



Copa Holdings Reports Net Income of US\$36.7 Million and EPS of US\$0.84 for the First Quarter of 2010

Excluding special items, adjusted net income came in at \$56.9 million, or \$1.29 per share

Panama City, Panama --- May 05, 2010. Copa Holdings, S.A. (NYSE: CPA), parent company of Copa Airlines and Aero Republica, today announced financial results for the first quarter of 2010 (1Q10). The terms "Copa Holdings" or "the Company" refer 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 first quarter of 2009 (1Q09).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US\$36.7 million for 1Q10, or diluted earnings per share (EPS) of US\$0.84. Excluding special items, which for 1Q10 included a US\$19.8 million charge related to the devaluation of the Venezuelan currency and a US\$0.4 million non-cash charge associated with the mark-to-market of fuel hedge contracts, Copa Holdings would have reported an adjusted net income of \$56.9 million, or \$1.29 per share, compared to an adjusted net income of US\$55.5 million or US\$1.26 per share for 1Q09.
- Operating income for 1Q10 came in at US\$70.8 million, representing an operating margin of 21.1% compared to an operating margin of 22.3% in 1Q09. The Company continues to consistently place amongst the most profitable airlines in the world.
- In 1Q10, total revenues increased to US\$335.2 million, representing growth of 8.6%, on 3.2% capacity expansion. Yield per passenger mile decreased 1.9% to 15.9 cents; however, operating revenue per available seat mile (RASM) increased 5.2% to 13.4 cents.
- For 1Q10, consolidated load factor for the quarter increased 5.6 percentage points to 80.0%, as consolidated passenger traffic grew 11.0%.
- Operating cost per available seat mile (CASM) increased 6.8%, from 9.9 cents in 1Q09 to 10.5 cents in 1Q10. CASM, excluding fuel costs, increased 8.5% from 6.8 cents in 1Q09 to 7.4 cents in 1Q10 as a result of increased maintenance costs, a stronger Colombian currency and expenses related to additional capacity mainly to support growth in the second half of 2010. Compared to 4Q09, CASM excluding fuel decreased 1.7% on comparable capacity.
- Cash, short term and long term investments ended 1Q10 at US\$361.1 million, representing 28% of the last twelve months' revenues.
- During the first quarter, Copa Airlines took delivery of three Boeing 737-800s, while Aero Republica returned its last remaining MD-80 aircraft. As a result, Copa Holdings ended the quarter with a consolidated fleet of 58 aircraft.
- For 1Q10, Copa Holdings reported consolidated on-time performance of 90.7% and a flight-completion factor of 99.5%, maintaining its position among the best in the industry.
- On February 10, 2010, the Board of Directors of Copa Holdings 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. The new dividend policy provides for annual dividend payments of up to 20% of our annual consolidated net income.



RECENT DEVELOPMENTS

- On May 5, the Board of Directors of Copa Holdings declared an annual dividend of \$1.09 per share, representing 20% of our 2009 consolidated net income. The dividend will be paid on June 15, 2010 to shareholders of record as of May 31, 2010.

Consolidated Financial & Operating Highlights	1Q10	1Q09	% Change	4Q09	% Change
RPMs (millions)	2,005	1,807	11.0%	1,984	1.0%
ASMs (mm)	2,507	2,430	3.2%	2,498	0.4%
Load Factor	80.0%	74.4%	5.6 p.p.	79.4%	0.5 p.p.
Yield	15.9	16.2	-1.9%	16.4	-2.7%
PRASM (cents)	12.7	12.1	5.5%	13.0	-2.0%
RASM (cents)	13.4	12.7	5.2%	13.7	-2.6%
CASM (cents)	10.5	9.9	6.8%	10.9	-2.9%
Adjusted CASM (cents) ⁽¹⁾	10.5	9.9	6.8%	10.7	-1.1%
CASM Excl. Fuel (cents)	7.4	6.8	8.5%	7.7	-4.2%
Adjusted CASM Excl. Fuel (cents) ⁽¹⁾	7.4	6.8	8.5%	7.6	-1.7%
Breakeven Load Factor ⁽²⁾	62.7%	57.5%	5.2 p.p.	60.0%	2.7 p.p.
Operating Revenues (US\$ mm)	335.2	308.8	8.6%	343.0	-2.3%
Operating Income (US\$ mm)	70.8	68.9	2.8%	71.8	-1.3%
Adjusted Operating Income (US\$ mm) ⁽¹⁾	70.8	68.9	2.8%	76.6	-7.5%
Operating Margin	21.1%	22.3%	-1.2 p.p.	20.9%	0.2 p.p.
Adjusted Operating Margin ⁽¹⁾	21.1%	22.3%	-1.2 p.p.	22.3%	-1.2 p.p.
Net Income (US\$ mm)	36.7	71.6	-48.7%	70.4	-47.9%
Adjusted Net Income (US\$ mm) ⁽²⁾	56.9	55.5	2.7%	65.7	-13.3%
EPS - Basic and Diluted (US\$)	0.84	1.63	-48.8%	1.60	-47.9%
Adjusted EPS - Basic and Diluted (US\$) ⁽²⁾	1.29	1.26	2.4%	1.49	-13.3%
# of Shares - Basic and Diluted (000)	43,978	43,875	0.2%	43,985	0.0%

⁽¹⁾ Adjusted Operating Income, Adjusted Operating Margin and Adjusted CASM for 4Q09 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⁾ Breakeven Load Factor, Adjusted Net Income and Adjusted EPS (Basic and Diluted) exclude: a) For 4Q09, 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 1Q10, 1Q09, and 4Q09 excludes non-cash charges/gains associated with the mark-to-market of fuel hedges. Additionally, for 1Q10 excludes a US\$19.8 million charge related to the devaluation of the Venezuelan currency.

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

MANAGEMENT'S COMMENTS ON 1Q10 RESULTS

Copa Holdings first quarter results were positively impacted by strong demand trends which led to significant increases in load factor at both Copa Airlines and Aero Republica. For 1Q10, the company reported operating income of US\$70.8 million, a 2.8% increase over 1Q09. Operating margin for the quarter stood at 21.1%, maintaining our position as one of the most profitable airlines in the world.



Total revenues increased 8.6% during the quarter on capacity expansion of 3.2%, as revenues per ASM (RASM) increased 5.2% from 12.7 cents to 13.4 cents. For the quarter, consolidated load factors increased from 74.4% to 80.0% and yields decreased slightly from 16.2 cents to 15.9 cents.

Consolidated operating expenses for 1Q10 increased 10.2% to US\$264.4 million, while consolidated operating expenses per ASM (CASM) increased 6.8% to 10.5 cents. Excluding fuel costs, unit costs increased 8.5% to 7.4 cents, mostly as a result of additional maintenance costs, a stronger Colombian currency and costs related to capacity expansion in the second half of 2010. Compared to 4Q09, however, adjusted CASM ex-fuel decreased 1.7% on comparable capacity.

Aircraft fuel expense, including realized hedge gains or losses, increased 6.4% compared to 1Q09. The Company's effective jet fuel price, which includes a US\$1.4 million realized fuel hedge gain in 1Q10 and a US\$19.9 million fuel hedge loss in 1Q09, increased from an average of US\$2.16 in 1Q09 to US\$2.26 in 1Q10.

For 1Q10, the Company had fuel hedges in place representing 30% of its consolidated volume. Continuing with the execution of its fuel hedge policy, the Company currently has hedged approximately 28% in 2Q10, 24% in 3Q10 and 20% in 4Q10. For 2011, the Company has hedged approximately 13% of its forecasted fuel consumption.

The Company recorded a net non-operating expense of US\$27.2 million for 1Q10 compared to an US\$8.3 million non-operating gain in 1Q09. This loss was mainly due to a US\$19.8 million charge related to the devaluation of the Venezuelan currency and a non-cash fuel hedge mark-to-market loss of US\$0.4 million, as compared to a fuel hedge mark-to-market gain of US\$16.2 million in 1Q09.

Copa Holdings closed the quarter with US\$361.1 million in cash, short term and long term investments, representing approximately 28% of last twelve months' revenues. Total debt at the end of 1Q10 amounted to US\$906.9 million, most of which relates to aircraft and equipment financing.

In 2010, the Company expects to increase its consolidated fleet by seven aircraft and expand capacity by approximately 10%, with most of this capacity growth coming from Copa Airlines. 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 profitability and growth on a consistent basis. Going forward, Copa Holdings will continue bolstering its long term competitive position by implementing initiatives aimed at strengthening and consolidating its network, improving passenger service, maintaining competitive costs and ultimately maximizing shareholder value.



OUTLOOK FOR 2010

For 2010, our updated guidance calls for consolidated capacity growth of approximately 10%. Load factors are expected to come in at 77%, above 2009 levels; while unit revenues (RASM) are expected to increase approximately 4% 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. Our guidance includes an increase in the estimated effective price per gallon of jet fuel, including the effect of current hedge contracts and into plane costs from US\$2.26 per gallon in our previous guidance to US\$2.41 per gallon. However, the Company still projects an operating margin in the range of 20.0% to 22.0% for 2010.

Financial Outlook (US GAAP)	2010 - Full Year
ASMs (billion)	+/-10.9
Average Load Factor	+/-77%
RASM (cents)	+/-13.1
CASM Ex-fuel (cents)	+/- 7.1
Operating Margin	20-22%

CONSOLIDATED FIRST QUARTER RESULTS

Operating revenue

Consolidated revenue for 1Q10 totaled US\$335.2 million, an 8.6% or US\$26.4 million increase over operating revenue of US\$308.8 million in 1Q09, mostly due to a 9.2% or US\$23.5 million increase in Copa Airlines' operating revenue.

Copa Airlines operating revenue

Copa Airlines operating revenue for 1Q10 totaled US\$279.5 million, a 9.2% increase over operating revenue of US\$256.1 million in 1Q09. This increase was primarily due to a 9.1% or US\$22.1 million increase in passenger revenue.

Passenger revenue. For 1Q10 passenger revenue totaled US\$264.8 million, a 9.1% increase over passenger revenue of US\$242.8 million in 1Q09. Although passenger yield decreased 0.8% to 15.4 cents, load factor increased 4.9 percentage points to 81.7%, contributing to a 5.5% increase in passenger revenue per ASM (PRASM).

Cargo, mail and other. Cargo, mail and other revenue totaled US\$14.7 million in 1Q10, a 10.7% increase over cargo, mail and other of US\$13.3 million in 1Q09.

Aero Republica operating revenue

During 1Q10, Aero Republica generated operating revenue of US\$58.8 million, representing 9.5% growth over 1Q09. This increase resulted mainly from a US\$3.8 million or 7.6% increase in passenger revenue. During the quarter, Aero Republica's capacity (ASMs) increased 2.3%, while traffic (RPMs) increased 17.1%, resulting in a load factor of 70.5% or 8.9 percentage point above 1Q09. Although yields decreased by 8.1%, primarily due to a more competitive domestic environment, higher load factors contributed to a 5.2% increase in passenger revenues per ASM (PRASM).



Operating expenses

For 1Q10, consolidated operating expenses increased 10.2% to US\$264.4 million, representing operating cost per available seat mile (CASM) of 10.5 cents. CASM, excluding fuel costs, increased 8.5% from 6.8 cents in 1Q09 to 7.4 cents in 1Q10. Compared to 4Q09, however, CASM excluding fuel decreased 1.7%. An overview of the major variances on a consolidated basis follows:

Aircraft fuel. For 1Q10, aircraft fuel totaled US\$78.2 million, a US\$4.7 million or 6.4% increase over aircraft fuel of US\$73.5 million in 1Q09. This increase was primarily a result of a 4.6% increase in the average price per gallon of jet fuel (all-in), which averaged US\$2.26 in 1Q10, as compared to US\$2.16 in 1Q09, and a 2.2% increase in gallons consumed resulting from increased capacity. The all-in average price per gallon of jet fuel for 1Q10 includes a \$1.4 million fuel hedge gain, compared to a US\$19.9 fuel hedge loss in 1Q09. Excluding the effect of fuel hedge gains and losses for both periods fuel prices increased 46.2%, from US\$1.57 per gallon in 1Q09 to US\$2.30 in 1Q10.

Salaries and benefits. For 1Q10, salaries and benefits totaled US\$42.5 million, a 15.7% increase over salaries and benefits of US\$36.7 million in 1Q09. This increase was mostly a result of a stronger Colombian currency and an overall increase in operating headcount to support additional capacity to be deployed during the second half of 2010.

Passenger servicing. For 1Q10, passenger servicing totaled US\$29.4 million, a 13.1% increase over passenger servicing of US\$26.0 million in 1Q09. This increase was primarily a result of an increase in passengers carried.

Commissions. For 1Q10, commissions totaled US\$13.8 million, a 4.2% increase over commissions of US\$13.2 million in 1Q09. This increase was primarily a result of 8.8% higher passenger revenue, partially offset by lower average commission rate.

Reservations and sales. Reservations and sales totaled US\$14.1 million, an 8.5% increase over reservation and sales of US\$13.0 million in 1Q09. This increase was primarily a result of 8.8% higher passenger revenue.

Maintenance, material and repairs. For 1Q10, maintenance, material and repairs totaled US\$20.2 million, a 20.1% increase over maintenance, material and repairs of US\$16.9 million in 1Q09. This increase was primarily a result of timing of certain events.

Depreciation. Depreciation totaled US\$12.6 million in 1Q10, a 5.9% increase over depreciation of US\$11.9 million in 1Q09. This increase was primarily driven by additional aircraft and spares.

Flight operations, aircraft rentals, landing fees and other rentals. Combined, flight operations, aircraft rentals, landing fees and other rentals increased 4.7% from US\$35.7 million in 1Q09 to US\$37.3 million in 1Q10, primarily as a result of increased capacity.

Other. Other expenses totaled US\$16.2 million in 1Q10, reflecting an increase of US\$3.3 million.

Copa Airlines operating expenses

Copa Airlines' operating expenses increased 8.0% to US\$208.9 million from US\$193.4 million in 1Q09. Operating expenses per available seat mile increased 4.5% to 9.9 cents in 1Q10 from 9.5 cents in 1Q09. Excluding fuel costs, operating expenses per available seat mile increased 7.6% from 6.4 cents in 1Q09 to 6.9 cents in 1Q10. Compared to 4Q09, however, CASM excluding fuel decreased 3.5%.

Aircraft fuel. For 1Q10, aircraft fuel totaled US\$62.9 million, a 1.1% increase over aircraft fuel of US\$62.2 million in 1Q09. This increase was primarily a result of a 0.8% decrease in the average price per gallon of jet fuel (all-in), which averaged US\$2.23 in 1Q10 as compared to US\$2.25 in 1Q09, offset by a 2.5% increase in gallons consumed resulting from increased capacity. Copa Airlines' all-in average price per gallon of jet fuel for 1Q10 includes a \$1.3 million fuel hedge gain compared to a US\$19.1 fuel hedge loss in 1Q09. Excluding the effect of fuel hedge gains and losses for 1Q10 and 1Q09, fuel prices increased 46.7% from US\$1.55 per gallon in 1Q09 to US\$2.28 in 1Q10.



Salaries and benefits. For 1Q10, salaries and benefits totaled US\$33.1 million, a 10.7% increase over salaries and benefits of US\$29.9 million in the same period in 2008. This increase was mainly a result of an overall increase in operating headcount to support capacity expansion during the second half of 2010.

Passenger servicing. Passenger servicing totaled US\$24.3 million for 1Q10, a 10.8% increase over passenger servicing of US\$22.0 million in 1Q09. This increase was primarily the result of an increase in capacity and passengers carried.

Commissions. Commissions totaled US\$11.6 million for 1Q10, an 11.8% increase over commissions of US\$10.4 million in 1Q09. This increase was primarily a result of a higher passenger revenue base.

Reservations and sales. Reservations and sales totaled US\$10.5 million, a 4.5% increase over reservation and sales of US\$10.1 million in 1Q09. This increase was primarily a result of a higher passenger revenue base.

Maintenance, materials and repairs. Maintenance, materials and repairs totaled US\$16.2 million in 1Q10, a 20% increase over maintenance, materials and repairs of US\$13.5 million in 1Q09. This increase resulted from increased capacity and the timing of certain events.

Depreciation. Depreciation totaled US\$10.9 million in 1Q10, a 1.5% increase over depreciation of US\$10.8 million in 1Q09.

Flight operations, aircraft rentals, landing fees and other rentals. Combined, flight operations, aircraft rentals, landing fees and other rentals increased 12.7% from US\$24.8 million in 1Q09 to US\$28.0 million in 1Q10, primarily as a result of an aircraft wet lease incurred to support capacity during our January high season.

Other. Other expenses increased US\$1.5 million from US\$9.8 million in 1Q09 to US\$11.3 million in 1Q10.

Aero Republica operating expenses

Aero Republica's operating expenses increased 25.1% to US\$59.3 million in 1Q10 from US\$47.4 million in 1Q09. Operating expenses per available seat mile (CASM) increased 22.4% to 14.9 cents in 1Q10 from 12.1 cents in 1Q09. CASM, excluding fuel costs, increased 19.2% from 9.3 cents in 1Q09 to 11.0 cents in 1Q10, mainly due to currency stronger Colombian currency and higher passenger related expenses.

Non-operating income (expense)

Consolidated non-operating income (expense) totaled a loss of US\$27.2 million in 1Q10, compared to an US\$8.4 million gain in 1Q09.

Interest expense. Interest expense totaled US\$7.1 million in 1Q10, a 20.9% decrease from interest expense of US\$8.9 million in 1Q09, primarily as a result of lower rates on variable rate debt.

Interest income. Interest income totaled US\$1.3 million, a 49.4% decrease from interest income of US\$2.6 million in 1Q09, mostly a result of lower interest rates.

Other, net. Other net totaled a loss of US\$21.4 million in 1Q10, mainly related to a US\$19.8 million charge related to the devaluation of the Venezuelan currency and a US\$0.4 million non-cash charge 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 service. 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, the second-largest domestic carrier in Colombia, provides service to 12 cities in Colombia as well as international connectivity with Copa Airlines' Hub of the Americas through flights from Bogota, Bucaramanga, Cali, Cartagena, Medellin and Pereira. Additionally, Aero Republica has direct daily flights to Caracas, Venezuela from the cities of Bogota and Medellin.

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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 1Q10	Unaudited 1Q09	% Change	Unaudited 4Q09	% Change
Copa Holdings (Consolidated)					
Revenue passengers carried (thousands)	1,491	1,287	15.9%	1,521	-2.0%
Revenue passengers miles (RPMs) (mm)	2,005	1,807	11.0%	1,984	1.0%
Available seat miles (ASMs) (mm)	2,507	2,430	3.2%	2,498	0.4%
Load factor	80.0%	74.4%	5.6 p.p.	79.4%	0.5 p.p.
Break-even load factor	62.7%	57.5%	5.2 p.p.	60.0%	2.7 p.p.
Yield (cents)	15.9	16.2	-1.9%	16.4	-2.7%
RASM (cents)	13.4	12.7	5.2%	13.7	-2.6%
CASM (cents)	10.5	9.9	6.8%	10.9	-2.9%
Adj. CASM - excl. Special charges and fuel (cents)	7.4	6.8	8.5%	7.6	-1.7%
Fuel gallons consumed (mm)	34.6	33.9	2.2%	34.8	-0.6%
Average price of Fuel - Net of Hedges (US\$)	2.26	2.16	4.6%	2.21	2.0%
Copa Segment					
Revenue passengers miles (RPMs) (mm)	1,723	1,566	10.0%	1,684	2.3%
Available seat miles (ASMs) (mm)	2,108	2,039	3.4%	2,098	0.5%
Load factor	81.7%	76.8%	4.9 p.p.	80.3%	1.5 p.p.
Break-even load factor	60.0%	58.1%	1.9 p.p.	57.7%	2.3 p.p.
Yield (US\$ cents)	15.4	15.5	-0.8%	15.7	-1.8%
RASM (cents)	13.3	12.6	5.6%	13.4	-0.9%
CASM (cents)	9.9	9.5	4.5%	10.1	-2.3%
Adj. CASM - excl. Special charges and fuel (cents)	6.9	6.4	7.6%	7.2	-3.5%
Fuel gallons consumed (mm)	28.2	27.5	2.5%	28.5	-0.8%
Average price of Fuel - Net of Hedges (US\$)	2.23	2.25	-0.8%	2.16	3.1%
Aero Republica Segment					
Revenue passengers miles (RPMs) (mm)	282	241	17.1%	300	-6.0%
Available seat miles (ASMs) (mm)	399	390	2.3%	399	-0.1%
Load factor	70.5%	61.6%	8.9 p.p.	75.0%	-4.5 p.p.
Break-even load factor	73.7%	52.9%	20.8 p.p.	69.7%	4.0 p.p.
Yield (cents)	19.3	20.9	-8.1%	20.2	-4.9%
RASM (cents)	14.7	13.8	7.1%	16.5	-10.8%
CASM (cents)	14.9	12.1	22.4%	16.0	-7.1%
Adj. CASM - excl. Special charges and fuel (cents)	11.0	9.3	19.2%	10.9	1.2%
Fuel gallons consumed (mm)	6.4	6.3	0.9%	6.4	0.7%
Average price of Fuel - Net of Hedges (US\$)	2.38	1.77	34.2%	2.44	-2.3%

Copa Holdings, S.A.

EARNINGS RELEASE
First Quarter 2010



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

	Unaudited 1Q10	Unaudited 1Q09	% Change	Unaudited 4Q09	% Change
Operating Revenues					
Passenger Revenue	319,062	293,152	8.8%	324,384	-1.6%
Cargo, mail and other	16,129	15,604	3.4%	18,573	-13.2%
Total Operating Revenue	335,191	308,756	8.6%	342,957	-2.3%
Operating Expenses					
Aircraft fuel	78,155	73,472	6.4%	77,643	0.7%
Salaries and benefits	42,490	36,733	15.7%	43,863	-3.1%
Passenger servicing	29,432	26,019	13.1%	30,781	-4.4%
Commissions	13,777	13,223	4.2%	15,753	-12.5%
Reservations and sales	14,149	13,040	8.5%	14,098	0.4%
Maintenance, material and repairs	20,241	16,860	20.1%	20,118	0.6%
Depreciation	12,627	11,928	5.9%	11,264	12.1%
Flight operations	15,942	14,935	6.7%	15,356	3.8%
Aircraft rentals	12,069	12,366	-2.4%	10,774	12.0%
Landing fees and other rentals	9,326	8,376	11.3%	8,897	4.8%
Other	16,157	12,886	25.4%	17,835	-9.4%
Special fleet charges	-	-	-	4,818	-100.0%
Total Operating Expense	264,365	239,838	10.2%	271,200	-2.5%
Operating Income	70,826	68,918	2.8%	71,757	-1.3%
Non-operating Income (Expense):					
Interest expense	(7,072)	(8,936)	-20.9%	(7,392)	-4.3%
Interest capitalized	0	318	-100.0%	1	-100.0%
Interest income	1,296	2,563	-49.4%	2,194	-40.9%
Other, net	(21,393)	14,394	-248.6%	11,568	-284.9%
Total Non-Operating Income/(Expense)	(27,169)	8,339	-425.8%	6,371	-526.5%
Income before Income Taxes	43,657	77,256	-43.5%	78,128	-44.1%
Provision for Income Taxes	6,931	5,641	22.9%	7,686	-9.8%
Net Income	36,726	71,615	-48.7%	70,442	-47.9%

EPS - Basic and Diluted	0.84	1.63	-48.8%	1.60	-47.9%
Shares - Basic and Diluted	43,977,696	43,874,537	0.2%	43,985,484	0.0%

Copa Holdings, S.A.

EARNINGS RELEASE First Quarter 2010



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

	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)	March 31, 2009 (Unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 257,610	\$ 262,656	\$ 302,905
Short-term investments	97,038	89,412	92,568
Total cash, cash equivalents and short-term investments	<u>354,648</u>	<u>352,068</u>	<u>395,473</u>
Accounts receivable, net of allowance for doubtful accounts	90,386	76,392	82,021
Accounts receivable from related parties	2,140	4,399	3,169
Expendable parts and supplies, net of allowance for obsolescence	26,228	23,327	20,751
Prepaid expenses	29,254	32,314	23,270
Other current assets	12,921	13,654	5,419
Total Current Assets	<u>515,577</u>	<u>502,154</u>	<u>530,103</u>
Long-term investments	6,429	6,407	7,652
Property and Equipment:			
Owned property and equipment:			
Flight equipment	1,525,904	1,439,759	1,415,590
Other equipment	63,310	61,339	57,109
	<u>1,589,214</u>	<u>1,501,098</u>	<u>1,472,699</u>
Less: Accumulated depreciation	(230,524)	(218,108)	(186,222)
	<u>1,358,690</u>	<u>1,282,990</u>	<u>1,286,477</u>
Purchase deposits for flight equipment	175,699	198,697	80,674
Total Property and Equipment	<u>1,534,389</u>	<u>1,481,687</u>	<u>1,367,151</u>
Other Assets:			
Net pension asset	1,844	2,227	1,658
Goodwill	25,282	23,852	19,038
Intangible asset	37,070	34,973	27,913
Other assets	41,630	41,569	28,977
Total Other Assets	<u>105,826</u>	<u>102,621</u>	<u>77,586</u>
Total Assets	<u>\$ 2,162,221</u>	<u>\$ 2,092,869</u>	<u>\$ 1,982,493</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities:			
Current maturities of long-term debt	\$ 113,792	\$ 94,550	\$ 114,741
Accounts payable	45,823	51,343	50,333
Accounts payable to related parties	9,693	14,103	7,892
Air traffic liability	164,105	183,344	154,469
Taxes and interest payable	46,167	43,227	39,746
Accrued expenses payable	42,712	49,058	37,418
Other current liabilities	9,501	10,957	46,337
Total Current Liabilities	<u>431,792</u>	<u>446,582</u>	<u>450,937</u>
Non-Current Liabilities:			
Long-term debt	793,157	750,971	812,124
Post employment benefits liability	2,590	2,370	2,060
Other long-term liabilities	14,314	13,908	9,052
Deferred tax liabilities	14,056	13,410	8,135
Total Non-Current Liabilities	<u>824,117</u>	<u>780,659</u>	<u>831,371</u>
Total Liabilities	<u>1,255,909</u>	<u>1,227,241</u>	<u>1,282,308</u>
Shareholders' Equity:			
Class A - 32,656,660 shares issued and outstanding	22,291	20,864	20,858
Class B - 10,938,125 shares issued and outstanding	7,466	8,722	8,722
Additional paid in capital	19,904	18,658	14,664
Retained earnings	855,238	817,649	665,617
Accumulated other comprehensive income (loss)	1,411	(265)	(9,676)
Total Shareholders' Equity	<u>906,310</u>	<u>865,628</u>	<u>700,185</u>
Total Liabilities and Shareholders' Equity	<u>\$ 2,162,219</u>	<u>\$ 2,092,869</u>	<u>\$ 1,982,493</u>



NON-GAAP FINANCIAL MEASURE RECONCILIATION

This press release includes the following non GAAP financial measures: Adjusted CASM, Adjusted CASM Excluding Fuel, Adjusted Operating Income, Adjusted Net Income and Adjusted EPS. This supplemental information is presented because we believe it is a useful indicator of our operating performance and is 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 U.S. GAAP measures, in particular operating income and net income. The following is a reconciliation of these non-GAAP financial measures to the comparable U.S. GAAP measures:

Reconciliation of Operating Income

Excluding Special Items	1Q10	1Q09	4Q09
Operating Income as Reported	\$70,826	\$68,918	\$71,757
Special Items (adjustments):			
Other Special items, net (2)	-	-	4,818
Adjusted Operating Income	\$70,826	\$68,918	\$76,575

Reconciliation of Net Income

Excluding Special Items	1Q10	1Q09	4Q09
Net income as Reported	\$36,726	\$71,615	\$70,442
Special Items (adjustments):			
Unrealized (gain) loss on fuel hedging instruments (1)	372	(16,163)	(9,593)
Other special items, net (2)	19,828	-	4,818
Adjusted Net Income	\$56,926	\$55,452	\$65,667

Shares used for Computation (in thousands)			
Basic and Diluted	43,978	43,875	43,985
Adjusted earnings per share - Basic and Diluted	1.29	1.26	1.49

Reconciliation Operating Costs per ASM

Excluding Fuel and Special Items	1Q10	1Q09	4Q09
Operating Costs per ASM as Reported	10.5	9.9	10.9
Aircraft fuel per ASM	(3.1)	(3.0)	(3.1)
Operating Costs per ASM excluding fuel	7.4	6.8	7.7
Special Items (adjustments):			
Special Items per ASM, net (2)	-	-	(0.2)
Operating expenses excluding fuel and special items	7.4	6.8	7.6

FOOTNOTES:

- (1) Includes unrealized (gains) losses resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments. For 1Q10 the Company recorded unrealized fuel hedge gain of US\$0.4 million. For 1Q09 and 4Q09 the Company recorded unrealized fuel hedge losses of US\$16.2 million and US\$9.6 million, respectively.
- (2) Other Special items include for 1Q09 a US\$19.8 million charge related to the devaluation of the Venezuelan currency and for 4Q09 a US\$4.8 million 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.