


Fourth Quarter 2017 Earnings Call

February 13, 2018



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 2016 Annual Report on Form 10-K. 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.

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2017 Accomplishments

Completed \$1.6 billion in aircraft acquisitions; acquired a record 68 aircraft

Placed seven wide-bodies on long-term leases

Sold 37 aircraft for \$833.6 million and \$55.2 million in gains

Full year sales included three wide-bodies, four freighters and our last six classic aircraft

99.3% full year utilization

2018 placements nearly complete; remaining task consists of four narrow-body aircraft representing approximately 1% of NBV

Borrowed \$500 million of 4.125% coupon debt and repaid \$500 million of 6.75% coupon debt; \$13.1 million of annual interest expense savings, or \$0.17 per share annually

Increased our quarterly dividend by 7.7%, to \$0.28 per share; our eighth dividend increase in seven years; we've paid \$768 million in cumulative dividends as a public company

Key Q4:17 Accomplishments

Acquired forty narrow-body aircraft for \$920 million

Have commitments to acquire an additional fourteen aircraft for more than \$540 million in 2018

Sold eight aircraft for \$69 million and a gain on sale of \$19.2 million

Utilization of 99.5%

Declared our 47th consecutive quarterly dividend

Key Financial Metrics – Full Year 2017

Cash ROE¹ was 15.0% in 2017 versus 12.3% in 2016

Net cash interest margin² was 8.6% versus 8.7% the prior year

Net income in 2017 was \$147.9 million versus \$151.5 million in 2016, or \$1.87 per diluted share versus \$1.92 per diluted share

Lease rental revenues² were \$747.0 million in 2017 versus \$742.4 million in 2016

Gain on sale of flight equipment totaled \$55.2 million in 2017 million versus \$39.1 million in 2016

Adjusted net income¹ was \$169.6 million in 2017 versus \$168.5 million in 2016 or \$2.15 per diluted share versus \$2.14 per diluted share

Adjusted EBITDA¹ was \$801.6 million in 2017, versus \$768.0 million in 2016

1. Refer to the selected financial information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.
2. Includes finance and sales-type lease revenue.

Key Financial Metrics – Q4:17

Net income was \$55.1 million; \$0.70 per diluted share versus \$0.86 per diluted share in Q4:16

Lease rental revenues¹ fell to \$179.3 million, versus \$191.7 million in Q4:16

Adjusted net income² was \$57.0 million; \$0.72 per diluted share versus \$0.90 per diluted share in Q4:16

Adjusted EBITDA² was \$184.6 million, versus \$220.5 million in Q4:16

1. *Includes finance and sales-type lease revenue.*
2. *Refer to the selected financial information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.*

Q4:17 Revenue Summary

Lease rental revenues of \$179.3 million, down \$12.4 million vs. Q4:16

\$35.0 million increase from aircraft purchased and higher finance lease revenue, offset by a \$47.4 million reduction from aircraft sales and other net revenue reductions; the 6.5% lease rental revenue decline includes the impact of seven wide-bodies and one freighter which transitioned to long term leases during 2017, and which represented 10.8% of total fleet NBV

Maintenance revenue decreased by \$12.6 million

Three lease expirations in Q4:17 versus nine in Q4:16

Revenue Summary		
<i>\$ in millions</i>	Q4:17	Q4:16
Lease Rental and Finance and Sales-Type Lease Revenues	\$ 179.3	\$ 191.7
Amortization of Lease Premiums, Discounts and Incentives	(2.9)	(4.9)
Maintenance Revenue	0.4	13.0
Total Lease Revenue	176.7	199.8
Other Revenue	0.7	4.9
Total Revenues	\$ 177.4	\$ 204.7

Q4:17 Earnings Summary

Net income decreased by \$12.6 million versus Q4:16, while adjusted net income fell by \$13.5 million

Lease rental¹ and maintenance revenues declined \$25.0 million, lease termination fees by \$4.2 million, and gain on the sale of flight equipment by \$5.0 million. These reductions were partially offset by lower interest expense of \$11.3 million, lower depreciation of \$6.1 million and lower taxes of \$6.0 million

Adjusted EBITDA was \$184.6 million, down \$35.9 million versus Q4:16

Reflects lower total revenues of \$29.3 million and lower gains from the sale of flight equipment of \$5.0 million

1. Refer to the selected financial information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.
2. Includes finance and sales-type lease revenue.

Earnings Summary		
<i>\$ in millions, except per share amounts</i>	Q4:17	Q4:16
Net Income	\$ 55.1	\$ 67.7
<i>per diluted common share</i>	\$ 0.70	\$ 0.86
Adjusted Net Income ¹	\$ 57.0	\$ 70.5
<i>per diluted common share</i>	\$ 0.72	\$ 0.90
EBITDA ¹	\$ 182.6	\$ 220.7
Adjusted EBITDA ¹	\$ 184.6	\$ 220.5

Acquisitions & Sales

Acquired 40 narrow-body aircraft for \$920 million during Q4:17; FY aircraft acquisitions of \$1.6 billion

Closed or committed to acquire an additional \$540 million in 2018

Closed sales of eight aircraft during the quarter for proceeds of \$69 million; FY sales of \$834 million

Q4:17 sales included our last five classics and last converted freighter; gain on sale of \$19.2 million

2017 Acquisitions & Sales		
	Acquisitions ¹	Completed Sales
Investments / Sales Proceeds	\$1.6 billion	\$834 million
Total Number of Aircraft	68	37 ³
Narrow-bodies	67	30 ⁴
Wide-bodies	1 ²	3 ⁴
Freighters	—	4 ⁴

1. Closed deals only through December 31, 2017

2. Assumed to be on last lease

3. Does not include one A320 sold by one of our JVs

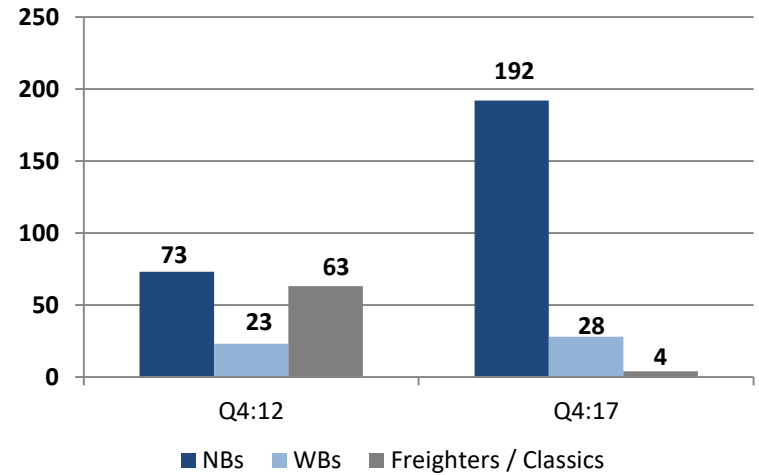
4. Two A330s, one 777-300ER, four 747 freighter and six 757 classic aircraft sold in 2017

Aircraft Fleet Evolution

The number of current generation narrow-body aircraft has increased by 163% over the past five years

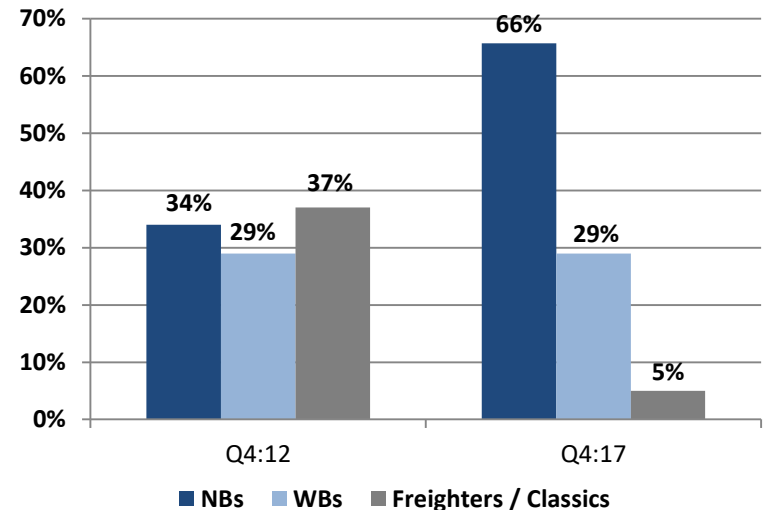
Two thirds of the fleet are now narrow-bodies versus one third five years ago

Aircraft Count



As of December 31, 2017

Fleet Type (by NBV)



As of December 31, 2017

Positive Portfolio Trends

Expanded owned fleet by \$1.9 billion in past five years, a compound annual growth rate of 7.1%

Sold one joint venture aircraft in Q4:17, leaving twelve in our two JVs

<i>\$ in billions</i>	Q4:12	Q4:17	Q4:17 vs Q4:12
Flight Equipment Held for Lease ¹	\$4.8	\$6.7	\$1.9
Wtd. Avg. Fleet Age (years) ²	10.7	9.1	-1.6
Wtd. Avg. Lease Term (years) ²	5.0	5.0	—
Managed JV Aircraft ¹	-	\$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.

Diversified Customer Base with Broad Geographic Distribution

81 airline customers across the globe, up from 71 customers in Q4:16

Most top customers are large flag carriers or leading LCCs

Top Ten Lessees			
% of NBV ¹ per customer	Customer	Country	#Aircraft
>6%	Avianca Brazil	Brazil	11
3%-6%	LATAM	Chile	3
	Lion Air	Indonesia	10
	TAP Portugal	Portugal	8
	South African Airways	South Africa	4
	easyJet	UK	20
	Iberia	Spain	13
	Aerolineas Argentina	Argentina	5
<3%	AirBridge Cargo ²	Russia	2
	Ural	Russia	6

Diversified geographic mix

Europe represents 32% of portfolio NBV, up from 23% a year ago, and reflects 20 aircraft that we leased with easyJet during 2016 and 2017

We have airline customers in 43 countries versus 36 countries in Q4:16

Top Ten Countries		
Country	# A/C	% of NBV ¹
Brazil	14	8.3%
United Kingdom	32	7.1%
Russia	11	6.5%
Indonesia	12	6.4%
India	15	5.4%
Portugal	8	5.4%
Chile	3	5.3%
Mexico	17	4.9%
Spain	14	4.2%
South Africa	4	4.1%

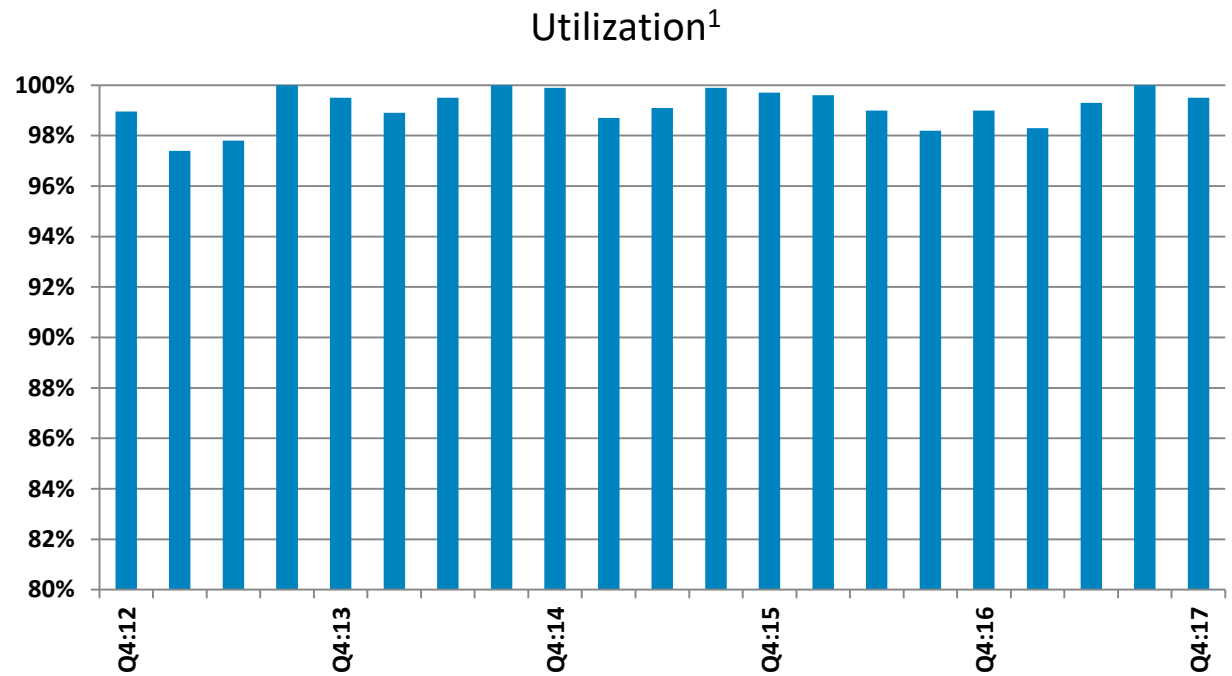
1. As of December 31, 2017.
2. Guaranteed by Volga-Dnepr Airlines. We have one additional aircraft on lease with an affiliated airline.

Leasing Activity & Portfolio Performance

Utilization during Q4:17 was 99.5%

One A321 aircraft on the ground at the end of Q4:17 that is in the process of transitioning

Four narrow-bodies (approximately 1.0% of NBV) remain to be placed or sold in 2018



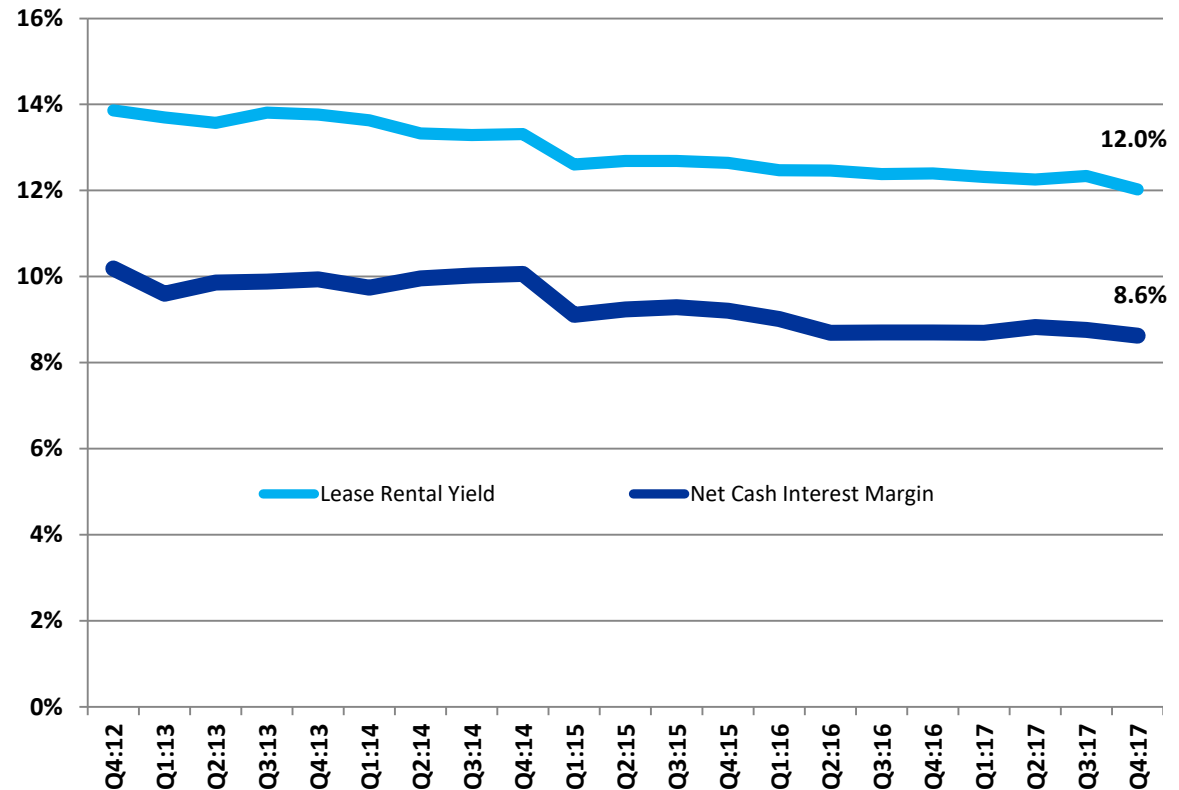
1. Aircraft on-lease days as a percent of total days in period weighted by NBV.

Rental Yields and Net Cash Interest Margins

Lease rental yields and net cash interest margins were 12.0%³ and 8.6%³ respectively

Portfolio lease rental yields have narrowed, as certain riskier assets have been disposed

We believe our recent aircraft investments have a better longer term earnings profile and carry less risk



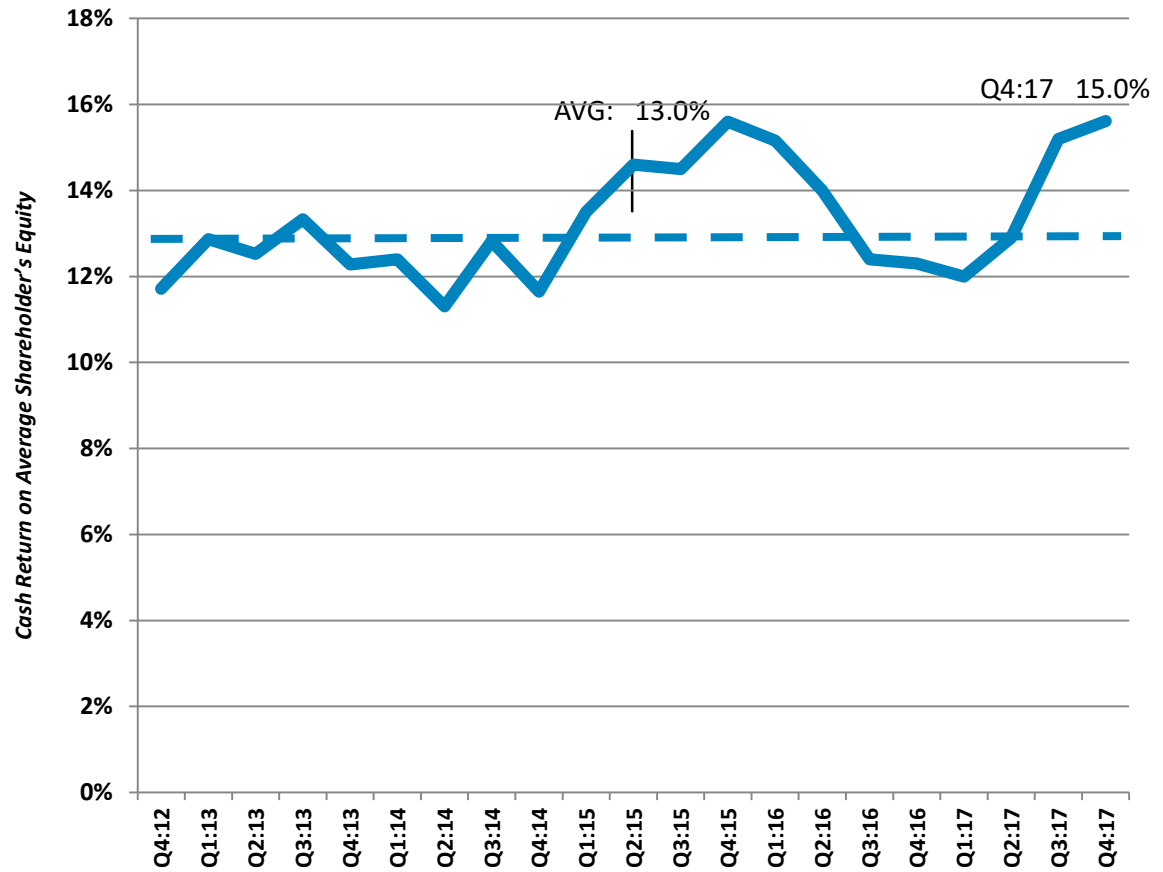
1. Refer to the selected financial information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.
2. Lease Rental Yield = Operating and finance lease rental revenue plus finance lease collections / average monthly NBV including finance leases for the period calculated on a quarterly basis, annualized.
3. The second quarter of 2017 excluded a non-recurring, \$7.0 million accelerated collection received from a lessee in connection with a finance lease.

Cash ROE Performance

Trailing twelve month Cash ROE¹ was 15.0% versus 12.3% a year ago

Recent performance driven by lower depreciation

Higher full year gains from the sale of aircraft also contributed to the year over year increase



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

Q4:17 Capital Structure

Net debt to equity of 2.2x

80% of total debt unsecured at quarter-end

Average remaining life of debt is 3.5 years

\$635 million in available revolver capacity

Unrestricted cash of \$212 million

\$5.3 billion of unencumbered flight equipment

Selected Financial Guidance Elements for Q1:18

Guidance Item	Q1:18
Lease rental revenue	\$173 - \$177
Finance lease revenue	\$9 - \$10
Maintenance revenue	\$0 - \$1
Amortization of lease premiums, discounts and incentives	(\$3) - (\$4)
SG&A ¹	\$17 - \$18
Depreciation	\$74 - \$76
Interest, net	\$57 - \$58
Gain on sale	\$8 - \$18
Full year effective tax rate	8% - 10%

1. Includes ~\$2.4M of non-cash share based payment expense.

Appendix

Q4:17 Capital Structure & Liquidity Summary

(\$ in millions)	As of Dec. 31, 2017		As of Dec. 31, 2016		As of Dec. 31, 2015	
Unrestricted cash and cash equivalents	\$ 212		\$ 456		\$ 156	
Debt	<u>O / S</u>	<u>Rate</u>	<u>O / S</u>	<u>Rate</u>	<u>O / S</u>	<u>Rate</u>
Securitization No. 2	—	—%	—	—%	125	1.58%
ECA Term Financings	227	3.59%	305	3.52%	404	3.57%
Bank Financings	635	3.68%	934	3.20%	641	3.23%
Total Secured Debt	862	3.65%	1,239	3.28%	1,170	3.17%
Senior Notes due 2017	—	—%	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%	500	5.50%
Senior Notes due 2023	500	5.00%	500	5.00%	—	—%
Senior Notes due 2024	500	4.13%	—	—%	—	—%
Bank Revolver	175	3.68%	—	—%	225	2.67%
Other Unsecured Bank Financings	120	3.59%	120	2.65%	—	—%
Total Unsecured Debt	3,495	5.21%	3,200	5.65%	2,700	5.66%
Total Debt and Weighted Avg. Rate	4,357	4.90%	4,559	5.01%	4,096	4.95%
Shareholders' equity	1,908		1,834		1,779	
Total capitalization	\$ 6,265		\$ 6,393		\$ 5,875	
Net debt to equity	2.2		2.2 x		2.2 x	
Unsecured debt to total debt	80%		73%		71%	

Note: 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 December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Revenues	\$ 177,402	\$ 204,653	\$ 796,620	\$ 772,958
EBITDA	\$ 182,633	\$ 220,651	\$ 705,525	\$ 734,989
Adjusted EBITDA	\$ 184,553	\$ 220,493	\$ 801,584	\$ 767,953
Net income	\$ 55,120	\$ 67,724	\$ 147,874	\$ 151,453
Net income allocable to common shares	\$ 54,757	\$ 67,141	\$ 146,829	\$ 150,196
Per common share - Basic	\$ 0.70	\$ 0.86	\$ 1.88	\$ 1.92
Per common share - Diluted	\$ 0.70	\$ 0.86	\$ 1.87	\$ 1.92
Adjusted net income	\$ 57,040	\$ 70,525	\$ 169,566	\$ 168,527
Adjusted net income allocable to common shares	\$ 56,665	\$ 69,918	\$ 168,368	\$ 167,129
Per common share - Basic	\$ 0.72	\$ 0.90	\$ 2.15	\$ 2.14
Per common share - Diluted	\$ 0.72	\$ 0.90	\$ 2.15	\$ 2.14
Basic common shares outstanding	78,286	77,957	78,219	78,161
Diluted common shares outstanding	78,393	78,021	78,373	78,204

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 December 31,		Year Ended December 31,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Net income	\$ 55,120	67,724	\$ 147,874	\$ 151,453
Depreciation	71,218	77,298	298,664	305,216
Amortization of lease premiums, discounts and incentives	2,934	4,934	11,714	10,353
Interest, net	55,855	67,170	241,231	255,660
Income tax provision	(2,494)	3,525	6,042	12,307
EBITDA	182,633	220,651	705,525	734,989
Adjustments:				
Impairment of flight equipment	—	1,400	80,430	28,585
Non-cash share-based payment expense	2,512	2,105	13,148	7,901
Loss on mark-to-market of interest rate derivative contracts	(592)	(3,663)	2,481	(3,522)
Adjusted EBITDA	\$ 184,553	220,493	\$ 801,584	\$ 767,953

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 December 31,		Year Ended December 31,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Net income	\$ 55,120	\$ 67,724	\$ 147,874	\$ 151,453
Loan termination fee ¹	—	908	2,058	4,960
Loss on mark-to-market of interest rate derivative contracts ²	(592)	(3,663)	2,481	(3,522)
Write-off of deferred financing fees ¹	—	3,451	4,005	2,880
Non-cash share-based payment expense ³	2,512	2,105	13,148	7,901
Hedge loss amortization charges ¹	—	—	—	4,855
Adjusted net income	\$ 57,040	\$ 70,525	\$ 169,566	\$ 168,527

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 on Sale of Flt. Eq.	Deprec.	Distributions in excess (less than) Equity Earnings	Cash Earnings	Average Shareholders' Equity	Trailing 12 Month Cash ROE
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	\$ (530)	\$ 274,548	\$ 1,759,871	15.6%
2016	\$ 468,092	\$ 19,413	\$ 39,126	\$ 305,216	\$ (1,782)	\$ 219,633	\$ 1,789,256	12.3%
2017	\$ 490,871	\$ 32,184	\$ 55,167	\$ 298,664	\$ (1,011)	\$ 278,547	\$ 1,861,005	15.0%

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 U.S. 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.

Dollars in thousands.

Net Cash Interest Margin Calculation

1. 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 in finance and sales-type leases) for the period calculated on a quarterly and annualized basis. The second quarter of 2017 excludes a non-recurring, \$7.0 million accelerated collection received from a lessee in connection with a finance lease.
2. Excludes loan termination payments of \$3.0 million in the second quarter of 2013, \$1.5 million and \$3.5 million in the first quarter and fourth quarter of 2016, respectively, and loan termination payments of \$1.0 million in both the second and third quarters of 2017.

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 ⁽¹⁾	Cash Interest ⁽²⁾	Annualized Net Cash Interest Margin ^{(1) (2)}
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%
Q4:16	\$ 6,346,361	\$ 196,714	\$ 58,631	8.7%
Q1:17	\$ 6,505,355	\$ 200,273	\$ 58,839	8.7%
Q2:17	\$ 6,512,100	\$ 199,522	\$ 55,871	8.8%
Q3:17	\$ 5,985,908	\$ 184,588	\$ 53,457	8.8%
Q4:17	\$ 6,247,581	\$ 187,794	\$ 53,035	8.6%

Supplemental Financial Information

	Three Months Ended December 31, 2017		Year Ended December 31, 2017	
	Shares	Percent ²	Shares	Percent ²
Weighted-average shares:				
Common shares outstanding – Basic	78,286	99.34%	78,219	99.29%
Unvested restricted common shares	518	0.66%	557	0.71%
Total weighted-average shares outstanding	78,804	100.00%	78,776	100.00%
Common shares outstanding – Basic	78,286	99.86%	78,219	99.80%
Effect of dilutive shares ¹	108	0.14%	154	0.20%
Common shares outstanding – Diluted	78,393	100.00%	78,373	100.00%
Net income allocation				
Net income	\$ 55,120	100.00%	\$ 147,874	100.00%
Distributed and undistributed earnings allocated to unvested restricted shares	(363)	(0.66)%	(1,045)	(0.71)%
Earnings available to common shares	\$ 54,757	99.34%	\$ 146,829	99.29%
Adjusted net income allocation				
Adjusted net income	\$ 57,040	100.00%	\$ 169,566	100.00%
Amounts allocated to unvested restricted shares	(375)	(0.66)%	(1,198)	(0.71)%
Amounts allocated to common shares	\$ 56,665	99.34%	\$ 168,368	99.29%

Except for percentages, all figures are in thousands.

- For the three months and year ended December 31, 2017, distributed and undistributed earnings to restricted shares were 0.66% and 0.71%, respectively, of net income and adjusted net income. The amount of restricted share forfeitures for all periods present is immaterial to the allocation of distributed and undistributed earnings.
- For all periods presented, dilutive shares represented contingently issuable shares.

Supplemental Financial Information

	Three Months Ended December 31, 2016		Year Ended December 31, 2016	
	Shares	Percent ²	Shares	Percent ²
Weighted-average shares:				
Common shares outstanding – Basic	77,957	99.14%	78,161	99.17%
Unvested restricted common shares	677	0.86%	654	0.83%
Total weighted-average shares outstanding	78,634	100.00%	78,815	100.00%
Common shares outstanding – Basic	77,957	99.92%	78,161	99.95%
Effect of dilutive shares ¹	64	0.08%	43	0.05%
Common shares outstanding – Diluted	78,021	100.00%	78,204	100.00%
Net income allocation				
Net income	\$ 67,724	100.00%	\$ 151,453	100.00%
Distributed and undistributed earnings allocated to unvested restricted shares	(583)	(0.86)%	(1,257)	(0.83)%
Earnings available to common shares	\$ 67,141	99.14%	\$ 150,196	99.17%
Adjusted net income allocation				
Adjusted net income	\$ 70,525	100.00%	\$ 168,527	100.00%
Amounts allocated to unvested restricted shares	(607)	(0.86)%	(1,398)	(0.83)%
Amounts allocated to common shares	\$ 69,918	99.14%	\$ 167,129	99.17%

Except for percentages, all figures are in thousands.

- For the three months and year ended December 31, 2016, distributed and undistributed earnings to restricted shares were 0.86% and 0.83%, respectively, of net income and adjusted net income. The amount of restricted share forfeitures for all periods present is immaterial to the allocation of distributed and undistributed earnings.
- For all periods presented, dilutive shares represented contingently issuable shares.

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.