# Fourth-Quarter and Full-Year 2010 Review

February 14, 2011

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# Safe Harbor Statement

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect Atlas Air Worldwide Holdings Inc.’s (AAWW) current views with respect to certain current and future events and financial performance. Such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of AAWW and its subsidiaries that may cause actual results to be materially different from any future results, express or implied, in such forward-looking statements.

For additional information, we refer you to the risk factors set forth in the documents filed by AAWW with the Securities and Exchange Commission. Other factors and assumptions not identified above are also involved in the preparation of forward-looking statements, and the failure of such other factors and assumptions to be realized may also cause actual results to differ materially from those discussed.

AAWW assumes no obligation to update the statements in this presentation to reflect actual results, changes in assumptions, or changes in other factors affecting such estimates, other than as required by law.

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 our earnings release dated February 14, 2011, which is posted on our Web site at www.atlasair.com.

# AAWW Key Takeaways


**Record earnings in 2010**

Demand in **our market is solid**

**Strong growth outlook** continues **for 2011**

We're transforming to **higher sustained earnings levels** over the next three years and beyond

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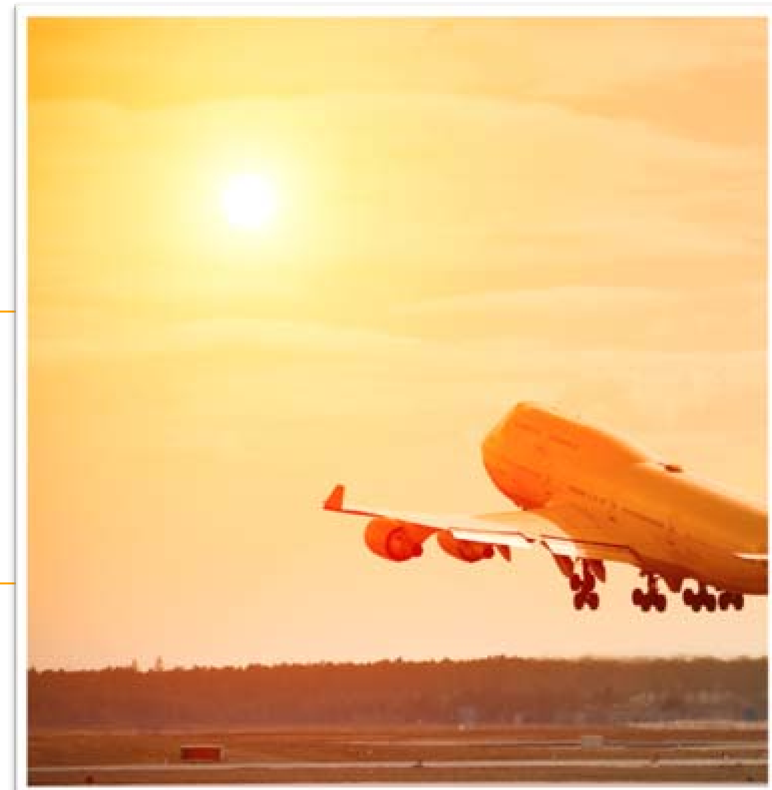
# 2011 Financial Guidance

**2011 EPS** in excess of $5.30 per diluted share

– Assumes three 747-8Fs placed into service in 4Q 2011

**2011 pretax earnings margin** expected to exceed 15%



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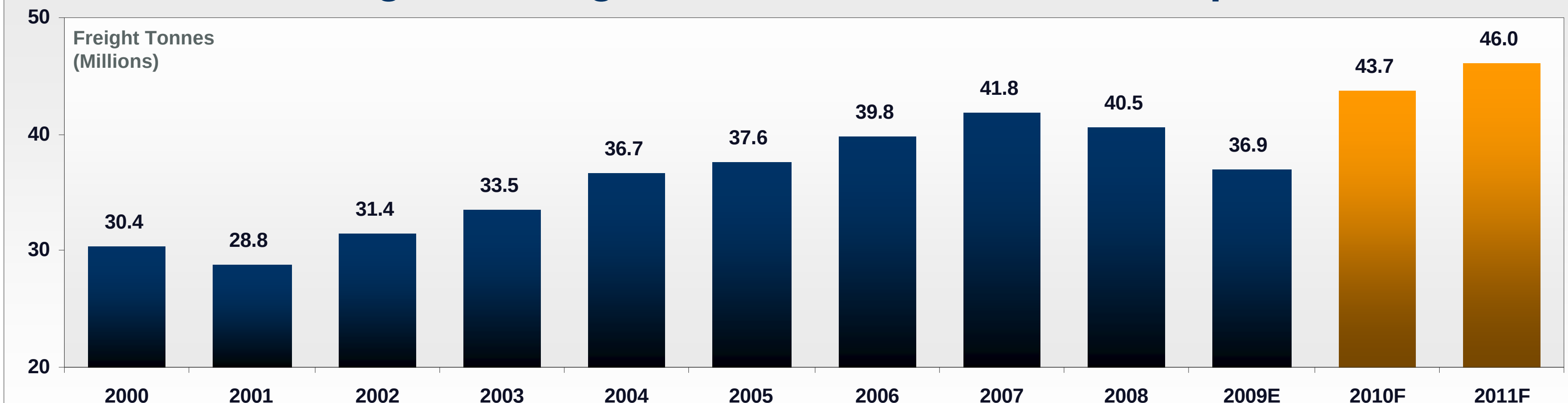
# Strong Market Outlook

- 2010 was a record year for commercial airfreight demand
  - Benefiting our ACMI customers and our Commercial Charter operations
  - Contributed to a record year for AAWW
- Supported by tight wide-body freighter supply
- Strong peak season in 2010, with full-year ACMI customer utilization ~ 8% above minimum contractual block hours
- Positive momentum into 2011 and beyond

## Global Airfreight Tonnage Is at Record Levels and Expected to Grow




| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009E | 2010F | 2011F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Δ Y-o-Y | 8.2% | (5.3)% | 9.0% | 6.7% | 9.6% | 2.5% | 5.9% | 5.0% | (3.1)% | (8.9)% | **18.5%** | **5.5%** |

Source: ICAO 2001 – 2008, IATA 2009 – 2011, IATA – December 2010

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# Recent Business Developments

| | |
|---|---|
| **ACMI** | ▪ New service for TNT Express<br>▪ Second aircraft with Panalpina<br>▪ Two additional aircraft (7 and 8) for DHL Express |
| **CMI** | ▪ 747-400 Dreamlifter service for Boeing – 4 aircraft<br>▪ 747-400 passenger service for SonAir – 2 aircraft |
| **Additional Lift Capacity** | ▪ Adding two 747-400 Boeing Converted Freighters |
| **Financing** | ▪ Closed permanent financing on 747-8 deliveries two and three |

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# 2010 Summary

Both our **fourth-quarter and full-year earnings reflect...**

- The **strategic actions we have taken** to transform our business and reduce our commercial and operating risk
- The complementary nature of our business segments and **our ability to optimize capacity allocations** among them
- **Our ability to leverage the global scale and scope of our business** to capitalize on profitable market opportunities and strong market conditions
- **The innovative, value-added solutions we deliver for our customers**

# 2010 Summary (continued)

Both our **fourth-quarter and full-year earnings reflect...**

- A solid **track record** of **execution**
- **Sustainable core earnings growth**
- The **global nature of our business**
- Global **airfreight tonnage at record levels** and **expected to grow**
  - Above-average growth on Asian routes—*where we fly*
- Tight wide-body freighter supply

***As a result, our full-year adjusted net income increased 102%, and our full-year adjusted diluted EPS rose 69%*.***

* See Appendix for GAAP reconciliations of special items for the twelve months ended December 31, 2009 and 2010

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# Full-Year 2010 Highlights

Delivered full-year adjusted net income of $150.0* million (up 102%) and diluted EPS of $5.75* (up 69%)

Achieved full-year operating revenue of $1.34 billion

- Growth of 26%
- Improved ACMI and Commercial Charter volumes
- Also higher AMC and Commercial Charter rates

Improved adjusted pretax margin by 6.5* ppts., to 17.7%

* See Appendix for GAAP reconciliations of special items for the twelve months ended December 31, 2009 and 2010

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# Fourth-Quarter Selected Financial Performance

| $ in millions, except per share data | 4Q 2010 Adjusted | 4Q 2009 Adjusted | YoY Non-GAAP Growth % |
|---|---|---|---|
| Operating revenue | $ 359.7 | $ 321.6 | 11.9 |
| Operating expenses | 298.2 | 261.2 | 14.2 |
| Operating income | 61.5 | 60.4 | 1.8 |
| Net income | $ 41.4 | $ 33.5 | 23.5 |
| Diluted EPS | $ 1.58 | $ 1.38 | 14.5 |

* See Appendix for GAAP reconciliations of special items for the three months ended December 31, 2009 and 2010.

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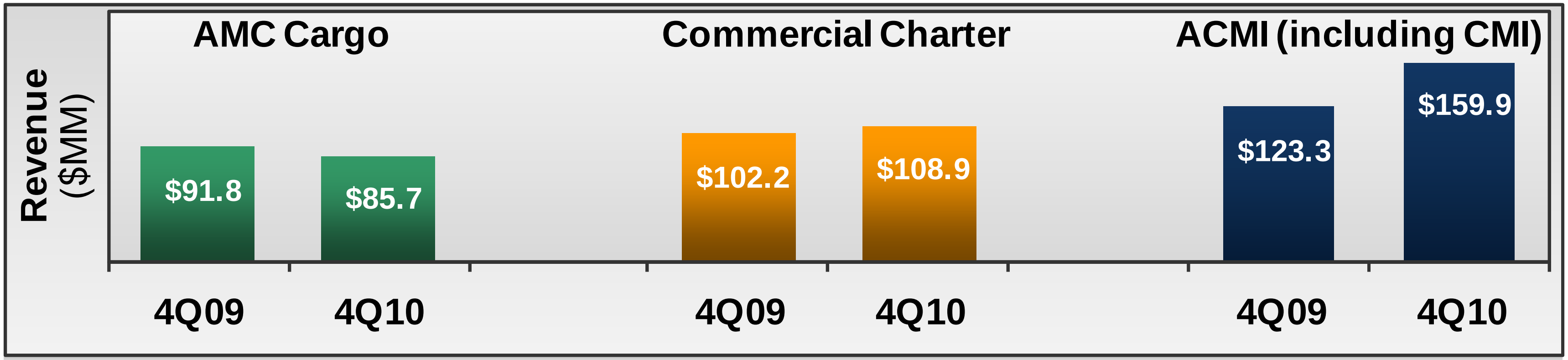
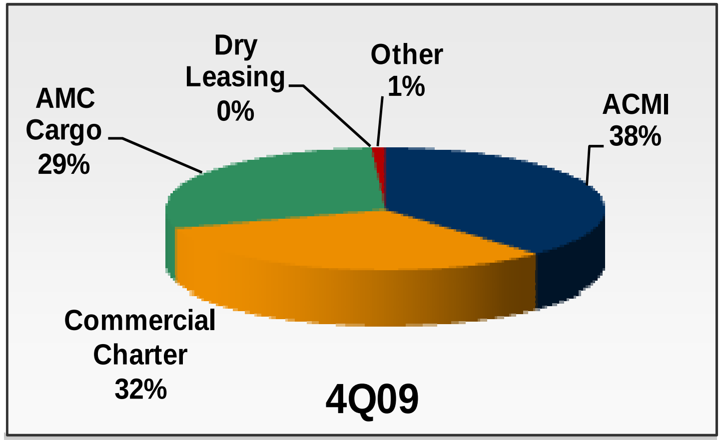
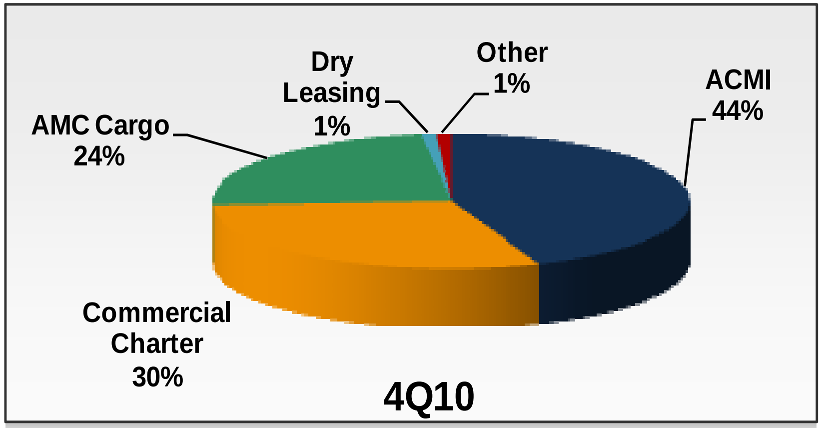
# 4Q10 vs. 4Q09 Revenue by Segment




**Leading Provider** | **Strong Market Conditions** | **Core Long-term Earnings**

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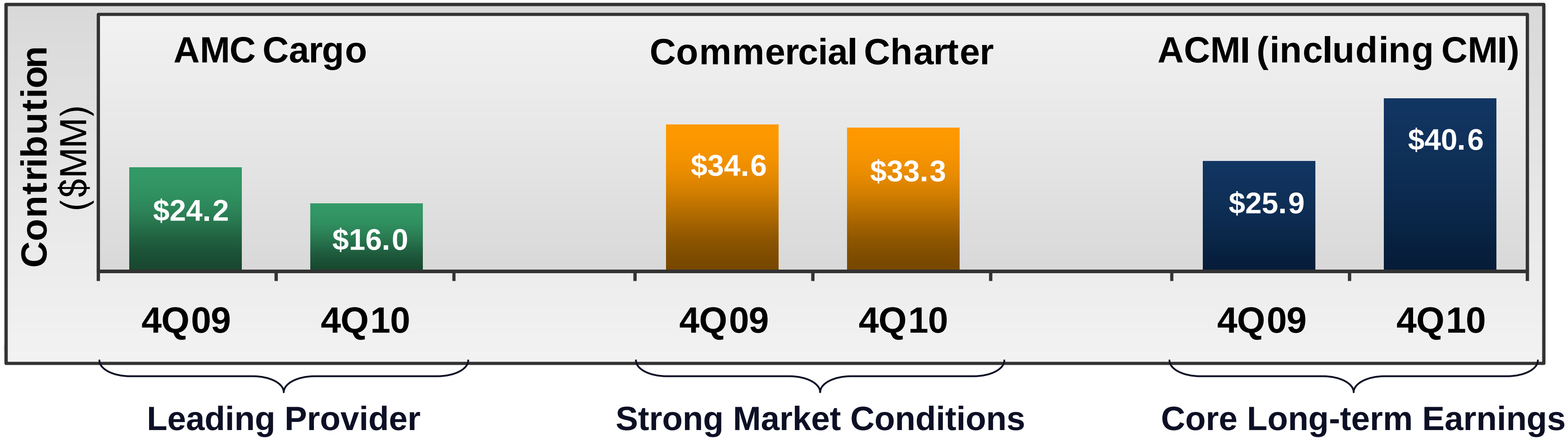
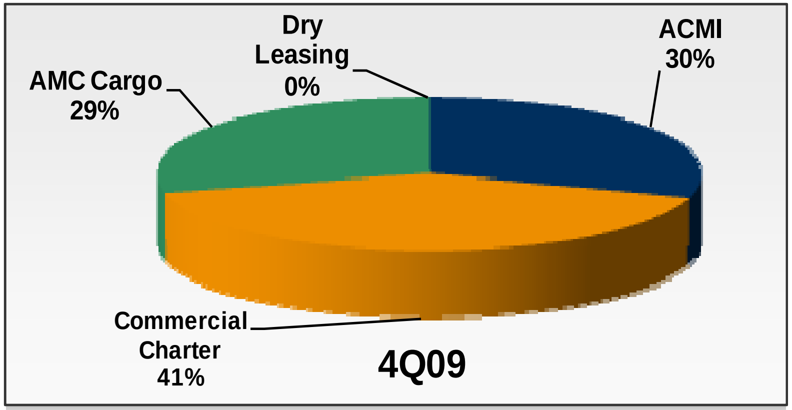
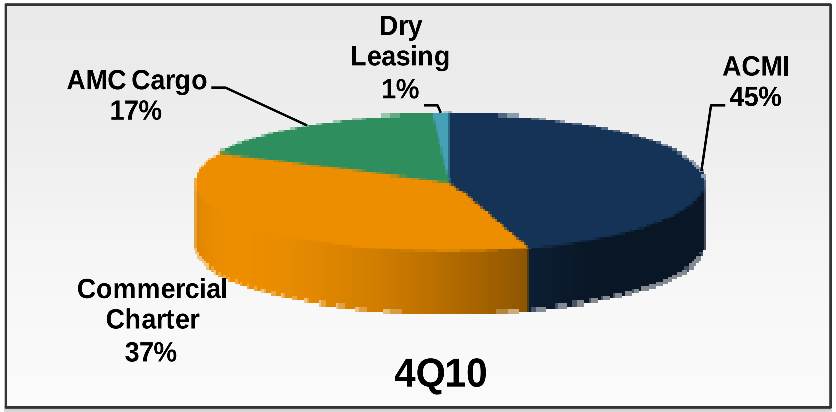
# 4Q10 vs. 4Q09 Segment Contribution

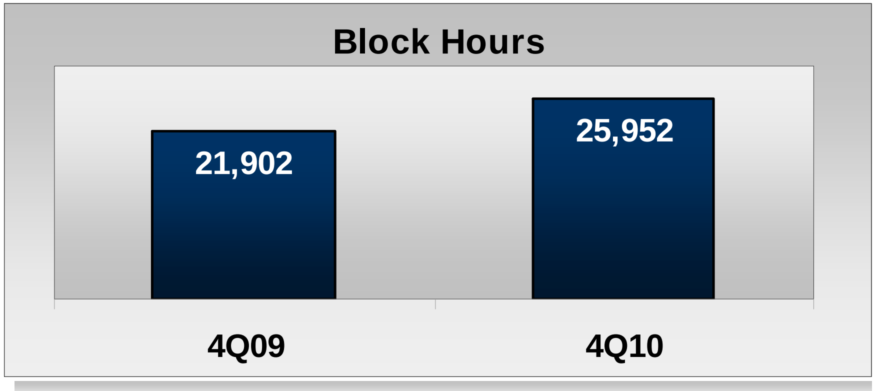


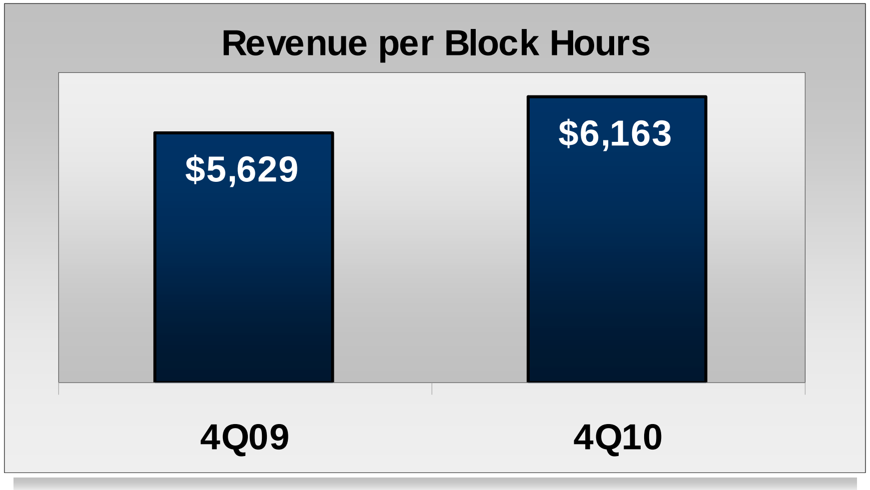



# ACMI (Including CMI)

- Sustainable core earnings
- Improved block-hour volumes
- New ACMI agreements with TNT Express and Panalpina
- 19 of our 22 747-400 freighters in active ACMI service
- Customers continued to fly 6.6% above their minimum contractual block hours
- CMI: Continued startup of 9-year flying for Boeing; second full quarter of long-term passenger CMI for SonAir
  - Both expected to have a tangible impact beginning in 2011

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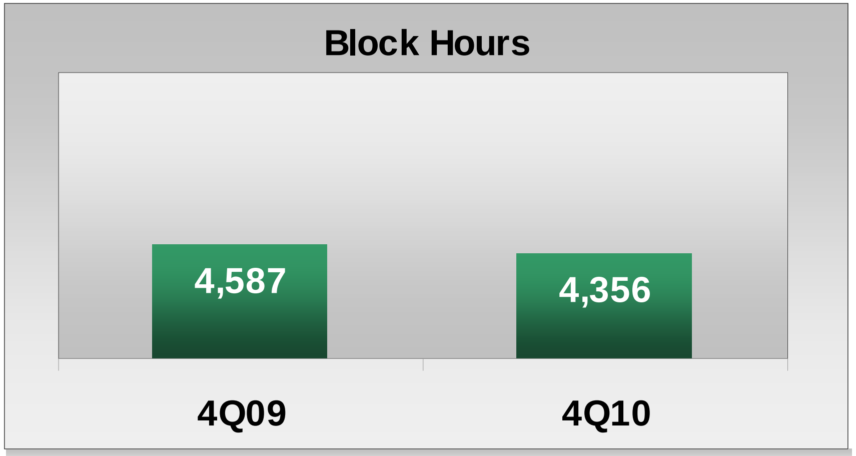
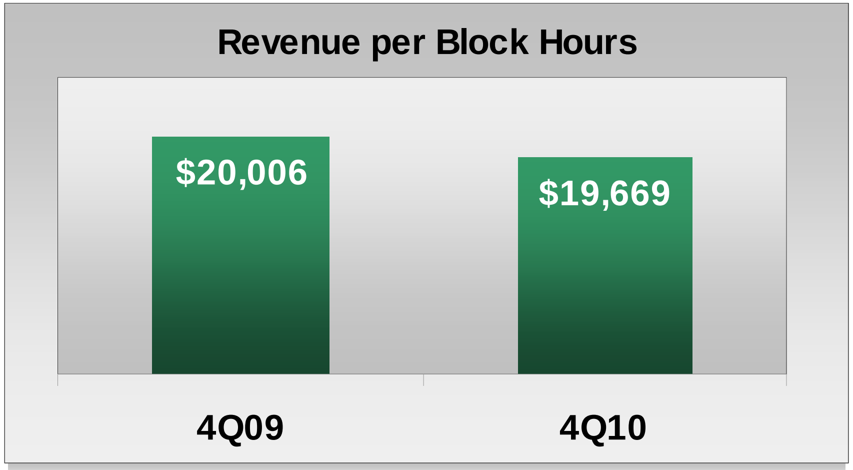
# AMC Charter

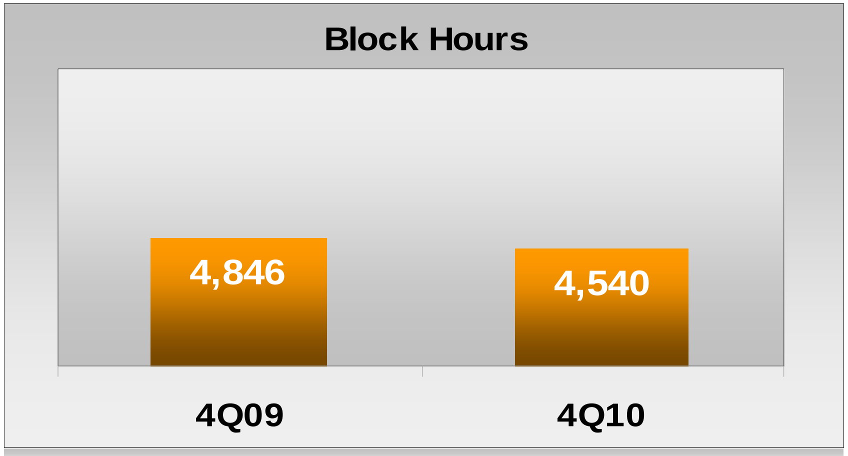
- Lower block-hour volumes reflected a moderate reduction in flying to support U.S. military activity in Afghanistan
- Revenue rates reflected the cessation of premium-rate, mission-specified 747-400 flights for M-ATVs

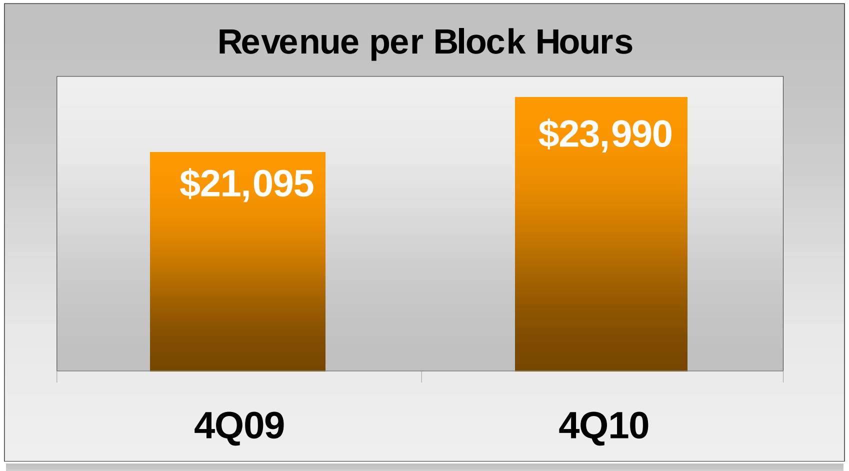


# Commercial Charter

- Improved block-hour rates
- Continued strong demand for airfreight out of Asia
- Benefited from one-way AMC flights
- Tight supply in global wide-body, long-haul, freighter capacity

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# Balance Sheet & Financial Ratios

| In $Millions | 4Q10 | 4Q09 |
|---|---|---|
| Cash, Equivalents & S-T Investments | 595.1 | 636.3 |
| | | |
| Total Balance Sheet Debt | 487.2 | 565.5 |
| | | |
| Leverage Ratio, Net | 2.5 | 3.1 |

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# AAWW Key Takeaways


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**our market is solid**

**Strong growth outlook**
continues **for 2011**

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# Appendix

**Fourth-Quarter and Full-Year 2010 Review**

# Income Statement

| In $Millions | 4Q10 | 4Q09 | YoY |
|---|---|---|---|
| **Total Revenue** | **$359.7** | **$321.6** | **11.9%** |
| Aircraft Fuel | 77.9 | 72.3 | 7.7% |
| Maintenance | 58.1 | 39.4 | 47.5% |
| Labor | 60.5 | 58.4 | 3.6% |
| **Operating Expenses** | **298.2** | **269.4** | **10.7%** |
| Income taxes | 19.8 | 18.0 | 10.0% |
| **Net Income** | **41.6** | **28.3** | **47.0%** |
| *Margin%* | *11.6%* | *8.8%* | *2.8* |
| **EBT** | **62.3** | **46.1** | **35.1%** |
| *Margin%* | *17.3%* | *14.3%* | *3.0* |
| **EBITDAR** | **109.2** | **106.8** | **2.2%** |
| *Margin%* | *30.4%* | *33.2%* | *-2.8* |

# Cash Flow Statement

| In $Millions | 4Q10 | 4Q09 |
|---|---|---|
| **Beginning Balance** | **545.3** | **480.1** |
| **Cash from operating activities** | **66.5** | **88.9** |
| Capital Expenditures | (10.4) | (24.3) |
| Other investing activities | (1.3) | 29.0 |
| **Cash (used in) from investing activities** | **(11.7)** | **4.7** |
| Payments on Debt | (11.8) | (73.4) |
| Other financing activities | 0.6 | 113.4 |
| **Cash (used in) from financing activities** | **(11.2)** | **40.0** |
| **Ending Balance** | **588.9** | **613.7** |

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# Operating Statistics Summary

| | 4Q10 | 4Q09 | YoY |
|---|---|---|---|
| **Fleet (avg. during the period)** | 30.4 | 26.8 | 13.4% |
| **Block Hours** | | | |
| ACMI | 25,952 | 21,902 | 18.5% |
| AMC Charter | 4,356 | 4,587 | -5.0% |
| Commercial Charter | 4,540 | 4,846 | -6.3% |
| Non revenue | 181 | 145 | 24.8% |
| **Revenue Per Block Hour** | | | |
| ACMI | $ 6,163 | $ 5,629 | 9.5% |
| AMC Charter | 19,669 | 20,006 | -1.7% |
| Commercial Charter | 23,990 | 21,095 | 13.7% |
| **Fuel** | | | |
| **AMC** | | | |
| Average fuel cost per gallon | $ 2.68 | $ 2.68 | - |
| Fuel gallons consumed (000s) | 13,992 | 13,916 | 0.5% |
| **Commercial Charter** | | | |
| Average fuel cost per gallon | $ 2.51 | $ 2.14 | 17.3% |
| Fuel gallons consumed (000s) | 16,094 | 16,336 | -1.5% |

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# Reconciliation to Non-GAAP Measures

| | For the Three Months Ended December 31, 2010 | | | For the Three Months Ended December 31, 2009 | | |
|---|---|---|---|---|---|---|
| | Actual | Special Items* | As Adjusted | Actual | Special Items* | As Adjusted |
| **Income before income taxes** | $ 62,298 | $ (192) | $ 62,106 | $ 46,121 | $ 8,216 | $ 54,337 |
| Less income tax expense | 19,768 | (22) | 19,746 | 17,986 | 3,040 | 21,026 |
| **Net income** | 42,530 | (170) | 42,360 | 28,135 | 5,176 | 33,311 |
| Less net loss attributable to non-controlling interests | 970 | - | 970 | (204) | - | (204) |
| **Net income attributable to Common Stockholders** | $ 41,560 | $ (170) | $ 41,390 | $ 28,339 | $ 5,176 | $ 33,515 |
| **Earnings per share:** | | | | | | |
| Basic | $ 1.60 | $ (0.00) | $ 1.60 | $ 1.19 | $ 0.21 | $ 1.40 |
| Diluted | $ 1.58 | $ (0.00) | $ 1.58 | $ 1.17 | $ 0.21 | $ 1.38 |

* Special items are comprised of: 4Q10 – Net reduction for legal settlements - $132; gain on disposal of aircraft - $60; 4Q09 – Special charge - $8,216.

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# Reconciliation to Non-GAAP Measures

| | For the Twelve Months Ended December 31, 2010 | | | For the Twelve Months Ended December 31, 2009 | | |
|---|---|---|---|---|---|---|
| | Actual | Special Items* | As Adjusted | Actual | Special Items* | As Adjusted |
| **Income before income taxes** | $ 233,110 | $ 3,717 | $ 236,827 | $ 124,096 | $ (5,563) | $ 118,533 |
| Less income tax expense | 90,154 | (4,483) | 85,671 | 47,940 | (2,058) | 45,882 |
| **Net income** | 142,956 | 8,200 | 151,156 | 76,156 | (3,505) | 72,651 |
| Less net loss attributable to non-controlling interests | 1,146 | - | 1,146 | (1,620) | - | (1,620) |
| **Net income attributable to Common Stockholders** | $ 141,810 | $ 8,200 | $ 150,010 | $ 77,776 | $ (3,505) | $ 74,271 |
| **Earnings per share:** | | | | | | |
| Basic | $ 5.50 | $ 0.32 | $ 5.82 | $ 3.59 | $ (0.16) | $ 3.43 |
| Diluted | $ 5.44 | $ 0.31 | $ 5.75 | $ 3.56 | $ (0.16) | $ 3.40 |

* Twelve Months Ended December 31, 2010 – Net expense for legal settlements - $16,068; litigation settlement received - $8,750; gain on disposal of aircraft - $3,601.
Twelve Months Ended December 31, 2009 – Contract termination fee - $10,000; special charge - $8,216; gain on early retirement of debt - $2,713; gain on disposal of aircraft - $953; gain on consolidation of subsidiary - $113.

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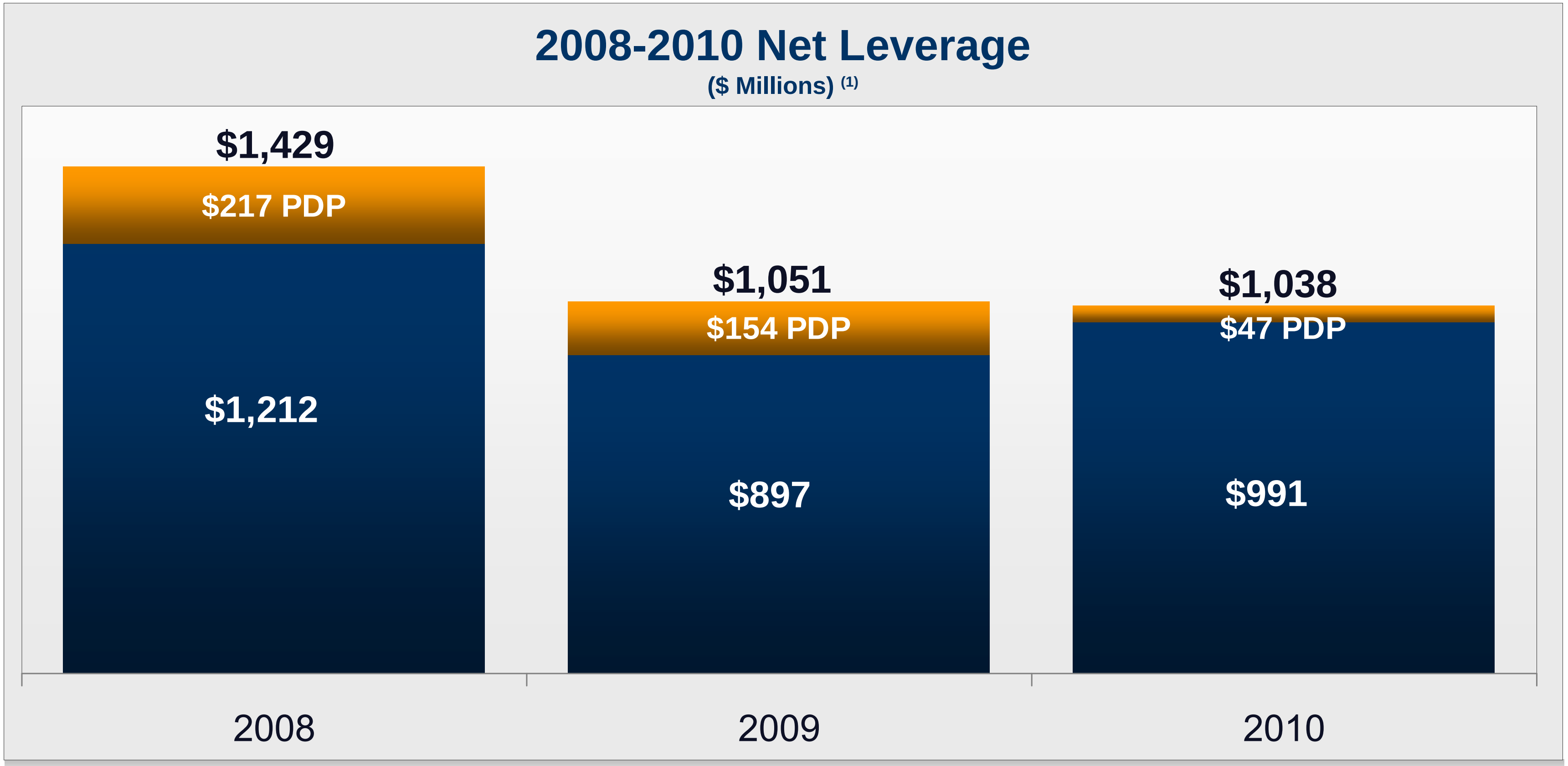
# AAWW Net Leverage




(1) Net Leverage = (Face Debt + Capitalized Rents) – (Cash & S-T Investments)

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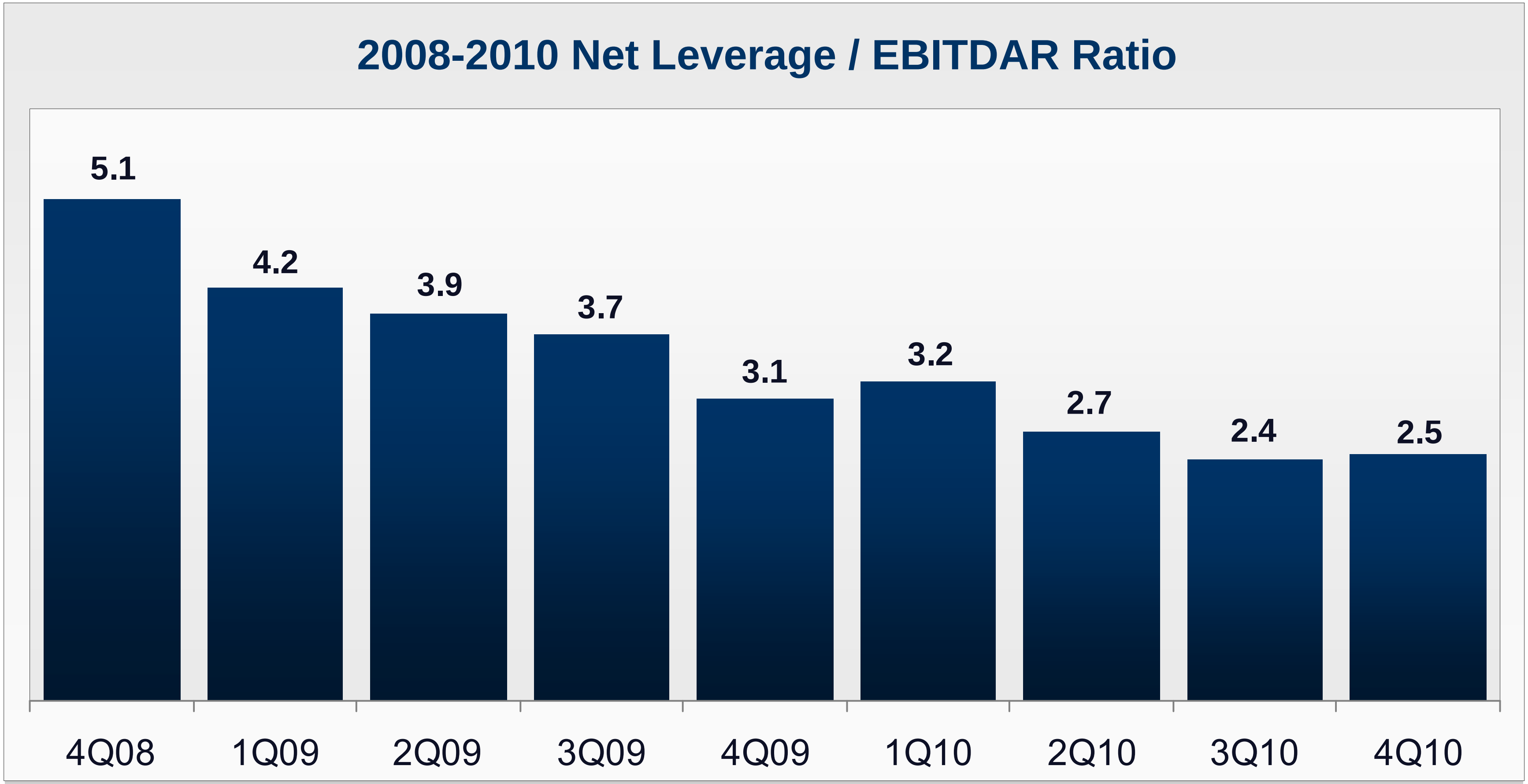
# AAWW Leverage Trends




Thank you.