581)	-
Loss on disposal of aircraft	-	(114)	-	(1,323)
<b>Income from continuing operations before income taxes</b>	<b>28,408</b>	<b>41,137</b>	<b>29,232</b>	<b>77,398</b>
Add back (subtract):				
Interest income	(1,405)	(4,425)	(3,009)	(8,913)
Interest expense	20,938	25,033	42,240	49,581
Capitalized interest	(690)	(177)	(1,047)	(203)
Loss on early extinguishment of debt	-	-	132	-
Unrealized gain on financial instruments	(26,475)	-	(26,475)	-
Other expense (income), net	48	(284)	(192)	391
<b>Operating Income</b>	<b>\$ 20,824</b>	<b>\$ 61,284</b>	<b>\$ 40,881</b>	<b>\$ 118,254</b>

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, Charter, and Dry Leasing. Each segment has different operating and economic characteristics, which are separately reviewed by our chief operating decision maker.

Direct Contribution consists of income (loss) from continuing operations before taxes, excluding special charges, transaction-related expenses, nonrecurring items, losses (gains) on the disposal of aircraft, losses on the early extinguishment of debt, unrealized losses (gains) on financial instruments, gains on investments, and unallocated income and expenses, net.

Direct operating and ownership costs include crew costs, maintenance, fuel, ground operations, sales costs, aircraft rent, interest expense on the portion of debt used for financing aircraft, interest income on debt securities, and aircraft depreciation.

Unallocated income and expenses, net include corporate overhead, nonaircraft depreciation, noncash expenses and income, interest expense on the portion of debt used for general corporate purposes, interest income on nondebt securities, capitalized interest, foreign exchange gains and losses, and other revenue and other nonoperating costs.

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

	For the Three Months Ended		
	June 30, 2016	June 30, 2015	Percent Change
<b>Income from continuing operations, net of taxes</b>	\$ 20,919	\$ 28,390	(26.3%)
Impact from:			
Noncash expense and income, net <sup>1</sup>	1,882	731	
Unrealized gain on financial instruments <sup>2</sup>	(26,475)	-	
Loss on disposal of aircraft	-	114	
Special charge	-	499	
Transaction-related expenses	16,788	-	
Accrual for legal matters and professional fees	6,697	-	
Income tax effect of reconciling items	351	(317)	
<b>Adjusted income from continuing operations, net of taxes</b>	20,162	29,417	(31.5%)
<b>Diluted EPS from continuing operations<sup>3</sup></b>	\$ (0.26)	\$ 1.13	(123.0%)
Impact from:			
Noncash expense and income, net <sup>1</sup>	0.07	0.03	
Loss on disposal of aircraft	-	-	
Special charge	-	0.02	
Transaction-related expenses	0.67	-	
Accrual for legal matters and professional fees	0.27	-	
Income tax effect of reconciling items	0.05	(0.01)	
<b>Adjusted diluted EPS from continuing operations</b>	0.80	1.17	(31.6%)

	For the Six Months Ended		
	June 30, 2016	June 30, 2016	Percent Change
<b>Income from continuing operations, net of taxes</b>	\$ 21,390	\$ 57,622	(62.9%)
Impact from:			
Noncash expense and income, net <sup>1</sup>	3,726	826	
Unrealized gain on financial instruments <sup>2</sup>	(26,475)	-	
Loss on disposal of aircraft	-	1,322	
Special charge	6,631	(69)	
Transaction-related expenses	17,581	-	
Accrual for legal matters and professional fees	6,987	-	
Charges associated with refinancing debt	132	-	
Income tax effect of reconciling items	(2,066)	(518)	
ETI tax benefit	-	(4,008)	
<b>Adjusted income from continuing operations, net of taxes</b>	\$ 27,906	\$ 55,175	(49.4%)
<b>Diluted EPS from continuing operations<sup>3</sup></b>	\$ (0.24)	\$ 2.29	(110.5%)
Impact from:			
Noncash expense and income, net <sup>1</sup>	0.15	0.03	
Loss on disposal of aircraft	-	0.05	
Special charge	0.26	-	
Transaction-related expenses	0.70	-	
Accrual for legal matters and professional fees	0.28	-	
Charges associated with refinancing debt	0.01	-	
Income tax effect of reconciling items	(0.05)	(0.02)	
ETI tax benefit	-	(0.16)	
<b>Adjusted diluted EPS from continuing operations</b>	\$ 1.11	\$ 2.20	(49.5%)

<sup>1</sup> Noncash expenses and income, net in 2016 primarily related to amortization of debt discount on the convertible notes. Noncash expenses and income, net in 2015 primarily related to amortization and accretion of debt, lease and investment discounts.

<sup>2</sup> Unrealized gain on financial instruments related to warrants granted to Amazon.

<sup>3</sup> Unrealized gain on financial instruments has been excluded from the calculation of Diluted EPS from continuing operations as the calculation assumes exercise of the Amazon warrants occurred upon its issuance.

<sup>4</sup> Items may not sum due to rounding.

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

	<b>For the Three Months Ended</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Net Cash Provided by Operating Activities</b>	\$ 27,805	\$ 80,449
Less:		
Capital expenditures	16,557	11,732
Capitalized interest	690	177
<b>Free Cash Flow<sup>1</sup></b>	<b>\$ 10,558</b>	<b>\$ 68,540</b>

	<b>For the Six Months Ended</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Net Cash Provided by Operating Activities</b>	\$ 47,244	\$ 171,097
Less:		
Capital expenditures	27,239	22,117
Capitalized interest	1,047	203
<b>Free Cash Flow<sup>1</sup></b>	<b>\$ 18,958</b>	<b>\$ 148,777</b>

<sup>1</sup> Free Cash Flow = Cash Flows from Operations minus Capital Expenditures and Capitalized Interest.

Capital Expenditures excludes purchases of aircraft.

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

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Income from continuing operations, net of taxes</b>	\$ 20,919	\$ 28,390	\$ 21,390	\$ 57,622
Income tax expense	7,489	12,747	7,842	19,776
<b>Income from continuing operations before income taxes</b>	28,408	41,137	29,232	77,398
Noncash interest expenses and income, net <sup>1</sup>	1,882	731	3,726	826
Loss on disposal of aircraft	-	114	-	1,323
Special charge <sup>2</sup>	-	499	6,631	(69)
Transaction-related expenses	16,788	-	17,581	-
Accrual for legal matters and professional fees	6,697	-	6,987	-
Loss on early extinguishment of debt	-	-	132	-
Unrealized gain on financial instruments	(26,475)	-	(26,475)	-
<b>Adjusted pretax income</b>	27,300	42,481	37,814	79,478
Interest (income) expense, net <sup>1</sup>	17,558	20,296	35,651	40,831
Other non-operating expenses (income)	48	(284)	(192)	391
<b>Adjusted operating income</b>	44,906	62,493	73,273	120,700
Depreciation and amortization	37,208	31,936	72,213	63,966
<b>EBITDA, as adjusted<sup>3</sup></b>	82,114	94,429	145,486	184,666
Aircraft rent <sup>1</sup>	36,126	36,215	72,567	69,880
<b>EBITDAR, as adjusted<sup>4</sup></b>	<b>\$ 118,240</b>	<b>\$ 130,644</b>	<b>\$ 218,053</b>	<b>\$ 254,546</b>

<sup>1</sup> Reflects impact of noncash expenses and income related to convertible notes, debt and investments.

<sup>2</sup> Special charge in 2016 primarily represented a loss on engines held for sale.

<sup>3</sup> Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, noncash interest expenses and income, net, loss on disposal of aircraft, special charge, transaction-related expenses, accrual for legal matters and professional fees, charges associated with refinancing debt, and unrealized gain on financial instruments, as applicable.

<sup>4</sup> Adjusted EBITDAR: Earnings before interest, taxes, depreciation, amortization, aircraft rent expense, noncash interest expenses and income, net, loss on disposal of aircraft, special charge, transaction-related expenses, accrual for legal matters and professional fees, charges associated with refinancing debt, and unrealized gain on financial instruments, as applicable.

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

	For the Three Months Ended			For the Six Months Ended		
	June 30,		Increase/ (Decrease)	June 30,		Increase/ (Decrease)
	2016	2015		2016	2015	
<b>Block Hours</b>						
ACMI	39,862	30,958	8,904	69,391	60,418	8,973
Charter						
Cargo	8,671	9,214	(543)	16,901	17,482	(581)
Passenger	4,343	4,259	84	8,278	7,480	798
Other	436	303	133	892	634	258
Total Block Hours	<u>53,312</u>	<u>44,734</u>	<u>8,578</u>	<u>95,462</u>	<u>86,014</u>	<u>9,448</u>
<b>Revenue Per Block Hour</b>						
ACMI	\$ 5,311	\$ 6,113	\$ (802)	\$ 5,685	\$ 6,261	\$ (576)
Charter	15,556	17,475	(1,919)	16,075	18,251	(2,176)
Cargo	14,848	16,358	(1,510)	15,430	17,724	(2,294)
Passenger	16,971	19,891	(2,920)	17,393	19,482	(2,089)
<b>Average Utilization (block hours per day)</b>						
ACMI <sup>1</sup>	9.0	9.3	(0.3)	8.7	9.5	(0.8)
Charter						
Cargo	8.4	9.6	(1.2)	8.3	9.8	(1.5)
Passenger	9.0	9.6	(0.6)	8.9	8.4	0.5
All Operating Aircraft <sup>1,2</sup>	<u>8.9</u>	<u>9.5</u>	<u>(0.6)</u>	<u>8.7</u>	<u>9.5</u>	<u>(0.8)</u>
<b>Fuel</b>						
<b>Charter</b>						
Average fuel cost per gallon	\$ 1.68	\$ 2.46	\$ (0.78)	\$ 1.74	\$ 2.40	\$ (0.66)
Fuel gallons consumed (000s)	36,585	39,383	(2,798)	71,530	72,694	(1,164)

<sup>1</sup> ACMI and All Operating Aircraft averages in the second quarter and first six months of 2016 reflect the impact of increases in the number of CMI aircraft and amount of CMI flying compared with the same periods of 2015.

<sup>2</sup> 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 Six Months Ended		
	June 30,		Increase/ (Decrease)	June 30,		Increase/ (Decrease)
	2016	2015		2016	2015	
<b>Segment Operating Fleet</b> (average aircraft equivalents during the period)						
<b>ACMI<sup>1</sup></b>						
747-8F Cargo	7.8	9.0	(1.2)	8.3	8.8	(0.5)
747-400 Cargo	13.5	11.4	2.1	13.1	11.7	1.4
747-400 Dreamlifter	3.2	3.1	0.1	3.0	3.1	(0.1)
777-200 Cargo	4.7	-	4.7	2.3	-	2.3
767-300 Cargo	4.0	2.0	2.0	3.7	2.0	1.7
767-200 Cargo	9.0	8.9	0.1	9.0	7.7	1.3
737-400 Cargo	4.7	-	4.7	2.3	-	2.3
747-400 Passenger	1.0	1.0	-	1.0	1.0	-
767-200 Passenger	1.0	1.0	-	1.0	1.0	-
Total	<u>48.9</u>	<u>36.4</u>	<u>12.5</u>	<u>43.7</u>	<u>35.3</u>	<u>8.4</u>
<b>Charter</b>						
747-8F Cargo	2.1	-	2.1	1.6	0.2	1.4
747-400 Cargo	9.2	10.5	(1.3)	9.6	9.7	(0.1)
747-400 Passenger	2.0	2.0	-	2.0	2.0	-
767-300 Passenger	3.3	2.9	0.4	3.1	2.9	0.2
Total	<u>16.6</u>	<u>15.4</u>	<u>1.2</u>	<u>16.3</u>	<u>14.8</u>	<u>1.5</u>
<b>Dry Leasing</b>						
777-200 Cargo	6.0	6.0	-	6.0	6.0	-
767-300 Cargo	2.0	-	2.0	1.7	-	1.7
757-200 Cargo	1.0	1.0	-	1.0	1.0	-
737-300 Cargo	1.0	1.0	-	1.0	1.0	-
737-800 Passenger	1.0	1.0	-	1.0	1.3	(0.3)
Total	<u>11.0</u>	<u>9.0</u>	<u>2.0</u>	<u>10.7</u>	<u>9.3</u>	<u>1.4</u>
Less: Aircraft Dry Leased to CMI customers	<u>(2.0)</u>	<u>-</u>	<u>(2.0)</u>	<u>(1.7)</u>	<u>-</u>	<u>(1.7)</u>
<b>Total Operating Aircraft</b>	<u><u>74.5</u></u>	<u><u>60.8</u></u>	<u><u>13.7</u></u>	<u><u>69.0</u></u>	<u><u>59.4</u></u>	<u><u>9.6</u></u>
Out of Service <sup>2</sup>	-	0.8	(0.8)	-	0.9	(0.9)

<sup>1</sup> ACMI average fleet excludes spare aircraft provided by CMI customers.

<sup>2</sup> Out-of-service aircraft were temporarily parked during the period and are completely unencumbered.