

# Transition to IFRS

Copa Holdings, S.A.

# Transition to IFRS

*The information presented herein is based on reported unaudited results for the year ended December 31, 2010, which have been translated from US GAAP to International Financial Reporting Standards (“IFRS”). As such, the figures presented herein are subject to change based on our final audited IFRS results for the year ended December 31, 2010, which are expected to be available during the month of May, 2011. The Company has applied the provisions of IFRS 1 in presenting its financial results.*

*The Company’s transition date is January 1, 2009, for which it has prepared its opening consolidated statement of financial position under IFRS at that date and comparative information as of December 31, 2009 and 2010.*

*This presentation 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.*

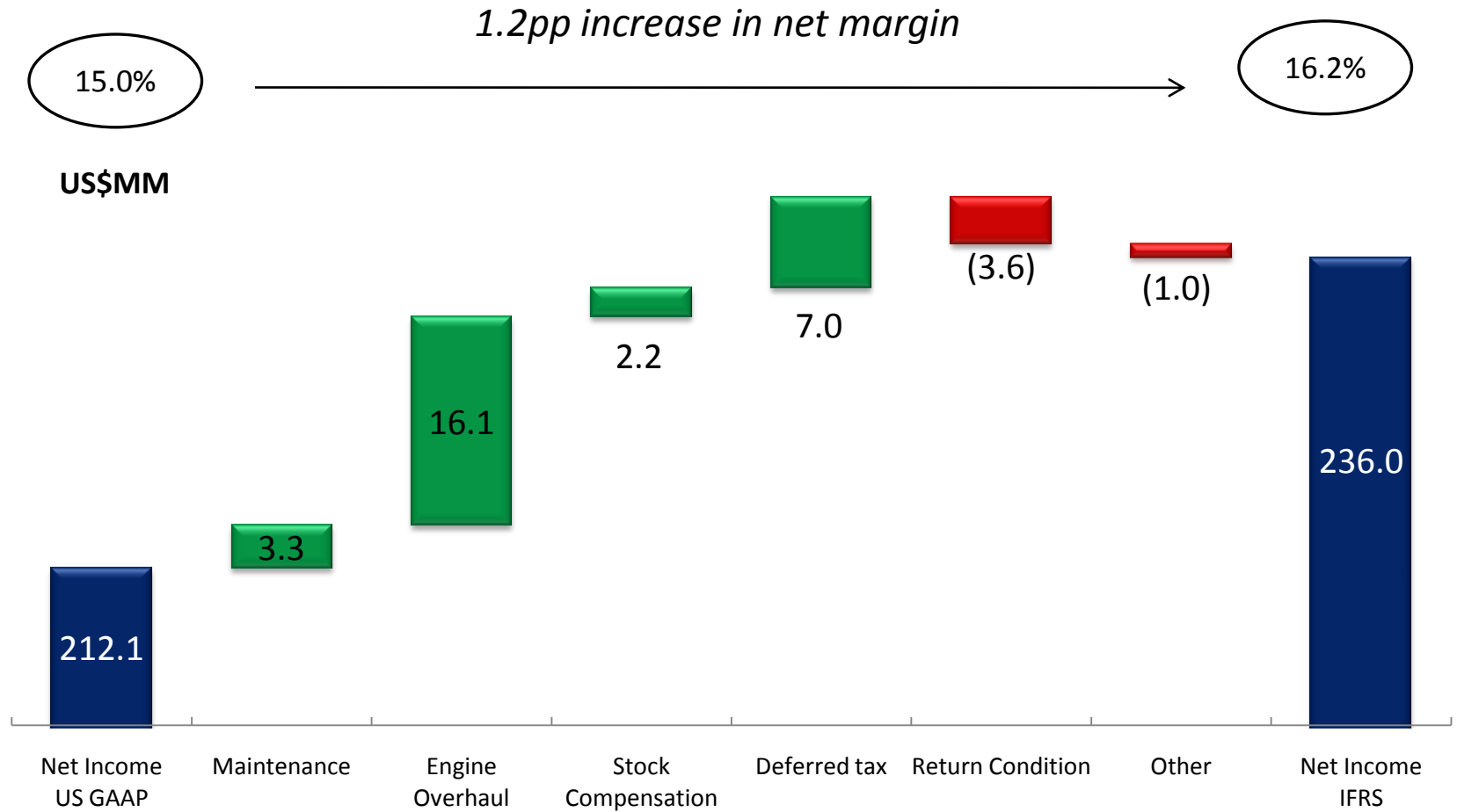
# Transition to IFRS

## *Main effects on Copa Holdings' Financial Statements*

- **Maintenance:** Under previous GAAP, major overhaul events were expensed as incurred. Under IFRS, major overhaul events are capitalized when they occur and amortized until the next event.
- **Engine Overhauls under power by the hour agreements:** Under previous GAAP, payments related to engine overhauls under PBH agreements were recorded as expenses when paid. Under IFRS, these payments are capitalized and recorded as prepaid until the event occurs and then will be amortized until the next event.
- **Leased Aircraft Return Conditions:** Under previous GAAP, return conditions were expensed upon return of the aircraft. Under IFRS, expenses related to complying with return conditions will be accrued over the life of the lease.
- **Stock Compensation:** Under previous GAAP, the straight-line attribution method was used to recognize the compensation cost for awards with graded vesting periods. Under IFRS, compensation cost for awards that vest in installments will use the graded vesting method.
- **Revenue Recognition:** Under previous GAAP, tourist package revenue was recognized only for the portion related to air fare and a liability was booked for the hotel and land portions. Under IFRS, the Company is recognizing the entire value of the package as revenue and the hotel and land portions are recorded as a related cost.
- **Deferred Tax:** The differences between US GAAP and IFRS in certain items listed above require the Company to recalculate the corresponding deferred tax accrual.

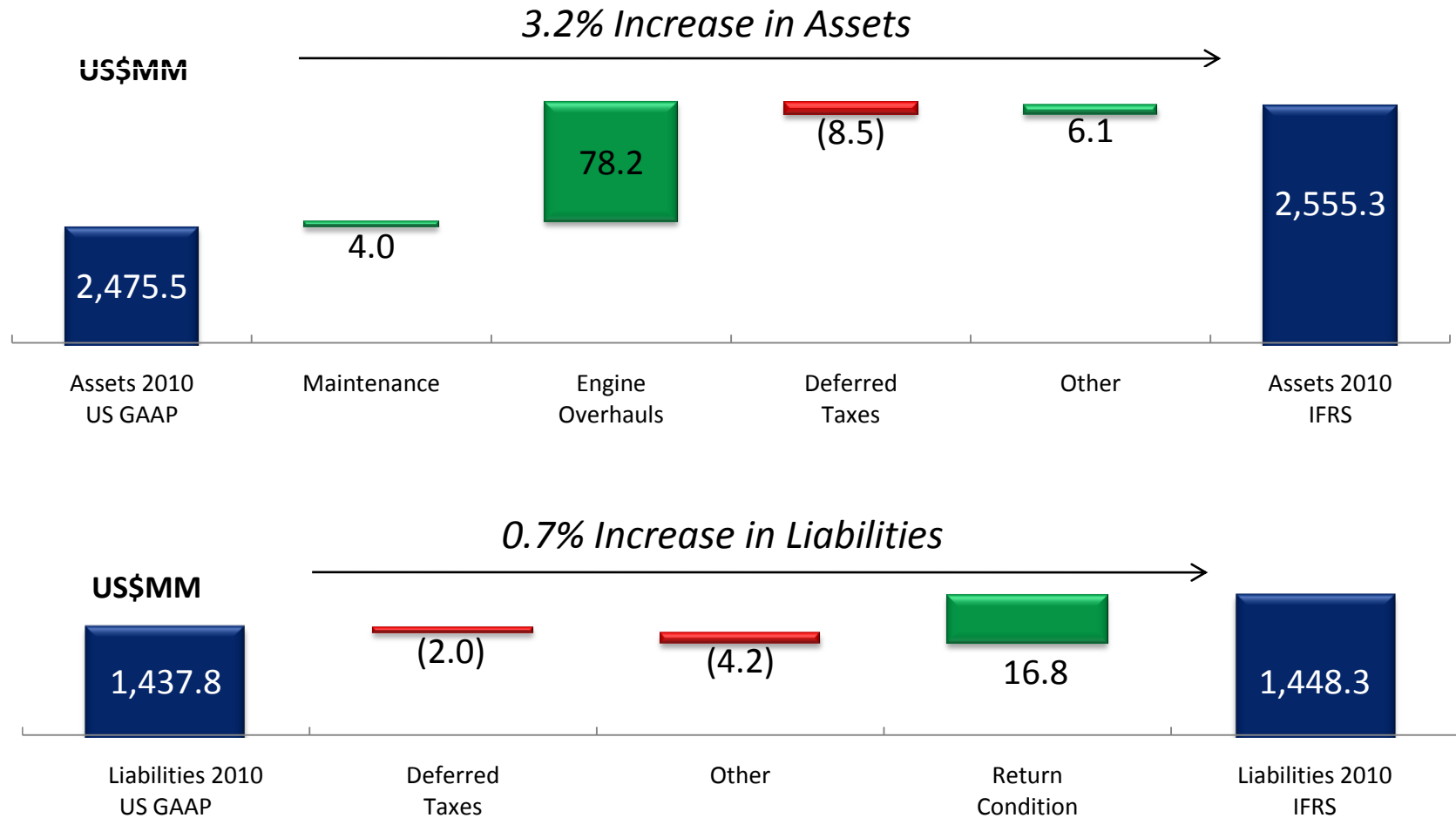
# Transition to IFRS

## Effect on Copa Holdings' FY2010 Net Income



# Transition to IFRS

## Effect on Copa Holdings' Statement of Financial Position



# Transition to IFRS

## *Effect on Copa Holdings' Statement of Financial Position*

