AIRCASTLE

Investor and Analyst Day Presentation

December 14, 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.

Table of Contents

Overview

AIRCASTLE

- Aircastle (NYSE: AYR) is a leading commercial jet aircraft lessor
  - 132 aircraft with 63 lessees in 36 countries as of September 30, 2010
- Formed six years ago
  - A purpose-built top tier, global leasing company
  - Q3 2010 LTM Revenue of $529 million and ANIDA of $309 million
  - Modern fleet financed with a conservative capital structure

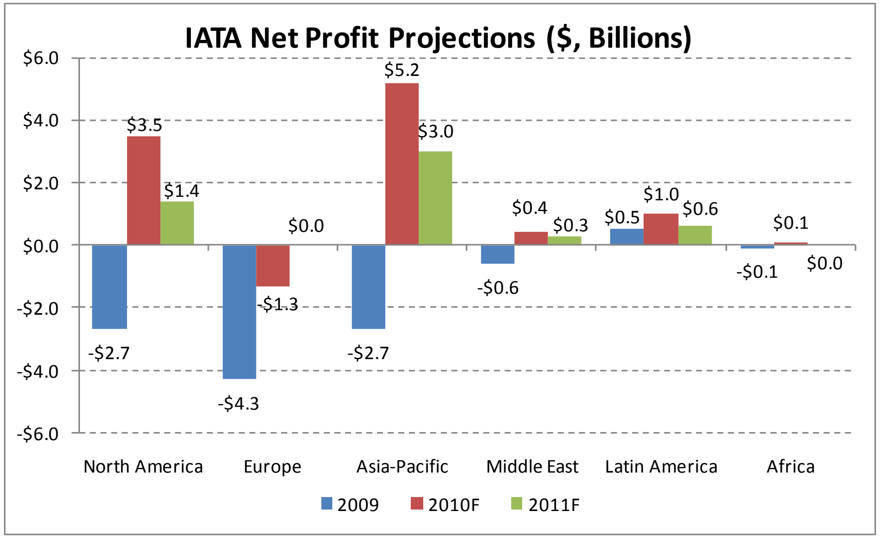
Key Highlights

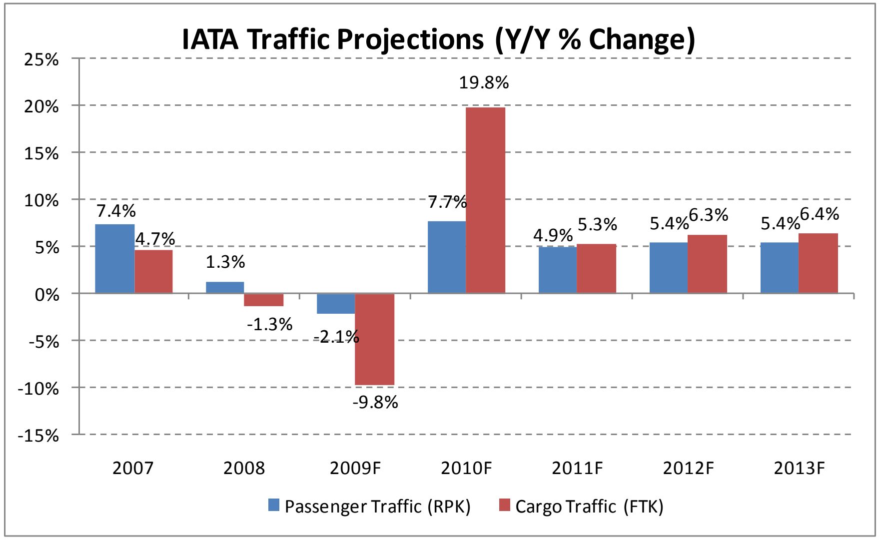
AIRCASTLE

Positive Long-Term Industry Fundamentals	• Long-term growth market expanding at a multiple of global GDP • Trend towards more leasing vs. owning by airlines
World Class Management Team	• Experienced management team drawn from industry leaders • Global presence with in-house expertise
Strong Servicing & Origination Track Record	• Over 98% revenue utilization for the past two years • Completed more than 125 aircraft leases • Fleet acquired via 65 transactions with 54 counterparties
Modern Aircraft Portfolio & Diverse Customer Base	• 132 aircraft with 63 lessees in 36 countries • Diversified by lessee, geography and aircraft type • Cargo aircraft expertise
Stable Cash Flow & Conservative, Long-Term Capital Structure	• LTM 9/30/10 ANIDA of $309 million • Fleet is long-term financed • 61% net debt to net book value of assets

Air Travel Industry in the Midst of a Recovery

- 2010 exhibited a strong recovery driven by demand improvements and disciplined capacity growth
  - Through October, year-over-year passenger and freight traffic demand improved 8.5% and 24.0%, respectively
- Current passenger and cargo traffic levels are above pre-recession peaks
- Air cargo traffic has outpaced the recovery in passenger traffic in 2010
  - Asia-Pacific expected to exhibit greatest year-over-year improvement
  - Latin American and Middle Eastern traffic has also been relatively strong, but Europe continues to lag
- A return to long-term growth rates in 2011 and beyond expected

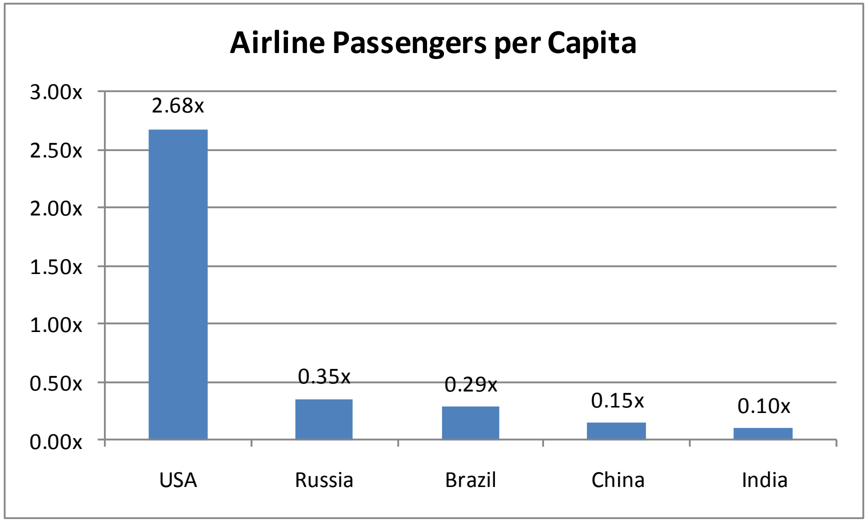




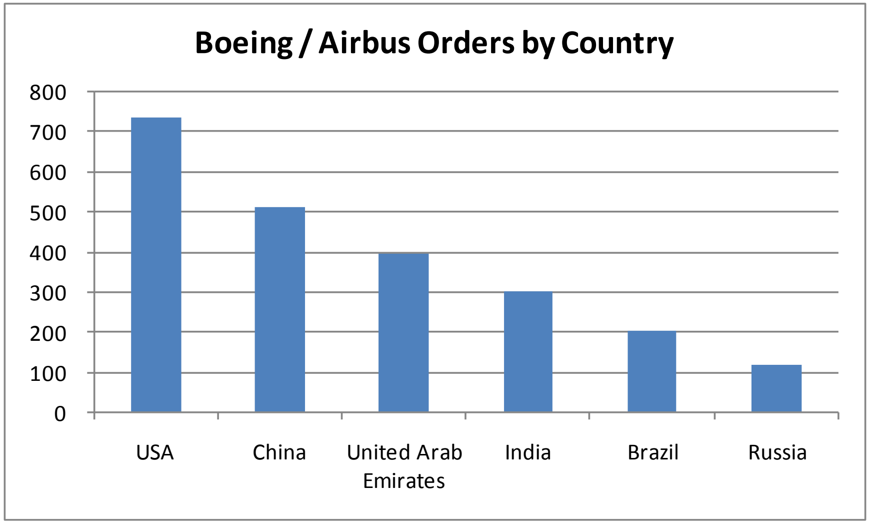
Source: IATA, September 2010.

Long-Term Air Travel Growth Drivers

- Future growth will be driven by emerging markets, including the BRIC countries
  - Enplanement levels remain very low
  - Emerging middle class will drive air traffic growth
- Chinese airlines accounted for 17% of Boeing and Airbus deliveries in 2009
  - Growth in the Chinese economy drove intra-Asia travel to eclipse intra-North American traffic to become the world's largest aviation market
  - The Indian market has strong potential but suffered from excessive growth during 2008-09
  - Middle East has developed into a global transit hub
- Aircraft on order from BRICs and the Middle East represents 32% of Boeing / Airbus total orders



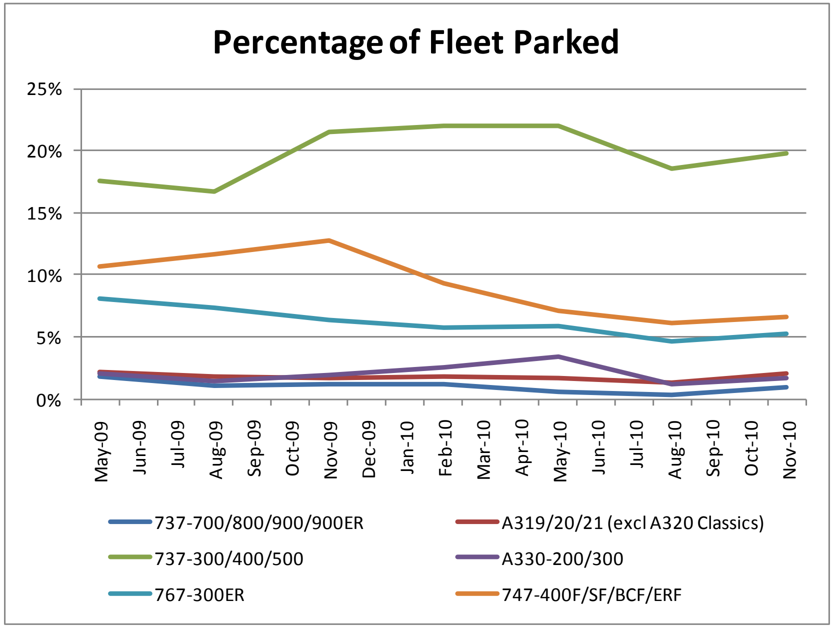
Source: US DOT, Indian CAA, CAAC, ANAC, Russian Ministry of Transportation, CIA Factbook. Data for calendar year 2008, except India, which is based on an April fiscal year.



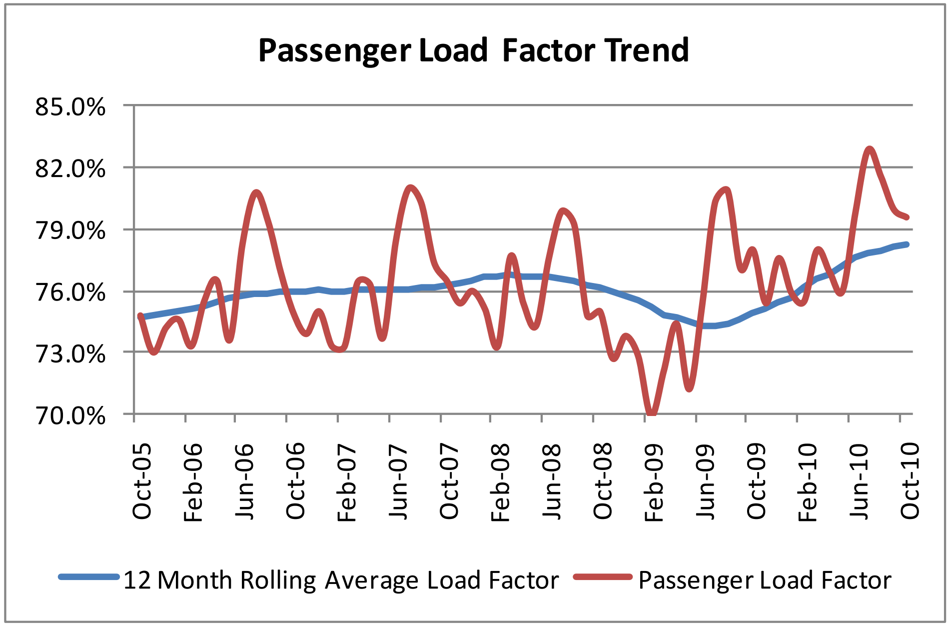
Source: Ascend (www.ascendworldwide.com).
Orders excludes lessors based in these countries.

Aircraft Supply and Demand

- New deliveries are sold out for several years and idle capacity of modern aircraft is at low levels
- Production rate of mainline aircraft (>100 seats) remained stable during 2009
  - Boeing and Airbus delivered ~970 aircraft in 2009
  - The global mainline passenger fleet is currently ~16,000 aircraft
- Total production (including 787 introduction) is forecast to increase by ~100 units by 2012
- Current generation aircraft at near full utilization levels
  - However, stored levels of out of production aircraft are not improving
- Passenger load factors are at record highs showing building airline demand



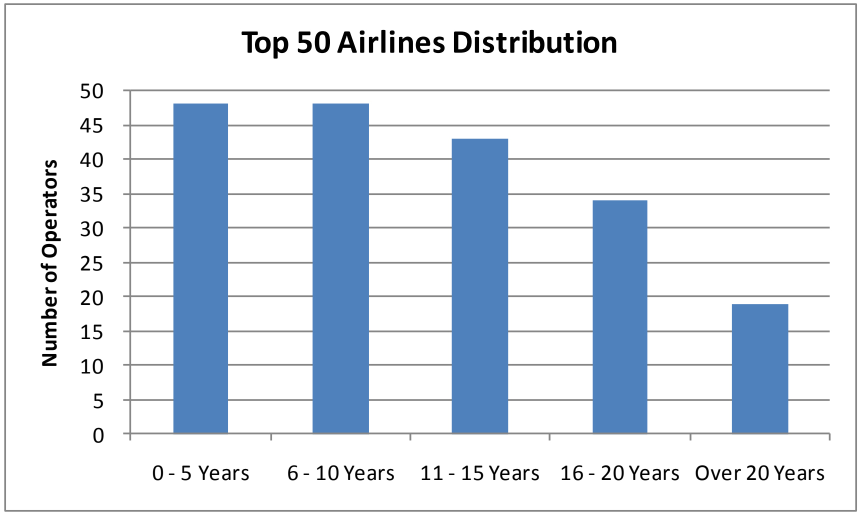
Source: Ascend (www.ascendworldwide.com).



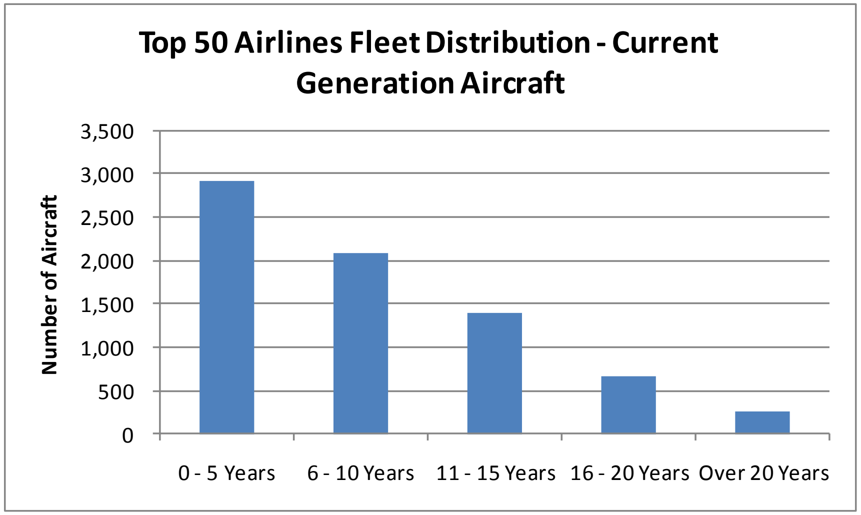
Source: IATA.

Airline Fleet Distribution

- Top global airlines continue to operate large numbers of "seasoned" but current generation aircraft
  - Of the top 50 global airlines, 43 airlines operate aircraft older than 10 years
- The majority of aircraft operated by the top 50 airlines are more than five years old
- Growing demand combined with production limits on new aircraft will ensure continued demand for older aircraft
- Aircraft technology is the key driver of continued demand



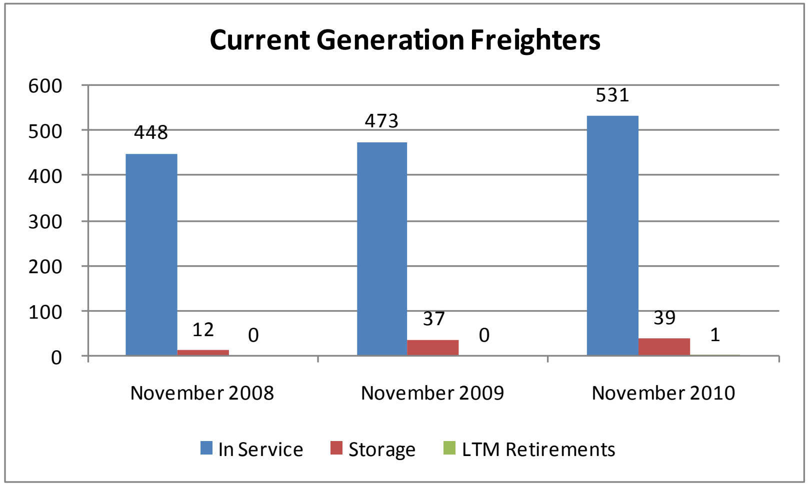
Source: Ascend (www.ascendworldwide.com).
Top 50 airlines measured by the size of mainline fleet (aircraft with 100+ seats).

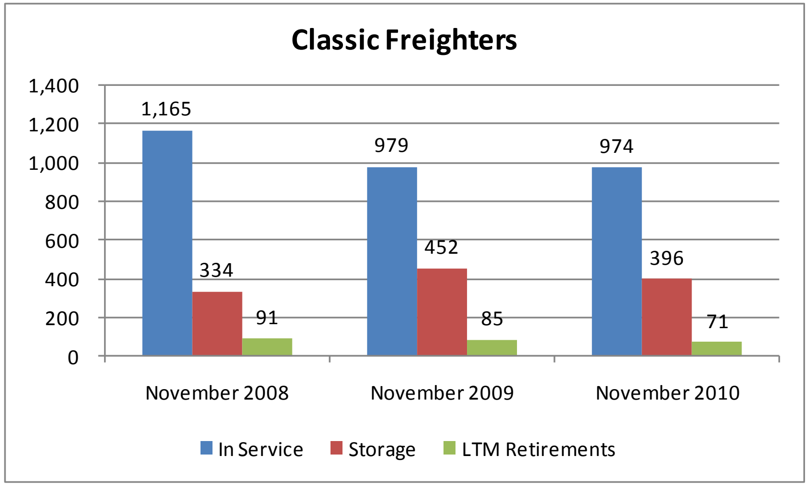


Source: Ascend (www.ascendworldwide.com).
Current generation include 737-600/700/800/900, 747-400/400F, 757-200/300/200F, 767-200/300/400/300F, 777-200/300/200LRF, A319/320NG/321, A330-200/300/200F, A340-200/300/500/600, A380.

Freight Market Dynamics

- The world air freighter fleet has an average age of more than 24 years
- The supply of freighter aircraft adjusts more easily to changes in demand than passenger
  - Given relatively lower capital costs, marginal capacity is removed, particularly as maintenance events arise
- Pressure on older technology aircraft increased significantly for high use, long-haul missions
  - Fuel costs play a much bigger role
  - Air freight is becoming more focused on high value, time-sensitive shipments, so dispatch reliability is critical
- Current generation aircraft are returning to service as the market recovers while older technology aircraft are being removed from service, in many cases permanently

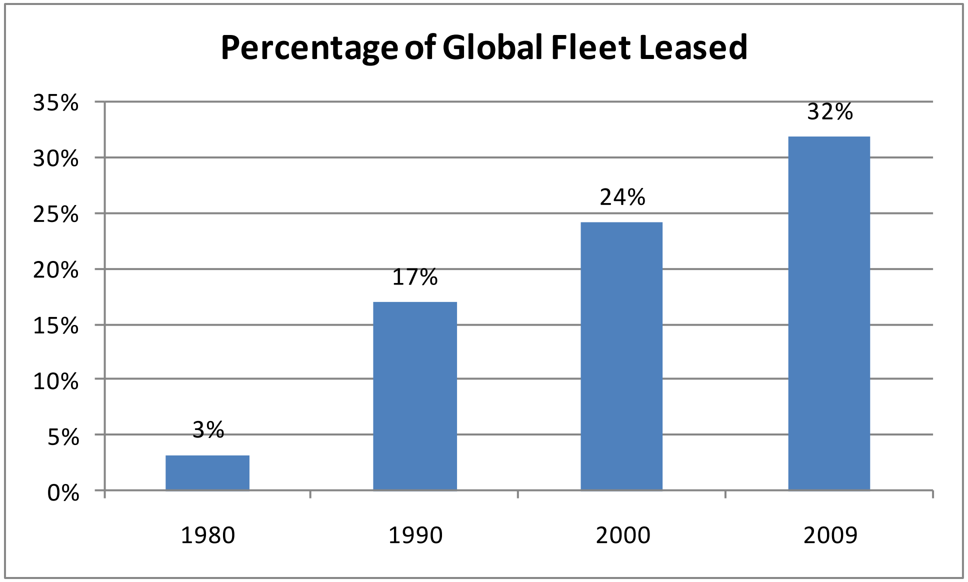




Source: Ascend (www.ascendworldwide.com).
Current generation includes, 747-400F, 757-200F, 767-200F, 767-300F, 777-200LRF.
Classics include 707F, 737-300/400F, 727F, 747-100/200/300F, A300F, A310F, DC-10F, DC-8F, DC-9F, L-1011F, MD-11F.

Increasing Lessor Market Share

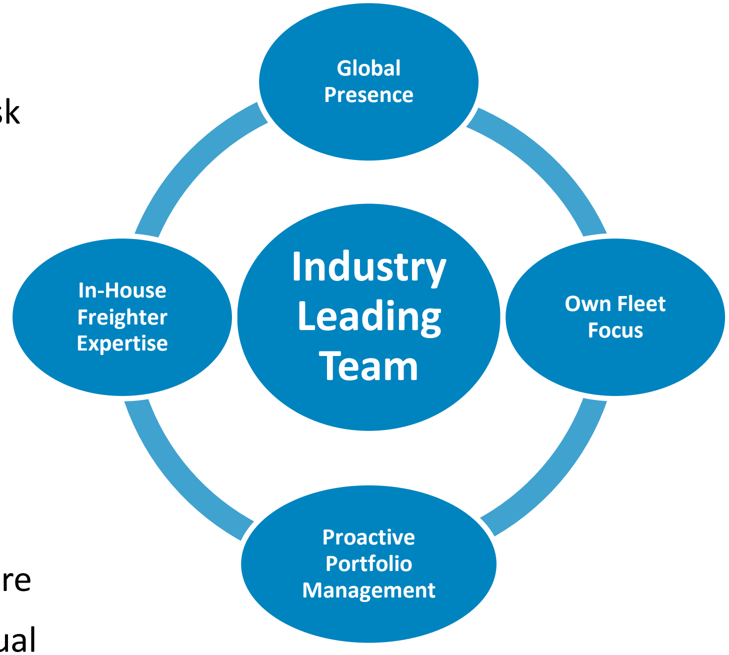
- Percentage of global fleet owned by lessors has increased steadily
- Attractive value proposition for airlines
  - 100% off balance sheet financing
  - Transfer of residual risk
  - Manage fleet capacity, particularly during downturns
- We expect the percentage of leased aircraft will continue to increase



Source: Ascend (www.ascendworldwide.com).

World Class Platform

- In-house capabilities across all aircraft leasing functions
  - Experienced management team drawn from leading industry players
  - Rigorous portfolio management monitored from business, risk and technical viewpoints
  - Complete focus on our own portfolio
- Team structured to source and execute opportunistic transactions
  - Fleet acquired via 65 transactions with 54 counterparties
  - Acquisitions, leasing, sales and freighter conversions
  - Significant platform scalability potential
  - Global presence with offices in Stamford, Dublin and Singapore
  - Strong freighter market in-house skills to help optimize residual values



AIRCASTLE

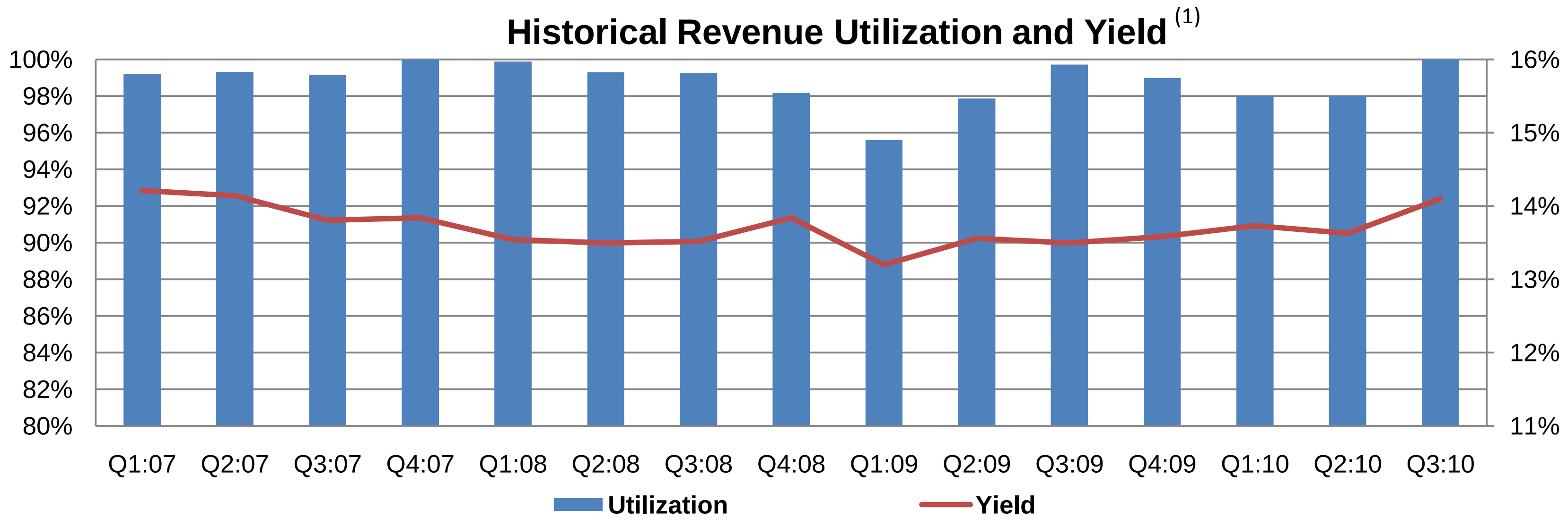
76 Full-Time Employees

KEY AIRCRAFT LEASING FUNCTIONS

ORIGINATION & PLACEMENT	TECHNICAL & ENGINEERING	LEGAL & CONTRACT MANAGEMENT
10 Professionals	10 Professionals	12 Professionals

Demonstrated Servicing Track Record

- Since inception, more than 125 aircraft placed on lease with over 60 customers
- Excellent performance amidst volatile economic conditions
- Q3 2010 revenue utilization of ~100% and rental yield of 14.1%



(1) Yield is calculated as lease rental revenue / average NBV.

Figures as of 9/30/10

Capitalizing on Market Opportunities

747-400 Investment Example:

- Purchased three off-lease 747-400 aircraft in 2007
  - Freighter conversion feedstock
  - Near-term conversion slot availability at attractive pricing
  - A380 delays led to strong short-term demand for 747-400 passenger aircraft
- Signed passenger to freighter conversion agreement for all three aircraft
  - One aircraft inducted almost immediately
  - Placed other two aircraft at Singapore Airlines and Air India on short-term leases to lead into the remaining freighter conversion slots
- First two converted freighters delivered on long-term leases in 2008 to World Airways
- Third aircraft sold at the end of the short-term passenger lease
  - Freight market slowdown changed our plan
  - Took on transition maintenance planning / monitoring
  - Terminated conversion agreement
  - Closed sale in December 2008

Demonstrates:

Technical, lease placement and sales capabilities

Ability to capitalize on market opportunities

Nimble asset management

Proactive Asset Management Approach

- Disciplined approach to maximizing residual values
- Methodical approach to exploiting the best available opportunity whether lease placement, sale or cargo conversion
- 21 aircraft sold or committed for sale with a total sales price of more than $400 million
  - Leveraging our world-wide connections
- Have utilized freighter conversion as a way of extending an aircraft's useful life
  - In-house cargo market expertise

Proactive Portfolio Management

Narrowbody Classic Freighter Conversion Example:

- 4 x 737-400 aircraft operating in India with leases expiring in 2009
  - AYR desire to reduce exposure in India
  - Marketing team identifies an affiliate of the Chinese Post Office for long-term freighter lease
  - Lack of feedstock makes conversion slot availability/pricing favorable
- Building the deal:
  - Freighter lease LOI signed in late 2007
  - Competitive bid process for conversion work
  - Negotiated lease amendments with returning customer to line up conversion timing and return conditions
- Complex transaction
  - First of type into China
  - Two transitions per aircraft
  - Lining up the financing, legal and tax issues among the various parties in multiple jurisdictions
- Successful realization on the investment
  - All aircraft converted and delivered by Q1:10
  - Signed sales agreement with closing expected in Q4:10 or Q1:11

Demonstrates:

Early work to find the best redeployment opportunity

Technical capability to manage freighter conversion

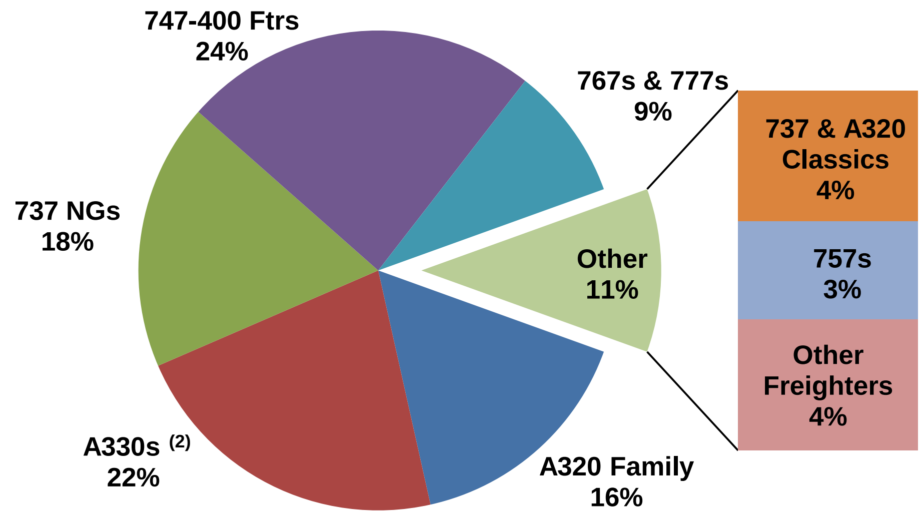
Ability to realize on value-add through sale

Modern Portfolio with Strong Revenue Stream

AIRCASTLE

- Modern commercial jet portfolio
  - 89% by value is latest generation of technology
- Investments oriented to early and middle part of an aircraft's production
  - Longer useful lives than "last off the line" units
- 30% of our portfolio by value in cargo aircraft
  - Diversification by end market
  - Excellent lessee performance throughout downturn
- Long remaining average lease term
- Provides strong cash flow performance

Diversification – Aircraft Type(1)



Portfolio Statistics(1)

# Lessees / # Countries	63 / 36
Lease Term	4.6
Freighter Lease Term	7.3
Weighted Average Age	11.2

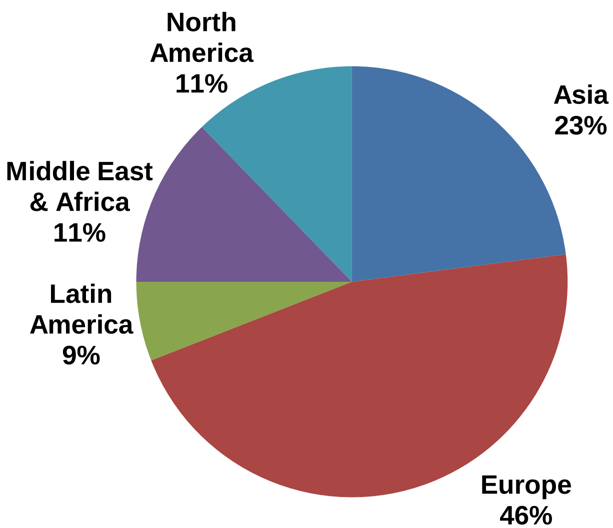
(1) Percentage of NBV. Figures as of 9/30/10

(2) Includes one A330-200 Freighter

Diversified Customer Base

- Portfolio spread across a variety of carriers around the world
- Largest customer exposure is less than 7% of net book value
- Combined, the top 10 customers represent 48% of net book value

Geographical Diversity(*)



% of NVB	Customer	Country	# Aircraft
Greater than 6% per customer	Emirates	United Arab Emirates	2
	Martinair (1)	Netherlands	5
3% to 6% per customer	US Airways	USA	8
	SriLankan Airlines	Sri Lanka	5
	Avianca	Colombia	2
	China Eastern Airlines (2)	China	8
	HNA Group (3)	China	7
	Iberia Airlines	Spain	6
	GOL (4)	Brazil	6
	Airbridge Cargo (5)	Russia	1

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

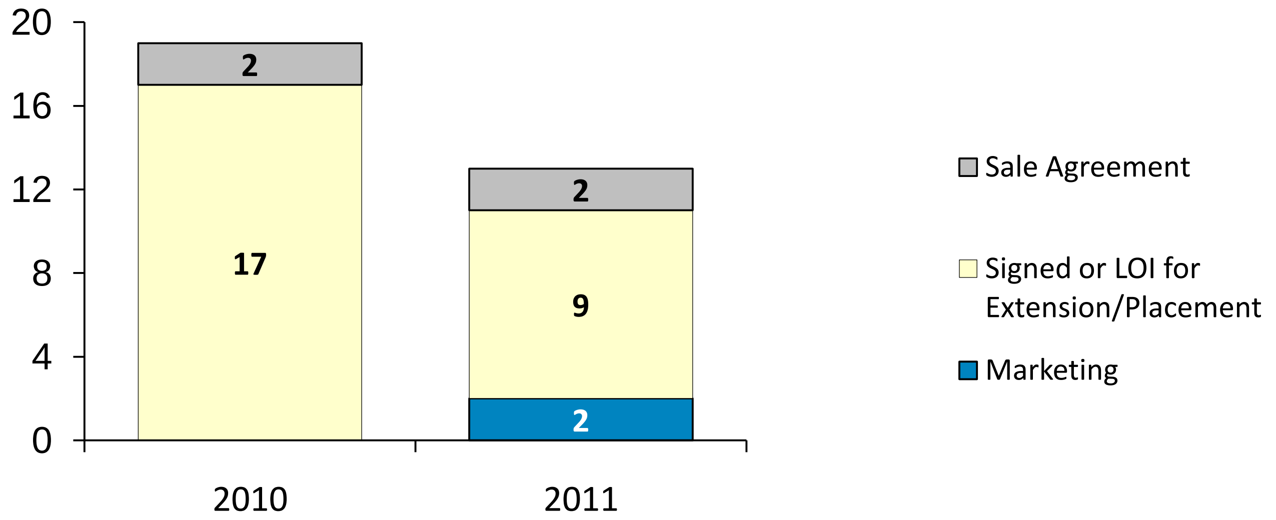
(1) Martinair is a wholly owned subsidiary of KLM. Although KLM does not guarantee Martinair's obligations under the relevant lease, if we combined Martinair with our one aircraft on lease with KLM, the two, together with another affiliated customer, represent 11% of flight equipment held for lease.
(2) Includes the aircraft leased to Shanghai Airlines, which was recently acquired by China Eastern Airlines. China Eastern Airlines does not guarantee the obligations of the aircraft we lease to Shanghai Airlines.
(3) Seven aircraft on lease to affiliates of the HNA Group, although the HNA Group does not guarantee the leases.
(4) GOL has guaranteed the obligations of an affiliate, VRG Linhas Aereas, and accordingly, the two are shown combined in the above table.
(5) Guaranteed by Volga-Dnepr.

As of 9/30/10.

Very Few Unplaced Aircraft through 2011

- Lease roll-offs are well dispersed; three scheduled lease expirations left to place in 2010-11
- All 2010 scheduled lease expirations have executed or committed leases, renewals, sales or lease LOIs
- 11 of 13 2011 scheduled expirations placed
  - Eight aircraft have executed or committed leases or lease renewals
  - Two aircraft subject to sales agreements
  - One aircraft with a signed letter of intent for lease
- Starting to make progress on 2012 lease roll-off

Scheduled Lease Expiration Status



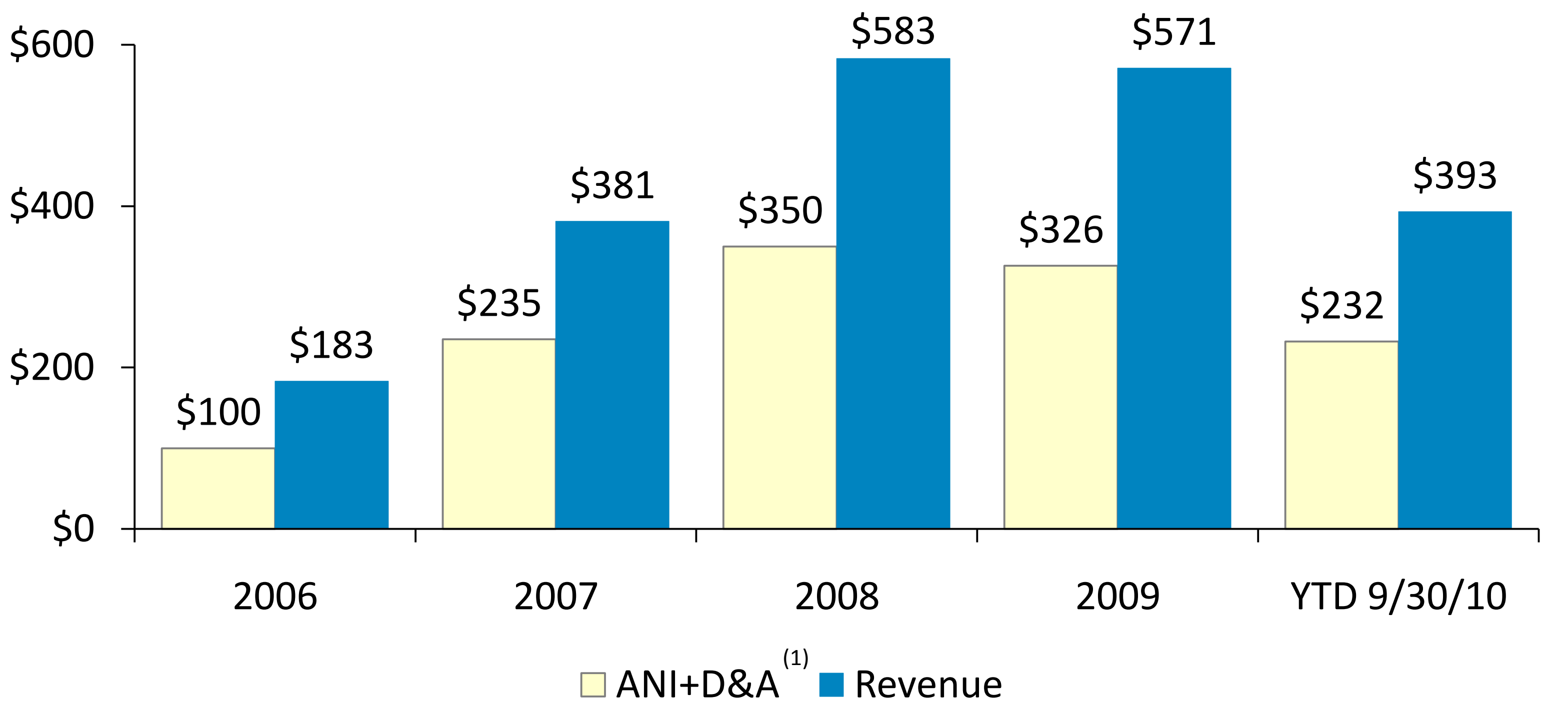
New Order Airbus A330

- Program is in very good shape
  - 11 of 12 new Airbus A330 aircraft subject to long-term leases
  - Executed letter of intent for 12th aircraft to deliver in spring 2012
- Completed acquisition and delivery of first four aircraft subject to long-term leases
  - Two A330-200 passenger aircraft to Avianca during 2009
  - Two A330-200F freighters to Hong Kong Airlines, an affiliate of HNA Group, in September and November 2010
- ~$700 million in remaining deliveries spread during H1 2011 – H1 2012
  - "Built-in" growth
- Strong A330 demand due to recovery in long-haul premium travel
  - 787 delays also contributing

AIRCASTLE

Strong Financial Performance

- Consistent lease rental revenue drives strong cash flow
- Ended Q3:10 with $310.9 million of unrestricted cash and $190.3 million of restricted cash



(1) Adjusted Net Income plus Depreciation and Amortization excludes gains from assets sales, charges related to interest rate contracts and other non-recurring charges.

Conservative Long-Term Capital Structure

- Established access to financial markets
- Net debt to book equity 1.6 to 1
- No immediate financing needs, earliest scheduled maturity 2015

AIRCASTLE

$3.9 billion aircraft

132 aircraft(1)

$2.4 billion

Net Debt(1)

$1.5 billion

Book Equity(1)

(1) As of 9/30/10. Book Equity excludes mark to market of derivative liabilities of $217 million.

AIRCASTLE

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

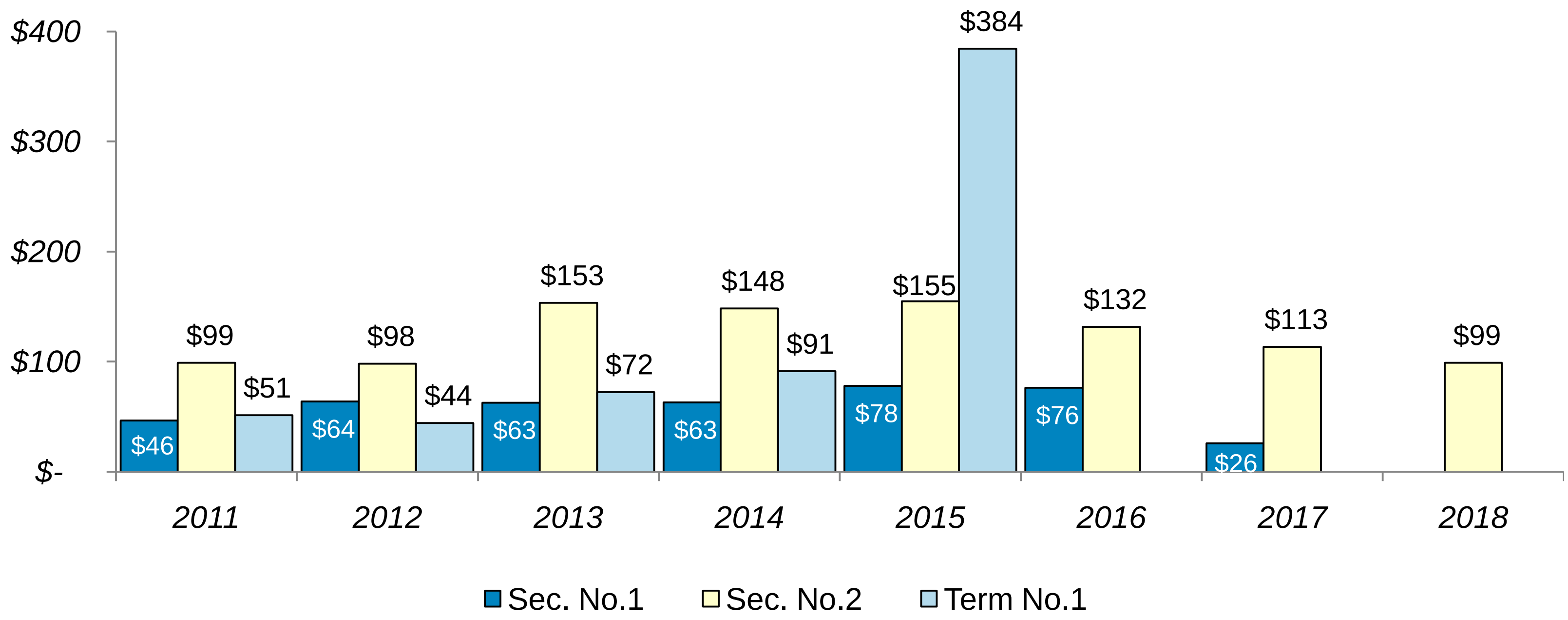
Long-Term Debt Summary as of September 30, 2010

$ 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

Estimated Term Financing Debt Amortization Profile



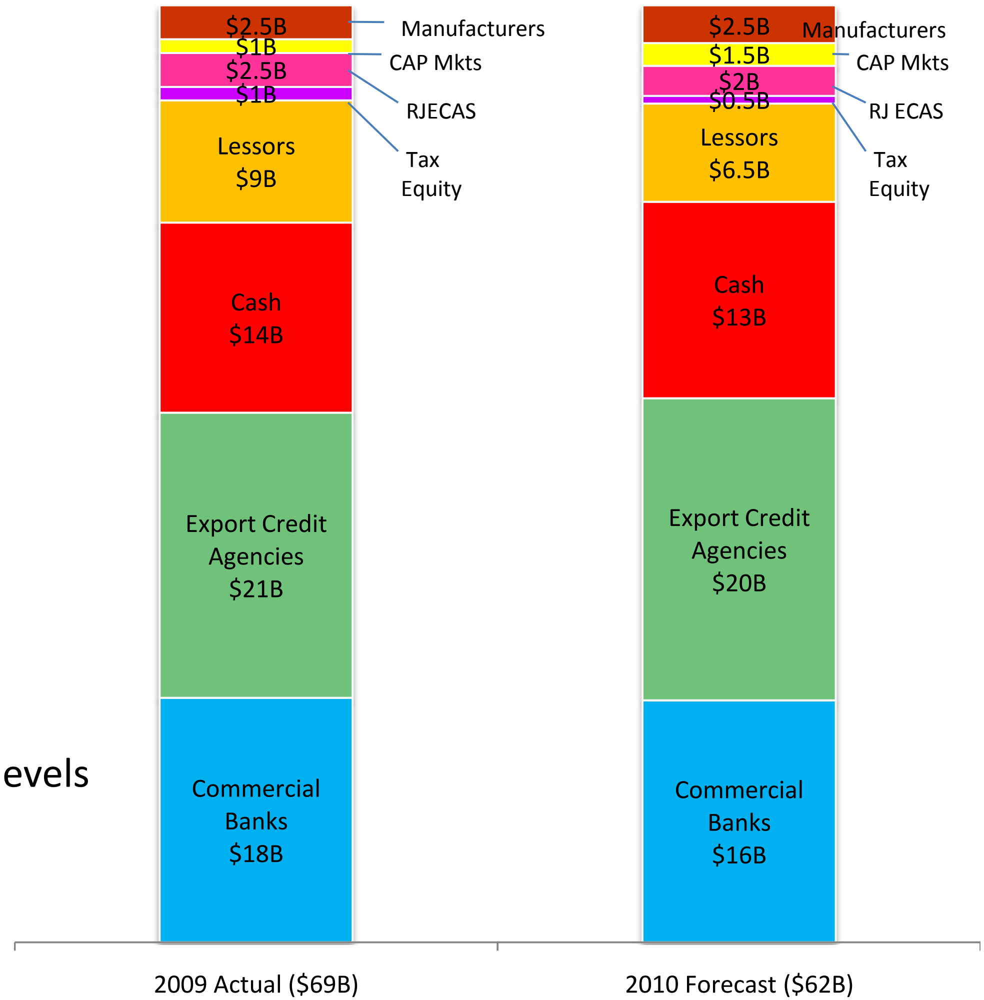
- Expect YE 2010 lease rental exit run rate of ~$560 million annualized including $92 million from unencumbered aircraft assets
- All aircraft portfolio term financings are non-recourse to Aircastle Limited and each deal pays remarketing servicer and admin fees to Aircastle
- Estimated debt amortization profile assumes each financing runs to estimated full payout date, or, to final maturity of for Term No. 1 of May 2015
- Debt amortization after 5th anniversary of each financing based on excess cash flows available from rents, net maintenance funding and proceeds from asset dispositions after payments for expenses and interest payments, all of which are based on current estimates

Airbus A330 Program Financing

- Successfully financed first four deliveries with Export Credit Agency (ECA)-backed debt
  - Our ECA debt is guaranteed by COFACE, French government export credit agency
- Substantial progress made on A330 financing during 2010
- 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 to finance next seven deliveries based on ECA support
  - Other financing sources available
- Received ~$700 million in commitments from Sumitomo Mitsui Banking Corporation, Citibank and Bank of Tokyo-Mitsubishi UFJ to finance nine new A330s based on 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

Financing Sources for New Aircraft

- Export credit agencies filled in the financing gap during last year's financial crisis
  - Supported one third of new deliveries in 2009 vs. "normal" level of ~15%
  - Played an important stabilizing role last year
  - Similar level of activity this year
- Smaller role by lessors since many were also affected badly by the financial crisis
  - Parent company issues figured in many cases
  - Many lessors have looked to ECA financing too
- Commercial lending by banks still at very low levels despite the financial markets recovery
  - Strong regional bias/orientation

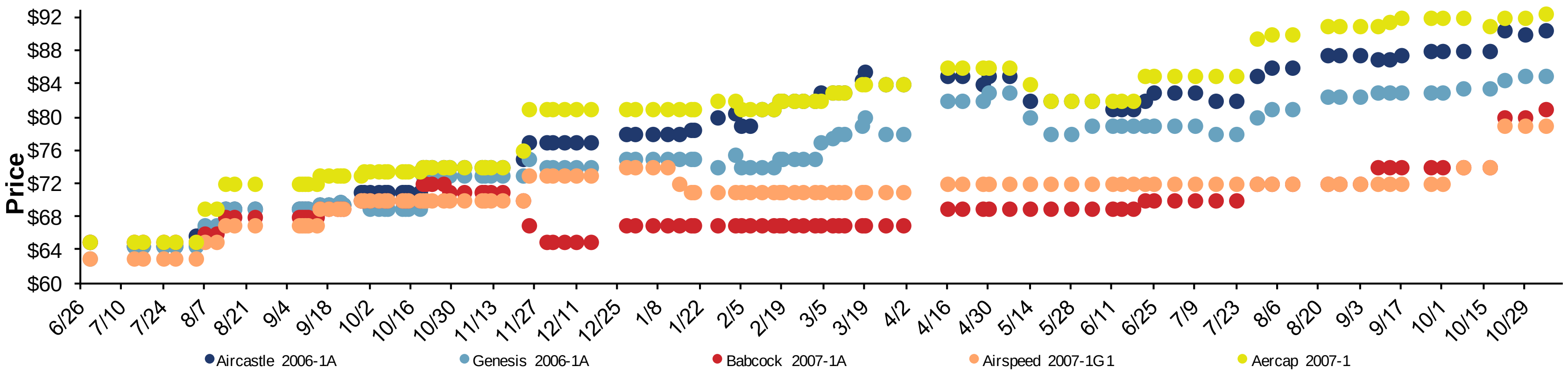


Source: Boeing Capital.

US Capital Markets Have Recovered Faster

- U.S. institutional market has recovered quickly
  - Deep and broad pool of investors
- Over $9 billion of aircraft lessor deals <u>without</u> ECA support
  - Mix of secured and unsecured deals
  - Market access for borrowers much more limited than in bank market
- Significant rally in aircraft-backed securitizations

Historical Commercial Aircraft ABS Trading Levels

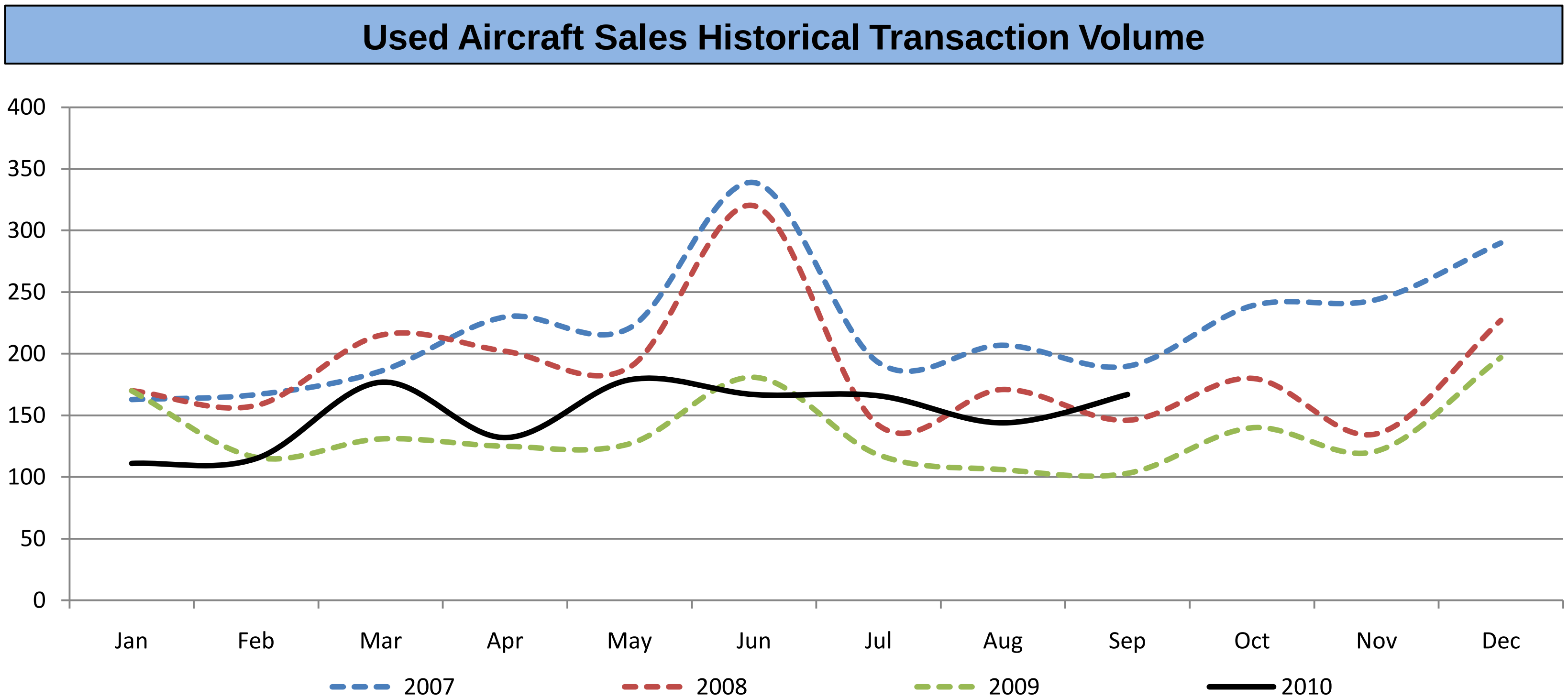


These are historical estimated prices and do not purport to be prices at which securities can currently be purchased or sold.

Source: Goldman Sachs.

Aircraft Sales Activity Still Low

- Aircraft trading levels are coming back from all time lows
  - Sharp drop caused by the collapse of the credit markets
- We've seen a modest recovery in 2010, but still well off historical levels, particularly for mid-life aircraft

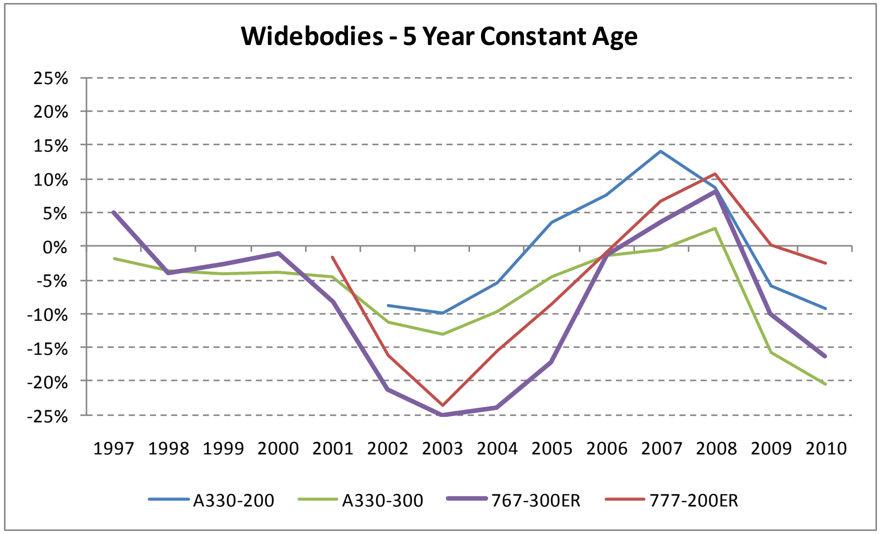


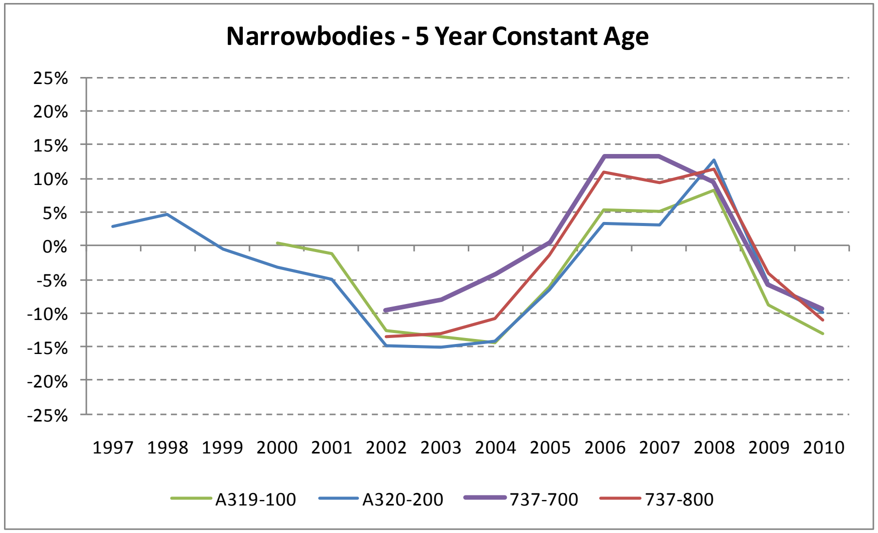
Source: Ascend (www.ascendworldwide.com).

Aircraft Valuation Trends

- Trends in values are comparable to the decline seen during the last downturn
  - However, financial market liquidity is worse now, limiting transaction volume
  - We believe there are excellent investment opportunities for those with investable funds
- Midbody and widebody aircraft values have been more volatile than narrowbodies
  - We believe narrowbody values are turning the corner (appraisal data tends to lag the market)
  - Midbody and widebody aircraft values will likely recover with the return of long-haul market demand

Market to Base Value Relationships Since 1997





Source: Ascend (www.ascendworldwide.com).

AIRCASTLE

Increasing Rental Levels

- Aircraft rentals dropped sharply during 2009, after peaking in late 2007
  - Declines for new generation aircraft were more modest during 2008's fuel price spike
  - "Classic" narrowbody and widebody lease rates were hit hard as were freighters
- Recovery in lease rental rates for newer 737NGs and A320s began late last year
  - Recovery in widebody rentals is at an earlier stage but accelerating
  - Airlines appear far more willing to make long-term fleet commitments now vs. last year
  - Passenger rental movements tend to lag the economy; freighter rentals more contemporaneous
- Currently, lease rates for latest generation aircraft a little better than half way back
  - Airline demand continuing to strengthen
  - Strong, ongoing recovery for freighters

Illustrative Rental Rates ($000s)

5 Year Old 737-800

Time Period	Monthly Rent
Market Peak: Late 2007	$300 – 325
Market Trough: Early 2009	$235 – 270
Current Market: Dec 2010	$280 - 300

New A330-200

Time Period	Monthly Rent
Market Peak: Late 2007	$900 – 1,000
Market Trough: Early 2009	$600 - 700
Current Market: Dec 2010	$750 - 850

15 Year Old 747-400 Converted Freighter

Time Period	Monthly Rent
Market Peak: Late 2007	$750 – 800
Market Trough: Early 2009	$300 – 350
Current Market: Dec 2010	$550 - 600

Note: Aircastle market estimates assuming 5-6 year lease term for 737 and 747-400 freighter and 6-8 year lease term for A330 and orderly market placement.

Aircraft Acquisitions

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

- New aircraft deliveries Q1:11 – H1:12

$310 Million in Additional Investments

- Acquired three Airbus A330 aircraft in sale leaseback with SriLankan Airlines in Q3:10
- Purchased two Boeing 747-400F production freighters in late Q4:10
  - Expect to deliver both aircraft on long-term leases by year end 2010
- 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 Aircastle’s origination, placement and freight market strengths

AIRCASTLE

Key Investments Highlights

Large and Growing Market

World Class Management Team with Demonstrated Track Record

Modern Aircraft Portfolio & Diverse Customer Base

Strong Portfolio Utilization and Yield

Conservative, Long-Term Capital Structure with Multiple Funding Sources

Built-in Growth Combined with New Investments Position the Company for Solid Performance in 2011

Supplemental Financial Information

(In thousands, except per share amounts)	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 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	$ 135,035	$ 116,081	$ 377,111	$ 356,397

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 asset base (primarily depreciation and amortization) from our operating results.

Reconciliation of GAAP to Non-GAAP Measures

AIRCASTLE

(In thousands)	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010	LTM Ended September 30, 2010
	(Dollars in thousands)				
Net income	$ 33,458	$ 8,569	$ 79,500	$ 45,587	$ 68,579
Ineffective portion and termination of cash flow hedges[1]	1,633	1,077	4,764	3,299	3,922
Mark to market of interest rate derivative contracts[2]	608	444	(556)	990	587
Write-off of deferred financing fees	—	2,471	—	2,471	2,471
(Gain) loss on sale of aircraft[2]	(162)	—	(162)	1,291	291
Loss on sale of debt investments[2]	131	—	131	—	(5,096)
Contract termination	—	—	—	—	4,000
Adjusted net income	35,668	12,561	83,677	53,638	74,754
Depreciation	53,130	55,703	156,379	164,272	217,374
Amortization of net lease discounts and lease incentives	3,992	4,203	7,919	13,957	17,267
Adjusted net income plus depreciation and amortization	$ 92,790	$ 72,467	$ 247,975	$ 231,867	$ 309,395

(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"), wh en 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 operati ng performance or liquidity.

Supplemental Financial Information

(In thousands)	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Shares	Percent[2]	Shares	Percent[2]
Weighted average shares				
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	79,585	100.00 %	79,607	100.00 %
Common shares outstanding – Basic	78,537	100.00 %	78,470	100.00 %
Effect of dilutive shares[1]	—	—	—	—
Common shares outstanding - Diluted	78,537	100.00 %	78,470	100.00 %
Net income allocation				
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	$8,456	98.68 %	$ 44,936	98.57 %
Adjusted net income allocation				
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	$12,396	98.68 %	$ 52,872	98.57 %
Adjusted net income plus depreciation and amortization allocation				
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	$71,513	98.68 %	$228,555	98.57 %

(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]
Weighted average shares				
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	79,366	100.00 %	79,286	100.00 %
Common shares outstanding – Basic	78,013	100.00 %	77,977	100.00 %
Effect of dilutive shares[1]	—	—	—	—
Common shares outstanding - Diluted	78,013	100.00 %	77,977	100.00 %
Net income allocation				
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	$32,888	98.30 %	$ 79,187	98.35 %
Adjusted net income allocation				
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	$35,060	98.30 %	$ 82,295	98.35 %
Adjusted net income plus depreciation and amortization allocation				
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	$91,208	98.30 %	$243,880	98.35 %

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

(2) Percentages rounded to two decimal places

Contractual Obligations

	Payments Due By Period as of November 30, 2010				
	Total	Less than 1 Year	1-3 years	3-5 years	More than 5 Years
	(Dollars in thousands)				
Principal payments:					
2010-1 Notes [1]	$ 300,000	$ -	$ -	$ -	$ 300,000
Securitization No. 1 [2]	416,891	43,426	126,119	140,511	106,834
Securitization No. 2 [3]	1,005,945	96,477	250,227	304,209	355,032
Term Financing No. 1 [4]	647,176	52,105	112,621	482,449	-
ECA term Financings [5]	268,895	19,643	41,402	44,422	163,428
A330 PDP Facility [6]	88,488	88,488	-	-	-
Total principal payments	2,727,393	300,138	530,370	971,591	925,294
Interest payments:					
Interest payments on debt obligations [7]	510,486	73,062	162,438	145,563	129,423
Interest payments on interest rate derivatives [8]	203,283	84,882	84,302	31,397	2,702
Total interest payments	713,769	157,944	246,740	176,960	132,125
Office Leases [9]	2,925	1,107	1,363	352	103
Purchase obligtions [10]	499,550	387,018	112,532	-	-
Total	$ 3,943,637	$ 846,208	$ 891,004	$ 1,148,903	$ 1,057,522

See footnotes on next page.

Contractual Obligations - Footnotes

(1) Includes scheduled balloon payment on August 1, 2018.

(2) For this non-recourse financing, includes principal payments based on amortization schedules so that the loan to assumed aircraft values are held constant through the June 2011 payment date; thereafter, estimated principal payments for this financing are based on excess cash flows available from forecasted lease rentals, net maintenance funding and proceeds from asset disposition after the payment of forecasted operating expenses and interest payments, including interest payments on existing swap agreements and policy provider fees.

(3) For this non-recourse financing, includes principal payments based on amortization schedules so that the loan to assumed aircraft values are held constant through the June 2012 payment date; thereafter, estimated principal payments for this financing are based on excess cash flows available from forecasted lease rentals, net maintenance funding and proceeds from asset disposition after the payment of forecasted operating expenses and interest payments, including interest payments on existing swap agreements and policy provider fees.

(4) For this non-recourse financing, includes scheduled principal payments through May 2013; thereafter estimated principal payments for this financing are based on excess cash flows available from forecasted lease rentals, proceeds from asset disposition after the payment of forecasted operating expenses and interest payments, including interest payments on existing swap agreements until maturity in May 2015.

(5) Includes scheduled principal payments based upon fixed rate, 12 year, fully amortizing loans.

(6) Includes principal payments based upon the scheduled delivery of aircraft. The final maturity date is the earlier of the delivery date or nine months after the scheduled delivery date.

(7) Future interest payments on variable rate, LIBOR-based debt obligations are estimated using the interest rate in effect at November 30, 2010.

(8) Future interest payments on derivative financial instruments are estimated using the spread between the floating interest rates and the fixed interest rates in effect at November 30, 2010.

(9) Represents contractual payment obligations for our office leases in Stamford, Connecticut; Dublin, Ireland and Singapore.

(10) At November 30, 2010, we had aircraft purchase agreements including the acquisition of eight New A330 Aircraft from Airbus.