

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

	For the Three Months Ended	
	March 31, 2015	March 31, 2014
Operating Revenue		
ACMI	\$ 189,047	\$ 198,141
Charter	220,138	177,373
Dry Leasing	31,919	24,676
Other	3,741	3,173
Total Operating Revenue	<u>\$ 444,845</u>	<u>\$ 403,363</u>
Operating Expenses		
Salaries, wages and benefits	88,773	72,855
Aircraft fuel	78,115	81,744
Maintenance, materials and repairs	58,832	59,046
Aircraft rent	34,261	35,410
Depreciation and amortization	32,030	28,155
Navigation fees, landing fees and other rent	23,503	27,126
Travel	20,813	17,282
Passenger and ground handling services	19,963	19,371
Loss on disposal of aircraft	1,209	-
Special charge	(568)	8,029
Other	30,944	26,215
Total Operating Expenses	<u>387,875</u>	<u>375,233</u>
Operating Income	<u>56,970</u>	<u>28,130</u>
Non-operating Expenses / (Income)		
Interest income	(4,488)	(4,727)
Interest expense	24,548	26,452
Capitalized interest	(26)	(312)
Other expense, net	675	152
Total Non-operating Expense	<u>20,709</u>	<u>21,565</u>
Income before income taxes	36,261	6,565
Income tax expense	7,029	2,539
Net Income	<u>29,232</u>	<u>4,026</u>
Less: Net income (loss) attributable to noncontrolling interests	<u>-</u>	<u>(3,918)</u>
Net Income Attributable to Common Stockholders	<u>\$ 29,232</u>	<u>\$ 7,944</u>
Earnings per share:		
Basic	<u>\$ 1.18</u>	<u>\$ 0.32</u>
Diluted	<u>\$ 1.17</u>	<u>\$ 0.32</u>
Weighted average shares:		
Basic	<u>24,876</u>	<u>25,096</u>
Diluted	<u>25,070</u>	<u>25,151</u>

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

	March 31, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 336,406	\$ 298,601
Short-term investments	23,287	17,802
Restricted cash	15,028	14,281
Accounts receivable, net of allowance of \$1,168 and \$1,658, respectively	149,360	162,092
Prepaid maintenance	26,339	20,806
Deferred taxes	40,923	40,923
Prepaid expenses and other current assets	32,546	51,599
Total current assets	623,889	606,104
Property and Equipment		
Flight equipment	3,472,230	3,448,791
Ground equipment	52,976	51,418
Less: accumulated depreciation	(373,442)	(348,036)
Purchase deposits for flight equipment	17,541	20,054
Property and equipment, net	3,169,305	3,172,227
Other Assets		
Long-term investments and accrued interest	114,863	120,478
Deposits and other assets	72,561	80,258
Intangible assets, net	65,157	67,410
Total Assets	\$ 4,045,775	\$ 4,046,477
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 39,737	\$ 42,864
Accrued liabilities	264,705	251,594
Current portion of long-term debt	180,661	181,202
Total current liabilities	485,103	475,660
Other Liabilities		
Long-term debt	1,690,184	1,736,739
Deferred taxes	357,934	350,868
Other liabilities	65,927	65,415
Total other liabilities	2,114,045	2,153,022
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; 28,887,466 and 28,561,160 shares issued, 25,002,862 and 24,807,718, shares outstanding (net of treasury stock), as of March 31, 2015 and December 31, 2014, respectively	289	286
Additional paid-in-capital	578,504	573,133
Treasury stock, at cost: 3,884,604 and 3,753,442 shares, respectively	(151,440)	(145,322)
Accumulated other comprehensive loss	(9,228)	(9,572)
Retained earnings	1,028,502	999,270
Total equity	1,446,627	1,417,795
Total Liabilities and Equity	\$ 4,045,775	\$ 4,046,477

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

	For the Three Months Ended	
	March 31, 2015	March 31, 2014
Operating Activities:		
Net Income	\$ 29,232	\$ 4,026
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	36,375	32,401
Accretion of debt securities discount	(1,902)	(2,073)
Provision for allowance for doubtful accounts	(174)	83
Special charge, net of cash payments	(568)	8,029
Loss on disposal of aircraft	1,209	—
Deferred taxes	7,029	2,554
Stock-based compensation expense	5,285	1,907
Changes in:		
Accounts receivable	11,088	(14,585)
Prepaid expenses and other current assets	(10,272)	7,050
Deposits and other assets	9,323	6,724
Accounts payable and accrued liabilities	4,023	(4,848)
Net cash provided by operating activities	<u>90,648</u>	<u>41,268</u>
Investing Activities:		
Capital expenditures	(10,385)	(4,095)
Purchase deposits and delivery payments for flight equipment	(14,925)	(478,739)
Changes in restricted cash	(747)	(6,046)
Proceeds from short-term investments	1,202	783
Proceeds from disposal of aircraft	24,345	—
Net cash used for investing activities	<u>(510)</u>	<u>(488,097)</u>
Financing Activities:		
Proceeds from debt issuance	—	572,552
Customer maintenance reserves received	4,129	4,176
Proceeds from stock option exercises	52	—
Purchase of treasury stock	(6,118)	(2,420)
Excess tax benefit from stock-based compensation expense	449	(982)
Payment of debt issuance costs	—	(16,974)
Payments of debt	(50,845)	(151,687)
Net cash provided by (used for) financing activities	<u>(52,333)</u>	<u>404,665</u>
Net increase (decrease) in cash and cash equivalents	37,805	(42,164)
Cash and cash equivalents at the beginning of period	298,601	321,816
Cash and cash equivalents at the end of period	<u>\$ 336,406</u>	<u>\$ 279,652</u>
Non-cash Investing and Financing Activities:		
Acquisition of flight and ground equipment included in accounts payable and accrued liabilities	<u>\$ —</u>	<u>\$ 41,581</u>

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

	For the Three Months Ended	
	March 31, 2015	March 31, 2014
Operating Revenue:		
ACMI	\$ 189,047	\$ 198,141
Charter	220,138	177,373
Dry Leasing	31,919	24,676
Other	3,741	3,173
Total Operating Revenue	\$ 444,845	\$ 403,363
 Direct Contribution:		
ACMI	\$ 39,847	\$ 45,564
Charter	30,419	(4,117)
Dry Leasing	15,525	8,171
Total Direct Contribution for Reportable Segments	85,791	49,618
 Add back (subtract):		
Unallocated income and expenses ¹	(48,889)	(35,024)
Special charge	568	(8,029)
Loss on sale of aircraft	(1,209)	—
Income before Income Taxes	36,261	6,565
 Add back (subtract):		
Interest income	(4,488)	(4,727)
Interest expense	24,548	26,452
Capitalized interest	(26)	(312)
Other (income) expense, net	675	152
Operating Income	\$ 56,970	\$ 28,130

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 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.

¹ During the first quarter of 2015, we changed the methodology for allocating certain unallocated expenses to our segments. Prior period information has been adjusted to consistently reflect this change.

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

	For the Three Months Ended		
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>Percent Change</u>
Net Income Attributable to Common Stockholders	\$ 29,232	\$ 7,944	268.0%
After-tax impact from:			
ETI tax benefit	(4,008)	-	
Special charge ¹	(411)	3,382	
Loss on disposal of aircraft	884	-	
Adjusted Net Income Attributable to Common Stockholders	<u>\$ 25,697</u>	<u>\$ 11,326</u>	<u>126.9%</u>
Diluted EPS	\$ 1.17	\$ 0.32	265.6%
After-tax impact from:			
ETI tax benefit	(0.16)	-	
Special charge ¹	(0.02)	0.13	
Loss on disposal of aircraft	0.04	-	
Adjusted Diluted EPS	<u>\$ 1.03</u>	<u>\$ 0.45</u>	<u>128.9%</u>

¹ Included in Special charge in 2014 were employee termination benefits, a loan reserve and tax adjustments related to GSS, 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	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Net Cash Provided by Operating Activities	\$ 90,648	\$ 41,268
Less:		
Capital expenditures	10,385	4,095
Capitalized interest	26	312
Free Cash Flow¹	<u>\$ 80,237</u>	<u>\$ 36,861</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	
	March 31, 2015	March 31, 2014
Income before income taxes	\$ 36,261	\$ 6,565
Special charge ¹	(568)	8,029
Loss on disposal of aircraft	1,209	-
	Adjusted pretax income	14,594
Interest expense, net	20,034	21,413
Other non-operating expenses	675	152
	Adjusted operating income	36,159
Depreciation and amortization	32,030	28,155
	EBITDA, as adjusted²	64,314
Aircraft rent	34,261	35,410
	EBITDAR, as adjusted³	99,724
	\$ 123,902	\$ 99,724

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

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

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

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

	<u>For the Three Months Ended</u>		<u>Increase/ (Decrease)</u>
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	
Block Hours			
ACMI	29,460	28,023	1,437
Charter			
Cargo	8,268	5,899	2,369
Passenger	3,221	2,715	506
Other	331	236	95
Total Block Hours	<u>41,280</u>	<u>36,873</u>	<u>4,407</u>
Revenue Per Block Hour			
ACMI	\$ 6,417	\$ 7,071	\$ (654)
Charter	\$ 19,161	\$ 20,591	\$ (1,430)
Cargo	\$ 19,258	\$ 20,293	\$ (1,035)
Passenger	\$ 18,912	\$ 21,239	\$ (2,327)
Average Utilization (block hours per day)			
ACMI ¹	9.5	9.4	0.1
Charter			
Cargo	10.0	7.7	2.3
Passenger	7.2	6.0	1.2
All Operating Aircraft ^{1,2}	<u>9.5</u>	<u>8.8</u>	<u>0.7</u>
Fuel			
Charter			
Average fuel cost per gallon	\$ 2.34	\$ 3.23	\$ (0.89)
Fuel gallons consumed (000s)	33,312	25,299	8,013

¹ ACMI and All Operating Aircraft averages in the first quarter of 2015 reflect the impact of increases in the number of CMI aircraft and amount of CMI flying compared with the first quarter of 2014.

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)

	<u>For the Three Months Ended</u>		<u>Increase/ (Decrease)</u>
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	
Segment Operating Fleet (average aircraft equivalents during the period)			
ACMI¹			
747-8F Cargo	8.6	8.7	(0.1)
747-400 Cargo	12.2	12.5	(0.3)
747-400 Dreamlifter	3.1	3.1	-
767-300 Cargo	2.0	2.0	-
767-200 Cargo	6.4	5.0	1.4
747-400 Passenger	1.0	1.0	-
767-200 Passenger	1.0	1.0	-
Total	<u>34.3</u>	<u>33.3</u>	<u>1.0</u>
Charter			
747-8F Cargo	0.3	0.2	0.1
747-400 Cargo	8.9	8.3	0.6
747-400 Passenger	2.0	2.0	-
767-300 Passenger	3.0	3.0	-
Total	<u>14.2</u>	<u>13.5</u>	<u>0.7</u>
Dry Leasing			
777-200 Cargo	6.0	5.8	0.2
757-200 Cargo	1.0	1.0	-
737-300 Cargo	1.0	1.0	-
737-800 Passenger	1.6	2.0	(0.4)
Total	<u>9.6</u>	<u>9.8</u>	<u>(0.2)</u>
Total Operating Aircraft	<u><u>58.1</u></u>	<u><u>56.6</u></u>	<u><u>1.5</u></u>
Out of Service ²	1.0	1.0	-

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.