

November 11, 2010

Copa Holdings Reports Net Income of US\$63.9 Million and EPS of US\$1.45 for the Third Quarter of 2010

Operating margin comes in at 19.5% on 14% capacity growth

PANAMA CITY, Nov. 11, 2010 /PRNewswire-FirstCall/ -- Copa Holdings, S.A. (NYSE: CPA), parent company of Copa Airlines and Copa Airlines Colombia, today announced financial results for the third quarter of 2010 (3Q10). The terms "Copa Holdings" or "the Company" refer to the consolidated entity, whose operating subsidiaries are Copa Airlines and Aero Republica (now operating under the Copa Airlines Colombia brand). 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 third quarter of 2009 (3Q09).

OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported net income of US\$63.9 million for 3Q10, or earnings per share (EPS) of US\$1.45. Excluding special items, Copa Holdings would have reported an adjusted net income of \$54.9 million, or \$1.25 per share, compared to an adjusted net income of US\$52.5 million or US\$1.20 per share for 3Q09. See the accompanying reconciliation of non-GAAP financial information to GAAP financial information included in the financial tables section of this earnings release.
- Operating income for 3Q10 came in at US\$70.7 million, or 16.9% above 3Q09 adjusted operating income of US\$60.5 million, which excludes special fleet charges of US\$14.6 million. As a result, operating margin for 3Q10 came in at 19.5% or 0.9 percentage points above 3Q09 adjusted operating margin.
- In 3Q10, total revenues grew 11.8% to US\$362 million on 13.8% capacity expansion. Consolidated operating revenue per available seat mile (RASM) decreased 1.8% from 12.7 cents in 3Q09 to 12.5 cents in 3Q10. However, RASM increased 5.4% over 2Q10 as a result of higher load factors and yields.
- Yield per passenger mile for 3Q10 decreased 1.4% to 15.7 cents. However, adjusted for length of haul, yields remained flat compared to 3Q09. Compared to 2Q10, yields increased 3.0%.
- For 3Q10, consolidated load factor decreased 0.3 percentage points to 75.5%, as consolidated passenger traffic grew 13.3% on 13.8% capacity increase. Compared to 2Q10, load factor increased 2.4 percentage points.
- Operating cost per available seat mile (CASM), excluding special charges, decreased 2.8% from 10.3 cents in 3Q09 to 10.1 cents in 3Q10. CASM, excluding fuel and special charges, decreased 3.9% from 7.2 cents in 3Q09 to 6.9 cents in 3Q10 mostly as a result of the dilution effect of capacity added in 3Q10.
- Cash, short term and long term investments ended 3Q10 at US\$375.4 million, representing 28% of the last twelve months' revenues.
- Copa Holdings ended the third quarter with a consolidated fleet of 60 aircraft. The Company expects to receive three Boeing 737-800s in 4Q10, to end the year with 63 aircraft, composed of 20 Boeing 737-700s, 17 Boeing 737-800s and 26 Embraer-190s.
- During 3Q10, the Company entered into agreements for the long-term lease of ten new 737-800s to be operated by Copa Airlines. Five of these aircraft are scheduled for delivery in the second half of 2011, while the remaining aircraft are scheduled for delivery during 2012.

RECENT DEVELOPMENTS

- On October 4th, Copa Airlines Colombia launched new international service from Bogota to Mexico City. Copa Airlines Colombia now provides direct non-stop international service from Colombia to 5 international destinations, as well as connectivity through Copa's "Hub of the Americas" in Panama.
- On November 10th, Copa Airlines and Copa Airlines Colombia announced the unanimous approval by Star Alliance's Chief Executive Board to accept them as future members of the Star Alliance. Both airlines will now begin their work in order to achieve integration into the alliance by mid 2012. Star Alliance is the world's largest global airlines alliance, offering over 22,500 daily flights to 1,292 destinations in 188 countries.

Consolidated Financial & Operating Highlights	3Q10	3Q09	% Change	2Q10	% Change
RPMs (millions)	2,187	1,930	13.3%	1,871	16.9%

ASMs (mm)	2,897	2,545	13.8%	2,559	13.2%
Load Factor	75.5%	75.8%	-0.3 p.p.	73.1%	2.4 p.p.
Yield	15.7	15.9	-1.4%	15.2	3.0%
PRASM (cents)	11.8	12.1	-1.9%	11.1	6.4%
RASM (cents)	12.5	12.7	-1.8%	11.9	5.4%
CASM (cents)	10.1	10.9	-7.9%	10.6	-5.0%
Adjusted CASM (cents) (1)	10.1	10.3	-2.8%	10.6	-5.0%
CASM Excl. Fuel (cents)	6.9	7.7	-11.1%	7.4	-6.4%
Adjusted CASM Excl. Fuel (cents) (1)	6.9	7.2	-3.9%	7.4	-6.4%
Breakeven Load Factor (1)(2)	60.9%	59.7%	1.2 p.p.	64.9%	-4.0 p.p.
Operating Revenues (US\$ mm)	362.0	323.7	11.8%	303.4	19.3%
Operating Income (US\$ mm)	70.7	45.9	54.1%	32.5	117.8%
Adjusted Operating Income (US\$ mm) (1)	70.7	60.5	16.9%	32.5	117.8%
Operating Margin	19.5%	14.2%	5.4 p.p.	10.7%	8.8 p.p.
Adjusted Operating Margin (1)	19.5%	18.7%	0.9 p.p.	10.7%	8.8 p.p.
Net Income (US\$ mm)	63.9	43.1	48.2%	18.6	243.4%
Adjusted Net Income (US\$ mm) (1)(2)	54.9	52.5	4.4%	26.3	109.0%
EPS - Basic and Diluted (US\$)	1.45	0.98	48.0%	0.42	243.3%
Adjusted EPS - Basic and Diluted (US\$) (1)(2)	1.25	1.20	4.3%	0.60	108.9%
# of Shares - Basic and Diluted (000)	43,999	43,946	0.1%	43,983	0.0%

(1) Adjusted Operating Income, Adjusted Operating Margin and Adjusted CASM for 3Q09 exclude special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Copa Colombia's fleet modernization plan.

(2) Breakeven Load Factor, Adjusted Net Income and Adjusted EPS (Basic and Diluted) exclude: a) For 3Q09, special charges related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Copa Colombia's transition fleet modernization plan and b) For 3Q10, 3Q09 and 2Q10 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.

Full 3Q10 earnings release available for download at: <http://investor.shareholder.com/copa/results.cfm>

3Q10 EARNINGS RESULTS CONFERENCE CALL AND WEBCAST

Date: November 12, 2010
Time: 11:00 a.m. EST (11:00 a.m. Local Time)
Conference Call:
Dial-in Number: 888-708-5678 (U.S. Domestic Callers)
913-312-1425 (International Callers)
Webcast Link <http://investor.shareholder.com/copa/events.cfm>

About Copa Holdings

Copa Holdings, through its operating subsidiaries Copa Airlines and Copa Airlines Colombia, is a leading Latin American commercial aviation provider of passenger and cargo service. Copa offers more than 150 daily scheduled flights to 45 destinations in 24 countries in North, Central and South America and the Caribbean through its Hub of the Americas at Tocumen International Airport in Panama City, Panama. In addition, Copa Airlines provides passengers with access to flights to more than 120 other international destinations through codeshare agreements with Continental Airlines and other airlines. Copa Airlines Colombia, provides domestic service to 12 cities in Colombia as well as international connectivity with Copa Airlines' Hub of the Americas through flights from Bogota, Cali, Medellin, Cartagena, Bucaramanga, Pereira and Barranquilla. Additionally, Copa Airlines Colombia has non-stop international flights from Colombia to Caracas, Quito, Guayaquil and Mexico City.

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 3Q10	Unaudited 3Q09	% Change	Unaudited 2Q10	% Change
Copa Holdings (Consolidated)					
Revenue passengers carried (thousands)	1,626	1,475	10.2%	1,430	13.7%
Revenue passengers miles (RPMs) (mm)	2,187	1,930	13.3%	1,871	16.9%
Available seat miles (ASMs) (mm)	2,897	2,545	13.8%	2,559	13.2%
Load factor	75.5%	75.8%	-0.3 p.p.	73.1%	2.4 p.p.
Break-even load factor	60.9%	59.7%	1.2 p.p.	64.9%	-4.0 p.p.
Yield (cents)	15.7	15.9	-1.5%	15.2	2.9%
RASM (cents)	12.5	12.7	-1.9%	11.9	5.3%
CASM (cents)	10.1	10.9	-7.9%	10.6	-5.1%
Adj.CASM - excl. special charges and fuel (cents)	6.9	7.2	-4.0%	7.4	-6.5%
Fuel gallons consumed (mm)	38.9	35.6	9.2%	34.8	11.6%
Average price of Fuel - Net of Hedges (US\$)	2.35	2.24	4.7%	2.37	-0.7%
Copa Segment					
Revenue passengers miles (RPMs) (mm)	1,871	1,643	13.9%	1,607	16.5%
Available seat miles (ASMs) (mm)	2,470	2,136	15.6%	2,164	14.1%
Load factor	75.8%	76.9%	-1.1 p.p.	74.2%	1.5 p.p.
Break-even load factor	57.7%	58.1%	-0.4 p.p.	61.3%	-3.6 p.p.
Yield (US\$ cents)	15.1	15.1	-0.2%	14.8	1.6%
RASM (cents)	12.2	12.4	-1.8%	11.8	3.2%
CASM (cents)	9.4	9.8	-4.2%	10.0	-5.8%
Adj.CASM - excl. special charges and fuel (cents)	6.4	6.6	-3.7%	6.9	-7.5%
Fuel gallons consumed (mm)	32.0	29.1	10.0%	28.4	12.5%
Average price of Fuel - Net of Hedges (US\$)	2.32	2.26	2.5%	2.34	-0.8%
Copa Airlines Colombia Segment					
Revenue passengers miles (RPMs) (mm)	316	287	9.9%	264	19.6%
Available seat miles (ASMs) (mm)	428	409	4.6%	395	8.3%
Load factor	73.8%	70.2%	3.6 p.p.	66.8%	7.0 p.p.
Break-even load factor	76.0%	65.6%	10.4 p.p.	82.5%	-6.5 p.p.
Yield (cents)	19.3	20.6	-6.4%	17.6	9.5%
RASM (cents)	15.5	15.7	-1.4%	12.9	19.5%
CASM (cents)	15.3	18.1	-15.5%	15.0	2.1%
Adj.CASM - excl. special charges and fuel (cents)	11.3	11.1	1.7%	10.9	3.0%
Fuel gallons consumed (mm)	6.9	6.5	5.4%	6.4	7.5%
Average price of Fuel - Net of Hedges (US\$)	2.51	2.18	15.3%	2.51	0.2%

Copa Holdings, S.A.

Income Statement - USGAAP

(US\$ Thousands)

	Unaudited 3Q10	Unaudited 3Q09	% Change	Unaudited 2Q10	% Change
Operating Revenues					
Passenger Revenue	343,319	307,438	11.7%	285,019	20.5%
Cargo, mail and other	18,682	16,297	14.6%	18,382	1.6%
Total Operating Revenue	362,001	323,735	11.8%	303,401	19.3%
Operating Expenses					
Aircraft fuel	91,800	80,812	13.6%	82,613	11.1%

Salaries and benefits	45,056	39,059	15.4%	42,970	4.9%
Passenger servicing	31,910	28,839	10.6%	28,239	13.0%
Commissions	14,975	15,889	-5.8%	12,160	23.2%
Reservations and sales	15,301	15,993	-4.3%	13,453	13.7%
Maintenance, material and repairs	20,991	18,195	15.4%	23,697	-11.4%
Depreciation	13,553	11,926	13.6%	13,203	2.7%
Flight operations	18,943	15,511	22.1%	16,492	14.9%
Aircraft rentals	11,627	11,911	-2.4%	11,189	3.9%
Landing fees and other rentals	10,540	8,557	23.2%	10,080	4.6%
Other	16,574	16,544	0.2%	16,833	-1.5%
Special fleet charges	-	14,599	-100.0%	-	0.0%
Total Operating Expense	291,270	277,835	4.8%	270,929	7.5%
Operating Income	70,731	45,900	54.1%	32,473	117.8%
Non-operating Income (Expense):					
Interest expense	(7,772)	(8,090)	-3.9%	(7,482)	3.9%
Interest capitalized	0	141	-100.0%	0	-
Interest income	1,185	2,217	-46.5%	1,149	3.1%
Other, net	8,948	6,139	45.8%	(4,101)	-318.2%
Total Non-Operating Income/(Expense)	2,361	407	480.4%	(10,434)	-122.6%
Income before Income Taxes	73,092	46,307	57.8%	22,039	231.7%
Provision for Income Taxes	9,170	3,168	189.5%	3,425	167.7%
Net Income	63,922	43,139	48.2%	18,614	243.4%

EPS - Basic and Diluted	1.45	0.98	48.0%	0.42	243.3%
Shares - Basic and Diluted	43,999,213	43,946,321	0.1%	43,982,983	0.0%

Copa Holdings, S.A.

Balance Sheet - USGAAP

(US\$ Thousands)

	September 30,	June 30,	September 30,
	2010	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 208,904	\$ 197,557	\$ 264,976
Short-term investments	160,297	155,663	102,778
Total cash, cash equivalents and short-term investments	369,201	353,220	367,754
Accounts receivable, net of allowance for doubtful accounts	100,019	99,762	90,722
Accounts receivable from related parties	3,256	2,431	5,425
Expendable parts and supplies, net of allowance for obsolescence	40,086	27,750	23,138
Prepaid expenses	33,685	31,331	22,277
Other current assets	13,943	5,769	5,465
Total Current Assets	560,190	520,263	514,781

Long-term investments	6,224	6,145	8,577
Property and Equipment:			
Owned property and equipment:			
Flight equipment	1,620,177	1,623,718	1,436,216
Other equipment	67,242	64,678	61,379
	<u>1,687,419</u>	<u>1,688,396</u>	<u>1,497,595</u>
Less: Accumulated depreciation	(257,046)	(243,524)	(210,067)
	<u>1,430,373</u>	<u>1,444,872</u>	<u>1,287,528</u>
Purchase deposits for flight equipment	194,971	164,551	165,370
Total Property and Equipment	<u>1,625,344</u>	<u>1,609,423</u>	<u>1,452,898</u>
Other Assets:			
Net pension asset	2,299	2,022	2,003
Goodwill	27,090	25,442	25,369
Intangible asset	39,720	37,304	37,197
Other assets	41,693	39,911	34,413
Total Other Assets	<u>110,802</u>	<u>104,679</u>	<u>98,982</u>
Total Assets	<u>\$ 2,302,560</u>	<u>\$ 2,240,510</u>	<u>\$ 2,075,238</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:

Current maturities of long-term debt	\$ 124,893	\$ 145,085	\$ 129,315
Accounts payable	50,743	47,840	49,825
Accounts payable to related parties	13,566	7,415	9,060
Air traffic liability	212,825	193,831	186,985
Taxes and interest payable	55,646	46,112	41,761
Accrued expenses payable	40,817	42,332	45,490
Other current liabilities	11,307	13,134	18,924
Total Current Liabilities	<u>509,798</u>	<u>495,749</u>	<u>481,360</u>

Non-Current Liabilities:

Long-term debt	815,020	836,116	771,184
Post employment benefits liability	2,560	2,630	2,326
Other long-term liabilities	16,776	14,748	12,844
Deferred tax liabilities	14,904	14,131	10,685
Total Non-Current Liabilities	<u>834,356</u>	<u>867,625</u>	<u>797,039</u>

Total Liabilities

<u>1,359,058</u>	<u>1,363,373</u>	<u>1,278,399</u>
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Shareholders' Equity:

Class A - 32,656,660 shares issued and outstanding	22,291	22,291	20,858
Class B - 10,938,125 shares issued and outstanding	7,466	7,466	8,722
Additional paid in capital	22,836	21,283	17,292
Retained earnings	889,866	825,944	747,597
Accumulated other comprehensive income (loss)	1,044	153	2,372
Total Shareholders' Equity	<u>943,502</u>	<u>877,137</u>	<u>796,841</u>
Total Liabilities and Shareholders' Equity	<u>\$ 2,302,560</u>	<u>\$ 2,240,510</u>	<u>\$ 2,075,239</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 Operating Margin, 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

	<u>3Q10</u>	<u>3Q09</u>	<u>2Q10</u>
Operating Income as Reported	\$70,731	\$45,900	\$32,473
Special Items (adjustments):			
Special fleet charges (2)	-	14,599	-
Adjusted Operating Income	<u>\$70,731</u>	<u>\$60,499</u>	<u>\$32,473</u>

Reconciliation of Net Income

Excluding Special Items

	<u>3Q010</u>	<u>3Q09</u>	<u>2Q10</u>
Net income as Reported	\$63,922	\$43,139	\$18,614
Special Items (adjustments):			
Unrealized (gain) loss on fuel hedging instruments (1)	(9,068)	(5,214)	8,602
Special Items, net (2)	-	14,599	(965)
Adjusted Net Income	<u>\$54,854</u>	<u>\$52,523</u>	<u>\$26,251</u>
Shares used for Computation (in thousands)	<u>43,999</u>	<u>43,946</u>	<u>43,983</u>
Adjusted EPS	<u>1.25</u>	<u>1.20</u>	<u>0.60</u>

Reconciliation Operating Costs per ASM

Excluding Fuel and Special Items

	<u>3Q10</u>	<u>3Q09</u>	<u>2Q10</u>
Operating Costs per ASM as Reported	10.1	10.9	10.6
Aircraft fuel per ASM	(3.2)	(3.2)	(3.2)
Operating Costs per ASM excluding fuel	6.9	7.7	7.4
Special Items (adjustments):			
Special Items per ASM, net (2)	-	(0.4)	-
Operating expenses per ASM excluding fuel and special items	6.9	7.3	7.4

FOOTNOTES:

(1) Includes unrealized (gains) losses resulting from the mark-to-market accounting for changes in the fair value of fuel hedging instruments. For 3Q10 and 3Q09 the Company recorded unrealized fuel hedge gains of US\$9.1 million and US\$5.2 million, respectively. For 2Q09 the Company recorded an unrealized fuel hedge gain of US\$8.6 million.

(2) Special fleet charges for the 3Q09 period include a US\$14.6 million special charge related to the accrual of costs associated with the retirement of four MD-80 aircraft as a result of Copa Airlines Colombia's fleet modernization plan.

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SOURCE Copa Holdings, S.A.

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