

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

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Operating Revenue</b>	\$ 517,366	\$ 443,272	\$ 992,761	\$ 861,887
<b>Operating Expenses</b>				
Salaries, wages and benefits	111,488	101,542	215,575	195,387
Aircraft fuel	83,486	61,353	165,918	124,573
Maintenance, materials and repairs	64,769	55,435	137,585	112,459
Depreciation and amortization	40,986	37,208	78,880	72,213
Aircraft rent	33,792	36,723	69,865	73,760
Travel	34,891	32,010	67,249	62,333
Passenger and ground handling services	23,573	22,019	48,696	42,898
Navigation fees, landing fees and other rent	25,255	18,777	43,790	40,751
Gain on disposal of aircraft	(93)	-	(147)	-
Special charge	-	-	-	6,631
Transaction-related expenses	1,396	16,788	2,312	17,581
Other	39,345	40,593	80,523	72,420
<b>Total Operating Expenses</b>	<b>458,888</b>	<b>422,448</b>	<b>910,246</b>	<b>821,006</b>
<b>Operating Income</b>	<b>58,478</b>	<b>20,824</b>	<b>82,515</b>	<b>40,881</b>
<b>Non-operating Expenses (Income)</b>				
Interest income	(1,342)	(1,405)	(2,598)	(3,009)
Interest expense	24,670	20,938	46,194	42,240
Capitalized interest	(1,931)	(690)	(3,711)	(1,047)
Loss on early extinguishment of debt	-	-	-	132
Unrealized gain on financial instruments	(13,763)	(26,475)	(8,550)	(26,475)
Other expense (income)	1,061	48	809	(192)
<b>Total Non-operating Expenses (Income)</b>	<b>8,695</b>	<b>(7,584)</b>	<b>32,144</b>	<b>11,649</b>
<b>Income from continuing operations before income taxes</b>	49,783	28,408	50,371	29,232
<b>Income tax expense</b>	10,739	7,489	11,292	7,842
<b>Income from continuing operations, net of taxes</b>	39,044	20,919	39,079	21,390
<b>Loss from discontinued operations, net of taxes</b>	(105)	(345)	(891)	(345)
<b>Net Income</b>	<b>\$ 38,939</b>	<b>\$ 20,574</b>	<b>\$ 38,188</b>	<b>\$ 21,045</b>
<b>Earnings per share from continuing operations:</b>				
Basic	\$ 1.55	\$ 0.84	\$ 1.55	\$ 0.86
Diluted	\$ 0.92	\$ (0.26)	\$ 1.13	\$ (0.24)
<b>Loss per share from discontinued operations:</b>				
Basic	\$ (0.00)	\$ (0.01)	\$ (0.04)	\$ (0.01)
Diluted	\$ (0.00)	\$ (0.01)	\$ (0.03)	\$ (0.01)
<b>Earnings (loss) per share:</b>				
Basic	\$ 1.54	\$ 0.83	\$ 1.51	\$ 0.85
Diluted	\$ 0.92	\$ (0.28)	\$ 1.09	\$ (0.26)
<b>Weighted average shares:</b>				
Basic	25,257	24,812	25,210	24,761
Diluted	26,791	25,225	26,823	25,036

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 271,655	\$ 123,890
Short-term investments	7,920	4,313
Restricted cash	11,092	14,360
Accounts receivable, net of allowance of \$965 and \$997, respectively	165,013	166,486
Prepaid maintenance	1,899	4,418
Prepaid expenses and other current assets	52,927	44,603
Total current assets	510,506	358,070
<b>Property and Equipment</b>		
Flight equipment	4,156,460	3,886,714
Ground equipment	72,167	68,688
Less: accumulated depreciation	(636,189)	(568,946)
Flight equipment modifications in progress	223,489	154,226
Property and equipment, net	3,815,927	3,540,682
<b>Other Assets</b>		
Long-term investments and accrued interest	23,008	27,951
Deferred costs and other assets	232,748	204,647
Intangible assets, net and goodwill	111,104	116,029
<b>Total Assets</b>	\$ 4,693,293	\$ 4,247,379
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 80,882	\$ 59,543
Accrued liabilities	406,440	320,887
Current portion of long-term debt and capital lease	196,136	184,748
Total current liabilities	683,458	565,178
<b>Other Liabilities</b>		
Long-term debt and capital lease	1,949,983	1,666,663
Deferred taxes	307,962	298,165
Financial instruments and other liabilities	158,588	200,035
Total other liabilities	2,416,533	2,164,863
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; 100,000,000 shares authorized; 30,063,328 and 29,633,605 shares issued, 25,265,748 and 25,017,242, shares outstanding (net of treasury stock), as of June 30, 2017 and December 31, 2016, respectively	301	296
Additional paid-in-capital	703,987	657,082
Treasury stock, at cost; 4,797,580 and 4,616,363 shares, respectively	(192,755)	(183,119)
Accumulated other comprehensive loss	(4,491)	(4,993)
Retained earnings	1,086,260	1,048,072
Total stockholders' equity	1,593,302	1,517,338
<b>Total Liabilities and Equity</b>	\$ 4,693,293	\$ 4,247,379

<sup>1</sup> Balance sheet debt at June 30, 2017 totaled \$2,146.1 million, including the impact of \$108.9 million of unamortized discount and debt issuance costs of \$52.2 million.

<sup>2</sup> The face value of our debt at June 30, 2017 totaled \$2,307.2 million, compared with \$1,943.4 million on December 31, 2016.

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

	<b>For the Six Months Ended</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Operating Activities:</b>		
Income from continuing operations, net of taxes	\$ 39,079	\$ 21,390
Less: Loss from discontinued operations, net of taxes	(891)	(345)
Net Income	38,188	21,045
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	90,842	81,818
Accretion of debt securities discount	(604)	(650)
Provision for allowance for doubtful accounts	134	321
Special charge, net of cash payments	-	6,631
Loss on early extinguishment of debt	-	132
Unrealized gain on financial instruments	(8,550)	(26,475)
Gain on disposal of aircraft	(147)	-
Deferred taxes	11,000	7,667
Stock-based compensation expense	10,579	10,961
<b>Changes in:</b>		
Accounts receivable	(5,204)	39,354
Prepaid expenses, current assets and other assets	(36,067)	(15,382)
Accounts payable and accrued liabilities	12,636	(78,178)
Net cash provided by operating activities	112,807	47,244
<b>Investing Activities:</b>		
Capital expenditures	(45,237)	(27,239)
Payments for flight equipment and modifications	(226,812)	(186,213)
Acquisition of business, net of cash acquired	-	(107,498)
Proceeds from investments	1,941	7,512
Proceeds from disposal of aircraft	147	-
Net cash used for investing activities	(269,961)	(313,438)
<b>Financing Activities:</b>		
Proceeds from debt issuance	435,325	84,790
Proceeds from revolving credit facility	150,000	-
Payment of revolving credit facility	(150,000)	-
Customer maintenance reserves and deposits received	18,062	7,187
Customer maintenance reserves paid	(6,384)	-
Proceeds from sale of convertible note warrants	38,148	-
Payments for convertible note hedges	(70,140)	-
Purchase of treasury stock	(9,636)	(4,255)
Excess tax benefit from stock-based compensation expense	-	168
Payment of debt issuance costs	(10,323)	(1,074)
Payments of debt	(93,401)	(91,208)
Net cash provided by (used for) financing activities	301,651	(4,392)
Net increase (decrease) in cash, cash equivalents and restricted cash	144,497	(270,586)
Cash, cash equivalents and restricted cash at the beginning of period	138,250	438,931
Cash, cash equivalents and restricted cash at the end of period	\$ 282,747	\$ 168,345
<b>Noncash Investing and Financing Activities:</b>		
Acquisition of flight equipment included in Accounts payable and accrued liabilities	\$ 75,668	\$ 15,448
Acquisition of flight equipment under capital lease	\$ 32,380	\$ -

**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, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>Operating Revenue:</b>				
ACMI	\$ 229,179	\$ 211,722	\$ 429,873	\$ 394,462
Charter	255,820	202,451	499,718	404,754
Dry Leasing	28,560	25,066	55,317	53,258
Customer incentive asset amortization	(898)	-	(1,343)	-
Other	4,705	4,033	9,196	9,413
<b>Total Operating Revenue</b>	<u>\$ 517,366</u>	<u>\$ 443,272</u>	<u>\$ 992,761</u>	<u>\$ 861,887</u>
<b>Direct Contribution:</b>				
ACMI	\$ 53,524	\$ 45,490	\$ 89,487	\$ 70,230
Charter	36,884	24,856	54,070	45,633
Dry Leasing	9,661	6,878	19,384	17,286
<b>Total Direct Contribution for Reportable Segments</b>	<u>100,069</u>	<u>77,224</u>	<u>162,941</u>	<u>133,149</u>
Unallocated income and expenses, net	(62,746)	(58,503)	(118,955)	(106,048)
Loss on early extinguishment of debt	-	-	-	(132)
Unrealized gain on financial instruments	13,763	26,475	8,550	26,475
Special charge	-	-	-	(6,631)
Transaction-related expenses	(1,396)	(16,788)	(2,312)	(17,581)
Gain on disposal of aircraft	93	-	147	-
<b>Income from continuing operations before income taxes</b>	<u>49,783</u>	<u>28,408</u>	<u>50,371</u>	<u>29,232</u>
Add back (subtract):				
Interest income	(1,342)	(1,405)	(2,598)	(3,009)
Interest expense	24,670	20,938	46,194	42,240
Capitalized interest	(1,931)	(690)	(3,711)	(1,047)
Loss on early extinguishment of debt	-	-	-	132
Unrealized gain on financial instruments	(13,763)	(26,475)	(8,550)	(26,475)
Other expense (income)	1,061	48	809	(192)
<b>Operating Income</b>	<u>\$ 58,478</u>	<u>\$ 20,824</u>	<u>\$ 82,515</u>	<u>\$ 40,881</u>

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 commercial 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 loss on the early extinguishment of debt, unrealized gain on financial instruments, special charge, transaction-related expenses, gain on the disposal of aircraft, nonrecurring items, 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, other revenue and other nonoperating costs.

**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, 2017</b>	<b>June 30, 2016</b>	<b>Percent Change</b>
<b>Income from continuing operations, net of taxes</b>	\$ 39,044	\$ 20,919	86.6%
Impact from:			
Gain on disposal of aircraft	(93)	-	
Transaction-related expenses	1,396	16,788	
Accrual for legal matters and professional fees	263	6,697	
Noncash expenses and income, net <sup>1</sup>	3,651	1,882	
Unrealized gain on financial instruments <sup>2</sup>	(13,763)	(26,475)	
Income tax effect of reconciling items	(1,383)	351	
<b>Adjusted income from continuing operations, net of taxes</b>	<u>\$ 29,115</u>	<u>\$ 20,162</u>	<u>44.4%</u>
Weighted average diluted shares outstanding	<u>26,791</u>	<u>25,225</u>	
<b>Adjusted Diluted EPS from continuing operations, net of taxes</b>	<u>\$ 1.09</u>	<u>\$ 0.80</u>	<u>36.3%</u>
	<b>For the Six Months Ended</b>		
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>Percent Change</b>
<b>Income from continuing operations, net of taxes</b>	\$ 39,079	\$ 21,390	82.7%
Impact from:			
Gain on disposal of aircraft	(147)	-	
Special charge	-	6,631	
Transaction-related expenses	2,311	17,581	
Accrual for legal matters and professional fees	337	6,987	
Noncash expenses and income, net <sup>1</sup>	6,063	3,726	
Charges associated with refinancing debt	-	132	
Unrealized gain on financial instruments <sup>2</sup>	(8,550)	(26,475)	
Income tax effect of reconciling items	(1,704)	(2,066)	
<b>Adjusted income from continuing operations, net of taxes</b>	<u>\$ 37,389</u>	<u>\$ 27,906</u>	<u>34.0%</u>
Weighted average diluted shares outstanding	<u>26,823</u>	<u>25,036</u>	
<b>Adjusted Diluted EPS from continuing operations, net of taxes</b>	<u>\$ 1.39</u>	<u>\$ 1.11</u>	<u>25.2%</u>

<sup>1</sup> Noncash expenses and income, net in 2017 primarily related to amortization of debt discount on outstanding convertible notes and amortization of customer incentive related to outstanding warrants. Noncash expenses and income, net in 2016 primarily related to amortization of debt discount on outstanding convertible notes.

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

**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, 2017</b>	<b>June 30, 2016</b>
<b>Net Cash Provided by Operating Activities</b>	\$ 94,153	\$ 27,805
Less:		
Capital expenditures	23,564	16,557
Capitalized interest	\$ 1,931	\$ 690
<b>Free Cash Flow<sup>1</sup></b>	<b>\$ 68,658</b>	<b>\$ 10,558</b>

	<b>For the Six Months Ended</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Net Cash Provided by Operating Activities</b>	\$ 112,807	\$ 47,244
Less:		
Capital expenditures	45,237	27,239
Capitalized interest	\$ 3,711	\$ 1,047
<b>Free Cash Flow<sup>1</sup></b>	<b>\$ 63,859</b>	<b>\$ 18,958</b>

<sup>1</sup> 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)*

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Income from continuing operations, net of taxes</b>	\$ 39,044	\$ 20,919	\$ 39,079	\$ 21,390
Income tax expense	10,739	7,489	11,292	7,842
<b>Income from continuing operations before income taxes</b>	49,783	28,408	50,371	29,232
Noncash expenses and income, net <sup>1</sup>	3,651	1,882	6,063	3,726
Gain on disposal of aircraft	(93)	-	(147)	-
Special charge <sup>2</sup>	-	-	-	6,631
Transaction-related expenses	1,396	16,788	2,311	17,581
Accrual for legal matters and professional fees	263	6,697	337	6,987
Charges associated with refinancing debt	-	-	-	132
Unrealized gain on financial instruments	(13,763)	(26,475)	(8,550)	(26,475)
<b>Adjusted pretax income</b>	41,237	27,300	50,385	37,814
Interest expense, net <sup>3</sup>	19,117	17,558	36,234	35,651
Other non-operating expenses (income)	1,061	48	809	(192)
<b>Adjusted operating income</b>	61,415	44,906	87,428	73,273
Depreciation and amortization	40,986	37,208	78,880	72,213
<b>EBITDA, as adjusted<sup>4</sup></b>	\$ 102,401	\$ 82,114	\$ 166,308	\$ 145,486
<b>Income tax expense</b>	\$ 10,739	\$ 7,489	\$ 11,292	\$ 7,842
Income tax effect of reconciling items <sup>5</sup>	(1,383)	351	(1,704)	(2,066)
Adjusted income tax expense	12,122	7,138	12,996	9,908
<b>Adjusted pretax income</b>	\$ 41,237	\$ 27,300	\$ 50,385	\$ 37,814
<b>Adjusted effective tax rate</b>	29.4%	26.1%	25.8%	26.2%

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

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

<sup>3</sup> Reflects impact of noncash expenses and income related to convertible notes, debt and investments.

<sup>4</sup> Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, noncash interest expenses and income, net, gain 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>5</sup> See Non-GAAP reconciliation of Adjusted income from continuing operations, net of taxes.

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

	<u>For the Three Months Ended</u>		<u>Increase/</u>	<u>For the Six Months Ended</u>		<u>Increase/</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>(Decrease)</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>(Decrease)</u>
<b>Block Hours</b>						
ACMI	44,819	39,862	4,957	83,735	69,391	14,344
Charter						
Cargo	11,288	8,671	2,617	22,228	16,901	5,327
Passenger	4,611	4,343	268	9,456	8,278	1,178
Other	570	436	134	985	892	93
Total Block Hours	<u>61,288</u>	<u>53,312</u>	<u>7,976</u>	<u>116,404</u>	<u>95,462</u>	<u>20,942</u>
<b>Revenue Per Block Hour</b>						
ACMI	\$ 5,113	\$ 5,311	\$ (198)	\$ 5,134	\$ 5,685	\$ (551)
Charter	\$ 16,090	\$ 15,556	\$ 534	\$ 15,772	\$ 16,075	\$ (303)
Cargo	\$ 16,119	\$ 14,848	\$ 1,271	\$ 15,710	\$ 15,430	\$ 280
Passenger	\$ 16,020	\$ 16,971	\$ (951)	\$ 15,918	\$ 17,393	\$ (1,475)
<b>Average Utilization (block hours per day)</b>						
ACMI <sup>1</sup>	9.1	9.0	0.1	8.9	8.7	0.2
Charter						
Cargo	10.3	8.4	1.9	9.4	8.3	1.1
Passenger	7.6	9.0	(1.4)	7.7	8.9	(1.2)
All Operating Aircraft <sup>1,2</sup>	<u>9.3</u>	<u>8.9</u>	<u>0.4</u>	<u>9.0</u>	<u>8.7</u>	<u>0.3</u>
<b>Fuel</b>						
<b>Charter</b>						
Average fuel cost per gallon	\$ 1.85	\$ 1.68	\$ 0.17	\$ 1.86	\$ 1.74	\$ 0.12
Fuel gallons consumed (000s)	45,229	36,585	8,644	89,156	71,530	17,626

<sup>1</sup> ACMI and All Operating Aircraft averages in the second quarter and first six months of 2017 reflect the impact of increases in the number of CMI aircraft and amount of CMI flying compared with the same periods of 2016.

<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		Increase/ (Decrease)	For the Six Months Ended		Increase/ (Decrease)
	June 30, 2017	June 30, 2016		June 30, 2017	June 30, 2016	
<b>Segment Operating Fleet</b> (average aircraft equivalents during the period)						
<b>ACMI<sup>1</sup></b>						
747-8F Cargo	7.6	7.8	(0.2)	7.3	8.3	(1.0)
747-400 Cargo	14.1	13.5	0.6	13.4	13.1	0.3
747-400 Dreamlifter	3.2	3.2	-	3.1	3.0	0.1
777-200 Cargo	5.0	4.7	0.3	5.0	2.3	2.7
767-300 Cargo	8.2	4.0	4.2	7.0	3.7	3.3
767-200 Cargo	9.0	9.0	-	9.0	9.0	-
737-400 Cargo	5.0	4.7	0.3	5.0	2.3	2.7
747-400 Passenger	1.0	1.0	-	1.0	1.0	-
767-200 Passenger	1.0	1.0	-	1.0	1.0	-
<b>Total</b>	<u>54.1</u>	<u>48.9</u>	<u>5.2</u>	<u>51.8</u>	<u>43.7</u>	<u>8.1</u>
<b>Charter</b>						
747-8F Cargo	2.3	2.1	0.2	2.6	1.6	1.0
747-400 Cargo	9.7	9.2	0.5	10.4	9.6	0.8
747-400 Passenger	2.0	2.0	-	2.0	2.0	-
767-300 Passenger	4.7	3.3	1.4	4.8	3.1	1.7
<b>Total</b>	<u>18.7</u>	<u>16.6</u>	<u>2.1</u>	<u>19.8</u>	<u>16.3</u>	<u>3.5</u>
<b>Dry Leasing</b>						
777-200 Cargo	6.0	6.0	-	6.0	6.0	-
767-300 Cargo	5.8	2.0	3.8	4.7	1.7	3.0
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	1.0	-
<b>Total</b>	<u>14.8</u>	<u>11.0</u>	<u>3.8</u>	<u>13.7</u>	<u>10.7</u>	<u>3.0</u>
Less: Aircraft Dry Leased to CMI customers	<u>(5.8)</u>	<u>(2.0)</u>	<u>(3.8)</u>	<u>(4.7)</u>	<u>(1.7)</u>	<u>(3.0)</u>
<b>Total Operating Average Aircraft Equivalents</b>	<u><u>81.8</u></u>	<u><u>74.5</u></u>	<u><u>7.3</u></u>	<u><u>80.6</u></u>	<u><u>69.0</u></u>	<u><u>11.6</u></u>

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