

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

OR

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____



AirTran Holdings, Inc.

(Exact name of registrant as specified in its charter)

State of Incorporation: **Nevada**

9955 AirTran Boulevard, Orlando, Florida 32827

(Address of principal executive offices) (Zip Code)

(407) 251-5600

(Registrant's telephone number, including area code)

Commission file number: **1-15991** I.R.S. Employer Identification No: **58-2189551**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☒ No ☐

As of April 30, 2004 there were approximately 84,492,000 shares of the registrant's common stock outstanding.

AIRTRAN HOLDINGS, INC.

Form 10-Q

For the Quarter Ended March 31, 2004

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AirTran Holdings, Inc.
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	<u>2004</u>	<u>2003</u>
Operating Revenues:		
Passenger	\$ 233,503	\$ 201,900
Cargo	--	383
Other	<u>7,903</u>	<u>5,719</u>
Total operating revenues	241,406	208,002
Operating Expenses:		
Salaries, wages and benefits	62,842	54,591
Aircraft fuel	51,540	47,144
Aircraft rent	35,936	26,419
Maintenance, materials and repairs	19,010	15,079
Distribution	11,948	10,772
Landing fees and other rents	13,873	11,484
Aircraft insurance and security services	5,314	5,550
Marketing and advertising	7,602	7,077
Depreciation	2,884	3,322
Other operating	<u>20,181</u>	<u>18,186</u>
Total operating expenses	<u>231,130</u>	<u>199,624</u>
Operating Income	10,276	8,378
Other (Income) Expense:		
Interest income	(1,004)	(527)
Interest expense	<u>4,647</u>	<u>6,869</u>
Other expense, net	<u>3,643</u>	<u>6,342</u>
Income Before Income Taxes	6,633	2,036
Income tax expense	<u>2,520</u>	<u>--</u>
Net Income	\$ <u>4,113</u>	\$ <u>2,036</u>
Earnings per Common Share		
Basic	\$ 0.05	\$ 0.03
Diluted	\$ 0.05	\$ 0.03
Weighted-average Shares Outstanding		
Basic	84,285	71,522
Diluted	88,532	74,476

See accompanying Notes to Condensed Consolidated Financial Statements.

AirTran Holdings, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	March 31, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 385,666	\$ 338,707
Restricted cash	8,956	9,798
Accounts receivable, less allowance of \$724 and \$603 at March 31, 2004 and December 31, 2003, respectively	29,450	17,454
Spare parts, materials and supplies, less allowance for obsolescence of \$788 and \$733 at March 31, 2004 and December 31, 2003, respectively	17,448	19,345
Deferred income taxes	52,054	52,054
Prepaid expenses and other current assets	<u>14,677</u>	<u>10,477</u>
Total current assets	508,251	447,835
Property and Equipment:		
Flight equipment	230,659	229,927
Less: Accumulated depreciation	<u>(28,411)</u>	<u>(26,610)</u>
	202,248	203,317
Purchase deposits for flight equipment	50,747	49,991
Other property and equipment	52,518	45,425
Less: Accumulated depreciation	<u>(23,438)</u>	<u>(22,272)</u>
	29,080	23,153
Total property and equipment	282,075	276,461
Other Assets:		
Intangibles resulting from business acquisition	8,350	8,350
Trade names	21,567	21,567
Debt issuance costs	7,121	7,293
Other assets	<u>48,702</u>	<u>46,858</u>
Total other assets	<u>85,740</u>	<u>84,068</u>
Total assets	\$ 876,066	\$ 808,364

(Continued on next page)

AirTran Holdings, Inc.
Condensed Consolidated Balance Sheets (Continued)
(In thousands)

	March 31, 2004 (Unaudited)	December 31, 2003
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 5,826	\$ 1,778
Accrued liabilities	99,313	85,953
Air traffic liability	125,175	78,746
Current portion of long-term debt	<u>5,174</u>	<u>5,015</u>
Total current liabilities	235,488	171,492
 Long-term debt, less current portion	 241,414	 241,821
 Deferred income taxes	 26,100	 26,100
Other liabilities	65,642	66,738
 Commitments and Contingencies		
 Stockholders' Equity:		
Preferred stock	--	--
Common stock	84	84
Additional paid-in-capital	338,152	337,145
Accumulated other comprehensive loss	(182)	(271)
Accumulated deficit	<u>(30,632)</u>	<u>(34,745)</u>
Total stockholders' equity	<u>307,422</u>	<u>302,213</u>
Total liabilities and stockholders' equity	\$ 876,066	\$ 808,364

See accompanying Notes to Condensed Consolidated Financial Statements.

AirTran Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	<u>2004</u>	<u>2003</u>
Operating activities:		
Net income	\$ 4,113	\$ 2,036
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	3,233	4,149
Amortization of deferred gains from sale/leaseback of aircraft	(1,096)	(1,240)
Provisions for uncollectible accounts	(128)	(215)
Other	1,231	1,009
Changes in current operating assets and liabilities:		
Restricted cash	842	(18,952)
Accounts receivable	(11,869)	(2,459)
Spare parts, materials and supplies	(121)	(383)
Fuel	1,956	(2,179)
Other assets	(7,375)	(6,272)
Accounts payable, accrued and other liabilities	17,407	12,865
Air traffic liability	<u>46,429</u>	<u>28,598</u>
Net cash provided by operating activities	54,622	16,957
Investing activities:		
Purchases of property, plant and equipment	(7,502)	(7,742)
Refund (payment) of aircraft purchase deposits, net	<u>(756)</u>	<u>2,244</u>
Net cash used for investing activities	(8,258)	(5,498)
Financing activities:		
Payments of long-term debt	(248)	(2,077)
Proceeds from sale of common stock	<u>843</u>	<u>1,428</u>
Net cash provided by (used for) financing activities	595	(649)
Net increase in cash and cash equivalents	46,959	10,810
Cash and cash equivalents at beginning of period	<u>338,707</u>	<u>104,151</u>
Cash and cash equivalents at end of period	\$ <u><u>385,666</u></u>	\$ <u><u>114,961</u></u>
Supplemental Disclosure of Cash Flow Activities:		
Non-cash investing and financing activities		
Purchase and sale-leaseback of equipment	\$ --	\$ 22,359
Repayment of debt and sale-leaseback of equipment	\$ --	\$ 3,000

See accompanying Notes to Condensed Consolidated Financial Statements.

AIRTRAN HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation:

Our unaudited Condensed Consolidated Financial Statements include the accounts of AirTran Holdings, Inc. (Holdings) and our wholly-owned subsidiaries, including our principal subsidiary, AirTran Airways, Inc (Airways). All significant intercompany accounts and transactions have been eliminated in consolidation for all periods presented. In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements contain all adjustments, which are of a normal recurring nature, necessary to present fairly the financial position, results of operations and cash flows for the periods presented. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission for reports on Form 10-Q. It is suggested that these unaudited interim financial statements be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2003.

The preparation of the accompanying unaudited Condensed Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying Notes. Actual results may differ from those estimates and such differences may be material to the Condensed Consolidated Financial Statements.

Business:

AirTran Airways, Inc. offers scheduled air transportation of passengers, serving short-haul markets primarily in the eastern United States.

Stock-Based Employee Compensation:

We have stock-based compensation plans covering officers, directors and key employees. We account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*, and related interpretations. Accordingly, compensation expense is not recognized for employee stock option grants unless the exercise price is less than the fair value of our common stock on the grant date. Approximately 128,000 shares of common stock were issued pursuant to stock option exercises during the first quarter of 2004.

The following table illustrates the effect on net income and earnings per common share if we had applied the fair value based method to measure stock-based employee compensation, as required under the disclosure provisions of Statement of Financial Accounting Standards (SFAS) No. 123, *Accounting for Stock-Based Compensation*:

<u>(in thousands, except per share amounts)</u>	<u>Three months ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
Net income, as reported	\$ 4,113	\$ 2,036
Add: Stock-based employee compensation expense included in reported income, net of related tax effects	102	--
Deduct: Stock-based employee compensation expense determined under the fair value based method, net of related tax effects	<u>(903)</u>	<u>(1,405)</u>
Pro forma net income	<u>\$ 3,312</u>	<u>\$ 631</u>
EARNINGS PER SHARE:		
Basic, as reported	\$ 0.05	\$ 0.03
Basic, pro forma	\$ 0.04	\$ 0.01
Diluted, as reported	\$ 0.05	\$ 0.03
Diluted, pro forma	\$ 0.04	\$ 0.01

As required, the pro forma disclosures in the previous table include options granted since January 1, 1995. Consequently, the effects of applying SFAS 123 for providing pro forma disclosures may not be representative of the effects on reported net income for future years until all options outstanding are included in the pro forma disclosures. For purposes of pro forma disclosures, the estimated fair value of stock-based compensation plans and other options is amortized to expense primarily over the vesting period.

Stock awards have been granted to our officers and key employees pursuant to our 2002 Long-Term Incentive Plan. Stock awards are grants that entitle the holder to shares of our common stock as the award vests. During the first quarter of 2004, we granted approximately 106,000 stock awards and recorded deferred compensation related to such awards of approximately \$1.4 million. Approximately \$0.2 million of deferred compensation was amortized as compensation expense during the first quarter of 2004.

Note 2 - Earnings Per Common Share

The following table sets forth the computation of basic and diluted earnings per common share:

<u>(in thousands, except per share amounts)</u>	<u>Three months ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
NUMERATOR:		
Net income available to common stockholders	\$ 4,113	\$ 2,036
DENOMINATOR:		
Weighted-average shares outstanding, basic	84,285	71,522
Dilutive effect of stock options	3,621	2,303
Dilutive effect of detachable stock purchase warrants	626	651
Adjusted weighted-average shares outstanding, diluted	88,532	74,476
EARNINGS PER SHARE:		
Basic	\$ 0.05	\$ 0.03
Diluted	\$ 0.05	\$ 0.03

Shares issuable upon conversion of our 7% convertible notes are excluded from the diluted earnings per share calculation for the three month period ended March 31, 2004, because they are antidilutive.

Note 3 - Comprehensive Income

Comprehensive income encompasses net income and "other comprehensive income (loss)," which includes all other non-owner transactions and events that change stockholders' equity. Other comprehensive income (loss) is composed of reclassifications to earnings of deferred gains and losses related to derivative financial instruments that qualified for hedge accounting. These derivative instruments were terminated in March 2002. Amounts are reclassified to earnings as the related fuel is used. Comprehensive income was \$4.2 million and \$2.2 million for the three months ended March 31, 2004 and 2003, respectively. The differences between net income and comprehensive income for each of these periods are as follows:

<u>(in thousands)</u>	<u>Three months ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
Net income	\$ 4,113	\$ 2,036
Unrealized loss on derivative instruments, net of taxes of \$34 and \$0	55	172
Comprehensive income	\$ 4,168	\$ 2,208

Because our net deferred tax assets were offset in full by a valuation allowance during 2003, there was no tax effect on the unrealized loss for 2003.

An analysis of the amounts included in Accumulated other comprehensive loss is shown below (in thousands):

<u>(in thousands)</u>	<u>Decrease</u>
Balance at December 31, 2003	\$ (271)
Reclassification to earnings	<u>89</u>
Balance at March 31, 2004	\$ <u>(182)</u>

Note 4 - Fuel Risk Management

Aircraft fuel is a significant expenditure for us because our operations are inherently dependent on the use of petroleum products. Aircraft fuel represented approximately 22.3 percent and 23.6 percent of our operating expenses for the three months ended March 31, 2004 and 2003, respectively. Increases in fuel prices or a shortage of supply could have a material effect on our operations and operating results.

Our efforts to reduce our exposure to increases in the price and availability of aviation fuel include the utilization of fixed-price fuel contracts and fuel cap contracts. Fixed-price fuel contracts are agreements to purchase defined quantities of aviation fuel from a third party at defined prices. Fuel cap contracts are agreements to purchase defined quantities of aviation fuel from a third party at a price not to exceed a defined price, thereby limiting our exposure to increases in the price of aviation fuel. As of March 31, 2004, utilizing fixed-price fuel contracts and fuel cap contracts we agreed to purchase approximately 47 percent and 10 percent of our fuel needs through the end of December 2004 and 2005, respectively at a price no higher than \$0.85 and \$0.75 per gallon of aviation fuel including delivery to our operations hub in Atlanta and other locations for 2004 and 2005, respectively.

Note 5 - Commitments and Contingencies

Aircraft Purchase Commitments and Fleet Renewal Plan:

As of March 31, 2004, Airways contracted with The Boeing Company (Boeing) and an aircraft leasing company to acquire 50 Boeing 737 (B737) aircraft, with delivery dates beginning in June 2004. We currently plan to acquire eight B737 aircraft during 2004 and the remainder through 2008. We also have the option to acquire up to 50 additional B737 aircraft from Boeing.

During the first quarter of 2004, we took delivery of two Boeing 717 aircraft (B717) increasing our fleet of B717 aircraft to 75 aircraft. We have commitments to acquire six B717 aircraft in 2004 and 2005 and up to two additional B717 aircraft at the discretion of the airframe manufacturer. These aircraft shall either be subject to individual operating leases or sale/leaseback transactions. We also obtained contingent options to acquire up to four additional B717 aircraft under similar lease-financing arrangements.

During the first quarter of 2004, in connection with Airways' agreement with Boeing, Airways was refunded \$3.0 million in previously paid aircraft deposits and paid \$3.8 million to Boeing in aircraft deposits under the new agreement for the acquisition of B717 and B737 aircraft.

Credit Agreement:

During 2002, we entered into a \$15 million credit agreement with a term of one year which was further extended, during the first quarter of 2004, to June 30, 2004. The agreement allows us to obtain letters of credit and enter into hedge agreements with the bank. The agreement contains certain covenant requirements including liquidity tests. We are currently in compliance with these covenants. At March 31, 2004, we had approximately \$12.2 million in letters of credit drawn against the credit agreement.

Other:

During 2002, we entered into a cancelable agreement with a regional jet contractor to provide regional jet service between pre-determined pairs of cities. We pay the contractor to operate the flights and we are entitled to all the revenues associated with these flights. These payments are recorded on a net basis as a reduction to passenger revenue. In March 2004, we reached an agreement to phase out this regional jet service by August 2004.

During 2003, we entered into a one-year agreement with an air carrier to provide jet service between pre-determined pairs of cities. The air carrier provides its own aircraft, crew, maintenance, and hull and liability insurance in exchange for a fixed block hour rate for flights operated on our behalf. These payments are recorded on a net basis as a reduction to passenger revenues.

Note 6 - Income Taxes

At December 31, 2003, we had net operating loss (NOL) carryforwards for income tax purposes of approximately \$118.4 million that begin to expire in 2016. As a result of two consecutive years of profitable results in 2003 and 2002 and expectations of future profitability, the valuation allowance on the deferred tax asset related to our NOL carryforwards was released during 2003. Beginning in 2004, we recorded income taxes at an effective rate of 38 percent. Income tax expense was \$2.5 million and \$0 for the three months ended March 31, 2004 and 2003, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

The information contained in this section: (i) has been derived from our historical financial statements and should be read together with our historical financial statements and related notes included elsewhere in this document, in addition to our Annual Report on Form 10-K for the year ended December 31, 2003 as filed with the U.S. Securities & Exchange Commission; and (ii) is not a comprehensive discussion and analysis of our financial condition and results of operations, but rather updates disclosures made in such Annual Report. The discussion below contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties including, but not limited to: consumer demand and acceptance of services offered by us, our ability to achieve and maintain acceptable cost levels, fare levels and actions by competitors, regulatory matters, general economic conditions, commodity prices and changing business strategies. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expressed or implied expectations, including, but not limited to: our performance in future periods, our ability to generate working capital from operations, our ability to take delivery of and to finance aircraft, the adequacy of our insurance coverage and the results of litigation or investigations. Our forward-looking statements can be identified by the use of terminology such as "expects," "believes," "will" or the negative thereof, or variations thereon or comparable terminology. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

GENERAL INFORMATION

Our net income for the first quarter of 2004 was \$4.1 million, a \$2.1 million increase over the comparative quarter for 2003. We posted our eighth consecutive quarterly profit in the first quarter of 2004. These financial results were driven by our focus on removing unnecessary costs wherever possible, a goal that was significantly put to the test this quarter as fuel prices remained at historically high levels. Notwithstanding these high fuel costs we succeeded in lowering our cost per available seat mile (CASM) by 4.3 percent over last year's comparative period. We also faced a challenging revenue environment during what is traditionally a seasonally weak quarter for us. Although customer demand rebounded during the latter part of the quarter, our yields for the quarter compared to last year's first quarter demonstrate the tremendous pressure generally faced by the airline industry with respect to efforts to raise passenger fares.

We are preparing to grow the airline and later this summer we will begin taking delivery of our new Boeing 737 (B737) aircraft. Last year we placed a firm order for 50 of these aircraft, with an option to acquire up to 50 additional aircraft. We anticipate that the 50 firm aircraft we ordered will be delivered by 2008. Our expectation is that these new aircraft will play an important role in our effort to continue providing our customers with a mix of low fares and excellent customer service while also improving our financial results by lowering our cost of doing business.

Our financial and operating results for any interim period are not necessarily indicative of those for the entire year. Air travel in our markets tends to be seasonal, with the highest level of travel occurring during the winter months to Florida and the summer months to the northeastern United States.

RESULTS OF OPERATIONS

For the three months ended March 31, 2004 and 2003

The table below sets forth selected financial and operating data for the three months ended March 31, 2004 and 2003.

	Three Months Ended March 31,		Percent Change
	2004	2003	
Revenue passengers	2,977,085	2,560,160	16.3
Revenue passenger miles (RPM) (000s)	1,918,537	1,567,412	22.4
Available seat miles (ASM) (000s)	2,798,779	2,311,961	21.1
Passenger load factor	68.5 %	67.8 %	0.7 pts.
Break-even load factor	66.6 %	67.1 %	(0.5) pts.
Average fare	\$ 78.43	\$ 78.86	(0.5)
Average yield per RPM	12.17 ¢	12.88 ¢	(5.5)
Passenger revenue per ASM	8.34 ¢	8.73 ¢	(4.5)
Operating cost per ASM	8.26 ¢	8.63 ¢	(4.3)
Average stage length (miles)	627	589	6.5
Average cost of aircraft fuel per gallon, including fuel taxes	107.52 ¢	107.55 ¢	--
Average cost of aircraft fuel per gallon, excluding fuel taxes	97.27 ¢	96.90 ¢	0.4
Average daily utilization (hours:minutes)	11:18	11:00	2.7
Number of operating aircraft in fleet at end of period	75	69	8.7

Summary

We recorded operating income of \$10.3 million, net income of \$4.1 million and earnings per basic and diluted common share of \$0.05 for the first quarter of 2004. For the comparative period in 2003, we recorded operating income of \$8.4 million, net income of \$2.0 million and earnings per basic and diluted common share of \$0.03.

Operating Revenues

Our operating revenues for the quarter increased \$33.4 million (16.1 percent) primarily due to an increase in passenger revenues. The increase in passenger revenues was primarily due to a 22.4 percent increase in traffic, as measured by RPMs.

During the twelve months ended March 31, 2004, we took delivery of 18 Boeing 717 (B717) aircraft and retired 13 McDonnell Douglas DC-9 (DC-9) aircraft. As a result, our capacity, as measured by ASMs, increased 21.1 percent. Our ASM growth combined with our RPM growth of 22.4 percent increased our passenger load factor by 0.7 percentage points to 68.5 percent.

Our average yield, as measured by revenues per passenger seat mile, decreased by 5.5 percent to 12.17 cents per RPM. The reduction in yield resulted from a 0.5 percent decrease in our average fare to \$78.43 and a 5.3 percent increase in our average passenger trip length, as measured by RPMs divided by revenue passengers, to 644 miles. This decline in yield, when combined with our 0.7 percentage point increase in passenger load factor, resulted in a 4.5 percent decrease in passenger unit revenues, or passenger RASM, to 8.34 cents per ASM.

Operating Expenses

Our operating expenses increased by \$31.5 million (15.8 percent) on an ASM increase of 21.1 percent. In general, our operating expenses are significantly affected by changes in our capacity, as measured by ASMs. The following table presents our unit costs, our operating expenses per ASM, for the three months ended March 31, 2004 and 2003, respectively:

	Three Months Ended March 31,		Percent Change
	2004	2003	
Salaries, wages and benefits	2.25¢	2.36¢	(4.7)
Aircraft fuel	1.84	2.04	(9.8)
Aircraft rent	1.28	1.14	12.3
Maintenance, materials and repairs	0.68	0.65	4.6
Distribution	0.43	0.46	(6.5)
Landing fees and other rents	0.50	0.50	--
Aircraft insurance and security services	0.19	0.24	(20.8)
Marketing and advertising	0.27	0.31	(12.9)
Depreciation	0.10	0.14	(28.6)
Other operating	<u>0.72</u>	<u>0.79</u>	(8.9)
Total CASM	<u>8.26¢</u>	<u>8.63¢</u>	(4.3)

Salaries, wages and benefits increased \$8.3 million (15.1 percent) primarily due to the addition of flight crews and ground support personnel hired to operate and support the growth of our B717 aircraft fleet and new destinations added to our route system, as well as contractual wage increases and higher costs associated with our employee benefit programs. We employed approximately 5,300 employees (full-time equivalents) as of the quarter ended March 31, 2004, representing a 5.7 percent increase over the comparative period in 2003.

Aircraft fuel increased \$4.4 million (9.3 percent) primarily due to the expanded level of our flight operations generated by the growth of our aircraft fleet that, in turn, increased our consumption of aircraft fuel. The level of our flight operations, as measured by block hours flown, increased 15.3 percent while our fuel consumption decreased 5.2 percent to 640 gallons per block hour. We currently operate an aircraft fleet consisting entirely of fuel-efficient B717 aircraft. As we replaced our DC-9 aircraft with the B717 aircraft type, we realized cost savings in the form of reduced fuel consumption per block hour. We retired the last of our DC-9 aircraft during the first quarter of 2004. Aircraft fuel represented 22.3 percent and 23.6 percent of our operating expenses for the first quarter of 2004 and 2003, respectively. Based on our 2004 projected fuel consumption, a 10 percent increase in the average price per gallon of aircraft fuel would increase fuel expense on an annual basis by approximately \$20.0 million, including the effects of our fuel hedges. Increases in fuel prices or a shortage of supply could have a material effect on our operations and operating results.

Aircraft rent increased \$9.5 million (36.0 percent) due to a greater percentage of our aircraft fleet being leased. Eighteen lease-financed B717 aircraft were added to our fleet during the twelve months ended March 31, 2004. Of the 12 aircraft scheduled for delivery the remainder of this year, we have lease-financing commitments in place for 6 B737 aircraft and 4 B717 aircraft. During the first quarter of 2004, we took delivery of 2 B717 aircraft which have been lease-financed in accordance with our commitments.

Maintenance, materials and repairs increased \$3.9 million (26.1 percent). On a block hour basis, maintenance costs increased 9.3 percent to \$254 per block hour. As the original manufacturer warranties expire on our B717 aircraft the maintenance, repair and overhaul of major aircraft engine, parts and components become covered by previously negotiated agreements with FAA-approved maintenance contractors. Contractually we pay monthly fees based on either the number of flight hours flown or the number of landings.

Distribution costs increased approximately \$1.2 million (10.9 percent) primarily due to the overall growth of our passenger revenues derived from travel agency sales. Although total distribution costs have increased, these costs as a percentage of passenger revenues have decreased as more of our passengers have shifted their bookings directly onto our website. We recognize significant cost savings when our sales are booked directly through our website as opposed to more traditional methods, such as travel agents.

Landing fees and other rents increased \$2.4 million (20.8 percent) primarily due to the growth in the number of flights we operated, landing fee rate increases, and the leasing of facilities at new destinations added to our route network.

Aircraft insurance and security services decreased \$0.2 million (4.3 percent) primarily from reductions in aircraft insurance premiums for aircraft hull and passenger liability insurance. Our total insured hull value for our fleet increased because of the greater number of B717 aircraft we now operate which partially offset our reduced aircraft hull and passenger liability premiums.

Marketing and advertising increased \$0.5 million (7.4 percent) primarily reflecting our promotional efforts associated with the development of our new destinations and efforts to stimulate demand in all the markets that we serve.

Depreciation decreased \$0.4 million (13.2 percent) primarily due to the full retirement of our owned DC-9 aircraft fleet during the fourth quarter of 2003.

Other operating expenses increased \$2.0 million (11.0 percent) primarily from added passenger-related costs associated with the higher level of operations, contractual costs related to the opening of new destinations and routes, and the costs associated with our new reservations system and other automation projects.

Nonoperating Expenses

Other expense, net increased by \$2.7 million. Higher invested cash balances increased interest income by \$0.5 million. Interest expense decreased by \$2.2 million primarily due the redemption during 2003 of certain debt obligations that were replaced with debt bearing rates of interest lower than that of the redeemed debt. In May 2003 we completed a private placement of \$125 million in convertible notes bearing interest at 7 percent. A portion of the proceeds were used to redeem certain debt obligations that carried interest rates ranging from 11.27 percent to 13.00 percent.

Income Tax Expense

At December 31, 2003, we had NOL carryforwards for income tax purposes of approximately \$118.4 million that begin to expire in 2016. During 2003, as a result of two consecutive years of profitable results in 2003 and 2002 and expectations of future profitability, we released the valuation allowance on the deferred tax asset related to our NOL carryforwards. Beginning in 2004, we recorded income taxes at an effective rate of 38 percent. Income tax expense was \$2.5 million and \$0 for the three months ended March 31, 2004 and 2003, respectively.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2004, our cash and cash equivalents, including restricted cash, totaled \$394.6 million compared to \$168.1 million at March 31, 2003. *Operating activities* for the first quarter of 2004 generated \$54.6 million of cash compared to \$17.0 million for 2003. The increase was primarily due to a significant increase in passenger bookings for future travel. *Investing activities* used \$8.3 million in cash during the first quarter of 2004 compared to \$5.5 million in 2003. Investing activities for both periods consumed cash primarily due to the purchase of spare parts and equipment provisioning for the B717 aircraft fleet. For the quarter ended March 31, 2003, we also received a return of aircraft deposits of \$2.2 million. *Financing activities* generated \$0.6 million of cash in the first quarter of 2004 primarily from the proceeds on the sale of our common stock associated with the exercise of stock options. Cash used in financing activities during 2003 were primarily for debt service.

Aircraft Purchase Commitments and Fleet Renewal Plan:

As of March 31, 2004, Airways contracted with The Boeing Company (Boeing) and an aircraft leasing company to acquire 50 B737 aircraft with delivery dates beginning in June 2004. We currently plan to acquire eight B737 aircraft during 2004 and the remainder through 2008. We also have the option to acquire up to 50 additional B737 aircraft from Boeing.

During the first quarter of 2004, we took delivery of two B717 aircraft increasing our fleet of B717 aircraft to 75 aircraft. We have commitments to acquire six B717 aircraft in 2004 and 2005 and up to two additional B717 aircraft at the discretion of the airframe manufacturer. These aircraft shall either be subject to individual operating leases or sale/leaseback transactions. We also obtained contingent options to acquire up to four additional B717 aircraft under similar lease-financing arrangements.

During the first quarter of 2004, in connection with Airways' agreement with Boeing, Airways was refunded \$3.0 million in previously paid aircraft deposits and paid \$3.8 million to Boeing in aircraft deposits under the new agreement for the acquisition of B717 and B737 aircraft.

Credit Agreement:

During 2002, we entered into a \$15 million credit agreement with a term of one year which was further extended, during the first quarter of 2004, to June 30, 2004. The agreement allows us to obtain letters of credit and enter into hedge agreements with the bank. The agreement contains certain covenant requirements including liquidity tests. We are currently in compliance with these covenants. At March 31, 2004, we had approximately \$12.2 million in letters of credit drawn against the credit agreement.

Other:

During 2002, we entered into a cancelable agreement with a regional jet contractor to provide regional jet service between pre-determined pairs of cities. We pay the contractor to operate the flights and we are entitled to all of the revenues associated with these flights. These payments are recorded on a net basis as a reduction to passenger revenue. In March 2004, we reached an agreement to phase out this regional jet service by August 2004.

During 2003, we entered into a one-year agreement with an air carrier to provide jet service between pre-determined pairs of cities. The air carrier provides its own aircraft, crew, maintenance, and hull and liability insurance in exchange for a fixed block hour rate for flights operated on our behalf. These payments are recorded on a net basis as a reduction to passenger revenues.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk from the information provided in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003, other than those discussed below.

Aviation Fuel

Our efforts to reduce our exposure to increases in the price and availability of aviation fuel include the utilization of fixed-price fuel contracts and fuel cap contracts. Fixed-price fuel contracts are agreements to purchase defined quantities of aviation fuel from a third party at defined prices. Fuel cap contracts are agreements to purchase defined quantities of aviation fuel from a third party at a price not to exceed a defined price, thereby limiting our exposure to increases in the price of aviation fuel. As of March 31, 2004, utilizing fixed-price fuel contracts and fuel cap contracts we agreed to purchase approximately 47 percent and 10 percent of our fuel needs through the end of December 2004 and 2005, respectively at a price no higher than \$0.85 and \$0.75 per gallon of aviation fuel including delivery to our operations hub in Atlanta and other locations for 2004 and 2005, respectively.

Aircraft fuel represented 22.3 percent and 23.6 percent of our operating expenses for the first quarter of 2004 and 2003, respectively. Based on our 2004 projected fuel consumption, a 10 percent increase in the average price per gallon of aircraft fuel would increase fuel expense on an annual basis by approximately \$20.0 million, including the effects of our fuel hedges. Increases in fuel prices or a shortage of supply could have a material effect on our operations and operating results.

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer have concluded that, based on their evaluation as of March 31, 2004, our disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in our reports under the Securities Exchange Act of 1934. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the previously mentioned evaluation.

PART II.
OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are engaged in litigation arising in the ordinary course of business. We do not believe that any such pending litigation will have a material adverse effect on our results of operations or financial condition.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- 3.2 - By-Laws (as amended and restated on March 24, 2004)
- 31.1 - CEO certification pursuant to Rule 13(a)-14 or 15(d)-14
- 31.2 - CFO certification pursuant to Rule 13(a)-14 or 15(d)-14
- 32.1 - CEO certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act
- 32.2 - CFO certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act

(b) Current Reports on Form 8-K:

<u>Date of Report</u>	<u>Subject of Report</u>
March 19, 2004	Regulation FD Rule 10b5-1(c) disclosure by Joseph B. Leonard regarding planned future sales of our common stock.
March 5, 2004	Press release announcing the agreement to terminate regional jet service performed by Air Wisconsin Airline Corporation.
January 22, 2004	Press release announcing our financial results for the fourth quarter of 2003.

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 thereunto duly authorized.

AirTran Holdings, Inc.

(Registrant)

Date: May 10, 2004

/s/ Stanley J. Gadek

Stanley J. Gadek

Senior Vice President, Finance,

Treasurer and Chief Financial Officer

(Principal Accounting and Financial Officer)

**BY-LAWS
OF
AIRTRAN HOLDINGS, INC.
AS AMENDED AND RESTATED ON MARCH 24, 2004**

OFFICES

REGISTERED OFFICE AND AGENT. The corporation shall maintain a registered office and shall have a registered agent whose business office is identical with such registered office.

OTHER OFFICES. The corporation may have offices at such place or places, within or without the State of Nevada, as the Board of Directors may, from time to time, appoint or as the business of the corporation may require or make desirable.

CAPITAL STOCK

ISSUANCE AND NOTICE. Certificates of each class of stock shall be numbered consecutively in the order in which they are issued. They shall be signed by the President and Secretary and the seal of the corporation shall be affixed thereto. In an appropriate place in the corporate records there shall be entered the name of the person owning the shares, the number of shares and the date of issue. Certificates of stock exchanged or returned shall be canceled and placed in the corporate records. Facsimile signatures may be utilized in accordance with Section 2.2 of this Article.

TRANSFER AGENTS AND REGISTRARS. The Board of Directors of the corporation may appoint a transfer agent or agents and a registrar or registrars of transfer (other than the corporation itself or an employee thereof) for the issuance of shares of stock of the corporation and may require that all stock certificates bear the signature of such transfer agent and registrar. In the event a share certificate is authenticated by both the transfer agent and registrar, any share certificate may be signed by the facsimile of the signature of either or both of the President and Secretary printed thereon. If the same is countersigned by the transfer agent and registrar of the corporation, the certificates bearing the facsimile of the signatures of the President and Secretary shall be valid in all respects as if such person or persons were still in office even though such person or persons shall have died or otherwise ceased to be officers.

TRANSFER. Upon the surrender to the corporation or to the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of assignment of authority to transfer, it shall be the duty of the corporation to issue a certificate to the person entitled thereto, to cancel the surrendered certificate and to record the transaction upon its books.

LOST CERTIFICATES. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and shall, if the Board of Directors so requires, comply with such other conditions applicable to the circumstances as the Board of Directors may

require, including the delivery of a bond of indemnity, in form and with one or more sureties satisfactory to the Board of Directors, in at least double the value of the stock represented by said certificates; whereupon a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost or destroyed.

SHAREHOLDERS OF RECORD. The corporation shall be entitled to recognize the exclusive right of a person registered on the books as the owner of shares entitled to receive dividends or to vote as such owner and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

DETERMINING SHAREHOLDERS OF RECORD. The Board of Directors shall have the power to close the stock transfer books of the corporation for a period not exceeding sixty (60) days preceding the date of any meeting of Shareholders or the date for payment of any dividend. Such date shall serve as the record date for the determination of the Shareholders entitled to notice of and to vote at such meeting or to receive payment of such dividend. When a record date is so fixed, only Shareholders of record on that date shall be entitled to notice of and to vote at the meeting or to receive payment of any dividend, notwithstanding any transfer of any shares on the books of the corporation after the record date.

VOTING. The holders of the common stock shall be entitled to one vote for each share of stock standing in their name. The holders of any class or series of preferred stock shall have the rights to vote specified in the corporation's certificate of rights, preferences and privileges filed in accordance with the laws of the State of Nevada.

STATEMENT OF RIGHTS OF HOLDERS OF STOCK. So long as the corporation is authorized to issue more than one class of stock or more than one series of any class, there shall be set forth on the face or back of each certificate of stock, or the certificate shall have a statement that the corporation will furnish to any Shareholder upon request and without charge, a full or summary statement of the voting powers, designations, preferences, limitations, restrictions and relative rights of the various classes of stock or series thereof.

SHAREHOLDERS' MEETINGS

PLACE OF MEETINGS. All meetings of the Shareholders shall be held at the registered office of the corporation or at such other place, either within or without the State of Nevada, as the Board of Directors may, from time to time, designate.

ANNUAL MEETING. An annual meeting of the Shareholders shall be held each year at such time and date between January 1 and June 30 as shall be designated by the Board of Directors and stated in the notice of the meeting. If an annual meeting has not been called and held by June 30 of any year, such meeting may be called by the holders of ten percent (10%) or more of the voting power of the corporation outstanding and entitled to vote. At such annual meeting, the Shareholders shall elect a Board of Directors by a plurality vote and transact such other business as may properly be brought before the meeting.

SPECIAL MEETINGS.

A. CALLING OF SPECIAL MEETINGS. Upon request in writing to the President or Secretary, sent by registered mail or delivered to such Officer in person, by any of the persons entitled to call a meeting of Shareholders, as provided in Section 3.3B below, such Officer shall forthwith cause notice to be given to the Shareholders entitled to vote at such meeting. If the notice is not given within thirty (30) days after the date of delivery of the request, the persons calling the meeting may fix the time of meeting and give the notice in the manner provided in these By-laws.

B. PERSONS ENTITLED TO CALL SPECIAL MEETINGS. Special meetings of the Shareholders, for any purpose whatsoever, may be called at any time by any of the following: (1) a majority of the Board of Directors in office; and (2) Shareholders holding not less than twenty-five percent (25%) of the voting power of the corporation.

C. PERMISSIBLE MATTERS. Business transacted at all special meetings shall be confined to the objects stated in the call.

NOTICE.

A. NOTICE OF MEETINGS. Notice of all meetings of Shareholders shall be given in writing to Shareholders entitled to vote signed by the Secretary or an Assistant Secretary or other person charged with that duty, or, in case of his neglect or refusal, or if there is no person charged with the duty of giving notice, by any Director or Shareholder.

B. METHOD OF NOTICE. A notice may be given by the corporation to any Shareholder, either personally or by mail or other means of written communication, charges prepaid, addressed to the Shareholder at his address appearing on the books of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with first-class postage thereon, prepaid and addressed to the Shareholder at his address as it appears on the stock transfer books of the corporation.

C. TIME OF NOTICE. Notice of meeting of Shareholders shall be sent to each Shareholder entitled thereto not less than ten (10) days nor more than sixty (60) days before the meeting, except in the case of a meeting for the purpose of approving a merger or consolidation agreement in which case the notice must be given not less than twenty (20) days prior to the date of the meeting.

D. CONTENTS OF NOTICE. Notice of any meeting of Shareholders shall specify the place, the day and the hour of the meeting and the purpose for calling the meeting.

WAIVER OF NOTICE. Notice of a meeting need not be given to any Shareholder who signs a waiver of notice, in person or by proxy, either before or after the meeting; and a Shareholder's waiver shall be deemed the equivalent of giving proper notice. Attendance of a Shareholder at a meeting, either in person or by proxy, shall by itself constitute a waiver of notice and a waiver of any and all objections to the time or place of the meeting or the manner in which it has been called or convened, unless a Shareholder attends a meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business. Unless otherwise specified herein, neither the business transacted nor the purpose of the meeting need be specified in the waiver.

PRESENCE BY TELEPHONE. Shareholders may participate in a meeting of the Shareholders by means of a conference telephone or similar communications equipment by which all participants in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.6 shall constitute presence in person at such meeting.

QUORUM. The majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of Shareholders. If a quorum is present, action on a matter (other than the election of Directors) by the Shareholders is approved if the votes cast by the Shareholders favoring the action exceed the votes cast opposing the action unless provided otherwise (i) under the corporation's articles of incorporation, (ii) under the rights and preferences of any class or series of stock authorized, or (iii) under Nevada law. When a quorum is once present to organize a meeting, the Shareholders present may continue to do business at the meeting until adjournment even though enough Shareholders withdraw to leave less than a quorum.

ADJOURNMENT. Any meeting of the Shareholders may be adjourned by the holders of a majority of the voting shares represented at a meeting, whether or not a quorum is present. Notice of the adjourned meeting or of the business to be transacted at such meeting shall not be necessary, provided the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. Notwithstanding the preceding sentence, if the Board of Directors fixes a new record date for the adjourned meeting with respect to who can vote at such meeting, then notice of the adjourned meeting shall be given to each Shareholder of record on the new record date who is entitled to vote at such meeting, which notice shall be given in accordance with the provisions of Section 3.4 hereof. At an adjourned meeting at which a quorum is present or represented, any business may be transacted which could have been transacted at the meeting originally called.

VOTING RIGHTS. Each Shareholder shall be entitled at each Shareholders' meeting to one vote for each share of the capital stock having voting power held by such Shareholder except as otherwise provided (i) under the corporation's articles of incorporation, or (ii) the corporation's certificate of rights, preferences and privileges filed in accordance with the laws of the State of Nevada. Neither treasury shares nor shares held by a subsidiary of the corporation shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

PROXIES. A Shareholder entitled to vote may vote in person or by proxy executed in writing by the Shareholder or by his attorney-in-fact. If any Shareholder designates two or more persons to act as proxies, a majority of those present at the meeting, or if only one shall be present, then that one, shall have and may exercise all of the powers conferred by such Shareholder upon all of the persons so designated unless the Shareholder shall otherwise provide. A proxy shall not be valid after six (6)

months from the date of its execution unless it is coupled with an interest, or unless a longer period is expressly stated in such proxy, which may not exceed seven (7) years from the date of its creation. Every proxy shall be revocable at the pleasure of the Shareholder executing it except as may be otherwise provided in the Nevada Revised Statutes.

ELECTION JUDGES. The Board of Directors, or if the Board shall not have made the appointment, the chairman presiding at any meeting of Shareholders, shall appoint two or more persons to act as election judges to receive, canvass, certify and report the votes cast by the Shareholders at such meeting; but no candidate for the office of Director shall be appointed as an election judge at any meeting for the election of Directors.

CHAIRMAN OF MEETING. The Chairman of the Board shall preside at all meetings of the Shareholders; and, in the absence of the Chairman of the Board, the President shall serve as chairman of the meeting.

SECRETARY OF MEETING. The Secretary of the corporation shall act as secretary of all meetings of the Shareholders; and, in his absence, the chairman of the meeting may appoint any person to act as secretary of the meeting.

ACTION BY CONSENT OF SHAREHOLDERS. Any action required or permitted to be taken at a meeting of the Shareholders may be taken without a meeting if a written consent setting forth the action shall be signed by Shareholders holding at least a majority of the voting power, unless a greater vote is required (i) under the corporation's articles of incorporation, (ii) under the corporation's certificate of rights, preferences and privileges filed in accordance with the laws of the State of Nevada, or (iii) under Nevada law, in which event, such greater proportion of written consent shall be required. Any such consent shall be filed with the Secretary of the corporation and shall have the same force and effect as a unanimous vote of the Shareholders.

DIRECTORS

MANAGEMENT OF BUSINESS. Subject to these by-laws, the full and entire management of the affairs and business of the corporation shall be vested in the Board of Directors which shall have and which may exercise all of the powers that may be exercised or performed by the corporation.

NUMBER, QUALIFICATION AND TERM OF OFFICE. The business and affairs of the corporation shall be managed by a Board of Directors which shall consist of such number of members, not less than three nor more than ten, as shall be determined from time to time by resolution of the Board of Directors at any meeting of the Board or by the unanimous written consent of the Board. Each member of the Board of Directors of the corporation shall be elected by a plurality of the votes cast by the shares entitled to vote for the election of Directors. None of the Directors need be a resident of the State of Nevada or hold shares of stock in the corporation. The Directors shall be elected at an annual or special meeting of the Shareholders. The Board of Directors shall consist of three classes, designated as Class I, Class II, and Class III, respectively, with the size of each class determined from time to time by resolution of the Board of Directors; each of which classes shall, however, consist of a number of directors as equal as possible, with no class having more than one director more than any other class. Notwithstanding the foregoing, at least twenty-five percent (25%) of the members of the

Board of Directors shall be subject to election each year. Except for the initial directors in each class who shall be elected at the 2000 annual meeting of shareholders and who shall have terms of office of three, two and one years, respectively, each class of directors shall thereafter have a term of office of three years and until their respective successors shall have been elected and qualified, or until a director's earlier resignation or removal.

VACANCIES.

A. WHEN VACANCIES OCCUR. Vacancies in the Board of Directors shall exist in the case of happening of any of the following events: (1) the death, resignation or removal of any Directors; (2) a declaration of vacancy by the Board of Directors as provided in Paragraph B below; (3) the authorized number of Directors is increased by resolution of the Board of Directors; or (4) at any meeting of Shareholders at which the Directors are elected, the Shareholders fail to elect the full authorized number of Directors to be voted for at that meeting. A reduction of the authorized number of Directors does not remove any Director prior to the expiration of his term in office.

B. DECLARATION OF VACANCY. The Board of Directors may declare vacant the office of any Director in either of the following cases: (1) if he is declared of unsound mind by an appropriate court order or convicted of a felony; or (2) if within sixty (60) days after notice of his election he does not accept the office either in writing or by attending a meeting of the Board of Directors.

C. FILLING VACANCIES. Unless the Articles of Incorporation or a provision of these By-laws approved by the Shareholders provides otherwise, if a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, the Board of Directors may fill the vacancy. If the Directors remaining in office do not constitute a quorum of the Board, the Directors may fill the vacancy by affirmative vote of a majority of all the Directors remaining in office. Such appointment by the Shareholders or Directors shall continue until the expiration of the term of the Director whose place has become vacant.

COMPENSATION. For their services as Directors, the Directors may receive a fixed sum salary and reimbursement of expenses of attendance at each meeting of the Board as approved by the Shareholders or Board of Directors from time to time. A Director may serve the corporation in a capacity other than that of Director and receive compensation for the services rendered in such other capacity.

DIRECTORS' MEETINGS

PLACE OF MEETINGS. The meetings of the Board of Directors may be held at the registered office of the corporation or at any place, within or without the State of Nevada, which a majority of the Board of Directors may, from time to time, designate.

ANNUAL MEETING. The Board of Directors shall meet each year immediately following the annual meeting of the Shareholders at the place such Shareholders' meeting was held or at such other time, date and place as a majority of the Board of Directors may designate. At such annual meeting, Officers shall be elected and such other business may be transacted which is within the powers of the Directors. Notice of the annual meeting of the Board of Directors need not be given.

REGULAR MEETINGS.

A. WHEN REGULAR MEETINGS HELD. Regular meetings of the Board of Directors (which includes the annual meeting) shall be held not less than every three (3) months.

B. CALL OF REGULAR MEETINGS. All regular meetings of the Board of Directors of the Corporation shall be called by the Chairman of the Board or by the President.

C. NOTICE OF REGULAR MEETINGS. Written notice of the time and place of the regular meetings of the Board of Directors shall be delivered personally to each Director or sent to each Director by mail or by other form of written communication (including facsimile transmission) at least two (2) business days before the meeting.

SPECIAL MEETINGS.

A. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board or by any two Directors.

B. NOTICE OF SPECIAL MEETING. Written notice of the time and place of special meetings of the Board of Directors shall be delivered personally to each Director or sent to each Director by mail or by other form of written communication (including facsimile transmission) at least two (2) business days before the meeting.

WAIVER OF NOTICE. A Director may waive in writing notice of a special meeting of the Board, either before or after the meeting, and his waiver shall be deemed the equivalent of giving notice. Attendance of a Director at a meeting shall constitute a waiver of notice of that meeting unless he attends for the express purpose of objecting to the transaction of business on the grounds that the meeting has not been lawfully called or convened.

PURPOSE OF MEETING. Neither the business to be transacted at a regular or special meeting, nor the purpose of such meeting, need be specified in the notice or waiver of notice of such meeting.

PRESENCE BY TELEPHONE. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications equipment by which all Directors participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 5.7 shall constitute presence in person at such meeting.

QUORUM. At meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business. Only when a quorum is present may the Board of Directors continue to do business at any such meeting. If a quorum is present, the acts of a majority of Directors in attendance shall be the acts of the Board.

ADJOURNMENT. A meeting of the Board of Directors may be adjourned. Notice of the time and the place of the adjourned meeting and of the business to be transacted thereat, other than by announcement at the meeting at which the adjournment is taken, shall not be necessary. At an adjourned meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting originally called.

MANIFESTATION OF DISSENT. A Director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

ACTION BY CONSENT. If all of the Directors, severally or collectively, consent in writing to any action taken or to be taken by the corporation and the writing or writings evidencing their consent are filed with the Secretary of the corporation, the action shall be as valid as though it had been authorized at a meeting of the Board of Directors.

COMMITTEES. The Board of Directors may from time to time, by majority resolution of the full Board of Directors, appoint from among its members such Committees as the Board may determine. The members of the Executive Committee, if there is one, shall include the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and such other persons designated by the Board of Directors. If an Executive Committee is formed, such Committee shall, during the interval between meetings of the Board, advise and aid the Officers of the corporation in all matters in the corporation's interest and the management of its business and generally perform such duties and exercise such powers as may be directed or delegated by the Board of Directors from time to time. The Board may delegate to the Executive Committee authority to exercise all powers of the Board, excepting powers which may not be delegated to such Committee under Nevada law, while the Board is not in session. Vacancies in the membership of any Committee which shall be so appointed by the Board of Directors shall be filled by the Board of Directors at a regular meeting or at a special meeting called for that purpose. All committees shall keep regular minutes of their proceedings and report the same to the full Board when requested or required.

OFFICERS

OFFICERS. The Officers of the corporation shall consist of those Officers, if any, as the Board of Directors shall designate from time to time. Upon such action by the Board of Directors, the officers of the corporation may include a Chairman of the Board, a Vice Chairman of the Board, a President, a Vice President or Vice Presidents, Secretary, Treasurer and Assistants to the Vice President, Secretary or Treasurer. The Officers shall be elected by and shall serve at the pleasure of the Board of Directors. The same individual may simultaneously hold more than one office in the corporation. The Board of Directors may designate one or more of the officers with the additional titles of Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. The officers so designated shall have those duties incident to the respective designations, in addition to the duties set forth herein.

DUTIES OF OFFICERS. All Officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as hereinafter provided in these By-laws or as may be determined by action of the Board of Directors to the extent not inconsistent with these By-laws.

CHAIRMAN OF THE BOARD. The Chairman of the Board shall be a member of the Board of Directors. He shall, when present, preside at all meetings of the Board of Directors. He may execute any deeds, mortgages, bonds or other contracts pursuant to authority (which may be general authority) from the Board of Directors, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these by-laws to some other officer or agent of the corporation or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board of Directors from time to time.

VICE CHAIRMAN OF THE BOARD. The Vice Chairman of the Board, if there is one, shall serve in the place of the Chairman of the Board in the absence of the Chairman. The Vice Chairman of the Board shall perform such other duties as may be prescribed by the Board of Directors from time to time.

PRESIDENT. The President shall have the responsibility for the general supervision of the day-to-day business affairs of the corporation. He shall be responsible for the day-to-day administration of the corporation, including general supervision of the implementation of the policies of the corporation, general and active management of the financial affairs of the corporation and may execute certificates for shares of the corporation, deeds, mortgages, bonds or other contracts under the seal of the corporation pursuant to authority (which may be general authority) from the Board of Directors except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these by-laws to some other officer or agent of the corporation or shall be required by law to be otherwise signed or executed. He shall preside at all meetings of the Directors and Shareholders (except when there is a separately elected Chairman of the Board) and shall discharge the duties of a presiding officer. He shall present at each annual meeting of the Shareholders a report of the business of the corporation for the preceding fiscal year. The President shall also perform whatever other duties the Board of Directors may from time to time prescribe.

VICE PRESIDENTS. The Vice President or Vice Presidents shall perform such duties and have such powers as the Chairman of the Board or the Board of Directors may from time to time prescribe. The Board of Directors or the Chairman of the Board may designate the order of seniority of Vice Presidents, in the event there is more than one, and may designate one or more Vice Presidents as Senior Vice Presidents. The duties and powers of the President shall disburse first to the Senior Vice President or to the Vice Presidents in the order of seniority specified by the Board of Directors or the Chairman of the Board.

SECRETARY. The Secretary shall (i) keep minutes of all meetings of the Shareholders and Directors, (ii) have charge of the minute books, stock books and seal of the corporation, and (iii) perform such other duties and have such other powers as may, from time to time, be delegated to him by the Board of Directors or Chairman of the Board.

TREASURER. The Treasurer shall:

(1) **FUNDS - CUSTODY AND DEPOSIT.** Have charge and custody of, and be responsible for, all funds and securities of the corporation and shall deposit all such funds and other valuable effects in the name and to the credit of the corporation in such depositories as shall be authorized by the Board of Directors.

(2) **FUNDS - RECEIPT.** Give receipts for all moneys due and payable to the corporation.

(3) **FUNDS - DISBURSEMENT.** Disburse the funds of the corporation, keeping proper vouchers for such disbursements.

(4) **MAINTAIN ACCOUNTS.** Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares.

(5) OTHER DUTIES. Perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors or Chairman of the Board.

ASSISTANT VICE PRESIDENTS, ASSISTANT SECRETARY AND ASSISTANT TREASURER. Assistants to the Vice Presidents, Secretary and Treasurer may be appointed and shall have such duties as shall be delegated to them by the Board of Directors or Chairman of the Board.

DELEGATION OF DUTIES. In case of the absence of any Officer of the corporation, or for any other reason and for any duration that the Board of Directors may deem advisable, the Board of Directors may delegate the powers or duties, or any of them, of such Officer to any other Officer, or to any Director, provided a majority of the entire Board concurs therein.

REMOVAL OF OFFICERS. Any Officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in the judgment of a majority of the members of the Board of Directors, the best interest of the corporation will be served thereby. The removal of any such Officer shall be without prejudice to the contract rights, if any, of the person so removed; however, the election or appointment of an Officer shall not in and of itself create any contract rights.

VACANCIES. When a vacancy occurs in one of the executive offices by death, resignation or otherwise, it shall be filled by the Board of Directors. The Officer so elected shall hold office until his successor is chosen and qualified.

COMPENSATION. The Board of Directors shall prescribe or fix the salaries, bonuses, pensions, benefits under pension plans and profit sharing plans, stock option plans and all other plans, benefits and compensation to be paid or allowed to or in respect of (i) all Officers and any or all employees of the corporation, including Officers and employees who may also be Directors of the corporation and (ii) the Directors of the corporation, as such. Directors of the corporation shall not be disqualified from voting on their own or any other person's plan, benefit or compensation to be paid by the corporation merely because they or such other person is a Director or an Officer or an employee of the corporation. The Board of Directors may delegate these functions to any Officer not a Director except those determinations involving an Officer or Director.

SEAL

SEAL. The seal of the corporation shall be in such form as the Board of Directors may, from time to time, determine. In the event it is inconvenient to use such a seal at any time, the signature of the corporation followed by the words "Corporate Seal" enclosed in parentheses or scroll shall be deemed the seal of the corporation. The seal shall be in the custody of the Secretary and affixed by him or any Assistant Secretary on the certificates of stock and such other papers as may be directed by law, by these by-laws or by the Chairman of the Board, President or Board of Directors.

AMENDMENTS

AMENDMENTS. These by-laws may be amended at any meeting of the Board of Directors by the affirmative vote of a majority of the Directors except as otherwise provided herein or except as prohibited by law.

INDEMNIFICATION

DEFINITIONS. As used in this Article, the term:

A. “Corporation” means this corporation and includes any domestic or foreign predecessor entity of this corporation in a merger or other transaction in which the predecessor’s existence ceased upon consummation of the transaction.

B. “Director” means an individual who is or was a Director of the Corporation or an individual who, while a Director of the Corporation, is or was serving at the Corporation’s request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. A Director is considered to be serving an employee benefit plan at the Corporation’s request if his duties to the Corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan. “Director” includes, unless the context requires otherwise, the estate or personal representative of a Director.

C. “Expenses” includes attorneys’ fees.

D. “Liability” means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

E. “Officer” means an individual who is or was an officer of the Corporation or an individual who, while an officer of the Corporation, is or was serving at the Corporation’s request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. An officer is considered to be serving an employee benefit plan at the Corporation’s request if his duties to the Corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan. “Officer” includes, unless the context requires otherwise, the estate or personal representative of an officer.

F. “Party” includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

G. “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal but shall include an action or suit by or in the right of the Corporation only if such action or suit is to procure a judgment in the Corporation’s favor.

BASIC INDEMNIFICATION ARRANGEMENT.

A. Except as provided in subsections 9.2D and 9.2E below, the Corporation shall indemnify any Officer or Director in the event he is made a party to a proceeding because he is or was a director or officer against liability incurred by him in the proceeding if he acted in good faith and in a manner he believed to be in or not opposed to the best interests of the Corporation and, in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

B. An Officer's or Director's conduct with respect to an employee benefit plan for a purpose he believed in good faith to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of subsection 9.2A.

C. The termination of a proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, be determinative that any Officer or Director did not meet the standard of conduct set forth in subsection 9.2A.

D. The Corporation shall not indemnify any Officer or Director under this Article in connection with a proceeding by or in the right of the Corporation in which such Officer or Director was adjudged liable to the Corporation, unless and only to the extent the court in which the proceeding was brought or other court of competent jurisdiction determines upon application that in view of all circumstances of the case, the Officer or Director is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

E. Indemnification permitted under this Article in connection with a proceeding is limited to liability and expenses actually and reasonably incurred in connection with the proceeding.

ADVANCES FOR EXPENSES.

A. The Corporation shall pay for or reimburse the reasonable expenses incurred by an Officer or Director as a party to a proceeding in advance of final disposition of the proceeding if he furnishes the Corporation a written undertaking (meeting the qualifications set forth below in subsection 9.3B), executed personally or on his behalf, to repay any advances if it is ultimately determined that he is not entitled to any indemnification under this Article or otherwise.

B. The undertaking required by subsection 9.3A above must be an unlimited general obligation of such Officer or Director but need not be secured and may be accepted without reference to financial ability to make repayment.

AUTHORIZATION OF AND DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION.

A. The Corporation shall not indemnify any Officer or Director under Section 9.2 unless a separate determination has been made in the specific case that indemnification of such Officer or Director is permissible in the circumstances because he has met the standard of conduct set forth in subsection 9.2A or unless ordered by a court or advanced pursuant to

Subsection 9.3; provided, however, that regardless of the result or absence of any such determination, to the extent that such Officer or Director has been successful, on the merits or otherwise, in the defense of any proceeding to which he was a party, or in defense of any claim, issue or matter therein, because he is or was a Director or Officer, the Corporation shall indemnify such Officer or Director against liability incurred by him in connection therewith.

B. The determination referred to in subsection 9.4A above shall be made, at the election of the Board of Directors:

1. By the Board of Directors of the Corporation by majority vote of a quorum consisting of Directors not at the time parties to the proceeding;
2. By special independent legal counsel:
 - (a) selected by the Board of Directors in the manner prescribed in subparagraph 1 immediately above; or
 - (b) if a quorum of the Board of Directors cannot be obtained under subparagraph 1 immediately above, selected by a majority vote of the full Board of Directors (in which selection Directors who are parties may participate); or
3. By the Shareholders provided that shares owned by or voted under the control of Directors or Officers who are at the time parties to the proceeding may not be voted on the determination.

C. Evaluation as to reasonableness of expenses of an Officer or Director in the specific case shall be made in the same manner as the determination that indemnification is permissible, as described in subsection 9.4B above, except that if the determination is made by special legal counsel, evaluation as to reasonableness of expenses shall be made by those entitled under subsection 9.4B2 to select counsel.

LIMITATIONS ON INDEMNIFICATION OF OFFICERS AND DIRECTORS. Nothing in this Article shall require or permit indemnification of an Officer or Director for any liability if a final adjudication establishes that his acts or omissions involved intentional misconduct, fraud or a knowing violation of law and was material to the cause of action.

WITNESS FEES. Nothing in this Article shall limit the Corporation's power to pay or reimburse expenses incurred by an Officer or Director in connection with his appearance as a witness in a proceeding at a time when he has not been made a named defendant or respondent in the proceeding.

NON-EXCLUSIVITY, ETC. The rights of an Officer or Director hereunder shall be in addition to any other rights with respect to indemnification, advancement of expenses or otherwise that such Officer or Director may have under the Corporation's By-laws or the Nevada Revised Statutes or otherwise.

INTENT. It is the intention of this corporation that this Article of the By-laws of this Corporation and the indemnification hereunder shall extend to the maximum indemnification possible under the laws of the State of Nevada and if one or more words, phrases, clauses, sentences or sections of this Article should be held unenforceable for any reason, all of the remaining portions of this Article shall remain in full force and effect.

DEALINGS

RELATED TRANSACTIONS. No contract or other transaction between this corporation and any other firm, association or corporation shall be affected or invalidated by the fact that any of the members of the Board of Directors of this corporation are interested in or are members, shareholders, governors or directors of such firm, association or corporation; and no contract, act or transaction of this corporation with any individual firm, association or corporation shall be affected or invalidated by the fact that any of the members of the Board of Directors of this corporation are parties to or interested in such contract, act or transaction or are in any way connected with such individual, firm, association or corporation. Each and every individual who may become a member of the Board of Directors of this corporation is hereby relieved from any liability that might otherwise exist from contracting with this corporation for the benefit of himself or herself or any firm, association or corporation in which he or she may in any way be interested. Notwithstanding the above, the provisions of this Section 10.1 shall be applicable only in the absence of fraud and only where the interest in such transaction of an interested party has been disclosed and the interested party, if a Director, has abstained from a vote thereon.

DIVIDENDS AND RESERVES

DIVIDENDS. The Board of Directors of the corporation may from time to time declare, and in such event the corporation shall pay, dividends on the corporation's outstanding shares in cash, property or the corporation's own shares, except when the corporation is insolvent or when the declaration or payment thereof would be contrary to any restrictions contained in the Articles of Incorporation or any applicable law, subject to the following:

A. Dividends may be declared and paid in the corporation's own shares out of any treasury shares that have been reacquired by the corporation.

B. Dividends may be declared and paid in the corporation's own authorized but unissued shares, provided that such shares shall be issued at not less than the par value thereof and there shall be transferred to stated capital at the time such dividend is paid an amount at least equal to the aggregate par value of the shares to be issued as a dividend.

C. The corporation shall have the use of any cash or property declared as a dividend that is unclaimed until the time it escheats to the applicable jurisdiction. Any stock declared as a dividend or unclaimed shall be voted by the Board of Directors.

RESERVES. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies or for equalizing dividends or for repairing or maintaining any property of the corporation or for such other purpose as the Directors shall think conducive to the interest of the corporation, and the Directors may modify or abolish any such reserve in the manner by which it was created.

CORPORATE BOOKS AND RECORDS

MINUTES OF CORPORATE MEETINGS. The corporation shall keep at its principal office, or such other place as the Board of Directors may order, a book of minutes of all meetings of its Directors and of its Shareholders, with the time and place of holding, whether annual, regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of shares present or represented at Shareholders' meetings and the proceedings thereof.

SHARE REGISTER. The corporation shall keep at the principal office, or at the office of the transfer agent, a share register showing the names of the Shareholders and their addresses, the number of shares held by each and the number and date of cancellation of every certificate surrendered for cancellation. The above specified information may be kept by the corporation on punch cards, magnetic tape or other information storage device related to electronic data processing equipment provided that such card, tape or other equipment is capable of reproducing the information in clearly legible form.

GENERAL PROVISIONS

FISCAL YEAR. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

AUTHORITY FOR EXECUTION OF CONTRACTS AND INSTRUMENTS. The Board of Directors, except as otherwise provided in these By-laws, may authorize any Officer or Officers, agent or agents to enter into any contract or execute and delivery any instrument in the name and on behalf of the corporation, and such authority may be general or confined to specified instances; and, unless so

authorized, no Officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

SIGNING OF CHECKS, DRAFTS, ETC. All checks, drafts or other order for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the corporation shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

AS ADOPTED BY THE DIRECTORS OF THE CORPORATION ON JULY 20, 1995. AS AMENDED BY THE DIRECTORS OF THE CORPORATION ON DECEMBER 12, 1996. AS AMENDED BY THE DIRECTORS AND SHAREHOLDERS OF THE CORPORATION AS OF NOVEMBER 17, 1997. AS AMENDED BY THE BOARD OF DIRECTORS OF THE CORPORATION ON MARCH 27, 2000 AND MARCH 24, 2004.

CERTIFICATION

I, Joseph B. Leonard, the Chairman and Chief Executive Officer of AirTran Holdings, Inc. (the "Company"), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of the Company;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

/s/ Joseph B. Leonard
Joseph B. Leonard
AirTran Holdings, Inc.
Chairman and Chief Executive Officer

May 10, 2004

CERTIFICATION

I, Stanley J. Gadek, the Senior Vice President and Chief Financial Officer of AirTran Holdings, Inc. (the "Company"), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of the Company;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

/s/ Stanley J. Gadek
Stanley J. Gadek
AirTran Holdings, Inc.
Senior Vice President, Finance, Treasurer
and Chief Financial Officer

May 10, 2004

**AIRTRAN HOLDINGS, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of AirTran Holdings, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2004, as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph B. Leonard, Chairman and Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2004

By: /s/ Joseph B. Leonard
Joseph B. Leonard
Chairman and Chief Executive Officer

**AIRTRAN HOLDINGS, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of AirTran Holdings, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2004, as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), I, Stanley J. Gadek, Senior Vice President, Finance, Treasurer and Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2004

By: /s/ Stanley J. Gadek
Stanley J. Gadek
Senior Vice President, Finance, Treasurer and
Chief Financial Officer