

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, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Operating Revenue				
ACMI	\$ 189,255	\$ 186,720	\$ 378,302	\$ 384,861
Charter	235,436	225,234	455,574	402,607
Dry Leasing	27,401	25,524	59,320	50,200
Other	3,741	3,691	7,482	6,864
Total Operating Revenue	\$ 455,833	\$ 441,169	\$ 900,678	\$ 844,532
Operating Expenses				
Salaries, wages and benefits	86,862	77,948	175,635	150,803
Aircraft fuel	96,711	103,842	174,826	185,586
Maintenance, materials and repairs	41,438	50,386	100,270	109,432
Aircraft rent	36,811	34,826	71,072	70,236
Depreciation and amortization	31,936	30,381	63,966	58,536
Navigation fees, landing fees and other rent	22,666	30,906	46,169	58,032
Travel	23,830	18,774	44,643	36,056
Passenger and ground handling services	21,353	21,859	41,316	41,230
Loss on disposal of aircraft	114	14,679	1,323	14,679
Special charge	499	1,449	(69)	9,477
Other	32,329	29,462	63,273	55,678
Total Operating Expenses	394,549	414,512	782,424	789,745
Operating Income	61,284	26,657	118,254	54,787
Non-operating Expenses (Income)				
Interest income	(4,425)	(4,719)	(8,913)	(9,446)
Interest expense	25,033	26,365	49,581	52,817
Capitalized interest	(177)	(67)	(203)	(379)
Other expense (income), net	(284)	(88)	391	64
Total Non-operating Expenses	20,147	21,491	40,856	43,056
Income before income taxes	41,137	5,166	77,398	11,731
Income tax expense (benefit)	12,747	(23,815)	19,776	(21,276)
Net Income	28,390	28,981	57,622	33,007
Less: Net income (loss) attributable to noncontrolling interests	-	(612)	-	(4,530)
Net Income Attributable to Common Stockholders	\$ 28,390	\$ 29,593	\$ 57,622	\$ 37,537
Earnings per share:				
Basic	\$ 1.13	\$ 1.17	\$ 2.31	\$ 1.49
Diluted	\$ 1.13	\$ 1.17	\$ 2.29	\$ 1.49
Weighted average shares:				
Basic	25,029	25,241	24,953	25,169
Diluted	25,198	25,279	25,135	25,215

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

	June 30, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 514,750	\$ 298,601
Short-term investments	24,373	17,802
Restricted cash	15,731	14,281
Accounts receivable, net of allowance of \$1,631 and \$1,658, respectively	152,906	162,092
Prepaid maintenance	15,589	20,806
Deferred taxes	41,862	40,923
Prepaid expenses and other current assets	31,313	51,599
Total current assets	796,524	606,104
Property and Equipment		
Flight equipment	3,489,587	3,448,791
Ground equipment	55,227	51,418
Less: accumulated depreciation	(400,368)	(348,036)
Purchase deposits for flight equipment	58,820	20,054
Property and equipment, net	3,203,266	3,172,227
Other Assets		
Long-term investments and accrued interest	106,951	120,478
Deposits and other assets	77,337	80,258
Intangible assets, net	62,918	67,410
Total Assets	\$ 4,246,996	\$ 4,046,477
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 39,274	\$ 42,864
Accrued liabilities	261,342	251,594
Current portion of long-term debt ^{1,2}	180,902	181,202
Total current liabilities	481,518	475,660
Other Liabilities		
Long-term debt ^{1,2}	1,812,483	1,736,739
Deferred taxes	370,216	350,868
Other liabilities	67,442	65,415
Total other liabilities	2,250,141	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; 28,938,970 and 28,561,160 shares issued, 25,050,599 and 24,807,718, shares outstanding (net of treasury stock), as of June 30, 2015 and December 31, 2014, respectively	289	286
Additional paid-in-capital	618,911	573,133
Treasury stock, at cost; 3,888,371 and 3,753,442 shares, respectively	(151,636)	(145,322)
Accumulated other comprehensive loss	(9,119)	(9,572)
Retained earnings	1,056,892	999,270
Total equity	1,515,337	1,417,795
Total Liabilities and Equity	\$ 4,246,996	\$ 4,046,477

¹ Balance sheet debt at June 30, 2015 totaled \$1,993.4 million, including the impact of \$85.4 million of unamortized discount and debt issuance costs of \$55.6 million.

² The face value of our debt at June 30, 2015 totaled \$2,134.4 million, compared with \$2,009.0 million on December 31, 2014.

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

	For the Six Months Ended	
	June 30, 2015	June 30, 2014
Operating Activities:		
Net Income	\$ 57,622	\$ 33,007
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	73,263	67,195
Accretion of debt securities discount	(3,760)	(4,081)
Provision for allowance for doubtful accounts	46	232
Special charge, net of cash payments	(715)	7,171
Loss on disposal of aircraft	1,323	14,679
Deferred taxes	19,773	(21,498)
Stock-based compensation expense	9,837	5,805
Changes in:		
Accounts receivable	10,135	(23,248)
Prepaid expenses and other current assets	8,937	27,613
Deposits and other assets	1,645	(4,603)
Accounts payable and accrued liabilities	(7,009)	4,854
Net cash provided by operating activities	<u>171,097</u>	<u>107,126</u>
Investing Activities:		
Capital expenditures	(22,117)	(10,653)
Purchase deposits and delivery payments for flight equipment	(62,841)	(494,072)
Changes in restricted cash	(1,450)	(6,724)
Proceeds from short-term investments	2,394	2,060
Proceeds from disposal of aircraft	24,625	-
Net cash used for investing activities	<u>(59,389)</u>	<u>(509,389)</u>
Financing Activities:		
Proceeds from debt issuance	224,500	572,552
Customer maintenance reserves received	8,701	8,757
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	(6,314)	(4,377)
Excess tax benefit from stock-based compensation expense	588	(1,973)
Payment of debt issuance costs	(6,812)	(17,087)
Payments of debt	(99,050)	(201,021)
Net cash provided by financing activities	<u>104,441</u>	<u>356,851</u>
Net increase (decrease) in cash and cash equivalents	216,149	(45,412)
Cash and cash equivalents at the beginning of period	298,601	321,816
Cash and cash equivalents at the end of period	<u>\$ 514,750</u>	<u>\$ 276,404</u>
Non-cash Investing and Financing Activities		
Acquisition of flight and ground equipment included in Accounts payable and accrued liabilities	\$ 6,940	\$ 29,087
Disposition of aircraft included in Accounts receivable	\$ -	\$ 7,000

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

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Operating Revenue:				
ACMI	\$ 189,255	\$ 186,720	\$ 378,302	\$ 384,861
Charter	235,436	225,234	455,574	402,607
Dry Leasing	27,401	25,524	59,320	50,200
Other	3,741	3,691	7,482	6,864
Total Operating Revenue	\$ 455,833	\$ 441,169	\$ 900,678	\$ 844,532
Direct Contribution:				
ACMI	\$ 51,157	\$ 44,677	\$ 91,059	\$ 90,133
Charter	25,019	8,196	55,478	4,007
Dry Leasing	10,894	8,738	26,419	16,909
Total Direct Contribution	\$ 87,070	\$ 61,611	\$ 172,956	\$ 111,049
Add back (subtract):				
Unallocated income and expenses, net ¹	(45,320)	(40,317)	(94,304)	(75,162)
Special charge	(499)	(1,449)	69	(9,477)
Loss (gain) on disposal of aircraft	(114)	(14,679)	(1,323)	(14,679)
Income before Income Taxes	41,137	5,166	77,398	11,731
Add back (subtract):				
Interest income	(4,425)	(4,719)	(8,913)	(9,446)
Interest expense	25,033	26,365	49,581	52,817
Capitalized interest	(177)	(67)	(203)	(379)
Other expense (income), net	(284)	(88)	391	64
Operating Income	\$ 61,284	\$ 26,657	\$ 118,254	\$ 54,787

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) 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, unallocated interest expense and income, foreign exchange gains and losses, other revenue and other non-operating costs, including unusual items and certain noncash income and expenses.

¹ During the first quarter of 2015, we revised the methodology for allocating certain unallocated expenses to our segments. Prior period information has been adjusted consistently to 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		
	June 30, 2015	June 30, 2014	Percent Change
Net Income Attributable to Common Stockholders	\$ 28,390	\$ 29,593	(4.1%)
After-tax impact from:			
Noncash expense and income, net ¹	636	(53)	
ETI tax benefit	-	(24,013)	
Loss on disposal of aircraft	72	9,389	
Special charge ²	319	658	
Accrual for legal matters	-	300	
Adjusted Net Income Attributable to Common Stockholders	<u>29,417</u>	<u>15,874</u>	<u>85.3%</u>
Diluted EPS	\$ 1.13	\$ 1.17	(3.4%)
After-tax impact from:			
Noncash expense and income, net ¹	0.03	-	
ETI tax benefit	-	(0.95)	
Loss on disposal of aircraft	-	0.37	
Special charge ²	0.01	0.03	
Accrual for legal matters	-	0.01	
Adjusted Diluted EPS	<u>1.17</u>	<u>0.63</u>	<u>85.7%</u>
	For the Six Months Ended		
	June 30, 2015	June 30, 2014	Percent Change
Net Income Attributable to Common Stockholders	\$ 57,622	\$ 37,537	53.5%
After-tax impact from:			
Noncash expense and income, net ¹	697	(169)	
ETI tax benefit	(4,008)	(24,013)	
Loss on disposal of aircraft	956	9,389	
Special charge ²	(92)	4,041	
Accrual for legal matters	-	300	
Adjusted Net Income Attributable to Common Stockholders	<u>\$ 55,175</u>	<u>\$ 27,085</u>	<u>103.7%</u>
Diluted EPS	\$ 2.29	\$ 1.49	53.7%
After-tax impact from:			
Noncash expense and income, net ¹	0.03	(0.01)	
ETI tax benefit	(0.16)	(0.95)	
Loss on disposal of aircraft	0.04	0.37	
Special charge ²	-	0.16	
Accrual for legal matters	-	0.01	
Adjusted Diluted EPS	<u>\$ 2.20</u>	<u>\$ 1.07</u>	<u>105.6%</u>

¹ Noncash expenses and income, net in 2015 primarily relates to amortization of the debt discount on the convertible notes.

² Included in Special charge in 2014 were employee termination benefits, a loan reserve and tax adjustments related to GSS, and adjustments 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	
	June 30, 2015	June 30, 2014
Net Cash Provided by Operating Activities	\$ 80,449	\$ 65,858
Less:		
Capital expenditures	11,732	6,558
Capitalized interest	177	67
Free Cash Flow¹	\$ 68,540	\$ 59,233

	For the Six Months Ended	
	June 30, 2015	June 30, 2014
Net Cash Provided by Operating Activities	\$ 171,097	\$ 107,126
Less:		
Capital expenditures	22,117	10,653
Capitalized interest	203	379
Free Cash Flow¹	\$ 148,777	\$ 96,094

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 Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Income before income taxes	\$ 41,137	\$ 5,166	\$ 77,398	\$ 11,731
Noncash interest expenses and income, net	731	(83)	826	(264)
Loss on disposal of aircraft	114	14,679	1,323	14,679
Special charge ¹	499	1,449	(69)	9,477
Accrual for legal matters	-	469	-	469
Adjusted pretax income	<u>42,481</u>	<u>21,680</u>	<u>79,478</u>	<u>36,092</u>
Interest (income) expense, net ²	20,296	22,259	40,831	44,449
Other non-operating expenses (income)	<u>(284)</u>	<u>(88)</u>	<u>391</u>	<u>64</u>
Adjusted operating income	62,493	43,851	120,700	80,605
Depreciation and amortization	<u>31,936</u>	<u>30,381</u>	<u>63,966</u>	<u>58,536</u>
EBITDA, as adjusted³	94,429	74,232	184,666	139,141
Aircraft rent ²	<u>36,215</u>	<u>34,229</u>	<u>69,880</u>	<u>69,043</u>
EBITDAR, as adjusted⁴	<u>\$ 130,644</u>	<u>\$ 108,461</u>	<u>\$ 254,546</u>	<u>\$ 208,184</u>

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

² Reflects impact of noncash expenses and income related to convertible notes, debt and investments.

³ Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, noncash interest expenses and income, net, loss on disposal of aircraft, special charge, and accrual for legal matters, as applicable.

⁴ Adjusted EBITDAR: Earnings before interest, taxes, depreciation, amortization, aircraft rent expense, noncash interest expenses and income, net, loss on disposal of aircraft, special charge, and accrual for legal matters, 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)
	2015	2014		2015	2014	
Block Hours						
ACMI	30,958	27,652	3,306	60,418	55,675	4,743
Charter						
Cargo	9,214	7,572	1,642	17,482	13,471	4,011
Passenger	4,259	3,487	772	7,480	6,202	1,278
Other	303	299	4	634	535	99
Total Block Hours	<u>44,734</u>	<u>39,010</u>	<u>5,724</u>	<u>86,014</u>	<u>75,883</u>	<u>10,131</u>
Revenue Per Block Hour						
ACMI	\$ 6,113	\$ 6,752	\$ (639)	\$ 6,261	\$ 6,913	\$ (652)
Charter	17,475	20,367	(2,892)	18,251	20,465	(2,214)
Cargo	16,358	20,035	(3,677)	17,724	20,148	(2,424)
Passenger	19,891	21,087	(1,196)	19,482	21,154	(1,672)
Average Utilization (block hours per day)						
ACMI ¹	9.3	9.4	(0.1)	9.5	9.4	0.1
Charter						
Cargo	9.6	8.5	1.1	9.8	8.1	1.7
Passenger	9.6	7.8	1.8	8.4	7.0	1.4
All Operating Aircraft ^{1,2}	<u>9.5</u>	<u>9.1</u>	<u>0.4</u>	<u>9.5</u>	<u>8.9</u>	<u>0.6</u>
Fuel						
Charter						
Average fuel cost per gallon	\$ 2.46	\$ 3.19	\$ (0.73)	\$ 2.40	\$ 3.21	\$ (0.81)
Fuel gallons consumed (000s)	39,383	32,560	6,823	72,694	57,859	14,835

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

	For the Three Months Ended			For the Six Months Ended		
	June 30,		Increase/ (Decrease)	June 30,		Increase/ (Decrease)
	2015	2014		2015	2014	
Segment Operating Fleet (average aircraft equivalents during the period)						
ACMI¹						
747-8F Cargo	9.0	8.3	0.7	8.8	8.5	0.3
747-400 Cargo	11.4	11.7	(0.3)	11.7	12.1	(0.4)
747-400 Dreamlifter	3.1	3.3	(0.2)	3.1	3.2	(0.1)
767-300 Cargo	2.0	2.0	-	2.0	2.0	-
767-200 Cargo	8.9	5.0	3.9	7.7	5.0	2.7
747-400 Passenger	1.0	1.0	-	1.0	1.0	-
767-200 Passenger	1.0	1.0	-	1.0	1.0	-
Total	<u>36.4</u>	<u>32.3</u>	<u>4.1</u>	<u>35.3</u>	<u>32.8</u>	<u>2.5</u>
Charter						
747-8F Cargo	-	0.7	(0.7)	0.2	0.4	(0.2)
747-400 Cargo	10.5	9.1	1.4	9.7	8.8	0.9
747-400 Passenger	2.0	1.9	0.1	2.0	2.0	-
767-300 Passenger	2.9	3.0	(0.1)	2.9	2.9	-
Total	<u>15.4</u>	<u>14.7</u>	<u>0.7</u>	<u>14.8</u>	<u>14.1</u>	<u>0.7</u>
Dry Leasing						
777-200 Cargo	6.0	6.0	-	6.0	5.9	0.1
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	2.0	(1.0)	1.3	2.0	(0.7)
Total	<u>9.0</u>	<u>10.0</u>	<u>(1.0)</u>	<u>9.3</u>	<u>9.9</u>	<u>(0.6)</u>
Total Operating Aircraft	<u><u>60.8</u></u>	<u><u>57.0</u></u>	<u><u>3.8</u></u>	<u><u>59.4</u></u>	<u><u>56.8</u></u>	<u><u>2.6</u></u>
Out of Service ²	0.8	1.0	(0.2)	0.9	1.0	(0.1)

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.