



Atlas Air Worldwide Holdings, Inc
2000 Westchester Ave
Purchase, New York 10577

File Reference No. 2019-730

October 9, 2019

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update—Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity

Dear Technical Director:

We appreciate the opportunity to comment on the referenced Exposure Draft (“ED”) issued by the Financial Accounting Standards Board (the “FASB”). Atlas Air Worldwide Holdings, Inc. (“AAWW”) is a publicly traded, leading global provider of outsourced aircraft and aviation operating services with annual revenue in excess of \$2.6 billion and assets in excess of \$5.9 billion. AAWW is a U.S. airline that provides services to express delivery providers, e-commerce retailers, airlines, freight forwarders, the U.S. military and charter brokers.

We currently have two convertible senior notes outstanding that can be settled in cash, AAWW shares or any combination thereof. As such, we are providing the following responses to certain questions set forth in the ED relevant to these instruments:

Question 1: Should convertible instruments be accounted for as a single unit of account, except in circumstances in which the conversion features are required to be bifurcated by guidance in Topic 815? Please explain why or why not.

We agree with the proposed approach of simplifying the accounting for convertible instruments so that the embedded conversion features would no longer be separated from the host contract, except as required under Topic 815. We believe that the current guidance is too complex and difficult to navigate. We also believe that separating the instruments into two components on the balance sheet under the current guidance is confusing for our investors and analysts and does not provide a significant benefit to them.

We recognize that, by combining the embedded conversion features and the host contract under this proposed approach, the interest rate of convertible debt instruments would be much closer to the coupon interest rate. This result would be consistent with our current presentation, that excludes the imputed interest expense from our non-GAAP measures, which we believe provides a more relevant presentation for our investors and analysts.

Question 11: For a contract that may be settled in either cash or shares (except for certain share-based payment arrangements that are classified as liabilities), should an entity presume (and not be allowed to overcome the presumption) share settlement when calculating diluted EPS? Please explain why or why not.

We believe that the current earnings per share (EPS) guidance works well for users of our financial statements. By removing a company's ability to rebut the presumption of share settlement, the proposed changes to the EPS guidance would result in significantly lower diluted EPS for AAWW by including all potentially dilutive shares in the denominator regardless of the likelihood of issuance. We do not believe this result would be useful for our investors and analysts given the remote likelihood of settling our aggregate convertible debt obligation with shares due to our disclosed intent and policy to settle the principal amounts in cash. We believe that if a contract allows a company to settle the contract in cash or shares and the company intends to settle the principal amount in cash, then including the amount that could be settled in shares in the diluted EPS calculation, regardless of likelihood as proposed under the ED, would not reflect the economics of the transaction. Assuming the company ultimately settles the convertible debt in cash as originally intended, we believe the reported diluted EPS amounts would have been misleading under the proposed guidance.

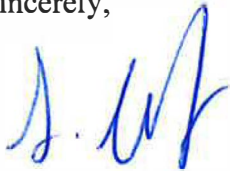
Based on the above, we recommend that the FASB consider an approach that maintains the current guidance for rebutting the presumption of share settlement. If a company can rebut the presumption of share settlement of the principal amount, we recommend that only shares related to the conversion premium be included in the diluted EPS calculation.

Question 14: Should the proposed amendments to EPS be applied retrospectively for instruments that may be settled in cash or shares? Please explain why or why not.

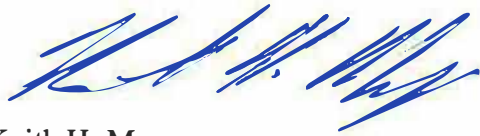
If the FASB does not agree with our recommendation as described under Question 11 above, we recommend the FASB allow companies to apply the provisions of the ED prospectively to contracts entered into on or after the adoption date. We recognize that stock valuations could be negatively impacted by changes to a company's price-to-earnings ratio as a result of this proposed change. Companies that structured convertible debt securities to be settled in cash or shares under the existing guidance, as well as their investors, should not be penalized. Further, retroactive application could likely cause confusion for investors and analysts who understood the economics of these transactions upon issuance but would no longer see those economics reflected in the reported diluted EPS results.

We would be pleased to discuss these comments further or answer any questions that you may have. You can contact either Spencer Schwartz at 914-701-8763 or Keith Mayer at 914-701-8349.

Sincerely,



Spencer Schwartz
Executive Vice President and Chief Financial Officer
Atlas Air Worldwide Holdings, Inc.



Keith H. Mayer
Senior Vice President, Chief Accounting Officer and Corporate Controller
Atlas Air Worldwide Holdings, Inc.