# Third Quarter 2016
# Earnings Call

November 1, 2016

# Forward-Looking Statements / Property of Aircastle

All statements included or incorporated by reference in this presentation, other than characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are 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 EBITDA, Adjusted Net Income, Cash Return on Equity and Net Cash Interest Margin 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 our historical performance and that of our subsidiaries and on our current plans, estimates and expectations 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 can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any such forward-looking statements which are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this presentation. These risks or uncertainties include, but are not limited to, those described from time to time in Aircastle’s filings with the SEC and previously disclosed under “Risk Factors” in Item 1 A of Aircastle’s 2015 Annual Report on Form 10-K and elsewhere in this presentation. 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 expressly disclaims any obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

# Key Q3 2016 Themes

Continuing our disciplined growth

Seizing opportunities in a changing marketplace

Managing our business prudently

Increasing our dividend as we grow our long-term earnings base

Q4 dividend increased 8.3% to $0.26/ share

# Continuing Our Disciplined Growth

Expect to acquire $1.5 billion in aircraft during 2016

- Narrow-body acquisitions to account for $1.4 billion
- Anticipate owned and managed fleet to reach around 200 aircraft by year end

Slowed pace of new acquisitions during second half as prices rose

- Continuing to target economic ROEs of 15% for new investments

Minimal long-term capital commitments

- More than $1 billion of “dry powder” available

# Seizing Opportunities in a Changing Market

Capitalizing on a recent surge in investor demand for aircraft

- Sold 19 aircraft year-to-date for a gain on sale of $15 million; several profitable deals in progress
- Improved portfolio quality by selling two freighters and five wide-bodies

Took advantage of low interest rates and strong financial markets through recent financing

- Completed well priced $434M secured bank financing

Addressed lease placement needs for 2016 and more good progress on 2017 roll-off

- Secured lease placements/ extensions for three wide-bodies and four narrow-bodies since Q2
- Five aircraft left to place on lease for 2017

# Managing our Business Prudently

Improving the portfolio's long-term earnings power

- Adding narrow-body aircraft with strong earnings
- Selling suboptimal aircraft, even if near term accounting yields are higher

Continuing to record excellent aircraft utilization

- Utilization during Q3 was 98.2%; expect >99% during Q4
- Proactively managing exposures

Continuing to maintain conservative credit metrics and build our unencumbered asset base

- Net debt to equity ratio at end of Q3 2016 was 2.2x
- $5.0 billion in unencumbered assets at quarter end

# Key Financial Metrics – Q3:16

Net income was $27.4 million

$0.35 per diluted common share

Adjusted net income[1] was $29.7 million

$0.38 per diluted common share

Adjusted EBITDA[1] was $181.1 million

Lease rental and finance lease revenues decreased 1.4% to $187.3 million

Cash ROE[1] was 12.4% and Net cash interest margin[1] was 8.7%

1. *Refer to the selected financial Information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.*

# Q3:16 Revenue Summary

**Lease rental & finance lease revenues of $187.3 million, down $2.6 million vs. Q3:15**

- $32.3 million more from aircraft purchases, offset by $34.9 million less due to aircraft sales and other net revenue reductions

**Maintenance revenue decreased by $8.9 million**

- Q3:15 included a lease expiration with a Russian airline which generated significant maintenance revenue

| Revenue Summary | | |
|---|---|---|
| *$ millions* | Q3:16 | Q3:15 |
| Lease Rental and Finance Lease Revenues | $ 187.3 | $ 189.9 |
| Amortization of Lease Premiums, Discounts and Incentives | (0.5) | (2.1) |
| Maintenance Revenue | 6.8 | 15.7 |
| Total Lease Revenue | 193.6 | 203.5 |
| Other Revenue | 1.0 | 8.6 |
| Total Revenues | $ 194.7 | $ 212.1 |

# Q3:16 Earnings Summary

Net income increased $41.4 million from Q3:15; adjusted net income rose $39.4 million

- Total revenues fell $17.4 million driven by lower maintenance revenue, lower lease termination fees and lower gains on sale
- Revenue declines were offset by lower aircraft impairment charges and lower depreciation

Adjusted EBITDA was $181.1 million, down $35.2 million from Q3:15

- Reflects a $15.8 million drop in gains on sales of flight equipment and $16.4 million in lower maintenance revenues and termination fees

| Earnings Summary | | |
|---|---|---|
| *$ millions, except per share amounts* | Q3:16 | Q3:15 |
| Net Income (Loss) | $ 27.4 | ($14.0) |
| *per diluted common share* | *$ 0.35* | *($0.17)* |
| Adjusted Net Income (Loss)[1] | $ 29.7 | ($9.7) |
| *per diluted common share* | *$ 0.38* | *($0.12)* |
| EBITDA[1] | $168.4 | $136.5 |
| Adjusted EBITDA[1] | $181.1 | $216.3 |

1. *Refer to the selected financial Information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.*

# Acquisitions & Sales

Acquired ten aircraft for $303 million during Q3

2016 investments focused on narrow-body aircraft with strong risk/return profiles

Sold five aircraft in Q3: two freighters, two wide-bodies, and one narrow-body to our IBJ Leasing JV

Sales aimed at de-risking and improving portfolio returns

| 2016 Acquisitions & Sales Through Q3:16 | | |
|---|---|---|
| | Acquisitions[1] | Sales[2] |
| Investments / Sales Proceeds | $961 million | $489 million |
| Total Number of Aircraft | 32 | 19 |
| Narrow-bodies | 29 | 12 |
| Wide-bodies | 3[3] | 5 |
| Freighters | 0 | 2 |

1. *Closed deals only through September 30, 2016.*
2. *Includes approximately $160 million of sales to our joint ventures.*
3. *All assumed to be on last leases.*

# Positive Portfolio Trends

Expanded owned fleet by $2.1 billion in past five years

Shifted fleet mix to younger aircraft with longer remaining lease terms

Eleven aircraft now managed for our joint ventures

| *$ in billions* | Q3:11 | Q3:12 | Q3:13 | Q3:14 | Q3:15 | Q3:16 | Q3:16 vs Q3:11 |
|---|---|---|---|---|---|---|---|
| Flight Equipment Held for Lease[1] | $4.2 | $4.7 | $5.1 | $5.3 | $6.0 | $6.3 | +$2.1 |
| Wtd. Avg. Fleet Age (years)[2] | 10.8 | 11.0 | 10.0 | 8.6 | 7.7 | 7.6 | -3.2 |
| Wtd. Avg. Lease Term (years)[2] | 5.0 | 4.9 | 5.1 | 5.0 | 5.9 | 5.3 | +0.3 |
| Managed JV Aircraft[1] | - | - | - | $0.2 | $0.6 | $0.6 | +$0.6 |

1. *Calculated using NBV* at period end.*
2. *Weighted average by NBV.*

** NBV as used throughout this presentation includes the net book value of flight equipment held for lease and the net investment in finance and sales-type leases.*

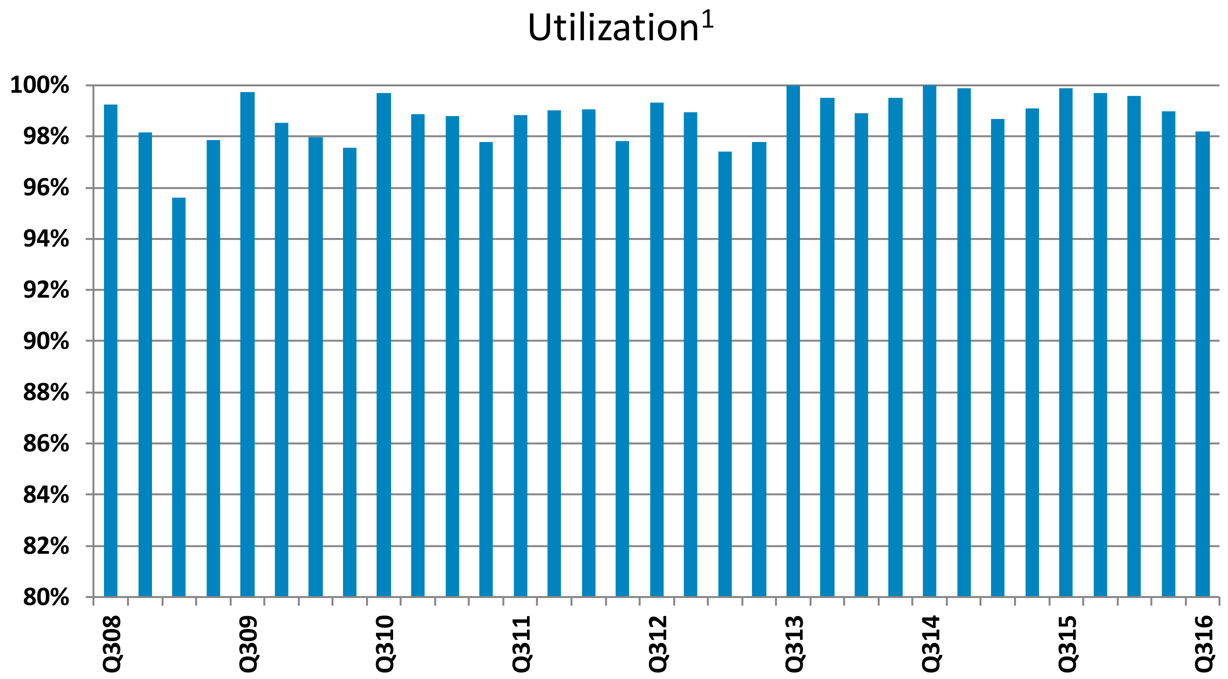
# Leasing Activity & Portfolio Performance

Utilization during Q3:16 was 98.2%

During Q3 delivered three aircraft following reconfiguration

Expect utilization during Q4 to be >99%

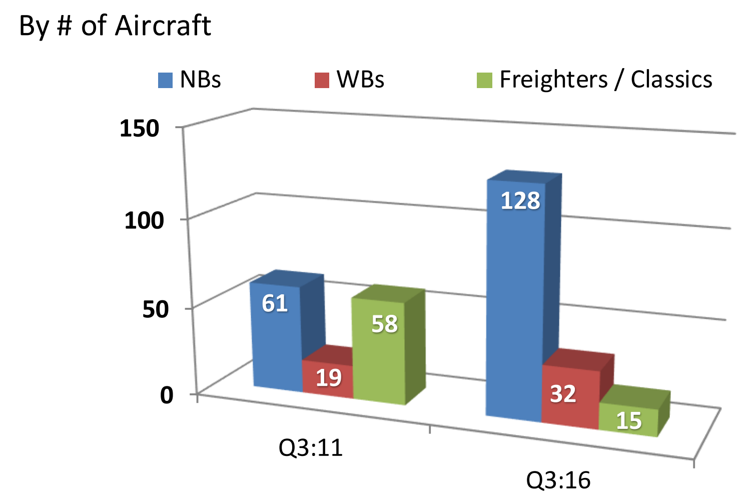
2016 placements completed; five aircraft remaining to lease in 2017




1. *Aircraft on-lease days as a percent of total days in period weighted by NBV.*

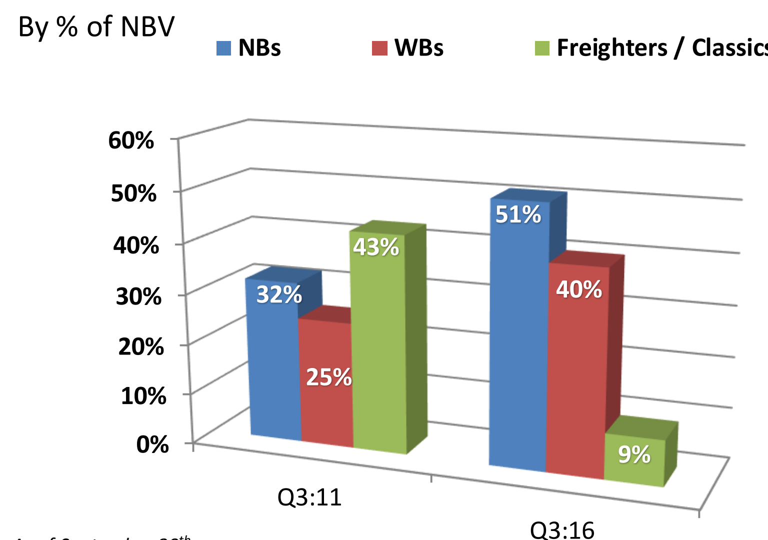
# Aircraft Fleet Evolution

More than doubled the number of current generation narrow-body aircraft




*As of September 30th*

Exit from freighter and classic generation aircraft continues to move forward




*As of September 30th*

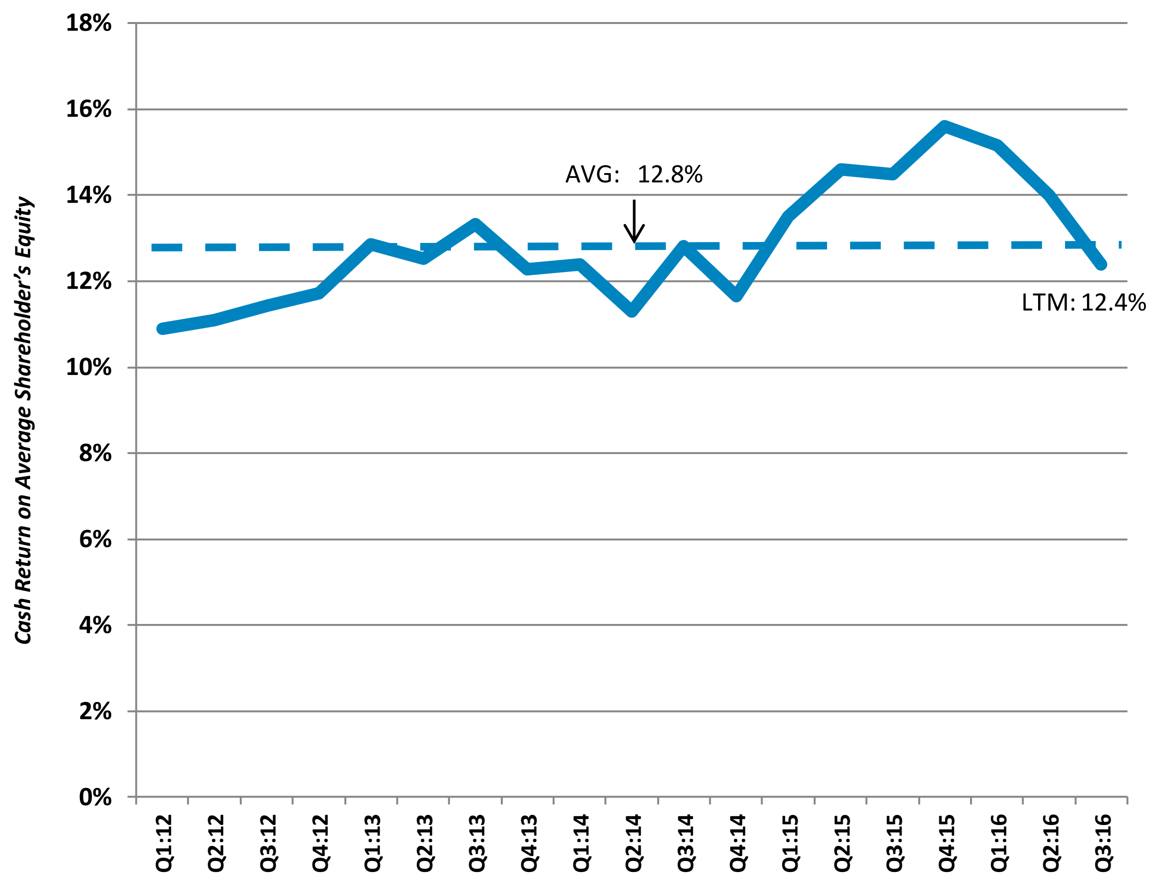
# Cash ROE Performance

Trailing twelve month Cash ROE[1] was 12.4% consistent with long-term average performance & above cost of equity over time

Recent performance driven by:

- Lower maintenance and lease end revenues due to fewer lease transitions this year
- A drop in gains on asset sales compared to 2015's record levels

Expect Cash ROE to increase with sales activity and deployment of cash




1. *Refer to the selected financial Information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.*

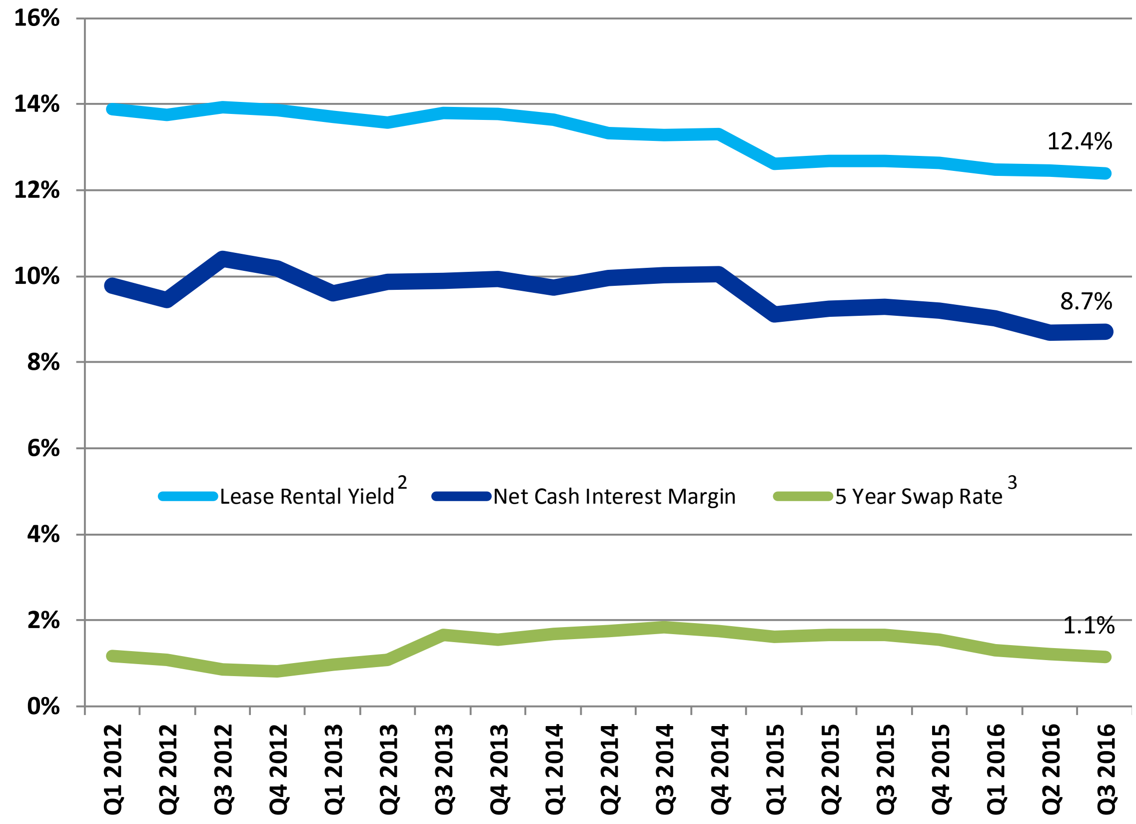
# Rental Yields and Net Cash Interest Margins (Revised)

Rental yields and net cash interest margin[1] trends reflect:

- A shift to lower risk assets with better long-term earnings profiles and reduced rental yields
- The current low interest rate environment

Expect net cash interest margins[1] to settle around high 8% area

- Driving improvements by deploying excess cash and refinancing higher coupon debt




1. *Refer to the selected financial Information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers. The calculation of Net Cash Interest Margin has been revised in this presentation to include cash collections from finance and sales-type leases minus interest on borrowings.*
2. *Lease Rental Yield = Operating lease rental revenue plus finance lease collections / average monthly NBV including finance leases for the period calculated on a quarterly basis, annualized.*
3. *Source: Bloomberg. Represents the mid-point for the 5 Year Swap Rate. Average Quarterly Basis.*

# Q3:16 Capital Structure

Net debt to equity of 2.2x

72% of total debt is unsecured

Average remaining life of debt is 3.9 years

No significant debt maturities until 2017

$675 million in available revolver capacity[1]

Unrestricted cash of $656 million

$5.0 billion of unencumbered assets[2]

1. *Bank revolver was increased to $675 million from $600 million in March 2016. As of September 30, 2016, there were no drawings under the revolver.*
2. *Includes two aircraft with a NBV of $76 million that now secure our ACS 2016 Bank Financing.*

# 2016 Financing Activity

- Completed $434 million secured bank loan financing
  - $379 million funded at end of Q3
- Repaid Securitization No. 2 in May, freeing over $500 million in collateral
- Closed inaugural $120 million unsecured loan in Japanese bank market
  - Participation by seven institutions led by Development Bank of Japan
- Enlarged unsecured revolver to $675 million and extended term to 2020
- Issued $500 million of 7-year unsecured notes

# Selected Financial Guidance Elements for Q4:16

| Guidance Item | Q4:16 |
|---|---|
| Lease rental revenue | $185 - 189 |
| Finance lease revenue | $4 - $5 |
| Maintenance revenue | $7 - $9 |
| Amortization of lease premiums, discounts and incentives | ($3) - ($4) |
| SG&A[1] | $15 - $16 |
| Depreciation | $78 - $81 |
| Interest, net | $62 - $64 |
| Gain on sale | $5 - $15 |
| Full year effective tax rate | 9% - 11% |

1. *Includes $2.1M of non-cash share based payment expense.*

# Appendix

# Diversified Customer Base with Broad Geographic Distribution

65 airline customers across the globe

Most top customers are large flag carriers and leading LCCs

Regional distribution evolving with global trends

- Asia now 39% of portfolio NBV vs. 20% at YE 2009
- Europe now 22% of total NBV vs. 46% at YE 2009

Airline customers in 35 countries

**Top Ten Lessees**

| % of NBV[1] | Customer | Country | #Aircraft |
|---|---|---|---|
| >6% per Customer | Lion Air | Indonesia | 13 |
| | Avianca Brazil | Brazil | 10 |
| 4% to 6% per Customer | LATAM | Chile | 3 |
| | SAA | South Africa | 4 |
| | Thai Airways | Thailand | 2 |
| | Singapore Airlines | Singapore | 4 |
| | AirAsia X | Malaysia | 3 |
| | Air Berlin | Germany | 11 |
| | Emirates | U.A.E. | 2 |
| | AirBridgeCargo | Russia | 2 |

**Top Ten Countries**

| Country | # A/C | % of NBV[1] |
|---|---|---|
| Indonesia | 20 | 11.5% |
| Brazil | 15 | 8.6% |
| Malaysia | 8 | 6.0% |
| Chile | 3 | 5.9% |
| Thailand | 5 | 5.6% |
| South Africa | 4 | 4.6% |
| Singapore | 4 | 4.5% |
| Spain | 13 | 4.2% |
| Germany | 13 | 4.2% |
| Russia | 5 | 4.1% |

1. *As of September 30, 2016.*

# Q3:16 Capital Structure & Liquidity Summary

| ($ in millions) | As of Sept. 30, 2016 | | As of Dec. 31, 2015 | | As of Dec. 31, 2014 | |
|---|---|---|---|---|---|---|
| Unrestricted cash and cash equivalents | $ 656 | | $ 156 | | $ 170 | |
| Debt | O / S | Rate[1] | O / S | Rate[1] | O / S | Rate[1] |
| Securitization No. 2 | 0 | 1.58% | 125 | 1.58% | 392 | 1.58% |
| ECA Term Financings | 316 | 3.43% | 404 | 3.57% | 450 | 3.57% |
| Bank Financings | 968 | 3.22% | 641 | 3.23% | 555 | 3.44% |
| Total Secured Debt | 1,283 | 3.27% | 1,171 | 3.17% | 1,396 | 2.96% |
| Bank Revolver | - | - | 225 | 2.67% | 200 | 2.41% |
| Other Unsecured Bank Financings | 120 | 2.65% | | | | |
| Senior Notes due 2017 | 500 | 6.75% | 500 | 6.75% | 500 | 6.75% |
| Senior Notes due 2018 | 400 | 4.63% | 400 | 4.63% | 400 | 4.63% |
| Senior Notes due 2019 | 500 | 6.25% | 500 | 6.25% | 500 | 6.25% |
| Senior Notes due 2020 | 300 | 7.63% | 300 | 7.63% | 300 | 7.63% |
| Senior Notes due 2021 | 500 | 5.13% | 500 | 5.13% | 500 | 5.13% |
| Senior Notes due 2022 | 500 | 5.50% | 500 | 5.50% | | |
| Senior Notes due 2023 | 500 | 5.00% | | | | |
| Total Unsecured Debt | 3,320 | 5.56% | 2,925 | 5.66% | 2,400 | 5.70% |
| Total Debt and Weighted Avg. Rate | 4,603 | 4.99% | 4,096 | 4.95% | 3,796 | 4.69% |
| Shareholders' equity | 1,785 | | 1,779 | | 1,720 | |
| Total capitalization | $ 6,388 | | $ 5,875 | | $ 5,517 | |
| Net debt to equity | 2.2 x | | 2.2 x | | 2.1 x | |
| Unsecured debt to total debt | 72% | | 71% | | 63% | |

1. *Reflects the floating rate in effect at the applicable reset date plus the margin for our DBJ Term Loan, six of our Bank Financings and our Revolving Credit Facility. All other financings have a fixed rate.*
2. *The debt totals in the above table do not include debt issuance costs or discount which are reflected in the net debt totals that are displayed on the consolidated balance sheet.*

# Supplemental Financial Information

| (in thousands, except per share amounts) | Three Months Ended September 30, 2016 | Three Months Ended September 30, 2015 | Nine Months Ended September 30, 2016 | Nine Months Ended September 30, 2015 |
|---|---|---|---|---|
| Revenues | $ 194,652 | $ 212,074 | $ 568,305 | $ 610,935 |
| EBITDA | $ 168,414 | $ 136,538 | $ 514,338 | $ 515,014 |
| Adjusted EBITDA | $ 181,145 | $ 216,311 | $ 547,460 | $ 621,133 |
| Net income (loss) | $ 27,437 | $ (13,989) | $ 83,729 | $ 71,088 |
| Net income (loss) allocable to common shares | $ 27,200 | $ (13,989) | $ 83,043 | $ 70,559 |
| Per common share - Basic | $ 0.35 | $ (0.17) | $ 1.06 | $ 0.88 |
| Per common share - Diluted | $ 0.35 | $ (0.17) | $ 1.06 | $ 0.88 |
| Adjusted net income (loss) | $ 29,706 | $ (9,679) | $ 98,002 | $ 88,007 |
| Adjusted net income (loss) allocable to common shares | $ 29,449 | $ (9,679) | $ 97,199 | $ 87,352 |
| Per common share - Basic | $ 0.38 | $ (0.12) | $ 1.24 | $ 1.08 |
| Per common share - Diluted | $ 0.38 | $ ( 0.12) | $ 1.24 | $ 1.08 |
| Basic common shares outstanding | 77,990 | 80,566 | 78,230 | 80,566 |
| Diluted common shares outstanding[1] | 78,022 | 80,566 | 78,266 | 80,566 |

1. *For the three and nine months ended September 30, 2016 includes 32,235 and 35,804 dilutive shares respectively.*

# Reconciliation of GAAP to Non-GAAP Measures – EBITDA and Adjusted EBITDA

*We define EBITDA as income (loss) 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-US GAAP measure is helpful in identifying trends in our performance.*

*This measure provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieving optimal financial performance. It provides an indicator for management to determine if adjustments to current spending decisions are needed.*

*EBITDA provides us with a measure of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges on our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results.*

*Accordingly, this metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure, or expenses, of the organization. EBITDA is one of the metrics used by senior management and the board of directors to review the consolidated financial performance of our business.*

*We define Adjusted EBITDA as EBITDA (as defined above) further adjusted to give effect to adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes. Adjusted EBITDA is a material component of these covenants.*

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (Dollars in thousands) | | | |
| Net income (loss) | $ 27,437 | $ (13,989) | $ 83,729 | $ 71,088 |
| Depreciation | 76,201 | 85,324 | 227,918 | 237,538 |
| Amortization of net lease discounts and lease incentives | 521 | 2,113 | 5,419 | 10,288 |
| Interest, net | 61,797 | 60,381 | 188,490 | 184,063 |
| Income tax provision | 2,458 | 2,709 | 8,782 | 12,037 |
| EBITDA | 168,414 | 136,538 | 514,338 | 515,014 |
| Adjustments: | | | | |
| Impairment of aircraft | 10,462 | 78,403 | 27,185 | 102,358 |
| Non-cash share based payment expense | 2,059 | 1,424 | 5,796 | 3,981 |
| Gain on mark to market of interest rate derivative contracts | 210 | (54) | 141 | (220) |
| Adjusted EBITDA | $ 181,145 | $ 216,311 | $ 547,460 | $ 621,133 |

# Reconciliation of GAAP to Non-GAAP Measures – Adjusted Net Income

*Management believes that ANI, when viewed in conjunction with the Company's results under U.S. GAAP and the above reconciliation, provides useful information about operating and period-over-period performance, and provides 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, changes related to refinancing activity and non-cash share based payment expense.*

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (Dollars in thousands) | | | |
| Net income | $ 27,437 | $ (13,989) | $ 83,729 | $ 71,088 |
| Loan termination fee[1] | — | — | 1,509 | — |
| Ineffective portion and termination of hedges [1] | — | 215 | — | 509 |
| Gain on mark to market of interest rate derivative contracts [2] | 210 | (54) | 141 | (220) |
| Write-off of deferred financing fees[1] | — | — | 1,972 | — |
| Non-cash share based payment expense [3] | 2,059 | 1,424 | 5,796 | 3,981 |
| Term Financing No. 1 hedge loss amortization charges [1] | — | — | — | 4,401 |
| Securitization No. 1 hedge loss amortization charges [1] | — | 2,725 | 4,855 | 8,248 |
| Adjusted net income | $ 29,706 | $ (9,679) | $ 98,002 | $ 88,007 |

1. Included in Interest, net.
2. Included in Other income (expense).
3. Included in Selling, general and administrative expenses.

# Reconciliation of GAAP to non-GAAP Measures - Cash Earnings and Cash ROE

| | CFFO | Finance Lease Collections | Gain (Loss) on Sale of Eqt. | Deprec. | Distributions in excess (less than) Equity Earnings | Cash Earnings | Average Shareholders' Equity | 12 Month Cash ROE |
|---|---|---|---|---|---|---|---|---|
| 2011 | $359,377 | | $39,092 | $242,103 | | $156,366 | $1,370,513 | 11.4% |
| 2012 | $427,277 | $3,852 | $5,747 | $269,920 | | $166,956 | $1,425,658 | 11.7% |
| 2013 | $424,037 | $9,508 | $37,220 | $284,924 | | $185,841 | $1,513,156 | 12.3% |
| 2014 | $458,786 | $10,312 | $23,146 | $299,365 | $667 | $193,546 | $1,661,228 | 11.7% |
| 2015 | $526,285 | $9,559 | $58,017 | $318,783 | ($52) | $275,026 | $1,759,871 | 15.6% |
| LTM | $485,228 | $17,204 | $29,915 | $309,163 | ($3,840) | $219,344 | $1,774,315 | 12.4% |

*Note: LTM Average Shareholders' Equity is the average of the most recent five quarters period end Shareholders' Equity. Management believes that the cash return on equity metric (Cash ROE) when viewed in conjunction with the Company's results under US 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 impacts related to non-cash revenue and expense items and interest rate derivative accounting, while recognizing the depreciating nature of our assets.*

*Except for percentages, all figures are $ in thousands.*

# Net Cash Interest Margin Calculation - Revised

1. *Excludes loan termination payments of $3.2 million and $3.0 million in the second quarter of 2011 and 2013 respectively and $1.5 million in the first quarter of 2016*
2. *Beginning with this presentation, for the three months ended September 30, 2016, based on the growing level of finance and sales-type lease revenue, management revised the calculation of net cash interest margin to include our net investment in finance and sales-type leases in the average net book value and to include the interest income and cash collections on our net investment in finance and sales-type lease in lease rentals. The calculation of net cash interest margin for all prior periods presented is revised to be comparable with the current period presentation.*

*We define net cash interest margin as lease rentals from operating leases, interest income and cash collections from finance and sales-type leases minus interest on borrowings, net settlements on interest rate derivatives and other liabilities adjusted for loan termination payments divided by the average net book of flight equipment (which includes net investment on finance and sales-type leases) for the period calculated on a quarterly and annualized basis.*

*Management believes that net cash interest margin, when viewed in conjunction with the Company's results under U.S. GAAP and the above reconciliation, provides useful information about the effective deployment of our capital in the context of the yield on our aircraft assets, the utilization of those assets by our lessees, and our ability to borrow efficiently.*

*Except for percentages, all figures are $ in thousands.*

| | Average NBV | Quarterly Rental Revenue | Cash Interest[1] | Annualized Net Cash Interest Margin[2] |
|---|---|---|---|---|
| Q1:11 | $ 4,041,967 | $ 141,116 | $ 41,278 | 9.9% |
| Q2:11 | $ 4,143,446 | $ 143,356 | $ 40,021 | 10.0% |
| Q3:11 | $ 4,222,512 | $ 145,890 | $ 42,066 | 9.8% |
| Q4:11 | $ 4,374,921 | $ 149,848 | $ 43,041 | 9.8% |
| Q1:12 | $ 4,388,008 | $ 152,242 | $ 44,969 | 9.8% |
| Q2:12 | $ 4,542,477 | $ 156,057 | $ 48,798 | 9.4% |
| Q3:12 | $ 4,697,802 | $ 163,630 | $ 41,373 | 10.4% |
| Q4:12 | $ 4,726,457 | $ 163,820 | $ 43,461 | 10.2% |
| Q1:13 | $ 4,740,161 | $ 162,319 | $ 48,591 | 9.6% |
| Q2:13 | $ 4,840,396 | $ 164,239 | $ 44,915 | 9.9% |
| Q3:13 | $ 4,863,444 | $ 167,876 | $ 47,682 | 9.9% |
| Q4:13 | $ 5,118,601 | $ 176,168 | $ 49,080 | 9.9% |
| Q1:14 | $ 5,312,651 | $ 181,095 | $ 51,685 | 9.7% |
| Q2:14 | $ 5,721,521 | $ 190,574 | $ 48,172 | 10.0% |
| Q3:14 | $ 5,483,958 | $ 182,227 | $ 44,820 | 10.0% |
| Q4:14 | $ 5,468,637 | $ 181,977 | $ 44,459 | 10.1% |
| Q1:15 | $ 5,743,035 | $ 181,027 | $ 50,235 | 9.1% |
| Q2:15 | $ 5,967,898 | $ 189,238 | $ 51,413 | 9.2% |
| Q3:15 | $ 6,048,330 | $ 191,878 | $ 51,428 | 9.3% |
| Q4:15 | $ 5,962,874 | $ 188,491 | $ 51,250 | 9.2% |
| Q1:16 | $ 5,988,076 | $ 186,730 | $ 51,815 | 9.0% |
| Q2:16 | $ 5,920,030 | $ 184,469 | $ 55,779 | 8.7% |
| Q3:16 | $ 6,265,175 | $ 193,909 | $ 57,589 | 8.7% |

# Net Cash Interest Margin Calculation - Original

| | Average NBV of Flight Equipment | Quarterly Lease Rental Revenue | Cash Interest[1] | Annualized Net Cash Interest Margin |
|---|---|---|---|---|
| Q1:11 | $ 4,041,967 | $ 141,116 | $ 41,278 | 9.9% |
| Q2:11 | $ 4,143,446 | $ 143,356 | $ 43,217 | 9.7% |
| Q3:11 | $ 4,222,512 | $ 145,890 | $ 42,066 | 9.8% |
| Q4:11 | $ 4,374,921 | $ 149,848 | $ 43,041 | 9.8% |
| Q1:12 | $ 4,388,008 | $ 152,242 | $ 44,969 | 9.8% |
| Q2:12 | $ 4,516,973 | $ 153,624 | $ 48,798 | 9.3% |
| Q3:12 | $ 4,602,185 | $ 159,546 | $ 41,373 | 10.3% |
| Q4:12 | $ 4,605,783 | $ 158,090 | $ 43,461 | 10.0% |
| Q1:13 | $ 4,619,204 | $ 156,590 | $ 48,591 | 9.4% |
| Q2:13 | $ 4,711,790 | $ 157,918 | $ 47,869 | 9.3% |
| Q3:13 | $ 4,717,877 | $ 161,148 | $ 47,682 | 9.6% |
| Q4:13 | $ 4,972,040 | $ 169,274 | $ 49,080 | 9.7% |
| Q1:14 | $ 5,168,851 | $ 174,335 | $ 51,685 | 9.5% |
| Q2:14 | $ 5,582,359 | $ 183,231 | $ 48,172 | 9.7% |
| Q3:14 | $ 5,412,299 | $ 178,886 | $ 44,820 | 9.9% |
| Q4:14 | $ 5,373,733 | $ 178,202 | $ 44,459 | 10.0% |
| Q1:15 | $ 5,637,513 | $ 177,146 | $ 50,235 | 9.0% |
| Q2:15 | $ 5,850,516 | $ 184,839 | $ 51,413 | 9.1% |
| Q3:15 | $ 5,926,459 | $ 188,037 | $ 51,428 | 9.2% |
| Q4:15 | $ 5,835,547 | $ 183,394 | $ 51,250 | 9.1% |
| Q1:16 | $ 5,781,858 | $ 179,570 | $ 51,815 | 8.8% |
| Q2:16 | $ 5,677,121 | $ 176,125 | $ 55,779 | 8.5% |
| Q3:16 | $ 5,979,489 | $ 181,975 | $ 57,589 | 8.3% |

*Excludes loan termination payments of $3.2 million and $3.0 million in the second quarter of 2011 and 2013 respectively and $1.5 million in the first quarter of 2016.*

*Except for percentages, all figures are $ in thousands.*

# Supplemental Financial Information

| *(amounts in thousands)* | | Three Months Ended Sept. 30, 2016 | | | Nine Months Ended Sept. 30, 2016 | |
|---|---|---|---|---|---|---|
| **Weighted-average shares[1] - Basic:** | | **Shares** | **Percent[2]** | | **Shares** | **Percent[2]** |
| Common shares outstanding | | 77,990 | 99.14% | | 78,230 | 99.18% |
| Unvested restricted common shares | | 680 | 0.86% | | 646 | 0.82% |
| Total weighted-average shares outstanding | | 78,670 | 100.00% | | 78,876 | 100.00% |
| | | | | | | |
| Common shares outstanding – Basic | | 77,990 | 100.00% | | 78,230 | 100.00% |
| Effect of dilutive shares[1] | | 32 | --- | | 36 | --- |
| Common shares outstanding – Diluted | | 78,022 | 100.00% | | 78,266 | 100.00% |
| | | | | | | |
| **Net income (loss) allocation** | | | | | | |
| Net income (loss) | $ | 27,437 | 100.00% | $ | 83,729 | 100.00% |
| Distributed and undistributed earnings allocated to unvested restricted shares | | (237) | -0.86% | | (686) | -0.82% |
| Earnings (loss) available to common shares | $ | 27,200 | 99.14% | $ | 83,043 | 99.18% |
| | | | | | | |
| **Adjusted net income (loss) allocation** | | | | | | |
| Adjusted net income (loss) | $ | 29,706 | 100.00% | $ | 98,002 | 100.00% |
| Amounts allocated to unvested restricted shares | | (257) | -0.86% | | (803) | -0.82% |
| Amounts allocated to common shares | $ | 29,449 | 99.14% | $ | 97,199 | 99.18% |

*Except for percentages, all figures are in thousands.*

1. *For the three and nine months ended September 30, 2016, dilutive shares represented contingently issuable shares related to the Company's PSUs.*
2. *Percentages rounded to two decimal places.*

AIRCASTLE

# Supplemental Financial Information

| *(amounts in thousands)* | | Three Months Ended Sept. 30, 2015 | | | Nine Months Ended Sept. 30, 2015 | |
|---|---|---|---|---|---|---|
| **Weighted-average shares[1] - Basic:** | | **Shares** | **Percent[2]** | | **Shares** | **Percent[2]** |
| Common shares outstanding | | 80,566 | 99.21% | | 80,566 | 99.26% |
| Unvested restricted common shares | | 645 | 0.79% | | 604 | 0.74% |
| Total weighted-average shares outstanding | | 81,212 | 100.00% | | 81,170 | 100.00% |
| | | | | | | |
| Common shares outstanding – Basic | | 80,566 | 100.00% | | 80,565 | 100.00% |
| Effect of dilutive shares[1] | | --- | --- | | --- | --- |
| Common shares outstanding – Diluted | | 80,566 | 100.00% | | 80,565 | 100.00% |
| | | | | | | |
| **Net income (loss) allocation** | | | | | | |
| Net income (loss) | $ | (13,989) | 100.00% | $ | 71,088 | 100.00% |
| Distributed and undistributed earnings allocated to unvested restricted shares | | --- | --- | | (529) | -0.74% |
| Earnings (loss) available to common shares | $ | (13,989) | 100.00% | $ | 70,559 | 99.26% |
| | | | | | | |
| **Adjusted net income (loss) allocation** | | | | | | |
| Adjusted net income (loss) | $ | (9,679) | 100.00% | $ | 88,007 | 100.00% |
| Amounts allocated to unvested restricted shares | | --- | --- | | (655) | -0.74% |
| Amounts allocated to common shares | $ | (9,679) | 100.00% | $ | 87,352 | 99.26% |

*Except for percentages, all figures are in thousands.*

1. *The Company had no dilutive common share equivalents for the period presented.*
2. *Percentages rounded to two decimal places.*

# Limitations of EBITDA, Adjusted EBITDA, ANI, Cash ROE and Net Cash Interest Margin

An investor or potential investor may find EBITDA, Adjusted EBITDA , ANI, Cash Earnings, Cash ROE and Net Cash Interest Margin important measures in evaluating our performance, results of operations and financial position. We use these non-US GAAP measures to supplement our US GAAP results in order to provide a more complete understanding of the factors and trends affecting our business.

EBITDA, Adjusted EBITDA, ANI, Cash Earnings, Cash ROE and Net Cash Interest Margin have limitations as analytical tools and should not be viewed in isolation or as substitutes for US GAAP measures of earnings. Material limitations in making the adjustments to our earnings to calculate EBITDA, Adjusted EBITDA, ANI, Cash Earnings, Cash ROE and Net Cash Interest Margin and using these non-US GAAP measures as compared to US GAAP net income, income from continuing operations and cash flows provided by or used in operations, include:

- depreciation and amortization, though not directly affecting our current cash position, represent the wear and tear and/or reduction in value of our aircraft, which affects the aircraft's availability for use and may be indicative of future needs for capital expenditures;
- the cash portion of income tax (benefit) provision generally represents charges (gains), which may significantly affect our financial results;
- elements of our interest rate derivative accounting may be used to evaluate the effectiveness of our hedging policy;
- hedge loss amortization charges related to Term Financing No. 1 and Securitization No. 1; and
- adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes.

EBITDA, Adjusted EBITDA, ANI, Cash Earnings, Cash ROE and Net Cash Interest Margin are not alternatives to net income, income from operations or cash flows provided by or used in operations as calculated and presented in accordance with US GAAP. You should not rely on these non-US GAAP measures as a substitute for any such US GAAP financial measure. We strongly urge you to review the reconciliations to US GAAP net income, along with our consolidated financial statements included elsewhere in our Annual Report. We also strongly urge you to not rely on any single financial measure to evaluate our business. In addition, because EBITDA, Adjusted EBITDA, ANI, Cash Earnings, Cash ROE and Net Cash Interest Margin are not measures of financial performance under US GAAP and are susceptible to varying calculations, EBITDA, Adjusted EBITDA, ANI, Cash Earnings, Cash ROE and Net Cash Interest Margin as presented here, may differ from and may not be comparable to, similarly titled measures used by other companies.