

John W. Dietrich
President & Chief Operating Officer



Atlas Air, Inc.
2000 Westchester Avenue
Purchase, New York 10577-2543

March 21, 2016

Dear Atlas Crewmembers:

I am writing to update you on Atlas Air Worldwide's pending acquisition and merger with Southern Air. As Bill Flynn recently announced, we received partial approval from the Department of Transportation and expect to close the transaction in the coming weeks.

I am also writing as there has recently been an increasing amount of hostile, misleading and incomplete information distributed to you by IBT Local 1224 ("IBT" or "Union") about the merger and how it will impact the ongoing negotiations with the Atlas and Southern pilots.

It is very important that you understand all the facts. I therefore want to share additional information about our anticipated approach and the specific provisions of your current collective bargaining agreement ("CBA") as it relates to the integration and merger of Atlas and Southern once the acquisition is complete.

As discussed when the transaction was first announced, the Southern acquisition is about growth and opportunity for our Company. By adding Southern to our operations, we increase the potential for additional business with new and existing customers, which is good for all of us. The Southern acquisition is also beneficial for job security and growth opportunities for all our crewmembers. The IBT senior leadership recognized these benefits by endorsing the transaction when it was announced.

Based on the Company's announcement of its intent to promptly integrate and merge the two airlines as provided by the express terms of the respective CBA's, the Union has attempted to demonize the Company, claiming that we are going to cut Atlas crewmember pay, and asserting that the Company is somehow depriving you of your legal rights or otherwise adversely impacting your jobs, wages or benefits. This is simply not true.

Both the Atlas and Southern CBA's have specific CBA provisions that set out the agreed process for merging the operations, seniority lists and CBA's of merging entities in these circumstances. These provisions can be found in Section 1 of the respective CBA's. For the Atlas crewmembers, I refer you to Section 1. F.2.b.iii which provides:

"In the event (i) the Company acquires another air carrier and the Company decides there will be a complete operational merger... the following shall apply:

(iii) If the crewmembers of the acquired carrier are represented by the Union [IBT], then the parties shall, on a timely basis, begin negotiations to merge the two pre-integration collective bargaining agreements into one agreement. If a merged agreement has not been executed within nine (9) months from the date that the Union presents to the Company a merged seniority list... the parties shall jointly submit the outstanding issues to binding interest arbitration."

Similarly, Section 1 of the Southern CBA provides:

"In the event of a merger, this Agreement shall be merged with the merging air carrier's crewmember collective bargaining agreement, if any; if such merged agreement is not completed within nine (9) months from the date an integrated Master Seniority List is submitted to the surviving entity, the parties shall submit all outstanding issues to binding interest arbitration."

It is important for you to know that this is a process that was agreed to by the IBT in the CBA's of both Atlas and Southern. Moreover, and as set forth in more detail below, the IBT proposed this very same process that it is now contesting as part of its Section 1 proposal to the arbitrator during the last CBA negotiations.

The Union is now asserting that this merger process is somehow being illegally or improperly forced upon crewmembers by the Company. This is not true.

To further illustrate this point, I went back and reviewed the Union's Section 1 proposal submitted to the arbitrator in the last Atlas CBA negotiation. The IBT's Section 1 proposal at Section 1G.2.e provided that:

"These provisions shall apply in the event that the Company acquires another Air Carrier.....:

(e) The respective Crewmember collective bargaining agreements shall be merged into one (1) agreement as a result of negotiations among the Crewmember's representative and the Successor or Company. If a fully merged agreement is not executed within nine (9) months from the date a final and binding integrated Crewmember seniority list is issued, the parties shall jointly submit outstanding issues necessary to combine the agreements to binding interest arbitration."

The Union is also telling you that the terms and conditions of your current CBA was the result of a process that was forced upon the crewmembers to obtain sub-standard contract terms imposed by an arbitrator. This is also not true. The integration and CBA merger process between Atlas and Polar was conducted pursuant to the prior CBA and a procedural Framework Agreement that was agreed with the IBT.

What the Union has avoided telling you is that 32 of the 36 existing CBA Sections (approximately 90%) were agreed through the merger negotiations and not through arbitration. This included all economic Sections relating to wages, work rules and benefits. The only 4 Sections that went to arbitration were non-economic and unrelated to wages, work rules or benefits. These non-economic sections related to Scope, no strike/picket lines and information sharing for Grievances and Systems Board of Adjustment.

The agreed pay and benefit increases for both Atlas and Polar through the negotiating process were significant and ranged from 10% to 20% for Atlas and 29.2% to 60.6% for Polar. While it is true that the Company sought to preserve and exchange pay for retaining certain work rules and flexibility, this is, and will remain critical for our ongoing viability.

Additionally, the Union is now trying to mislead crewmembers into believing that the anticipated merger negotiations and integration process with Southern will result in a reduction in wages and benefits at Atlas. This is also not true

As we have repeatedly told the IBT leadership, we have no intentions of seeking pay reductions at Atlas. We intend and expect that both Atlas and Southern crewmembers will enjoy highly competitive increases through the negotiation process just as the Atlas and Polar crewmembers did through the joint CBA negotiations. We also plan to approach the negotiations in good faith to address the scheduling and related quality of life issues that we know require attention.

To the extent the parties do not reach agreement on a particular issue, and contrary to what the Union is telling you, the arbitrator has no restrictions, and is free to award what he believes is the best result.

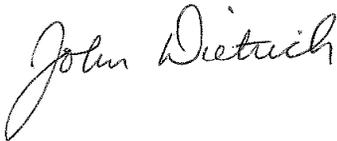
The Union has presented the Company with alternative proposals for an interim agreement that are outside express provisions of the CBA. The Company has been evaluating, and will continue to evaluate these proposals but thus far has concluded they are not in the best interest of the Company or its shareholders.

Atlas is committed to reaching a contract for pilots that recognizes their important contributions while at the same time meeting the needs of the Company and its shareholders. Our crewmembers have been and will continue to be highly valued members of our company. Your new CBA will recognize those contributions by providing higher wages, continued generous quality health and welfare benefits, and enhanced quality of life provisions.

I fully expect the Union will continue to provide you with disparaging, misleading and inflammatory rhetoric about the Company and its perceived actions, but we want to be sure you are armed with all the facts as you form your opinions. We will continue to work with Local 1224 to reach a contract that achieves our mutual objectives.

Jeff Carlson and I will also continue to provide regular communications with you throughout this entire process to ensure you are aware of all the facts.

Sincerely,

A handwritten signature in cursive script that reads "John W. Dietrich". The signature is written in black ink and is positioned above the printed name and title.

John W. Dietrich
President & Chief Operating Officer

cc: Jeff Carlson, Sr. Vice President, Flight Operations