



Second Quarter 2010 Earnings Call

August 10, 2010

Forward-Looking Statements / Property of Aircastle

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2010 Second Quarter Financial and Operating Highlights

Financial Highlights

- Q2 2010 Lease rental revenue of \$128 million and EBITDA of \$119 million for the quarter
- Adjusted net income of \$21 million; Adjusted net income plus depreciation of \$80 million
- \$150 million of unrestricted cash; \$213 million of restricted cash at June 30, 2010

Operating Highlights

- 98% revenue utilization
- ~14% yield
- One off-lease aircraft
 - Subject to sale agreement; expected to close in August 2010

Q2:10 Revenue Summary

- Lease rental revenue of \$128.1 million was lower versus Q2:09 by \$1.3 million due to:
 - Lease transitions and extensions of \$4.0 million, including \$1.1 million from aircraft returned early in Q3:09 for which we had an executed sale agreement
 - Offset by the positive impact of aircraft acquired, net of dispositions, \$3.1 million
- Lower maintenance revenue due to higher unscheduled transitions in Q2:09, \$4.5 million offset by higher scheduled transitions in Q2:10, \$1.7 million
- Higher amortization of lease incentives, resulting from increased transitions over the past year

Revenue Summary		
\$ millions	Q2:09	Q2:10
Lease Rental Revenue	\$129.4	\$128.1
Maintenance Revenue	9.6	6.8
Amortization of Net Lease Discounts and Lease Incentives	(2.8)	(4.9)
Total Lease Rentals	136.2	130.1
Interest Income and Other Revenue	0.7	0.1
Total Revenues	\$136.9	\$130.2

Q2:10 Earnings Summary

- Adjusted Net Income of \$20.5 million or \$0.26 per share
- Adjusted Net Income + Depreciation & Amortization was lower by \$1.5 million compared to Q2:09 principally due to:
 - Lower lease rental revenue of \$1.3 million and maintenance revenue of \$2.8 million
 - Offset by lower maintenance and other costs of \$1.1 million and lower adjusted interest, net of \$1.8 million

Earnings Summary		
\$ millions, except per share amounts	Q2:09	Q2:10
EBITDA	\$125.6	\$119.2
Net Income	\$27.6	\$18.1
Adjusted Net Income	\$26.9	\$20.5
per diluted common share	\$0.34	\$0.26
Adjusted Net Income + Depreciation & Amortization	\$81.4	\$79.8
per diluted common share	\$1.03	\$1.00

Lease Placement Status

2010 Leasing Activity

- 18 of 19 scheduled expirations placed:
 - 16 have executed lease renewals or commitments
 - 2 committed aircraft sales
 - 1 sold during Q2 2010
 - 1 expected to close August 2010
- 2 new A330 deliveries in H2 2010
 - Subject to long-term lease to an affiliate of Hainan Airlines

2011 Leasing Activity

- 4 of 13 scheduled expirations placed:
 - 3 aircraft have executed commitments to extend leases
 - 1 aircraft subject to sale agreement
- 9 remaining scheduled expirations represent 6% of NBV of total flight equipment at 6/30/10
- 7 new A330 deliveries in 2011 subject to long-term leases
 - 6 with South African Airways
 - 1 with an affiliate of Hainan Airlines

Diversified Portfolio

Owned Portfolio

Lessees / # Countries 63 / 36

AIRCRAFT TYPE *(% Net Book Value)*

Freighter 29%

Passenger 71%

88% of the aircraft by NBV are latest generation technology

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

Lease Term 4.6

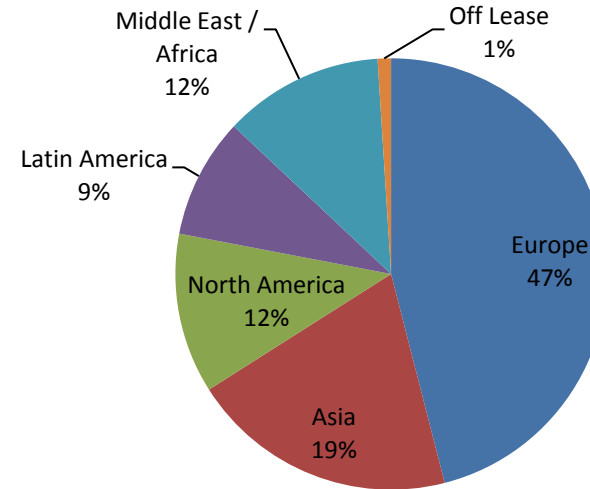
Freighter Lease Term 7.2

LESSEE CONCENTRATION *(% of total revenue)*

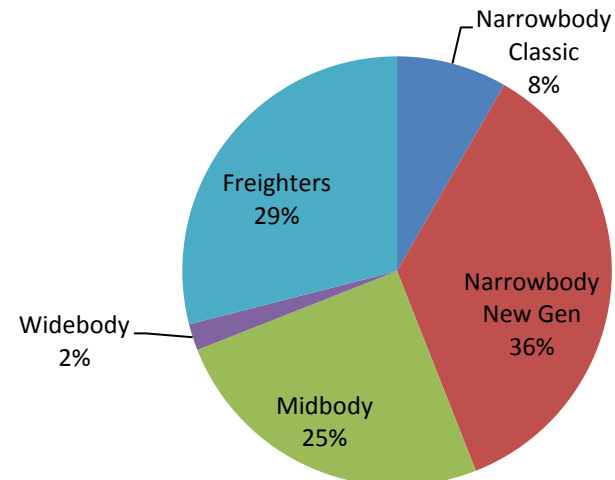
Top 5 Lessees 34%

Fleet acquired via 58 transactions with 48 counterparties

Diversification – Geography⁽¹⁾



Diversification – Aircraft Type⁽¹⁾



(1) Percentage of NBV. Figures as of 6/30/10

Financing update

\$1.1 billion of Recent Financing Commitments

Financing for New A330 Deliveries

- Closed \$108 million loan facility to finance a portion of the pre-delivery payments on six new Airbus A330-200 aircraft
- Received commitments from Sumitomo Mitsui Banking Corporation (\$250 million), Citibank (\$221 million) and Bank of Tokyo-Mitsubishi UFJ (\$227 million) to finance nine new A330s based on Export Credit Agency (ECA) support

Flexible Investment Capital for Growth

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

Aircraft Acquisition Commitments

~\$870 Million of “Built in” Growth via Airbus A330 Program

- Deliveries H2 2010 – H1 2012

\$170 Million in New Investment Commitments

- Three A330 aircraft subject to sale/leaseback with SriLankan Airlines
- Acquired one Boeing 737-800 in Q2 2010 and committed to acquire another Boeing 737-800

Growing and Attractive Base of Investment Opportunities

- Drive long-term growth in earnings per share
- Leverage AYR origination, placement and freight market strengths

Pro Forma Long Term Capitalization

	As of June 30, 2010		Maturity	# Aircraft	Interest Rate (2)
	Actual	As Adjusted			
Unrestricted Cash and Cash Equivalents	149.7	360.6 (1)			
Restricted Cash and Cash equivalents	213.1	186.6			
Debt					
Securitization No. 1 (3)	425.7	425.7	Jun-31	33	5.78%
Securitization No. 2 (3)	1,039.6	1,039.6	Jun-37	56	5.53%
Term Financing No. 1 (3)	672.8	672.8	May-15	28	5.79%
Term Financing No. 2	103.2	-	-	-	-
ECA Term Financings	134.9	134.9	May/Dec-21	2	4.48%, 3.96%
A330 PDP Financing	57.1	57.1		-	2.86%
Senior Unsecured Notes, net of discount	-	295.9	Aug-18	-	9.75%
Total Debt	2,433.3	2,626.0		119	
Shareholders' Equity	1,288.7	1,288.7		10	
Total Capitalization	3,722.0	3,914.7		129	

(1) Reflects net proceeds from offering of \$291.4 million less \$107.0 million for the repayment of Term Financing No. 2 including hedge breakage, plus the release of restricted cash held of \$26.5 million

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

(3) 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

Appendix

(In thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2010	2009	2010
Revenues.....	\$ 136,913	\$ 130,184	\$ 269,051	\$ 260,745
EBITDA	\$ 125,600	\$ 119,153	\$ 242,076	\$ 240,316
Adjusted net income	\$ 26,884	\$ 20,514	\$ 48,009	\$ 41,077
Adjusted net income allocable to common shares	\$ 26,413	\$ 20,217	\$ 47,229	\$ 40,467
Per common share - Basic	\$ 0.34	\$ 0.26	\$ 0.61	\$ 0.52
Per common share - Diluted	\$ 0.34	\$ 0.26	\$ 0.61	\$ 0.52
Adjusted net income plus depreciation and amortization.....	\$ 81,382	\$ 79,847	\$ 155,185	\$ 159,400
Adjusted net income plus depreciation and amortization allocable to common shares.....	\$ 79,957	\$ 78,690	\$ 152,665	\$ 157,033
Per common share - Basic	\$ 1.03	\$ 1.00	\$ 1.96	\$ 2.00
Per common share - Diluted	\$ 1.03	\$ 1.00	\$ 1.96	\$ 2.00
Basic common shares outstanding.....	77,977	78,465	77,959	78,437
Diluted common shares outstanding.....	77,977	78,465	77,959	78,437

Reconciliation of GAAP to Non-GAAP Measures

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2010	2009	2010
Net income	\$ 27,571	\$ 18,139	\$ 46,042	\$ 37,018
Depreciation	51,688	54,424	103,249	108,569
Amortization of net lease discounts and lease incentives	2,810	4,909	3,927	9,754
Interest, net	41,482	40,166	84,893	81,125
Income tax provision	2,049	1,515	3,965	3,850
EBITDA	<u>\$ 125,600</u>	<u>\$ 119,153</u>	<u>\$ 242,076</u>	<u>\$ 240,316</u>

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

Reconciliation of GAAP to Non-GAAP Measures

(In thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2010	2009	2010
Net income	\$ 27,571	\$ 18,139	\$ 46,042	\$ 37,018
Ineffective portion and termination of cash flow hedges ⁽¹⁾	385	908	3,131	2,222
Mark to market of interest rate derivative contracts ⁽²⁾	(1,072)	176	(1,164)	546
Loss on sale of flight equipment ⁽²⁾	—	1,291	—	1,291
Adjusted net income	26,884	20,514	48,009	41,077
Depreciation.....	51,688	54,424	103,249	108,569
Amortization of net lease discounts and lease incentives	2,810	4,909	3,927	9,754
Adjusted net income plus depreciation and amortization	<u>\$ 81,382</u>	<u>\$ 79,847</u>	<u>\$ 155,185</u>	<u>\$ 159,400</u>

(1) Included in Interest, net

(2) Included in Other income (expense)

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

(In thousands)

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010	
	Shares	Percent ⁽²⁾	Shares	Percent ⁽²⁾
<u>Weighted average shares</u>				
Common shares outstanding – Basic	78,465	98.55%	78,436	98.48%
Unvested restricted common shares	1,153	1.45%	1,182	1.52%
Total weighted average shares outstanding	<u>79,619</u>	<u>100.00%</u>	<u>79,619</u>	<u>100.00%</u>
Common shares outstanding – Basic	78,465	100.00%	78,436	100.00%
Effect of dilutive shares ⁽¹⁾	—	—	—	—
Common shares outstanding - Diluted	<u>78,465</u>	<u>100.00%</u>	<u>78,436</u>	<u>100.00%</u>
<u>Net income allocation</u>				
Net income	\$18,139	100.00%	\$37,018	100.00%
Distributed and undistributed earnings allocated to unvested restricted shares	<u>(263)</u>	<u>(1.45)%</u>	<u>(550)</u>	<u>(1.48)%</u>
Earnings available to common shares	<u>\$17,876</u>	<u>98.55%</u>	<u>\$36,468</u>	<u>98.52%</u>
<u>Adjusted net income allocation</u>				
Adjusted net income	\$20,514	100.00%	\$41,077	100.00%
Amounts allocated to unvested restricted shares	<u>(297)</u>	<u>(1.45)%</u>	<u>(610)</u>	<u>(1.48)%</u>
Amounts allocated to common shares	<u>\$20,217</u>	<u>98.55%</u>	<u>\$40,467</u>	<u>98.52%</u>
<u>Adjusted net income plus depreciation and amortization allocation</u>				
Adjusted net income plus depreciation and amortization	\$79,847	100.00%	\$159,400	100.00%
Amounts allocated to unvested restricted shares	<u>(1,157)</u>	<u>(1.45)%</u>	<u>(2,367)</u>	<u>(1.48)%</u>
Amounts allocated to common shares	<u>\$78,690</u>	<u>98.55%</u>	<u>\$157,033</u>	<u>98.52%</u>

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

(2) Percentages rounded to two decimal places.

(In thousands)	Three Months Ended June 30, 2009		Six Months Ended June 30, 2009	
	Shares	Percent⁽²⁾	Shares	Percent⁽²⁾
<u>Weighted average shares</u>				
Common shares outstanding – Basic	77,977	98.25 %	77,959	98.38 %
Unvested restricted common shares	1,390	1.75 %	1,287	1.62 %
Total weighted average shares outstanding	<u>79,367</u>	<u>100.00 %</u>	<u>79,246</u>	<u>100.00 %</u>
Common shares outstanding – Basic	77,977	100.00 %	77,759	100.00 %
Effect of dilutive shares ⁽¹⁾	—	—	—	—
Common shares outstanding - Diluted	<u>77,977</u>	<u>100.00 %</u>	<u>77,759</u>	<u>100.00 %</u>
<u>Net income allocation</u>				
Net income	\$27,571	100.00 %	\$ 46,042	100.00 %
Distributed and undistributed earnings allocated to unvested restricted shares	(483)	(1.75)%	(748)	(1.62)%
Earnings available to common shares	<u>\$27,088</u>	<u>98.25 %</u>	<u>\$ 45,294</u>	<u>98.38 %</u>
<u>Adjusted net income allocation</u>				
Adjusted net income	\$26,884	100.00 %	\$ 48,009	100.00 %
Amounts allocated to unvested restricted shares	(471)	(1.75)%	(780)	(1.62)%
Amounts allocated to common shares	<u>\$26,413</u>	<u>98.25 %</u>	<u>\$ 47,229</u>	<u>98.38 %</u>
<u>Adjusted net income plus depreciation and amortization allocation</u>				
Adjusted net income plus depreciation and amortization	\$81,382	100.00 %	\$155,185	100.00 %
Amounts allocated to unvested restricted shares	(1,425)	(1.75)%	(2,520)	(1.62)%
Amounts allocated to common shares	<u>\$79,957</u>	<u>98.25 %</u>	<u>\$152,665</u>	<u>98.38 %</u>

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

(2) Percentages rounded to two decimal places