



Third Quarter 2010 Earnings Call

November 4, 2010

Forward-Looking Statements / Property of Aircastle

Certain items in this presentation and other information we provide from time to time, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not necessarily limited to, statements relating to our ability to acquire, sell, lease or finance aircraft, raise capital, pay dividends, and increase revenues, earnings, EBITDA, Adjusted Net Income and Adjusted Net Income plus Depreciation and Amortization and the global aviation industry and aircraft leasing sector. Words such as “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “may,” “will,” “would,” “could,” “should,” “seeks,” “estimates” and variations on these words and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements; Aircastle Limited can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this presentation. Factors that could have a material adverse effect on our operations and future prospects or that could cause actual results to differ materially from Aircastle Limited’s expectations include, but are not limited to, prolonged capital markets disruption and volatility, which may adversely affect our continued ability to obtain additional capital to finance our working capital needs, our pre-delivery payment obligations and other aircraft acquisition commitments, our ability to extend or replace our existing financings, and the demand for and value of aircraft; our exposure to increased bank and counterparty risk caused by credit and capital markets disruptions; volatility in the value of our aircraft or in appraisals thereof, which may, among other things, result in increased principal payments under our term financings and reduce our cash flow available for investment or dividends; general economic conditions and business conditions affecting demand for aircraft and lease rates; our continued ability to obtain favorable tax treatment in Bermuda, Ireland and other jurisdictions; our ability to pay dividends; high or volatile fuel prices, lack of access to capital, reduced load factors and/or reduced yields, operational disruptions caused by volcanic activity and other factors affecting the creditworthiness of our airline customers and their ability to continue to perform their obligations under our leases; termination payments on our interest rate hedges; and other risks detailed from time to time in Aircastle Limited’s filings with the SEC, including “Risk Factors” as previously disclosed in Aircastle’s 2009 Annual Report on Form 10-K, and in our other filings with the SEC, press releases and other communications. In addition, new risks and uncertainties emerge from time to time, and it is not possible for Aircastle to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this presentation. Aircastle Limited expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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2010 Third Quarter Financial and Operating Highlights

Financial Results

- Q3 2010 Lease rental revenue of \$133.5 million and EBITDA of \$116.1 million
- Net income of \$8.6 million, or \$0.11 per diluted common share and Adjusted net income of \$12.6 million, or \$0.16 per diluted common share
 - Include net pretax charges of \$4.5 million, or \$0.06 per diluted common share, from the early return of one 737-300 Classic aircraft and the execution of a forward sale agreement for one 737-500 Classic aircraft
- Adjusted net income plus depreciation and amortization of \$72.5 million, or \$0.91 per diluted common share
- \$310.9 million of unrestricted cash; \$190.3 million of restricted cash at September 30, 2010

Operating

- ~100% Fleet utilization
- 14.1% portfolio Yield
- Purchased or committed to purchase eight other aircraft for \$310 million
- Completed acquisition of first new Airbus A330F with long-term lease to Hong Kong Airlines, an affiliate of HNA Group
 - Second A330F acquisition completed in early November 2010

Q3:10 Revenue Summary

- Lease rental revenue of \$133.5 million was higher by \$5.2 million versus Q3:09 due primarily to aircraft acquisitions net of dispositions
- Maintenance revenue in Q3:10 was down \$28.8 million versus the prior year period due to fewer scheduled and unscheduled lease terminations
- Other revenue/interest income were lower by \$9.7 million due mainly to lease termination revenue recorded in 2009 - none in 2010

Revenue Summary		
\$ millions	Q3:09	Q3:10
Lease Rental Revenue	\$128.3	\$133.5
Maintenance Revenue	31.4	2.5
Amortization of Net Lease Discounts and Lease Incentives	(4.0)	(4.2)
Total Lease Rentals	155.7	131.8
Interest Income and Other Revenue	10.1	0.4
Total Revenues	\$165.7	\$132.2

Revenue Trends

- Lease rental revenue is a consistent performance driver of the operating and financial results
- Maintenance and other lease termination revenue in any reporting period is dependent upon a number of factors: the timing of lease expiries, the timing of maintenance events and the utilization of the aircraft

(\$ millions)	Quarter End						
	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10
Revenues							
Lease rentals	\$ 126.0	\$ 129.4	\$ 128.3	\$ 127.8	\$ 130.1	\$ 128.1	\$ 133.5
Amortization of net lease discounts and incentives	(1.1)	(2.8)	(4.0)	(3.3)	(4.8)	(4.9)	(4.2)
Maintenance revenues	6.6	9.6	31.4	11.1	5.3	6.8	2.5
Interest income	0.6	0.6	0.6	0.1	-	-	-
Other revenue	-	0.1	9.5	0.1	0.0	0.1	0.4
Total Revenue	132.1	136.9	165.7	135.8	130.6	130.2	132.2

Q3:10 Earnings Summary

- Adjusted net income plus depreciation and amortization for the quarter was \$72.5 million, down \$20.3 million year over year, due primarily to:
 - Lower maintenance and lease termination revenue totaling \$38.2 million and higher adjusted interest expense of \$2.5 million, partially offset by
 - Higher lease rental revenue of \$5.2 million, lower maintenance and other expenses of \$3.6 million and lower non-cash impairment charges of \$10.9 million.
- Adjusted net income for the quarter was \$12.6 million, down \$23.1 million year over year, and reflects:
 - Lower total revenues of \$33.5 million and higher adjusted interest expense of \$2.5 million, partially offset by
 - Lower maintenance and other costs of \$3.6 million and lower impairment charges of \$10.9 million.

Earnings Summary		
\$ millions, except per share amounts	Q3:09	Q3:10
EBITDA	\$135.0	\$116.1
Net Income	\$33.5	\$8.6
Adjusted Net Income	\$35.7	\$12.6
per diluted common share	\$0.45	\$0.16
Adjusted Net Income + Depreciation & Amortization	\$92.8	\$72.5
per diluted common share	\$1.17	\$0.91

2010 Impairment Summary

- Repossessed 1x 737-300 during Q3:10; aircraft being marketed for sale or lease
 - Impairment of \$4.5 million recognized in Q3:10
 - Revenue of \$2.8 million recognized in Q3 10
- Forward sale agreement signed for 1x 737-500 currently on lease until 2Q:11
 - Impairment charge of \$2.8 million recognized in Q3:10
 - Maintenance revenue of \$4.5 million was recognized earlier in the year

P&L Impact of Sale and Early Return

(\$ millions)	Early Return	Sale Agreement for Q2:11			Total		
	1x 737-300	1x 737-500					
	<u>Q3:10</u>	<u>H1:10</u>	<u>Q3:10</u>	<u>YTD</u>	<u>H1:10</u>	<u>Q3:10</u>	<u>YTD</u>
Maintenance revenue	\$1.7	\$4.5	\$ -	\$ 4.5	\$4.5	\$1.7	\$6.2
Lease incentive	0.9	-	-	-	-	0.9	0.9
Other revenue	0.2	-	-	-	-	0.2	0.2
Total Revenue	2.8	4.5	-	4.5	4.5	2.8	7.3
Impairment	(4.5)	-	(2.8)	(2.8)	-	(7.3)	(7.3)
Pre-tax income/(loss)	<u>(\$1.7)</u>	<u>\$4.5</u>	<u>(\$2.8)</u>	<u>\$1.7</u>	<u>\$4.5</u>	<u>(\$4.5)</u>	<u>(\$0.0)</u>

Lease Placement/Aircraft Sales

2010 Leasing Activity

- 18 of 19 scheduled expirations placed:
 - 16 have executed or committed lease renewal commitments
 - 2 aircraft sold
 - 1 remaining aircraft with Q4:10 scheduled expiry
- 2 new A330 deliveries 2010; 1 in Q3 and 1 in Q4
 - Subject to long-term leases with an affiliate of HNA Group

2011 Leasing Activity

- 10 of 13 scheduled expirations placed:
 - 6 aircraft have executed or committed leases or lease renewals
 - 2 aircraft have signed letter of intent for lease
 - 2 aircraft subject to sales agreements
- Remarketing 1 aircraft acquired in Q4:10 with a scheduled lease expiration in Q4:11

Sales /Other Activities

- Sales proceeds and insurance proceeds expected to result in pretax income of more than \$13 million during Q4:10
 - Four 737-400SF freighters to be sold in Q4:10
 - One 737-700 declared total loss in Q4:10
- Sold 757-200 at break-even price, with net proceeds after debt repayment of \$9 million in Q3:10
- Signed LOI for lease of last new A330 aircraft from our order stream , delivering Spring 2012

Diversified Portfolio

Owned Portfolio

Lessees / # Countries 63 / 36

AIRCRAFT TYPE *(% Net Book Value)*

Freighter 30%

Passenger 70%

89% of the aircraft by NBV are latest generation technology

WEIGHTED AVERAGE *(years, by Net Book Value)*

Lease Term 4.6

Freighter Lease Term 7.3

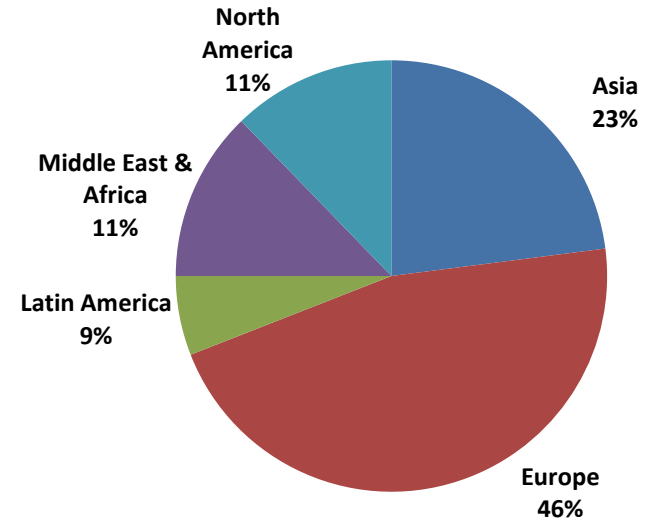
LESSEE CONCENTRATION *(% of total revenue)*

Top 5 Lessees 33%

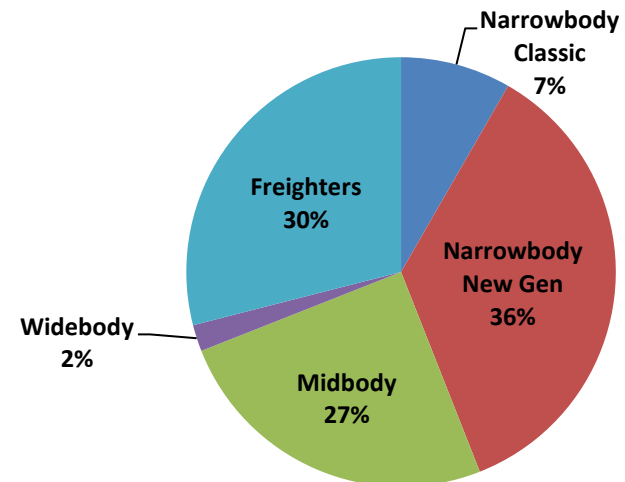
Fleet acquired via 61 transactions with 51 counterparties

(1) Percentage of NBV. Figures as of 9/30/10

Diversification – Geography⁽¹⁾



Diversification – Aircraft Type⁽¹⁾



Aircraft Acquisitions

~\$700 Million of “Built-in” Growth via Airbus A330 Program

- Deliveries Q1:11 – H1:12

\$310 Million in Additional Investment Commitments

- Acquired three Airbus A330 aircraft in sale leaseback with SriLankan Airlines in Q3:10
- Committed to purchase two Boeing 747-400F production freighters expected to deliver in late Q4:10
 - Commitment to lease one aircraft and letter of intent to lease the second
- Acquired three Boeing 737-800 aircraft in Q4:10

Growing and Attractive Base of Investment Opportunities

- “Built-in” growth and new investments position the company for solid performance in 2011
- Leverage AYR origination, placement and freight market strengths

Liquidity and Long Term Debt

- Ended Q3:10 with \$310.9 million of unrestricted cash and \$190.3 million of restricted cash
- Continued strong cash flow performance from portfolio
- Assuming no additional aircraft acquisitions other than JAL freighters, expect YE:10 lease rental exit run rate of \$560 million annualized including \$92 million annualized from unencumbered aircraft assets

Long-Term Debt Summary as of September 30, 2010

\$ millions, except # of aircraft	Maturity	# Aircraft	Interest Rate ⁽¹⁾	Outstanding
Securitization No. 1 ⁽²⁾	Jun – 31	33	5.78%	\$ 420.4
Securitization No. 2 ⁽²⁾	Jun – 37	55	5.53%	1,013.0
Term Financing No. 1 ⁽²⁾	May – 15	28	5.79%	666.1
ECA Supported Financings	May-21 – Aug-22	3	2.65% - 4.48%	201.6
A330 PDP financing		-	2.76%	82.8
2010-1 Notes	Aug-18	-	9.75%	296.0
Unencumbered Aircraft	-	13	-	-
Total		132	5.89%	2,679.9

(1) Reflects current swap rate or index + spread, for all financings except the ECA financings which are fixed rate debt

(2) For Securitization No. 1 and No. 2 and Term Financing No. 1, all cash flows available after expenses and interest will be applied to debt amortization if the debt is not refinanced by June 2011, June 2012 and May 2013, respectively

Financing Update

\$1.1 billion of Recent Financing Commitments

Financing for New A330 Deliveries

- In June, closed \$108 million loan facility to finance a portion of the pre-delivery payments on six new Airbus A330-200 aircraft
- Received commitments from Sumitomo Mitsui Banking Corporation (\$250 million), Citibank (\$221 million) and Bank of Tokyo-Mitsubishi UFJ (\$227 million) to finance nine new A330s based on Export Credit Agency (ECA) support
 - \$69 million funded by Citibank for 12 years @ 2.645% for September 2010 delivery
 - \$69 million funded by BTMU for 12 years @ 2.685% for November 2010 delivery

Flexible Capital for Growth

- In July 2010 closed an offering of \$300 million of 9.75% Senior Unsecured Notes due 2018, at 98.645% of par
- Secured a \$50 million, three-year senior unsecured revolving credit facility with Citigroup Global Markets Inc.

Appendix

(In thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2010	2009	2010
Revenues.....	\$ 165,740	\$ 132,247	\$ 434,791	\$ 392,992
EBITDA	\$ 135,035	\$ 116,081	\$ 377,111	\$ 356,397
Adjusted net income	\$ 35,668	\$ 12,561	\$ 83,677	\$ 53,638
Adjusted net income allocable to common shares	\$ 35,060	\$ 12,396	\$ 82,295	\$ 52,872
Per common share - Basic	\$ 0.45	\$ 0.16	\$ 1.06	\$ 0.67
Per common share - Diluted	\$ 0.45	\$ 0.16	\$ 1.06	\$ 0.67
Adjusted net income plus depreciation and amortization.....	\$ 92,790	\$ 72,467	\$ 247,975	\$ 231,867
Adjusted net income plus depreciation and amortization allocable to common shares.....	\$ 91,208	\$ 71,513	\$ 243,880	\$ 228,555
Per common share - Basic	\$ 1.17	\$ 0.91	\$ 3.13	\$ 2.91
Per common share - Diluted	\$ 1.17	\$ 0.91	\$ 3.13	\$ 2.91
Basic common shares outstanding	78,013	78,537	77,977	78,470
Diluted common shares outstanding.....	78,013	78,537	77,977	78,470

Reconciliation of GAAP to Non-GAAP Measures

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2010	2009	2010
Net income	\$ 33,458	\$ 8,569	\$ 79,500	\$ 45,587
Depreciation	53,130	55,703	156,379	164,272
Amortization of net lease discounts and lease incentives	3,992	4,203	7,919	13,957
Interest, net	43,032	47,453	127,925	128,578
Income tax provision	1,423	153	5,388	4,003
EBITDA	<u>\$ 135,035</u>	<u>\$ 116,081</u>	<u>\$ 377,111</u>	<u>\$ 356,397</u>

We define EBITDA as income from continuing operations before income taxes, interest expense, and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-GAAP measure is helpful in identifying trends in our performance. Using EBITDA assists us in comparing our operating performance on a consistent basis by removing the impact of our capital structure (primarily interest charges on our outstanding debt) and a asset base (primarily depreciation and amortization) from our operating results.

Reconciliation of GAAP to Non-GAAP Measures

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2010	2009	2010
Net income.....	\$ 33,458	\$ 8,569	\$ 79,500	\$ 45,587
Ineffective portion and termination of cash flow hedges ⁽¹⁾	1,633	1,077	4,764	3,299
Mark to market of interest rate derivative contracts ⁽²⁾	608	444	(556)	990
Accelerated write off of deferred financing fees.....	—	2,471	—	2,471
(Gain) loss on sale of flight equipment ⁽²⁾	(162)	—	(162)	1,291
Loss on sale of debt investments ⁽²⁾	<u>131</u>	<u>—</u>	<u>131</u>	<u>—</u>
Adjusted net income.....	35,668	12,561	83,677	53,638
Depreciation.....	53,130	55,703	156,379	164,272
Amortization of net lease discounts and lease incentives.....	<u>3,992</u>	<u>4,203</u>	<u>7,919</u>	<u>13,957</u>
Adjusted net income plus depreciation and amortization.....	<u>\$ 92,790</u>	<u>\$ 72,467</u>	<u>\$ 247,975</u>	<u>\$ 231,867</u>

(1) Included in Interest, net

(2) Included in Other income (expense)

Management believes that Adjusted Net Income (“ANI”) and Adjusted Net Income plus Depreciation and Amortization (“ANIDA”), when viewed in conjunction with the Company’s results under GAAP and the above reconciliation, provide useful information about operating and period-over-period performance, and provide additional information that is useful for evaluating the underlying operating performance of our business without regard to periodic reporting elements related to interest rate derivative accounting as well as gains/(losses) related to flight equipment and debt investments. Additionally, management believes that ANIDA provides investors with an additional metric to enhance their understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made, debt is serviced and dividends are paid. However, ANI and ANIDA are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as alternatives to net income (loss) or cash flow from operating activities as indicators of operating performance or liquidity.

(In thousands)	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Shares	Percent⁽²⁾	Shares	Percent⁽²⁾
<u>Weighted average shares</u>				
Common shares outstanding – Basic	78,537	98.68 %	78,470	98.57 %
Unvested restricted common shares	1,048	1.32 %	1,137	1.43 %
Total weighted average shares outstanding	<u>79,585</u>	<u>100.00 %</u>	<u>79,607</u>	<u>100.00 %</u>
Common shares outstanding – Basic	78,537	100.00 %	78,470	100.00 %
Effect of dilutive shares ⁽¹⁾	—	—	—	—
Common shares outstanding - Diluted	<u>78,537</u>	<u>100.00 %</u>	<u>78,470</u>	<u>100.00 %</u>
<u>Net income allocation</u>				
Net income	\$8,569	100.00 %	\$ 45,587	100.00 %
Distributed and undistributed earnings allocated to unvested restricted shares	(113)	(1.32)%	(651)	(1.43)%
Earnings available to common shares	<u>\$8,456</u>	<u>98.68 %</u>	<u>\$ 44,936</u>	<u>98.57 %</u>
<u>Adjusted net income allocation</u>				
Adjusted net income	\$12,561	100.00 %	\$ 53,638	100.00 %
Amounts allocated to unvested restricted shares	(165)	(1.32)%	(766)	(1.43)%
Amounts allocated to common shares	<u>\$12,396</u>	<u>98.68 %</u>	<u>\$ 52,872</u>	<u>98.57 %</u>
<u>Adjusted net income plus depreciation and amortization allocation</u>				
Adjusted net income plus depreciation and amortization	\$72,467	100.00 %	\$231,867	100.00 %
Amounts allocated to unvested restricted shares	(954)	(1.32)%	(3,312)	(1.43)%
Amounts allocated to common shares	<u>\$71,513</u>	<u>98.68 %</u>	<u>\$228,555</u>	<u>98.57 %</u>

(1) The Company had no dilutive common share equivalents for the periods presented.

(2) Percentages rounded to two decimal places.

Supplemental Financial Information

(In thousands)	Three Months Ended September 30, 2009		Nine Months Ended September 30, 2009	
	Shares	Percent⁽²⁾	Shares	Percent⁽²⁾
<u>Weighted average shares</u>				
Common shares outstanding – Basic	78,013	98.30 %	77,977	98.35 %
Unvested restricted common shares	1,353	1.70 %	1,309	1.65 %
Total weighted average shares outstanding	<u>79,366</u>	<u>100.00 %</u>	<u>79,286</u>	<u>100.00 %</u>
Common shares outstanding – Basic	78,013	100.00 %	77,977	100.00 %
Effect of dilutive shares ⁽¹⁾	—	—	—	—
Common shares outstanding - Diluted	<u>78,013</u>	<u>100.00 %</u>	<u>77,977</u>	<u>100.00 %</u>
<u>Net income allocation</u>				
Net income	\$33,458	100.00 %	\$ 79,500	100.00 %
Distributed and undistributed earnings allocated to unvested restricted shares	(570)	(1.70)%	(1,313)	(1.65)%
Earnings available to common shares	<u>\$32,888</u>	<u>98.30 %</u>	<u>\$ 79,187</u>	<u>98.35 %</u>
<u>Adjusted net income allocation</u>				
Adjusted net income	\$35,668	100.00 %	\$ 83,677	100.00 %
Amounts allocated to unvested restricted shares	(608)	(1.70)%	(1,382)	(1.65)%
Amounts allocated to common shares	<u>\$35,060</u>	<u>98.30 %</u>	<u>\$ 82,295</u>	<u>98.35 %</u>
<u>Adjusted net income plus depreciation and amortization allocation</u>				
Adjusted net income plus depreciation and amortization	\$92,790	100.00 %	\$247,975	100.00 %
Amounts allocated to unvested restricted shares	(1,582)	(1.70)%	(4,095)	(1.65)%
Amounts allocated to common shares	<u>\$91,208</u>	<u>98.30 %</u>	<u>\$243,880</u>	<u>98.35 %</u>

(1) The Company had no dilutive common share equivalents for the periods presented.

(2) Percentages rounded to two decimal places