

Copa Holdings, S.A.  
Form 6-K  
February 10, 2010

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 6-K

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Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

Report on Form 6-K dated for the month of February, 2010

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Copa Holdings, S.A.  
(Translation of Registrant's Name Into English)

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Boulevard Costa del Este, Avenida Principal y Avenida de la Rotonda  
Urbanización Costa del Este  
Complejo Business Park, Torre Norte  
Parque Lefevre  
Panama City, Panama  
(Address of principal executive offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b);82- )

Enclosure: Press Release -Copa Holdings Reports Net Income of US\$70.4 Million for the Fourth Quarter of 2009 and US\$240.4 Million for Full Year 2009

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Copa Holdings, S.A.  
(Registrant)

Date: 2/11/2010

By: /s/ Victor Vial  
Name: Victor Vial  
Title: CFO

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Copa Holdings Reports Net Income of US\$70.4 Million for the Fourth Quarter of 2009 and US\$240.4 Million for Full Year 2009

Panama City, Panama — February 10, 2010. Copa Holdings, S.A. (NYSE: CPA), parent company of Copa Airlines and Aero Republica, today announced financial results for the fourth quarter of 2009 (4Q09) and full year 2009. The terms “Copa Holdings” or “the Company” refers to the consolidated entity, whose operating subsidiaries are Copa Airlines and Aero Republica. The following financial and operating information, unless otherwise indicated, is presented in accordance with US GAAP. See the accompanying reconciliation of non-GAAP financial information to GAAP financial information included in financial tables section of this earnings release. Unless otherwise stated, all comparisons with prior periods refer to the fourth quarter of 2008 (4Q08).

**OPERATING AND FINANCIAL HIGHLIGHTS**

- Copa Holdings reported net income of US\$70.4 million for 4Q09 or diluted earnings per share (EPS) of US\$1.61, as compared to net income of US\$25.8 million or diluted EPS of US\$0.59 in 4Q08. Excluding special items, which for 4Q09 include a special charge of US\$4.8 million related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica’s transition to an all Embraer-190 fleet and a US\$9.6 million non-cash gain associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported an adjusted net income of US\$65.7 million, compared to an adjusted net income of US\$65.2 million in 4Q08.
- Net income for full year 2009 reached US\$240.4 million or diluted EPS of US\$5.50, compared to US\$118.7 million or diluted EPS of US\$2.73 for full year 2008. Excluding special items, which for 2009 include a special charge of US\$19.4 million related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica’s transition to an all Embraer-190 fleet and a US\$58.0 million non-cash gain associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported an adjusted net income of US\$201.7 million compared to an adjusted net income of US\$173.5 for full year 2008, representing an increase of 16.3%.
- Operating income for 4Q09 came in at US\$71.8 million, representing an operating margin of 20.9%, as compared to operating income for 4Q08 of US\$84.0 million. Excluding special fleet charges of US\$4.8 million, operating income would have been US\$76.6 million, which would have represented an operating margin of 22.3% for the quarter, down from 24.3% in 4Q08.
- The Company reported operating income of US\$223.3 million for full year 2009, representing an operating margin of 17.8%, as compared to 17.4% in 2008. However, excluding special fleet charges of US\$19.4 million recorded in 2009, the adjusted operating margin for 2009 stood at 19.4%.
- Total revenues for 4Q09 decreased 0.9% to US\$343.0 million. Yield per passenger mile decreased 11.7% to 16.4 cents and operating revenue per available seat mile (RASM) decreased 5.8% to 13.7 cents.
- For 4Q09 consolidated passenger traffic grew 12.7% while capacity increased 5.2%. As a result, consolidated load factor for the quarter increased 5.3 percentage points to 79.4%. For full year 2009 consolidated capacity increased 12%.
- Operating cost per available seat mile (CASM) decreased 1.6%, from 11.0 cents in 4Q08 to 10.9 cents in 4Q09. CASM, excluding fuel costs and special items, increased 5.2% from 7.2 cents in 4Q08 to 7.6 cents in 4Q09, mainly due to higher salaries and benefits and passenger related costs.
- Cash, short term and long term investments ended 2009 at US\$358.5 million, representing 29% of the last twelve months’ revenues. During 2009 the Company funded from cash US\$120 million in pre-delivery payments related to aircraft to be delivered between 2010 and 2011.

- During the fourth quarter, Copa Airlines took delivery of one Boeing 737-800, ending the year with a consolidated fleet of 56 aircraft.
- For 2009, Copa Airlines reported on-time performance of 87.6% and a flight-completion factor of 99.4%, maintaining its position among the best in the industry. Additionally, Aero Republica's on-time performance came in at 90.1%, leading the Colombian market both in domestic and international on-time performance.

#### Subsequent Events

- On January 8, 2010, the Venezuelan government announced its decision to implement new fixed exchange rates effective January 11, 2010, which resulted in a significant devaluation of the Bolivar against the U.S. dollar. The new regime applies two distinct official rates depending on the applicable sector of the economy. The first exchange rate, applicable to imported goods characterized as essential, will be VEB 2.60 per U.S. dollar, and the rate applicable to all other imported goods and services, including the aviation sector, will be VEB 4.30 per U.S. dollar. The Venezuelan government, however, has announced that it will apply the exchange rate of VEB 2.60 per U.S. dollar to all authorization requests pending approval by the Venezuela Central Bank through January 8, 2010. We estimate that the Company will incur losses related to the devaluation of these funds of approximately US\$21 million, which will be recorded in the first quarter of 2010 in accordance with US GAAP.
  - On February 10, our Board of Directors approved the modification of the Company's dividend policy, which had provided for an annual payment of approximately 10% of our annual consolidated net income to our shareholders. Effective immediately, the new dividend policy provides for annual dividend payments in amounts up to 20% of our annual consolidated net income to be paid pro rata among all our shareholders. The determination of the annual dividend payment each year will remain subject to approval by our Board of Directors and compliance with applicable legal requirements.
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- On February 10, our Board of Directors approved the modification of the Company's dividend policy, which had provided for an annual payment of approximately 10% of our annual consolidated net income to our shareholders. Effective immediately, the new dividend policy provides for annual dividend payments in amounts up to 20% of our annual consolidated net income to be paid pro rata among all our shareholders. The determination of the annual dividend payment each year will remain subject to approval by our Board of Directors and compliance with applicable legal requirements.

| Consolidated Financial & Operating Highlights | 4Q09   | Variance vs. 4Q08 | Variance vs. 3Q09 | FY 2009 | Variance vs. 2008 |
|---|--------|-------------------|-------------------|---------|-------------------|
| RPMs (millions)                               | 1,984  | 12.7%             | 2.8%              | 7,397   | 10.1%             |
| ASMs (mm)                                     | 2,498  | 5.2%              | -1.9%             | 9,911   | 12.1%             |
| Load Factor                                   | 79.4%  | 5.3p.p.           | 3.6p.p.           | 74.6%   | -1.3p.p.          |
| Yield   | 16.4   | -11.7%            | 2.7%              | 16.0    | -11.5%            |
| PRASM (cents)                                 | 13.0   | -5.3%             | 7.5%              | 12.0    | -13.0%            |
| RASM (cents)                                  | 13.7   | -5.8%             | 8.0%              | 12.6    | -13.2%            |
| CASM (cents)                                  | 10.9   | -1.6%             | -0.5%             | 10.4    | -13.7%            |
| Adjusted CASM (cents) (1)                     | 10.7   | -3.3%             | 3.1%              | 10.2    | -15.3%            |
| CASM Excl. Fuel (cents)                       | 7.7    | 7.9%              | 0.1%              | 7.4     | -1.5%             |
| Adjusted CASM Excl. Fuel (cents) (1)          | 7.6    | 5.2%              | 5.4%              | 7.2     | -4.1%             |
| Breakeven Load Factor (3)                     | 60.0%  | -1.0p.p.          | -4.5p.p.          | 59.2%   | -3.8p.p.          |
| Operating Revenues (US\$ mm)                  | 343.0  | -0.9%             | 5.9%              | 1,253.1 | -2.8%             |
| EBITDAR (US\$ mm) (2)                         | 109.6  | 64.5%             | 37.6%             | 391.8   | 47.1%             |
| Adjusted EBITDAR (US\$ mm) (2)(3)             | 104.9  | -1.2%             | 17.8%             | 353.2   | 10.0%             |
| EBITDAR Margin (2)                            | 32.0%  | 12.7p.p.          | 7.4p.p.           | 31.3%   | 10.6p.p.          |
| Adjusted EBITDAR Margin (2)(3)                | 30.6%  | -0.1p.p.          | 3.0p.p.           | 28.2%   | 3.3p.p.           |
| Operating Income (US\$ mm)                    | 71.8   | -14.6%            | 56.3%             | 223.3   | -0.3%             |
| Adjusted Operating Income (US\$ mm) (1)       | 76.6   | -8.8%             | 26.6%             | 242.7   | 8.4%              |
| Operating Margin                              | 20.9%  | -3.4p.p.          | 6.7p.p.           | 17.8%   | 0.4p.p.           |
| Adjusted Operating Margin (1)                 | 22.3%  | -1.9p.p.          | 3.6p.p.           | 19.4%   | 2.0p.p.           |
| Net Income (US\$ mm)                          | 70.4   | 173.5%            | 63.3%             | 240.4   | 102.6%            |
| Adjusted Net Income (US\$ mm) (3)             | 65.7   | 0.7%              | 25.0%             | 201.7   | 16.3%             |
| EPS - Basic (US\$)                            | 1.63   | 171.2%            | 63.3%             | 5.55    | 101.8%            |
| Adjusted EPS - Basic (US\$) (3)               | 1.52   | 0.3%              | 24.7%             | 4.66    | 15.8%             |
| EPS - Diluted (US\$)                          | 1.61   | 171.8%            | 63.3%             | 5.50    | 101.5%            |
| Adjusted EPS - Diluted (US\$) (3)             | 1.50   | -0.1%             | 24.6%             | 4.62    | 15.7%             |
| Weighted Avg. # of Shares - Basic (000)       | 43,344 | 0.3%              | 0.0%              | 43,308  | 0.4%              |
| Weighted Avg. # of Shares - Diluted (000)     | 43,763 | 0.8%              | 0.1%              | 43,672  | 0.5%              |

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(1) Adjusted Operating Income, Adjusted Operating Margin and Adjusted CASM for 4Q09, 3Q09 and 2009 exclude special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet.

(2) EBITDAR means earnings before interest, taxes, depreciation, amortization and rent.

(3) Adjusted EBITDAR, Adjusted EBITDAR Margin, Breakeven Load Factor, Adjusted Net Income and Adjusted EPS (Basic and Diluted) exclude: a) For 4Q09, 3Q09 and 2009 exclude special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet and b) For 4Q09, 4Q08, 3Q09, 2009 and 2008 exclude non-cash charges/gains associated with the mark-to-market of fuel hedges.

Note: Attached to this press release is a reconciliation of non-GAAP financial measures to the comparable US GAAP measures.

## MANAGEMENT'S COMMENTS ON 4Q09 RESULTS

Copa Holdings delivered another quarter of solid financial results with fourth quarter operating income coming in at US\$71.8 million and net income at US\$70.4 million. Excluding US\$4.8 million in special charges at Aero Republica related to the accrual of costs associated with the retirement of four MD-80 aircraft and a \$9.6 million non-cash gain associated with the mark-to-market of fuel hedge contracts, operating income and net income reported would have been US\$76.6 million and US\$65.7 million, respectively.

Total revenues decreased 0.9% during the quarter, while capacity increased 5.2%, which resulted in a 5.8% decrease in revenues per ASM (RASM) from 14.6 cents to 13.7 cents. Passenger revenues, which represented 95% of total revenues, decreased 0.4% to US\$324.4 million, due to a 5.3% decline in passenger revenue per ASM (PRASM), driven by an 11.7% drop in yield, which was offset by a 7.2 percentage point increase in consolidated load factor from 74.1% to 79.4%.

In 4Q09, Copa Airlines' yields came in at 15.7 cents, representing a 10.0% decline compared to 4Q08 and a 3.6% increase over 3Q09. Copa Airlines' yields declined year-over-year mainly as a result of lower average fares due to a less robust demand environment. During the same period, Aero Republica's yields decreased 19.2% to 20.2 cents, as a result of a more competitive fare environment. Nevertheless, the effect of lower yields at Aero Republica was partially offset by increased traffic, which for the quarter increased 16.7% and resulted in a load factor of 75%, or 9.9 percentage points above 4Q08.

Consolidated operating expenses for 4Q09 increased 3.5% to US\$271.2 million, while consolidated operating expenses per ASM (CASM) decreased 1.6% to 10.9 cents. CASM, excluding fuel costs and special charges, increased 5.2% from 7.2 cents in 4Q08 to 7.6 cents in 4Q09, mainly due to higher salaries and benefits and passenger related costs.

Aircraft fuel expense decreased 15.1% or US\$13.8 million compared to 4Q08, despite a 5.9% increase in available seat miles (ASMs). The Company's effective jet fuel price, which includes a US\$1.2 million negative fuel hedge effect in 4Q09 and a US\$8.8 million negative fuel hedge effect in 4Q08, decreased from an average of US\$2.73 in 4Q08 to US\$2.21 in 4Q09.

For 4Q09, the Company had fuel hedges in place representing 19% of its consolidated volume. Continuing with the execution of its fuel hedge policy, the Company currently has hedged approximately 19% and 9% of its consolidated volume for 2010 and 2011, respectively.

The Company recorded non-operating income of US\$6.4 million for 4Q09 compared to a US\$50.1 million non-operating expense for 4Q08. Non-operating income for 4Q09 included a fuel hedge mark-to-market gain of US\$9.6 million, compared to a fuel hedge mark-to-market loss of US\$39.5 million in 4Q08.

Copa Holdings closed the quarter with US\$358.5 million in cash, short term and long term investments, representing approximately 29% of last twelve months' revenues. During 2009 the Company funded from cash \$120 million in pre-delivery payments related to aircraft to be delivered between 2010 and 2011. Total debt at the end of 4Q09 amounted to US\$845.5 million, most of which relates to aircraft and equipment financing.



For 4Q09, Aero Republica recorded operating income, excluding special fleet charges, of US\$7.0 million, representing an operating margin of 10.6% compared an operating margin of 19.7% in 4Q08. For full year 2009, Aero Republica recorded an adjusted operating margin of 11.2%.

Aero Republica continues to benefit from its international expansion and fleet transition strategy aimed at replacing its MD-80 fleet with modern and fuel-efficient Embraer-190 aircraft. For 4Q09, Aero Republica's capacity, in terms of ASMs flown in Embraer-190 aircraft as a percentage of its total capacity, increased from 72.5% in 4Q08 to 92.4% in 4Q09. Having returned its last MD-80 aircraft on January 31, 2010, Aero Republica now operates an all Embraer-190 fleet with an average age of approximately 2.2 years, one of the youngest in the industry. Additionally, as part of its international expansion, during 4Q09 Aero Republica's international capacity represented 19.5% of total capacity.

Copa Holdings' fourth quarter and full year 2009 results highlight the Company's ability to operate and grow profitably in a challenging environment. In 2010, the Company expects to increase its consolidated fleet by seven aircraft. Copa Airlines is expected to receive eight Boeing 737-800 aircraft, while Aero Republica completes its fleet renovation program with the return of one remaining MD-80 aircraft. Consolidated capacity for 2010 is expected to increase approximately 10%, with most of this growth coming from Copa Airlines capacity. Copa Holdings' consolidated fleet is expected to end the year at 63 aircraft, composed of 20 Boeing 737-700s, 17 Boeing 737-800s and 26 Embraer-190s.

Copa Holdings continues to deliver industry leading results, despite negative factors that have affected the industry as a whole. This is the result of a solid and well executed business model based on developing the most comprehensive and convenient network for intra Latin America travel. In 2010, the Company will seek to continue strengthening its long term competitive position, with the advantage of maintaining a flexible fleet plan and a strong balance sheet.

#### OUTLOOK FOR 2010

For 2010, the Company's guidance calls for consolidated capacity growth of approximately 10%. Load factors are expected to come in at 76%, above 2009 levels; while unit revenues (RASM) are expected to increase approximately 3% mainly as a result an improved demand environment which we expect will result in both higher load factors and yields. Unit costs excluding fuel, CASM ex-fuel, are expected to come in at 7.1 cents, slightly below 2009 levels. The estimated effective price per gallon of jet fuel, including the effect of current hedge contracts and into plane costs for 2010 is US\$2.26. As a result, the Company is projecting an operating margin in the range of 20.0% to 22.0% for 2010.

| Financial Outlook (US GAAP) | 2010 - Full<br>Year |
|-----------------------------|---------------------|
| ASMs (billion)              | +/-10.9             |
| Average Load Factor         | +/-76%              |
| RASM (cents)                | +/-13.0             |
| CASM Ex-fuel (cents)        | +/- 7.1             |
| Operating Margin            | 20-22%              |

## CONSOLIDATED FOURTH QUARTER RESULTS

### Operating revenue

Consolidated revenue for 4Q09 totaled US\$343.0 million, a 0.9% or US\$3.1 million decline from operating revenue of US\$346.1 million in 4Q08, mainly due to a 4.2% or US\$2.9 million decrease in in Aero Republica's operating revenue.

### Copa Airlines operating revenue

Copa Airlines operating revenue for 4Q09 totaled US\$280.9 million, a 0.7% increase over operating revenue of US\$278.9 million in 4Q08. This increase was primarily due to a 0.8% or US\$2.2 million increase in passenger revenue.

Passenger revenue. For 4Q09, passenger revenue totaled US\$263.7 million, an increase of 0.8% from passenger revenue of US\$261.6 million in 4Q08. Passenger yield decreased 10% to 15.7 cents, while load factor increased 4.4 percentage points from 75.9% in 4Q08 to 80.3% in 4Q09.

Cargo, mail and other. Cargo, mail and other revenue totaled US\$17.2 million in 4Q09, a 0.8% decline from cargo, mail and other of US\$17.3 million in 4Q08.

### Aero Republica operating revenue

During 4Q09, Aero Republica generated operating revenue of US\$66.0 million, representing a 4.2% decline from 4Q08. This decrease resulted mainly from a US\$3.6 million or 5.7% decline in passenger revenue. During the quarter, Aero Republica's capacity (ASMs) increased by 1.2%, while traffic (RPMs) increased 16.7%, resulting in a load factor of 75.0% or 9.9 percentage point above 4Q08. Yields decreased by 19.2% primarily due to lower fuel surcharges, a more competitive domestic environment and a weaker Colombian currency compared to the same period in 2008.

### Operating expenses

For 4Q09, consolidated operating expenses increased 3.5% to US\$271.2 million, representing operating cost per available seat mile (CASM) of 10.9 cents. Operating expenses, excluding special charges, totaled US\$266.4 million, a 1.7% increase over operating expenses of US\$262.0 million for 4Q08. Operating cost per available seat mile (CASM), excluding fuel costs and special charges, increased 6.6% from 7.2 cents in 4Q08 to 7.6 cents in 4Q09. An overview of the major variances on a consolidated basis follows:

Aircraft fuel. For 4Q09, aircraft fuel totaled US\$77.6 million, a US\$13.8 million or 15.1% decrease from aircraft fuel of US\$91.4 million in 4Q08. This decline was primarily a result of an 18.8% decrease in the average price per gallon of jet fuel (all-in), which averaged US\$2.21 in 4Q09 as compared to US\$2.73 in 4Q08, offset by a 4.3% increase in gallons consumed resulting from increased capacity. The all-in average price per gallon of jet fuel for 4Q09 includes a US\$1.2 million realized fuel hedge loss compared to an US\$8.8 million loss in 4Q08.

Salaries and benefits. For 4Q09, salaries and benefits totaled US\$43.9 million, a 17.0% increase over salaries and benefits of US\$37.5 million in 4Q08. This increase was mostly a result of an overall increase in operating headcount to support additional capacity and a stronger Colombian Currency.

Passenger servicing. For 4Q09, passenger servicing totaled US\$30.8 million, a 17.1% increase over passenger servicing of US\$26.3 million in 4Q08. This increase was primarily a result of an increase in capacity and passengers

carried.

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Commissions. For 4Q09, commissions totaled US\$15.8 million, a 6.5% increase over commissions of US\$14.8 million in 4Q08. This increase was primarily a result of a higher average commission rates at both Copa Airlines and Aero Republica.

Reservations and sales. Reservations and sales totaled US\$14.1 million, a 6.9% increase over reservation and sales of US\$13.2 million in 4Q08. This increase was primarily a result of 13.7% more passengers carried.

Maintenance, material and repairs. For 4Q09, maintenance, material and repairs totaled US\$20.1 million, a 13.4% increase over maintenance, material and repairs of US\$17.7 million in 4Q08. This increase was primarily a result of increased capacity and the timing of major overhaul events at Copa Airlines.

Depreciation. Depreciation totaled US\$11.3 million in 4Q09, a 0.5% decline from depreciation of US\$11.3 million in 4Q08.

Flight operations, aircraft rentals, landing fees and other rentals. Combined, flight operations, aircraft rentals, landing fees and other rentals increased 5.9% from US\$33.1 million in 4Q08 to US\$35.0 million in 4Q09.

Other. Other expenses totaled US\$17.8 million in 4Q09, an increase of US\$1.1 million.

Special charges. During 4Q09, the Company registered a US\$4.8 million charge related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's ongoing transition to an all Embraer-190 fleet.

#### Copa Airlines operating expenses

Copa Airlines' operating expenses increased 2.1% to US\$212.8 million from US\$208.4 million in 4Q08, on a 5.2% increase in capacity. Operating expenses per available seat mile decreased 3.6% to 10.1 cents in 4Q09 from 10.5 cents in 4Q08. Excluding fuel costs, operating expenses per available seat mile increased 5.4% from 6.8 cents in 4Q08 to 7.2 cents in 4Q09.

Aircraft fuel. For 4Q09, aircraft fuel totaled US\$62.1 million, a 15.5% decrease from aircraft fuel expense of US\$73.5 million in the same period in 2008. This decrease was primarily a result of a 20.3% decline in the average price per gallon of jet fuel (all-in), which averaged US\$2.16 in 4Q09 as compared to US\$2.72 in 4Q08.

Salaries and benefits. For 4Q09, salaries and benefits totaled US\$34.5 million, a 14.2% increase over salaries and benefits of US\$30.2 million in the same period in 2008. This increase was mainly a result of an overall increase in operating headcount to support additional capacity.

Passenger servicing. Passenger servicing totaled US\$25.7 million for 4Q09, a 15.0% increase over passenger servicing of US\$22.3 million in 4Q08. This increase was primarily the result of an increase in capacity and passengers carried.

Commissions. Commissions totaled US\$13.2 million for 4Q09, an 11.9% increase over commissions of US\$11.8 million in 4Q08. This increase was primarily a result of a higher average commission rate.

Reservations and sales. Reservations and sales totaled US\$9.8 million, a 2.7% increase over reservation and sales of US\$9.5 million in 4Q08. This increase was primarily a result of an increase in passengers carried.

Maintenance, materials and repairs. Maintenance, materials and repairs totaled US\$17.6 million in 4Q09, an 18.5% increase over maintenance, materials and repairs of US\$14.9 million in 4Q08. This increase was a result of increased capacity and the timing of major overhaul events.

Depreciation. Depreciation totaled US\$10.6 million in 4Q09, a 3.3% increase over depreciation of US\$10.2 million in 4Q08, primarily related to depreciation of new aircraft and spare parts.

Flight operations, aircraft rentals, landing fees and other rentals. Combined, flight operations, aircraft rentals, landing fees and other rentals increased 2.7% from US\$25.5 million in 4Q08 to US\$26.2 million in 4Q09.

Other. Other expenses increased US\$2.6 million from US\$10.5 million in 4Q08 to US\$13.1 million in 4Q09.



Aero Republica operating expenses

Aero Republica's operating expenses increased 15.4% to US\$63.9 million in 4Q09 from US\$55.4 million in 4Q08. Operating expenses per available seat mile (CASM) increased 13.9% to 16.0 cents in 4Q09 from 14.0 cents in 4Q08. CASM, excluding fuel costs and special charges, increased 14.8% from 9.5 cents in 4Q08 to 10.9 cents in 4Q09.

Non-operating income (expense)

Consolidated non-operating income (expense) totaled a gain of US\$6.4 million in 4Q09, compared to a loss of US\$50.1 million in 4Q08.

Interest expense. Interest expense totaled US\$7.4 million in 4Q09, a 32.1% decrease from interest expense of US\$10.9 million in 4Q08, primarily as a result of lower rates on variable rate debt.

Interest income. Interest income totaled US\$2.2 million, a 23.4% decrease from interest income of US\$2.9 million in 4Q08, mostly a result of lower interest rates.

Other, net. Other net totaled a gain of US\$11.6 million in 4Q09, mainly related to a US\$9.6 million non-cash gain related to the mark-to-market of fuel hedge contracts.

About Copa Holdings:

Copa Holdings, through its Copa Airlines and Aero Republica operating subsidiaries, is a leading Latin American provider of passenger and cargo services. Copa Airlines currently offers approximately 152 daily scheduled flights to 45 destinations in 24 countries in North, Central and South America and the Caribbean. In addition, Copa Airlines provides passengers with access to flights to more than 120 other international destinations through code share agreements with Continental Airlines and other airlines. Aero Republica provides service to 12 cities in Colombia as well as international connectivity with Copa Airlines' Hub of the Americas through flights from Barranquilla, Bogota, Bucaramanga, Cali, Cartagena, Medellin and Pereira. Additionally, Aero Republica has international flights from Colombia to Caracas and Quito. For more information, visit [www.copaair.com](http://www.copaair.com).

CONTACT: Copa Holdings S.A.

Investor Relations:

Ph: (507) 304-2677

[www.copaair.com](http://www.copaair.com) (IR section)

This release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statement. The risks and uncertainties relating to the forward-looking statements in this release are among those disclosed in Copa Holdings' filed disclosure documents and are, therefore, subject to change without prior notice.

## Copa Holdings, S.A.

## Operating data

|  | Unaudited<br>4Q09 | Unaudited<br>4Q08 | %<br>Change | Unaudited<br>3Q09 | %<br>Change | Unaudited<br>2009 | Audited<br>2008 | %<br>Change |
|--|-------------------|-------------------|-------------|-------------------|-------------|-------------------|-----------------|-------------|
| <b>Copa Holdings<br/>(Consolidated)</b>                          |                   |                   |             |                   |             |                   |                 |             |
| <b>Revenue</b>   |                   |                   |             |                   |             |                   |                 |             |
| passengers carried<br>(thousands)                                | 1,521             | 1,338             | 13.7%       | 1,475             | 3.1%        | 5,553             | 5,026           | 10.5%       |
| <b>Revenue</b>   |                   |                   |             |                   |             |                   |                 |             |
| passengers miles<br>(RPMs) (mm)                                  | 1,984             | 1,760             | 12.7%       | 1,930             | 2.8%        | 7,397             | 6,717           | 10.1%       |
| <b>Available seat<br/>miles (ASMs)</b>                           |                   |                   |             |                   |             |                   |                 |             |
| (mm)   | 2,498             | 2,375             | 5.2%        | 2,545             | -1.9%       | 9,911             | 8,845           | 12.1%       |
| Load factor  | 79.4%             | 74.1%             | 5.3p.p.     | 75.8%             | 3.6p.p.     | 74.6%             | 75.9%           | -1.3p.p.    |
| <b>Break-even load<br/>factor</b>                                |                   |                   |             |                   |             |                   |                 |             |
|  | 60.0%             | 56.9%             | 3.1p.p.     | 59.7%             | 0.3p.p.     | 59.2%             | 63.0%           | -3.8p.p.    |
| Yield (cents)  | 16.4              | 18.5              | -11.7%      | 15.9              | 2.7%        | 16.0              | 18.1            | -11.5%      |
| RASM (cents)   | 13.7              | 14.6              | -5.8%       | 12.7              | 8.0%        | 12.6              | 14.6            | -13.2%      |
| CASM (cents)   | 10.9              | 11.0              | -1.6%       | 10.9              | -0.5%       | 10.4              | 12.0            | -13.7%      |
| <b>Adj.CASM - excl.<br/>special charges and<br/>fuel (cents)</b> |                   |                   |             |                   |             |                   |                 |             |
|  | 7.6               | 7.2               | 5.2%        | 7.2               | 5.4%        | 7.2               | 7.5             | -4.1%       |
| <b>Fuel gallons<br/>consumed (mm)</b>                            |                   |                   |             |                   |             |                   |                 |             |
|  | 34.8              | 33.4              | 4.3%        | 35.6              | -2.2%       | 138.0             | 125.1           | 10.4%       |
| <b>Average price of<br/>Fuel - Net of<br/>Hedges (US\$)</b>      |                   |                   |             |                   |             |                   |                 |             |
|  | 2.21              | 2.73              | -18.8%      | 2.24              | -1.4%       | 2.17              | 3.21            | -32.4%      |
| <b>Copa Segment</b>  |                   |                   |             |                   |             |                   |                 |             |
| <b>Revenue</b>   |                   |                   |             |                   |             |                   |                 |             |
| passengers miles<br>(RPMs) (mm)                                  | 1,684             | 1,503             | 12.0%       | 1,643             | 2.5%        | 6,323             | 5,789           | 9.2%        |
| <b>Available seat<br/>miles (ASMs)</b>                           |                   |                   |             |                   |             |                   |                 |             |
| (mm)   | 2,098             | 1,981             | 5.9%        | 2,136             | -1.8%       | 8,319             | 7,342           | 13.3%       |
| Load factor  | 80.3%             | 75.9%             | 4.4p.p.     | 76.9%             |             | 76.0%             | 78.8%           | -2.8p.p.    |
| <b>Break-even load<br/>factor</b>                                |                   |                   |             |                   |             |                   |                 |             |
|  | 57.7%             | 55.7%             | 2.0p.p.     | 58.1%             | -0.4p.p.    | 58.6%             | 62.2%           | -3.6p.p.    |
| Yield (US\$ cents)   | 15.7              | 17.4              | -10.0%      | 15.1              | 3.6%        | 15.3              | 16.8            | -9.3%       |
| RASM (cents)   | 13.4              | 14.1              | -4.9%       | 12.4              | 8.0%        | 12.3              | 14.1            | -12.7%      |
| CASM (cents)   | 10.1              | 10.5              | -3.6%       | 9.8               | 3.6%        | 9.7               | 11.3            | -13.6%      |
| <b>Adj.CASM - excl.<br/>special charges and<br/>fuel (cents)</b> |                   |                   |             |                   |             |                   |                 |             |
|  | 7.2               | 6.8               | 5.4%        | 6.6               | 8.8%        | 6.7               | 6.9             | -2.8%       |
|  | 28.5              | 26.9              | 5.6%        | 29.1              | -2.2%       | 112.4             | 100.3           | 12.1%       |

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|   |       |       |          |       |         |       |       |          |
|---|-------|-------|----------|-------|---------|-------|-------|----------|
| Fuel gallons consumed (mm)                        |       |       |          |       |         |       |       |          |
| Average price of Fuel - Net of Hedges (US\$)      | 2.16  | 2.72  | -20.3%   | 2.26  | -4.2%   | 2.20  | 3.14  | -29.9%   |
| Aero Republica Segment                            |       |       |          |       |         |       |       |          |
| Revenue passengers miles (RPMs) (mm)              | 300   | 257   | 16.7%    | 287   | 4.3%    | 1,074 | 928   | 15.7%    |
| Available seat miles (ASMs) (mm)                  | 399   | 395   | 1.2%     | 409   | -2.4%   | 1,592 | 1,503 | 5.9%     |
| Load factor                                       | 75.0% | 65.0% | 9.9p.p.  | 70.2% | 6.9%    | 67.5% | 61.7% | 5.7p.p.  |
| Break-even load factor                            | 69.7% | 58.8% | 10.9p.p. | 65.6% | 4.1p.p. | 60.6% | 61.4% | -0.8p.p. |
| Yield (cents)                                     | 20.2  | 25.0  | -19.2%   | 20.6  | -1.6%   | 20.7  | 26.3  | -21.3%   |
| RASM (cents)                                      | 16.5  | 17.5  | -5.4%    | 15.7  | 5.5%    | 15.1  | 17.6  | -14.3%   |
| CASM (cents)                                      | 16.0  | 14.0  | 13.9%    | 18.1  | -11.6%  | 14.6  | 16.6  | -11.8%   |
| Adj.CASM - excl. special charges and fuel (cents) | 10.9  | 9.5   | 14.8%    | 11.1  | -1.5%   | 10.2  | 10.8  | -6.2%    |
| Fuel gallons consumed (mm)                        | 6.4   | 6.4   | -1.3%    | 6.5   | -2.1%   | 25.6  | 24.8  | 3.3%     |
| Average price of Fuel - Net of Hedges (US\$)      | 2.44  | 2.78  | -12.3%   | 2.18  | 11.9%   | 2.02  | 3.49  | -42.0%   |



Copa Holdings, S.A.  
Income Statement - USGAAP  
(US\$ Thousands)

|  | Unaudited<br>4Q09 | Unaudited<br>4Q08 | %<br>Change   | Unaudited<br>3Q09 | %<br>Change  | Unaudited<br>2009 | Audited<br>2008  | %<br>Change  |
|--|-------------------|-------------------|---------------|-------------------|--------------|-------------------|------------------|--------------|
| <b>Operating Revenues</b>              |                   |                   |               |                   |              |                   |                  |              |
| Passenger Revenue                      | 324,384           | 325,849           | -0.4%         | 307,438           | 5.5%         | 1,186,717         | 1,217,311        | -2.5%        |
| Cargo, mail and other                  | 18,573            | 20,210            | -8.1%         | 16,298            | 14.0%        | 66,370            | 71,478           | -7.1%        |
| <b>Total Operating Revenue</b>         | <b>342,957</b>    | <b>346,059</b>    | <b>-0.9%</b>  | <b>323,736</b>    | <b>5.9%</b>  | <b>1,253,088</b>  | <b>1,288,789</b> | <b>-2.8%</b> |
| <b>Operating Expenses</b>              |                   |                   |               |                   |              |                   |                  |              |
| Aircraft fuel                          | 77,643            | 91,408            | -15.1%        | 80,812            | -3.9%        | 300,816           | 404,669          | -25.7%       |
| Salaries and benefits                  | 43,863            | 37,484            | 17.0%         | 39,059            | 12.3%        | 157,879           | 139,431          | 13.2%        |
| Passenger servicing                    | 30,781            | 26,280            | 17.1%         | 28,839            | 6.7%         | 110,768           | 98,775           | 12.1%        |
| Commissions                            | 15,753            | 14,798            | 6.5%          | 15,889            | -0.9%        | 57,565            | 67,177           | -14.3%       |
| Reservations and sales                 | 14,098            | 13,187            | 6.9%          | 15,993            | -11.8%       | 56,280            | 54,996           | 2.3%         |
| Maintenance, material and repairs      | 20,118            | 17,737            | 13.4%         | 18,195            | 10.6%        | 76,732            | 66,438           | 15.5%        |
| Depreciation                           | 11,264            | 11,326            | -0.5%         | 11,926            | -5.6%        | 47,079            | 42,891           | 9.8%         |
| Flight operations                      | 15,356            | 14,680            | 4.6%          | 15,511            | -1.0%        | 60,873            | 56,425           | 7.9%         |
| Aircraft rentals                       | 10,774            | 10,078            | 6.9%          | 11,911            | -9.5%        | 46,538            | 43,008           | 8.2%         |
| Landing fees and other rentals         | 8,897             | 8,305             | 7.1%          | 8,557             | 4.0%         | 33,628            | 32,467           | 3.6%         |
| Other                                  | 17,835            | 16,766            | 6.4%          | 16,545            | 7.8%         | 62,187            | 58,520           | 6.3%         |
| Special fleet charges                  | 4,818             | -                 | n/a           | 14,599            |              | 19,417            | 0                | n/a          |
| <b>Total Operating Expense</b>         | <b>271,200</b>    | <b>262,049</b>    | <b>3.5%</b>   | <b>277,836</b>    | <b>-2.4%</b> | <b>1,029,762</b>  | <b>1,064,797</b> | <b>-3.3%</b> |
| <b>Operating Income</b>                | <b>71,757</b>     | <b>84,010</b>     | <b>-14.6%</b> | <b>45,900</b>     | <b>56.3%</b> | <b>223,326</b>    | <b>223,991</b>   | <b>-0.3%</b> |
| <b>Non-operating Income (Expense):</b> |                   |                   |               |                   |              |                   |                  |              |
| Interest expense                       | (7,392)           | (10,891)          | -32.1%        | (8,090)           | -8.6%        | (32,938)          | (42,071)         | -21.7%       |
| Interest capitalized                   | 1                 | 525               | -99.8%        | 141               | -99.3%       | 693               | 1,921            | -63.9%       |
| Interest income                        | 2,194             | 2,863             | -23.4%        | 2,217             | -1.0%        | 9,185             | 11,130           | -17.5%       |
| Other, net                             | 11,568            | (42,639)          | -127.1%       | 6,139             | 88.4%        | 59,703            | (58,843)         | -201.5%      |
|  | 6,371             | (50,142)          | -112.7%       | 407               | 1466.1%      | 36,642            | (87,863)         | -141.7%      |

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Total  
Non-Operating  
Income/(Expense)

|                               |            |            |        |            |        |            |            |        |
|-------------------------------|------------|------------|--------|------------|--------|------------|------------|--------|
| Income before<br>Income Taxes | 78,128     | 33,868     | 130.7% | 46,307     | 68.7%  | 259,968    | 136,128    | 91.0%  |
| Provision for<br>Income Taxes | 7,686      | 8,113      | -5.3%  | 3,168      | 142.6% | 19,610     | 17,469     | 12.3%  |
| Net Income                    | 70,442     | 25,755     | 173.5% | 43,139     | 63.3%  | 240,358    | 118,659    | 102.6% |
| Basic EPS                     | 1.63       | 0.60       | 172.6% | 1.00       | 63.3%  | 5.55       | 2.75       | 101.8% |
| Basic Shares                  | 43,344,371 | 43,194,566 | 0.3%   | 43,344,371 | 0.0%   | 43,307,534 | 43,142,515 | 0.4%   |
| Diluted EPS                   | 1.61       | 0.59       | 171.4% | 0.99       | 63.1%  | 5.50       | 2.73       | 101.5% |
| Diluted Shares                | 43,763,430 | 43,425,896 | 0.8%   | 43,710,245 | 0.1%   | 43,672,171 | 43,439,879 | 0.5%   |

Copa Holdings, S.A.  
Balance Sheet - USGAAP  
(US\$ Thousands)

|  | December 31,<br>2009<br>(Unaudited) | September 30,<br>2009<br>(Unaudited) | December 31,<br>2008<br>(Audited) |
|--|-------------------------------------|--------------------------------------|-----------------------------------|
| <b>ASSETS</b>  |                                     |                                      |                                   |
| Current Assets:  |                                     |                                      |                                   |
| Cash and cash equivalents  | \$ 262,656                          | \$ 264,976                           | \$ 220,808                        |
| Short-term investments   | 89,412                              | 102,778                              | 176,018                           |
| Total cash, cash equivalents and short-term investments          | 352,068                             | 367,754                              | 396,826                           |
| Accounts receivable, net of allowance for doubtful accounts      | 76,392                              | 90,722                               | 70,609                            |
| Accounts receivable from related parties                         | 4,399                               | 5,425                                | 4,592                             |
| Expendable parts and supplies, net of allowance for obsolescence | 23,327                              | 23,138                               | 18,405                            |
| Prepaid expenses   | 32,314                              | 22,277                               | 26,694                            |
| Other current assets   | 13,654                              | 5,465                                | 5,338                             |
| Total Current Assets   | 502,154                             | 514,781                              | 522,464                           |
| Long-term investments  | 6,407                               | 8,577                                | 11,145                            |
| Property and Equipment:  |                                     |                                      |                                   |
| Owned property and equipment:                                    |                                     |                                      |                                   |
| Flight equipment   | 1,439,759                           | 1,436,216                            | 1,372,352                         |
| Other equipment  | 61,339                              | 61,379                               | 55,291                            |
|  | 1,501,098                           | 1,497,595                            | 1,427,643                         |
| Less: Accumulated depreciation                                   | (218,108)                           | (210,067)                            | (174,835)                         |
|  | 1,282,990                           | 1,287,528                            | 1,252,808                         |
| Purchase deposits for flight equipment                           | 198,697                             | 165,370                              | 84,861                            |
| Total Property and Equipment                                     | 1,481,687                           | 1,452,898                            | 1,337,669                         |
| Other Assets:  |                                     |                                      |                                   |
| Net pension asset  | 2,227                               | 2,003                                | 1,486                             |
| Goodwill   | 23,852                              | 25,369                               | 21,732                            |
| Intangible asset   | 34,973                              | 37,197                               | 31,865                            |
| Other assets   | 41,569                              | 34,413                               | 27,864                            |
| Total Other Assets   | 102,621                             | 98,982                               | 82,947                            |
| Total Assets   | \$ 2,092,869                        | \$ 2,075,238                         | \$ 1,954,225                      |
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>                      |                                     |                                      |                                   |
| Current Liabilities:   |                                     |                                      |                                   |
| Current maturities of long-term debt                             | \$ 94,550                           | \$ 129,315                           | \$ 115,833                        |
| Accounts payable   | 51,343                              | 49,825                               | 54,066                            |
| Accounts payable to related parties                              | 14,103                              | 9,060                                | 11,510                            |
| Air traffic liability  | 183,344                             | 186,985                              | 182,490                           |
| Taxes and interest payable                                       | 43,227                              | 41,761                               | 37,194                            |
| Accrued expenses payable   | 49,058                              | 45,490                               | 40,642                            |
| Other current liabilities  | 10,957                              | 18,924                               | 60,349                            |
| Total Current Liabilities  | 446,582                             | 481,360                              | 502,084                           |

|  |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| <b>Non-Current Liabilities:</b>                                      |                     |                     |                     |
| Long-term debt   | 750,971             | 771,184             | 800,196             |
| Post employment benefits liability                                   | 2,370               | 2,326               | 2,072               |
| Other long-term liabilities  | 13,908              | 12,844              | 8,694               |
| Deferred tax liabilities   | 13,410              | 10,685              | 8,747               |
| <b>Total Non-Current Liabilities</b>                                 | <b>780,659</b>      | <b>797,039</b>      | <b>819,709</b>      |
| <b>Total Liabilities</b>   | <b>1,227,241</b>    | <b>1,278,399</b>    | <b>1,321,793</b>    |
| <b>Shareholders' Equity:</b>   |                     |                     |                     |
| Class A - 31,136,619 shares issued and 30,566,853 shares outstanding | 20,864              | 20,858              | 20,761              |
| Class B - 12,778,125 shares issued and outstanding                   | 8,722               | 8,722               | 8,722               |
| Additional paid in capital   | 18,658              | 17,292              | 13,481              |
| Retained earnings  | 817,649             | 747,597             | 594,004             |
| Accumulated other comprehensive income (loss)                        | (265)               | 2,372               | (4,536)             |
| <b>Total Shareholders' Equity</b>                                    | <b>865,628</b>      | <b>796,841</b>      | <b>632,432</b>      |
| <b>Total Liabilities and Shareholders' Equity</b>                    | <b>\$ 2,092,869</b> | <b>\$ 2,075,239</b> | <b>\$ 1,954,225</b> |

Copa Holdings, S.A.

## NON-GAAP FINANCIAL MEASURE RECONCILIATION

This press release includes the following non GAAP financial measures: Adjusted CASM, Adjusted CASM Excluding Fuel, Adjusted EBITDAR, Adjusted Operating Income, Adjusted Net Income and Adjusted EPS. This supplemental information is presented because we believe they are useful indicators of our operating performance and are useful in comparing our performance with other companies in the airline industry. These measures should not be considered in isolation, and should be considered together with comparable US GAAP measures, in particular operating income and net income. The following is a reconciliation of these non-GAAP financial measures to the comparable US GAAP measures:

## Reconciliation of EBITDAR

| Excluding Special Items                                | 4Q09       | 4Q08       | 3Q09      | 2009       | 2008       |
|--|------------|------------|-----------|------------|------------|
| Net income as Reported                                 | \$ 70,442  | \$ 25,755  | \$ 43,139 | \$ 240,358 | \$ 118,659 |
| Interest Expense                                       | (7,392)    | (10,891)   | (8,090)   | (32,938)   | (42,071)   |
| Capitalized Interest                                   | 1          | 525        | 141       | 693        | 1,921      |
| Interest Income  | 2,194      | 2,863      | 2,217     | 9,185      | 11,130     |
| Income Taxes   | (7,686)    | (8,113)    | (3,168)   | (19,610)   | (17,469)   |
| EBIT   | 83,325     | 41,371     | 52,039    | 283,029    | 165,148    |
| Depreciation and Amortization                          | 11,264     | 11,326     | 11,926    | 47,079     | 42,891     |
| EBITDA   | 94,589     | 52,697     | 63,965    | 330,108    | 208,039    |
| Aircraft Rent  | 10,774     | 10,078     | 11,911    | 46,538     | 43,008     |
| Other Rentals  | 4,267      | 3,873      | 3,772     | 15,196     | 15,293     |
| EBITDAR  | \$ 109,631 | \$ 66,648  | \$ 79,648 | \$ 391,841 | \$ 266,341 |
| Special Items (adjustments):                           |            |            |           |            |            |
| Unrealized (gain) loss on fuel hedging instruments (1) | (9,593)    | 39,462     | (5,214)   | (58,040)   | 54,846     |
| Special Items (2)                                      | 4,818      | -          | 14,599    | 19,417     | -          |
| Adjusted EBITDAR                                       | \$ 104,855 | \$ 106,111 | \$ 89,032 | \$ 353,218 | \$ 321,187 |

## Reconciliation of Operating Income

| Excluding Special Items      | 4Q09      | 4Q08      | 3Q09      | 2009       | 2008       |
|------------------------------|-----------|-----------|-----------|------------|------------|
| Operating Income as Reported | \$ 71,757 | \$ 84,010 | \$ 45,900 | \$ 223,326 | \$ 223,991 |
| Special Items (adjustments): |           |           |           |            |            |
| Special Items, net (2)       | 4,818     | -         | 14,599    | 19,417     | -          |
| Adjusted Operating Income    | \$ 76,575 | \$ 84,010 | \$ 60,499 | \$ 242,743 | \$ 223,991 |

| Reconciliation of Net Income<br>Excluding Special Items                            | 4Q09      | 4Q08      | 3Q09      | 2009       | 2008       |
|--|-----------|-----------|-----------|------------|------------|
| Net income as Reported   | \$ 70,442 | \$ 25,755 | \$ 43,139 | \$ 240,358 | \$ 118,659 |
| <b>Special Items (adjustments):</b>  |           |           |           |            |            |
| Unrealized (gain) loss on fuel hedging<br>instruments (1)                          | (9,593)   | 39,462    | (5,214)   | (58,040)   | 54,846     |
| Special Items, net (2)   | 4,818     | -         | 14,599    | 19,417     | -          |
| Adjusted Net Income  | \$ 65,667 | \$ 65,217 | \$ 52,523 | \$ 201,735 | \$ 173,505 |
| <b>Shares used for Computation (in thousands)</b>                                  |           |           |           |            |            |
| Basic  | 43,344    | 43,195    | 43,344    | 43,308     | 43,143     |
| Diluted  | 43,763    | 43,426    | 43,710    | 43,672     | 43,440     |
| <b>Adjusted earnings per share</b>   |           |           |           |            |            |
| Basic  | 1.52      | 1.51      | 1.21      | 4.66       | 4.02       |
| Diluted  | 1.50      | 1.50      | 1.20      | 4.62       | 3.99       |
| <b>Reconciliation Operating Costs per ASM<br/>Excluding Fuel and Special Items</b> |           |           |           |            |            |
| Operating Costs per ASM as Reported  | 10.9      | 11.0      | 10.9      | 10.4       | 12.0       |
| Aircraft fuel per ASM  | (3.1)     | (3.8)     | (3.2)     | (3.0)      | (4.6)      |
| Operating Costs per ASM excluding fuel   | 7.7       | 7.2       | 7.7       | 7.4        | 7.5        |
| <b>Special Items (adjustments):</b>  |           |           |           |            |            |
| Special Items per ASM, net (2)   | (0.2)     | -         | (0.6)     | (0.2)      | -          |
| Operating expenses excluding fuel and special<br>items                             | 7.6       | 7.2       | 7.2       | 7.2        | 7.5        |

**FOOTNOTES:**

- (1) Include unrealized (gains) losses resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments. For 4Q09, 3Q09 and full year 2009 the Company recorded unrealized fuel hedge gains of US\$9.6 million, US\$5.2 million and US\$58.0 million, respectively. For 4Q08 and full year 2008 the Company recorded unrealized fuel hedge losses of US\$39.5 million and US\$54.8 million, respectively.
- (2) Special items include for 4Q09, 3Q09 and 2009 exclude special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Aero Republica's transition to an all Embraer-190 fleet