


First Quarter 2018 Earnings Call

May 3, 2018



Forward-Looking Statements / Property of Aircastle

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Q1:18 Highlights

Acquired four aircraft acquired during the first quarter for \$111 million

Committed to acquire twelve additional aircraft in 2018 for more than \$490 million

2018 acquisitions include Aircastle's first investment in new technology A320 NEO aircraft

Sold four aircraft during Q1:18 for gains of \$5.8 million

Five additional aircraft are scheduled to be sold in the second quarter

Repurchased \$9.6 million of our common shares to date at an average price of \$19.54 per share

Declared our 48th consecutive quarterly dividend

Key Financial Metrics – Q1:18

Net income was \$57.5 million versus \$42.4 million in Q1:17

\$0.73 per diluted common share versus \$0.54 the previous year, a 35% increase

Adjusted net income¹ was \$56.8 million versus \$45.7 million in Q1:17

\$0.72 per diluted common share versus \$0.58 the previous year, a 24% increase

Adjusted EBITDA¹ was \$191.1 million, down 1.2%

Cash ROE¹ was 15.9% and Net cash interest margin¹ was 8.3%

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

Q1:18 Revenue Summary

Lease rental revenues of \$186.9 million, down \$7.7 million vs. Q1:17

Decline was mostly driven by the extension or transition of wide-body aircraft which recently came off lease

Maintenance revenue of \$12.0 million was essentially flat

| Revenue Summary | | |
|--|---------|---------|
| <i>\$ in millions</i> | Q1:18 | Q1:17 |
| Lease Rental and Finance and Sales-Type Lease Revenues | \$186.9 | \$194.7 |
| Amortization of Lease Premiums, Discounts and Incentives | (3.1) | (3.1) |
| Maintenance Revenue | 12.0 | 12.3 |
| Total Lease Revenue | 195.8 | 203.8 |
| Gain on Sale of Flight Equipment ¹ | 5.8 | 0.8 |
| Other Revenue | 1.1 | 0.4 |
| Total Revenues ¹ | \$202.7 | \$205.0 |

1. As part of the Company's adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606), we have reclassified Gain on sale of flight equipment from Other income (expense) to Revenues on our Consolidated Statement of Income as of March 31, 2018. We believe this better reflects the sale of flight equipment as part of our ordinary activities and conforms our presentation to those of our publicly traded peers. The presentation for the three months ended March 31, 2017 has also been reclassified to conform to the current period presentation. The standard did not have a material impact on our consolidated financial statements and related disclosures.

Q1:18 Earnings Summary

Net income increased \$15.1 million versus Q1:17; adjusted net income rose \$11.1 million

Driven by \$10.1 million of lower depreciation and interest expense and \$5.0 million of higher gain on the sale of flight equipment

Adjusted EBITDA was \$191.1 million, down \$2.2 million from Q1:17

Reflects lower operating lease rental revenues associated with wide-body transitions, partially offset by higher finance lease revenues and higher gains from sales of flight equipment

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

| Earnings Summary | | |
|---|---------|---------|
| <i>\$ in millions, except per share amounts</i> | Q1:18 | Q1:17 |
| Net Income | \$57.5 | \$42.4 |
| <i>per diluted common share</i> | \$0.73 | \$0.54 |
| Adjusted Net Income ¹ | \$56.8 | \$45.7 |
| <i>per diluted common share</i> | \$0.72 | \$0.58 |
| EBITDA ¹ | \$191.9 | \$189.6 |
| Adjusted EBITDA ¹ | \$191.1 | \$193.4 |

Q1:18 Acquisitions & Sales

Acquired four aircraft in Q1:18 for \$111 million

Committed to acquire twelve additional aircraft for more than \$490 million over the remaining three quarters

Solid pipeline of additional medium probability transactions

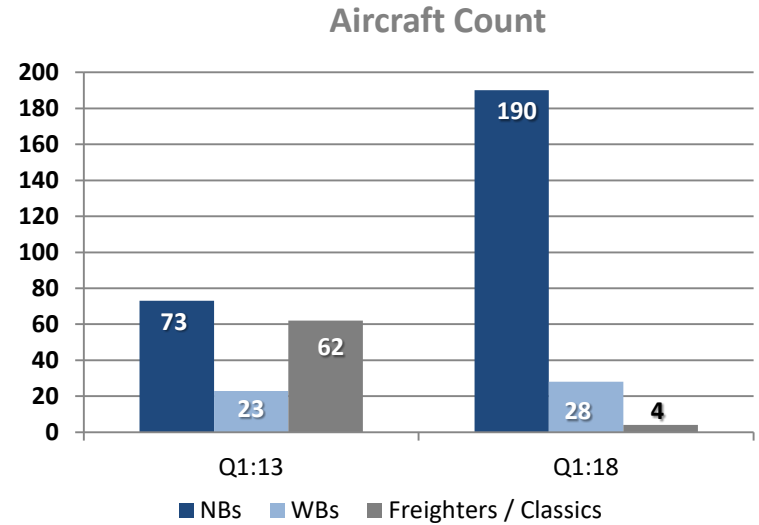
Sold four aircraft for gain on sale of \$5.8 million

Our 2018 placement task is complete; one aircraft left to part-out

| Q1:18 Acquisitions & Sales | | |
|------------------------------|---------------------------|-----------------|
| | Acquisitions ¹ | Completed Sales |
| Investments / Sales Proceeds | \$111 million | \$44 million |
| Total Number of Aircraft | 4 | 4 |

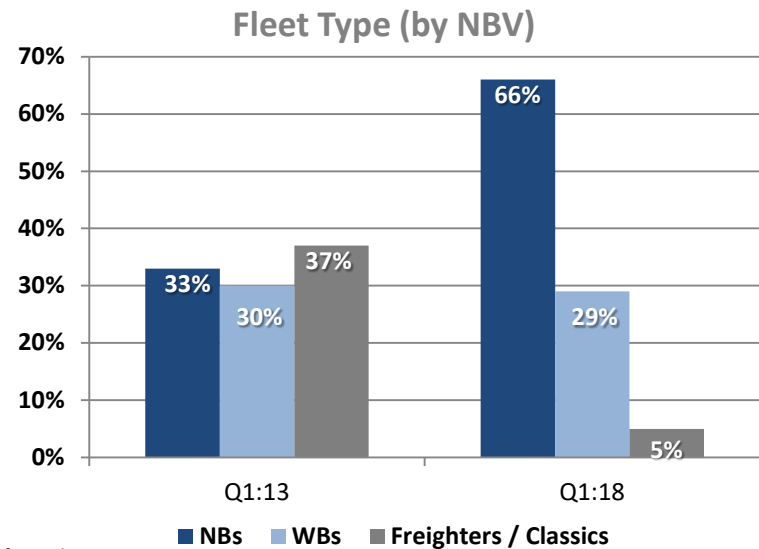
1. Closed deals only through March 31, 2018.

Significant shift towards current generation narrow-body aircraft over the past five years



As of March 31, 2018

Exit from freighter and classic generation aircraft essentially complete



As of March 31, 2018

Positive Portfolio Trends

Expanded owned fleet by
\$2.0 billion since Q1:13

Twelve aircraft are managed
in our two joint ventures;
NBV of \$634 million

| <i>\$ in billions</i> | Q1:13 | Q1:14 | Q1:15 | Q1:16 | Q1:17 | Q1:18 |
|--|-------|-------|-------|-------|-------|-------|
| Flight Equipment Held for Lease ¹ | \$4.7 | \$5.8 | \$5.8 | \$5.8 | \$6.6 | \$6.7 |
| Wtd. Avg. Fleet Age (years) ² | 10.9 | 9.1 | 8.3 | 7.6 | 8.2 | 9.3 |
| Wtd. Avg. Lease Term (years) ² | 4.8 | 4.8 | 5.6 | 5.6 | 4.8 | 4.8 |
| Managed JV Aircraft ¹ | — | \$0.2 | \$0.5 | \$0.6 | \$0.7 | \$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 in 44 countries across the globe

Most top customers are large flag carriers and leading LCCs

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

Balanced distribution of the aircraft fleet by geographic region

Europe and Asia each represent 31% of portfolio NBV

South America represents 19% and North America 10% of NBV

| Top Ten Countries | | |
|-------------------|-------|-----------------------|
| Country | # A/C | % of NBV ¹ |
| Brazil | 14 | 8.3% |
| United Kingdom | 32 | 7.0% |
| Russia | 11 | 6.5% |
| Indonesia | 12 | 6.4% |
| India | 16 | 5.8% |
| Portugal | 8 | 5.4% |
| Chile | 3 | 5.2% |
| Mexico | 15 | 4.4% |
| South Africa | 4 | 4.0% |
| Malaysia | 7 | 4.0% |

1. As of March 31, 2018.
2. Guaranteed by Volga-Dnepr Airlines. We have one additional aircraft on lease with an affiliated airline.

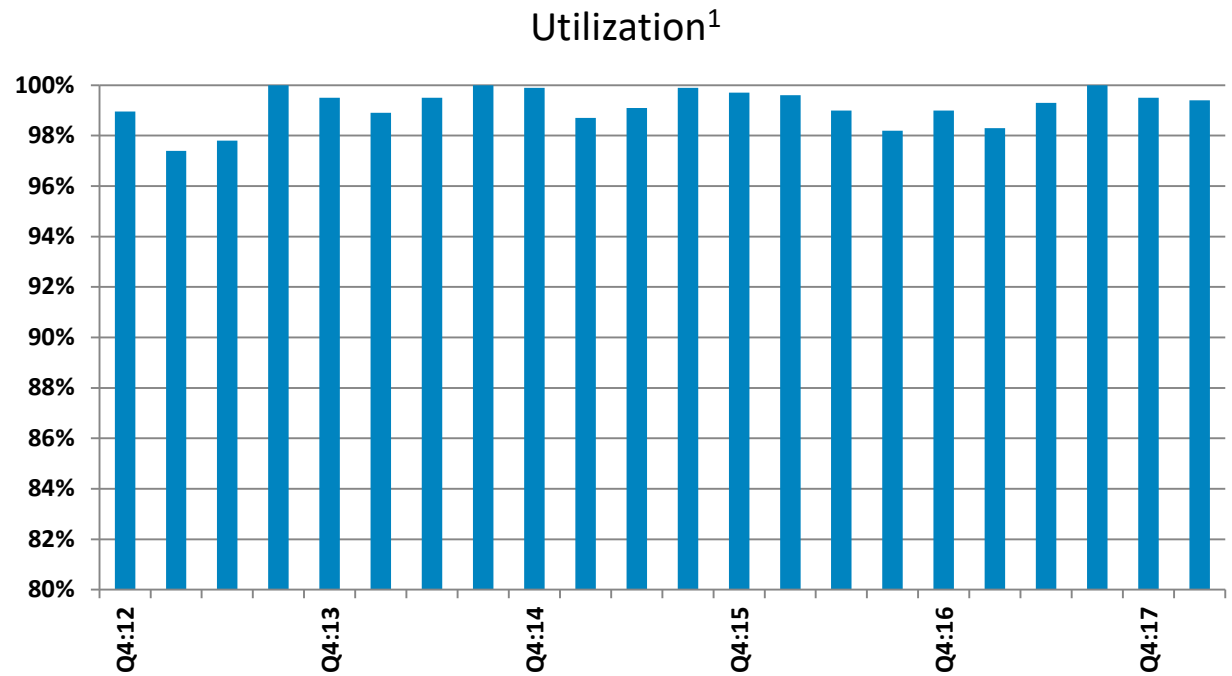
Leasing Activity & Portfolio Performance

Utilization during Q1:18 was 99.4%

Two aircraft on the ground at the end of Q1:18; both have since transitioned

One aircraft remaining to part-out in 2018

21 narrow-bodies to place in 2019; represents less than 7% of NBV



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

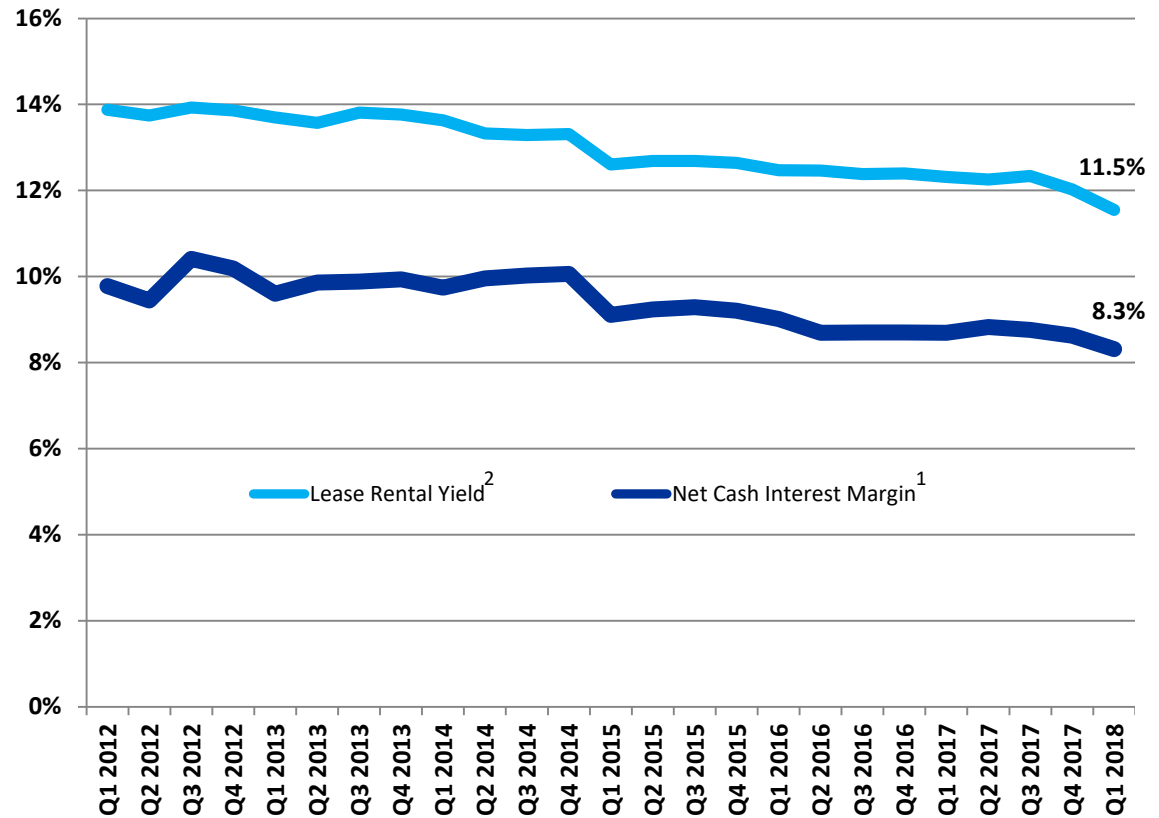
Rental Yields and Net Cash Interest Margins

Rental yields and net cash interest margin¹ trends declined due to:

Higher yielding aircraft that we've sold to reduce risk and recognize gains

Wide-body lease transitions at lower lease rates

On a risk-adjusted basis, the 8.3% cash interest margin is healthy



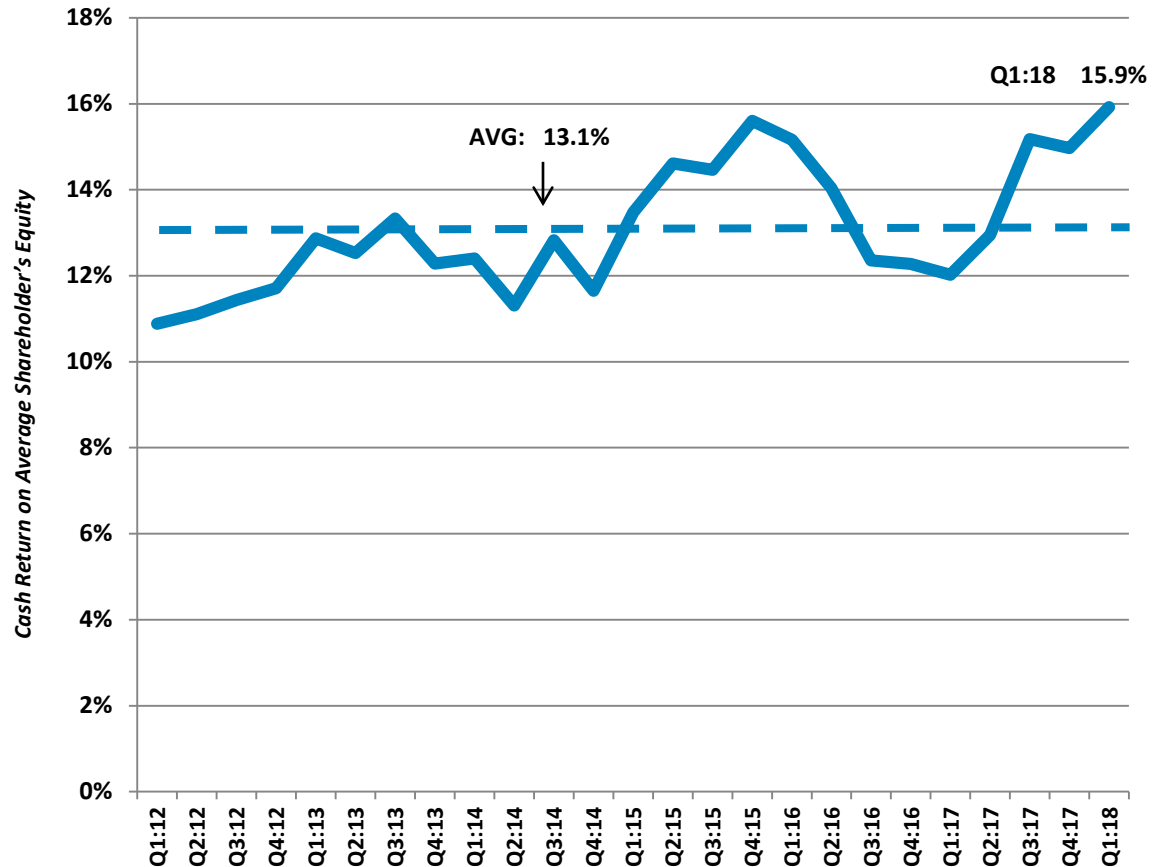
1. Refer to the selected financial information accompanying this presentation for a reconciliation of GAAP to Non-GAAP numbers.
2. Lease Rental Yield = Operating and finance lease rental revenue plus finance lease collections / average monthly NBV including finance leases for the period calculated on a quarterly basis, annualized.

Note: 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 15.9%

Recent performance driven by stable core earnings and strong gains from asset sales



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

Q1:18 Capital Structure

Net debt to equity of 2.1x

80% of total debt was unsecured at quarter-end

Average remaining life of debt is 3.4 years

\$400 million note matures in Q4:18

\$710 million in available revolver capacity

Unrestricted cash of \$211 million

\$5.3 billion of unencumbered flight equipment

Selected Financial Guidance Elements for Q2:18

| Guidance Item | Q2:18 |
|--|---------------|
| Lease rental revenue | \$174 - \$178 |
| Finance lease revenue | \$8 - \$9 |
| Amortization of lease premiums, discounts and incentives | (\$3) - (\$4) |
| Maintenance revenue | \$0 - \$1 |
| Gain on sale | \$9 - \$15 |
| Depreciation | \$74 - \$76 |
| Interest, net | \$57 - \$59 |
| SG&A ¹ | \$17 - \$18 |
| Full year effective tax rate | 3% - 5% |

1. Includes ~\$2.7M of non-cash share based payment expense.

Appendix

Q1:18 Capital Structure & Liquidity Summary

| (\$ in millions) | As of Mar. 31, 2018 | | As of Dec. 31, 2017 | | As of Dec. 31, 2016 | |
|--|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| Unrestricted cash and cash equivalents | \$ 211 | | \$ 212 | | \$ 456 | |
| Debt | <u>O / S</u> | <u>Rate</u> | <u>O / S</u> | <u>Rate</u> | <u>O / S</u> | <u>Rate</u> |
| ECA Term Financings | 218 | 3.58% | 227 | 3.59% | 305 | 3.52% |
| Bank Financings | 618 | 4.16% | 635 | 3.68% | 934 | 3.20% |
| Total Secured Debt | 836 | 4.01% | 863 | 3.65% | 1,239 | 3.28% |
| Senior Notes due 2017 | — | —% | — | —% | 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% | 500 | 5.00% |
| Senior Notes due 2024 | 500 | 4.13% | 500 | 4.13% | — | —% |
| Bank Revolver | 100 | 3.83% | 175 | 3.68% | — | —% |
| Other Unsecured Bank Financings | 120 | 4.12% | 120 | 3.59% | 120 | 2.65% |
| Total Unsecured Debt | 3,420 | 5.27% | 3,495 | 5.21% | 3,320 | 5.65% |
| Total Debt and Weighted Avg. Rate | 4,256 | 5.02% | 4,358 | 4.90% | 4,559 | 5.01% |
| Shareholders' equity | 1,937 | | 1,908 | | 1,834 | |
| Total capitalization | \$ 6,193 | | \$ 6,265 | | \$ 6,393 | |
| Net debt to equity | 2.1 | | 2.2 x | | 2.2 x | |
| Unsecured debt to total debt | 80% | | 80% | | 73% | |

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 | |
|--|--------------------|------------|
| | March 31, | |
| | 2018 | 2017 |
| Revenues ¹ | \$ 202,680 | \$ 205,032 |
| EBITDA | \$ 191,941 | \$ 189,639 |
| Adjusted EBITDA | \$ 191,145 | \$ 193,391 |
| Net income | \$ 57,547 | \$ 42,439 |
| Net income allocable to common shares | \$ 57,232 | \$ 42,167 |
| Per common share - Basic | \$ 0.73 | \$ 0.54 |
| Per common share - Diluted | \$ 0.73 | \$ 0.54 |
| Adjusted net income | \$ 56,751 | \$ 45,691 |
| Adjusted net income allocable to common shares | \$ 56,440 | \$ 45,398 |
| Per common share - Basic | \$ 0.72 | \$ 0.58 |
| Per common share - Diluted | \$ 0.72 | \$ 0.58 |
| Basic common shares outstanding | 78,367 | 78,177 |
| Diluted common shares outstanding | 78,595 | 78,372 |

1. As part of the Company's adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606), we have reclassified Gain on sale of flight equipment from Other income (expense) to Revenues on our Consolidated Statement of Income as of March 31, 2018. We believe this better reflects the sale of flight equipment as part of our ordinary activities and conforms our presentation to those of our publicly traded peers. The presentation for the three months ended March 31, 2017 has also been reclassified to conform to the current period presentation. The standard did not have a material impact on our consolidated financial statements and related disclosures.

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 | |
|--|-------------------------------|-------------------|
| | March 31, | |
| | 2018 | 2017 |
| | (Dollars in thousands) | |
| Net income | \$ 57,547 | \$ 42,439 |
| Depreciation | 75,002 | 79,174 |
| Amortization of lease premiums, discounts and incentives | 3,128 | 3,112 |
| Interest, net | 57,108 | 63,068 |
| Income tax provision | (844) | 1,846 |
| EBITDA | <u>191,941</u> | <u>189,639</u> |
| Adjustments: | | |
| Impairment of flight equipment | — | 500 |
| Non-cash share-based payment expense | 2,378 | 2,102 |
| Loss on mark-to-market of interest rate derivative contracts | (3,174) | 1,150 |
| Adjusted EBITDA | <u>\$ 191,145</u> | <u>\$ 193,391</u> |

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 March 31, | |
|---|---------------------------------|------------------|
| | 2018 | 2017 |
| | (Dollars in thousands) | |
| Net income | \$ 57,547 | \$ 42,439 |
| Loss on mark-to-market of interest rate derivative contracts ¹ | (3,174) | 1,150 |
| Non-cash share-based payment expense ² | 2,378 | 2,102 |
| Adjusted net income | <u>\$ 56,751</u> | <u>\$ 45,691</u> |

1. Included in Other income (expense).
2. 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 |
|--------------|------------|---------------------------|--------------------------|------------|---|---------------|------------------------------|----------------------------|
| 2011 \$ | 427,277 \$ | 3,852 \$ | 5,747 \$ | 269,920 \$ | — \$ | 166,956 \$ | 1,425,658 | 11.7% |
| 2012 \$ | 424,037 \$ | 9,508 \$ | 37,220 \$ | 284,924 \$ | — \$ | 185,841 \$ | 1,513,156 | 12.3% |
| 2013 \$ | 458,786 \$ | 10,312 \$ | 23,146 \$ | 299,365 \$ | 667 \$ | 193,546 \$ | 1,661,228 | 11.7% |
| 2014 \$ | 526,285 \$ | 9,559 \$ | 58,017 \$ | 318,783 \$ | (530) \$ | 274,548 \$ | 1,759,871 | 15.6% |
| 2015 \$ | 468,092 \$ | 19,413 \$ | 39,126 \$ | 305,216 \$ | (1,782) \$ | 219,633 \$ | 1,789,256 | 12.3% |
| 2016 \$ | 490,872 \$ | 32,184 \$ | 55,167 \$ | 298,664 \$ | (1,011) \$ | 278,548 \$ | 1,861,005 | 15.0% |
| 2017 \$ | 490,872 \$ | 32,184 \$ | 55,167 \$ | 298,664 \$ | (1,011) \$ | 278,548 \$ | 1,861,005 | 15.0% |
| LTM Q1:18 \$ | 501,707 \$ | 33,063 \$ | 60,176 \$ | 294,492 \$ | (851) \$ | 299,603 \$ | 1,881,633 | 15.9% |

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)} |
|-------|--------------|---|------------------------------|--|
| 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% |
| 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% |
| Q1:18 | \$ 6,700,223 | \$ 193,418 | \$ 53,978 | 8.3% |

Supplemental Financial Information

| | Three Months Ended March 31, 2018 | |
|--|--|----------------------------|
| | Shares | Percent² |
| <u>Weighted-average shares:</u> | | |
| Common shares outstanding – Basic | 78,367 | 99.45% |
| Unvested restricted common shares | 431 | 0.55% |
| Total weighted-average shares outstanding | <u>78,798</u> | <u>100.00%</u> |
| | | |
| Common shares outstanding – Basic | 78,367 | 99.71% |
| Effect of dilutive shares ¹ | 228 | 0.29% |
| Common shares outstanding – Diluted | <u>78,595</u> | <u>100.00%</u> |
| | | |
| <u>Net income allocation</u> | | |
| Net income | \$ 57,547 | 100.00% |
| Distributed and undistributed earnings allocated to unvested restricted shares | (315) | (0.55)% |
| Earnings available to common shares | <u>\$ 57,232</u> | <u>99.45%</u> |
| | | |
| <u>Adjusted net income allocation</u> | | |
| Adjusted net income | \$ 56,751 | 100.00% |
| Amounts allocated to unvested restricted shares | (311) | (0.55)% |
| Amounts allocated to common shares | <u>\$ 56,440</u> | <u>99.45%</u> |

Except for percentages, all figures are in thousands.

- For the three months ended March 31, 2018, distributed and undistributed earnings to restricted shares was 0.55% of net income and adjusted net income. The amount of restricted share forfeitures for the period presented 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 March 31, 2017 | |
|--|--------------------------------------|----------------------|
| | Shares | Percent ² |
| <u>Weighted-average shares:</u> | | |
| Common shares outstanding – Basic | 78,177 | 99.36% |
| Unvested restricted common shares | 504 | 0.64% |
| Total weighted-average shares outstanding | <u>78,681</u> | <u>100.00%</u> |
| Common shares outstanding – Basic | 78,177 | 99.75% |
| Effect of dilutive shares ¹ | 195 | 0.25% |
| Common shares outstanding – Diluted | <u>78,372</u> | <u>100.00%</u> |
| <u>Net income allocation</u> | | |
| Net income | \$ 42,439 | 100.00% |
| Distributed and undistributed earnings allocated to unvested restricted shares | (272) | (0.64)% |
| Earnings available to common shares | <u>\$ 42,167</u> | <u>99.36%</u> |
| <u>Adjusted net income allocation</u> | | |
| Adjusted net income | \$ 45,691 | 100.00% |
| Amounts allocated to unvested restricted shares | (293) | (0.64)% |
| Amounts allocated to common shares | <u>\$ 45,398</u> | <u>99.36%</u> |

Except for percentages, all figures are in thousands.

- For the three months ended March 31, 2017, distributed and undistributed earnings to restricted shares was 0.64% of net income and adjusted net income. The amount of restricted share forfeitures for the period presented 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.