



## Second Quarter 2011 Earnings Call

August 4, 2011

## Forward-Looking Statements / Property of Aircastle

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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, significant capital markets disruption and volatility, which may adversely affect our continued ability to obtain additional capital to finance our working capital needs, 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 or unavailability of capital caused by political unrest in North Africa, the Middle East or elsewhere, 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 2010 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.

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## Business Priorities

### Opportunity

- Aircraft demand recovering and we believe that current technology aircraft values are in the early to middle stages of recovery
- Continued access to the Bond market as a reliable and efficient source of capital
- Capitalize on the cyclic market recovery through asset sales
- Focus on driving improvements in financial performance metrics

### Action Plan

- Pursue value-add investments with a focus on achieving superior risk-adjusted returns
- Expect to invest \$500 million during the second half of 2011, in addition to “built-in” A330 program growth
- Maintain leverage at ~2:1x debt to total capital
- Growth capital from a combination of cash on hand and bond market financing
- Capture value-add premium through asset sales
- Initial emphasis on newer aircraft where buyer financing is more readily available
- Increase ROE and EPS in 2011 via:
  - Deploying cash in new investment opportunities
  - Profitable asset sales
  - Share repurchase

**Also Enhance Total Return To Shareholders Through Dividend Policy And Share Repurchase Program**

## Q2 2011 Highlights

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- Lease rental revenue of \$143.4 million, Adjusted net income of \$20.6 million, or \$0.27 per diluted share, ANIDA of \$82.2 million, or \$1.07 per diluted share
- Q2 fleet utilization of 98% and rental yield of 14%
- Sold one A330-200 in June 2011 for \$10.3 million gain, excluding certain finance charges
- Repurchased 4.9 million shares YTD at an average cost of \$12.21 per share (\$60 million total), and expanded buyback authorization by an additional \$30 million
- Increased quarterly dividend by 25% to \$0.125 per share
- YTD have purchased eight aircraft and have commitments to acquire four additional aircraft

## Q2:11 Revenue Summary

- Lease rental revenue of \$143.4 million was higher by \$15.2 million versus Q2:10 due to:
  - \$22.3 million in revenues from new acquisitions, partially offset by:
    - Foregone quarterly revenue of \$3.8 million from dispositions
    - Net decrease of \$3.3 million due to terminations, transitions, extension and other
- Maintenance revenue in Q2:11 was \$1.3 million higher versus Q2:10 due to lease expirations, including early lease termination for one aircraft

Revenue Summary		
\$ millions	Q2:10	Q2:11
Lease Rental Revenue	\$128.1	\$143.4
Maintenance Revenue	6.8	8.2
Amortization of Net Lease Discounts and Lease Incentives	(4.9)	(3.0)
<b>Total Lease Rentals</b>	<b>130.1</b>	<b>148.5</b>
Interest Income and Other Revenue	0.1	0.4
<b>Total Revenues</b>	<b>\$130.2</b>	<b>\$148.8</b>

## Revenue Trends

- Recent improvements in lease rental revenue reflects the growth in our portfolio
  - Lease rental revenue is a consistent performance driver of the operating and financial results
- Maintenance and other revenue in any reporting period depends on several factors such as the timing of lease expirations, early lease expirations, maintenance events and aircraft utilization
  - Inherently volatile quarter to quarter
- Impact of unscheduled lease terminations in Q2:11
  - \$2.3 million end of lease maintenance revenue and reversal of \$0.9 million amortization of lease incentives

(\$ millions)	2009		2010				2011	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Revenues</b>								
Lease rental revenue	\$ 128.3	\$ 127.8	\$ 130.1	\$ 128.1	\$ 133.5	\$ 139.3	\$ 141.1	\$ 143.4
Amortization of net lease discounts & lease incentives	(4.0)	(3.3)	(4.8)	(4.9)	(4.2)	(6.1)	(3.1)	(3.0)
Maintenance revenue	31.4	11.1	5.3	6.8	2.5	1.1	16.8	8.2
Interest income	0.6	0.1	-	-	-	-	-	-
Other revenue	9.5	0.1	-	0.1	0.4	0.4	3.1	0.1
<b>Total Revenues</b>	<b>\$ 165.7</b>	<b>\$ 135.8</b>	<b>\$ 103.6</b>	<b>\$ 130.2</b>	<b>\$ 132.2</b>	<b>\$ 134.7</b>	<b>\$ 157.9</b>	<b>\$ 148.8</b>

## Q2:11 Earnings Summary

- Adjusted net income plus depreciation and amortization for the quarter was \$82.2 million, up \$2.4 million quarter over quarter, due primarily to:
  - Higher lease rental revenue of \$15.2 million, partially offset by:
    - Higher adjusted interest expense of \$9.3 million
    - Net impact of an early return of one 737-400 of \$2.1 million
- Adjusted net income was \$20.6 million, up \$0.1 million quarter over quarter, and reflects the above items plus higher depreciation of \$4.1 million

Earnings Summary		
\$ millions, except per share amounts	Q2:10	Q2:11
EBITDA	\$ 119.2	\$ 142.3
Net Income	\$ 18.1	\$ 23.3
Adjusted Net Income	\$ 20.5	\$ 20.6
per diluted common share	\$ 0.26	\$ 0.27
<b>Adjusted Net Income + Depreciation &amp; Amortization</b>	<b>\$ 78.7</b>	<b>\$ 82.2</b>
<b>per diluted common share</b>	<b>\$ 1.00</b>	<b>\$ 1.07</b>

NOTE: See appendix for GAAP to Non-GAAP reconciliation

## Q2:11 Asset Sale and Impairment: P&L Impact

- Sale of one A330-200 generated \$10.3 million of gain, or \$2.8 million net of finance charges
  - \$4.3 million of non-cash charges taken for the write-off of financing fees and a partial write-off of deferred hedge loss in connection with a swap broken in 2008
  - Loan termination payment of \$3.2 million for break funding
- Early return of a 737-400 resulted in net non-cash charge of \$2.1 million

(in millions, except EPS)	Sale of A330-200	Non-cash		Loan Termination Payment	Non-cash	
		Financing Fees Write- off	Deferred Hedge Loss Write-off		737-400 Early Return	Total
Maintenance revenue	\$ -	\$ -	\$ -	\$ -	\$ 2.3	\$ 2.3
Lease incentives					0.9	0.9
Total revenues	-	-	-	-	3.1	3.1
Interest, net		2.5	1.8	3.2		7.5
Impairments					5.2	5.2
Total expenses	-	2.5	1.8	3.2	5.2	12.7
Gain on sale	10.3					10.3
Total other income	10.3	-	-	-	-	10.3
Pre-tax Income/(loss)	10.3	(2.5)	(1.8)	(3.2)	(2.1)	0.8
Tax expense	-	-	-	-	-	-
Net Income/(loss)	\$ 10.3	\$ (2.5)	\$ (1.8)	\$ (3.2)	\$ (2.1)	\$ 0.8
EPS	\$ 0.13	\$ (0.03)	\$ (0.02)	\$ (0.04)	\$ (0.03)	\$ 0.01



## Liquidity and Long Term Debt

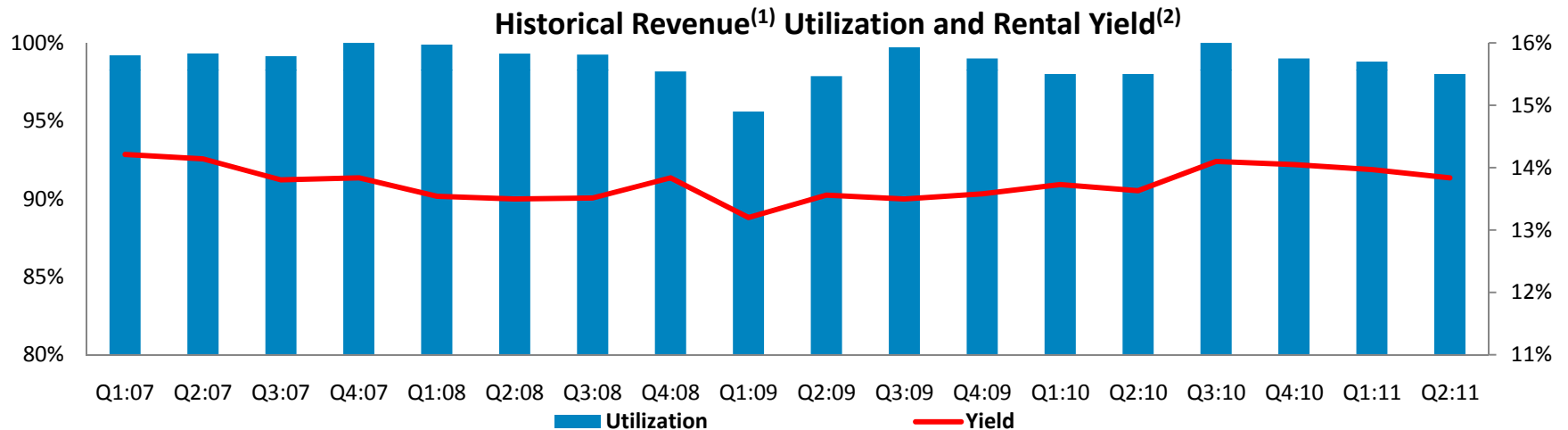
- Ended Q2:11 with \$184.0 million of unrestricted cash and \$185.2 million of restricted cash
  - Plus undrawn \$50 million unsecured credit facility
- Q2:11 Annualized lease rental exit run rate of \$566 million including \$95 million from unencumbered aircraft

Long-Term Debt Summary as of June 30, 2011				
\$ millions, except # of aircraft	Maturity	# Aircraft	Interest Rate <sup>(1)</sup>	Outstanding
Securitization No. 1 <sup>(2)</sup>	Jun – 31	33	5.78%	\$ 404.2
Securitization No. 2 <sup>(2)</sup>	Jun – 37	50	5.53%	933.2
Term Financing No. 1 <sup>(2)</sup>	May – 15	27	5.79%	619.0
ECA Supported Financings	May-21 – Aug-22	6	2.65% - 4.48%	412.9
A330 PDP financing		-	2.77%	20.0
2010-1 Notes	Aug-18	-	9.75%	296.4
Unencumbered Aircraft	-	20	-	-
<b>Total</b>		<b>136</b>		<b>\$2,685.6</b>

*(2) For Securitization 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 2012 and May 2013, respectively. Effective June 15, 2011 all cash flow for Securitization No. 1 available after expenses and interest will be applied to debt amortization.*

## Consistently Strong Portfolio Performance

- Consistently delivered portfolio utilization of 98-99% and a rental yield of about 14%
- Q2:11 utilization of 98% and rental yield of 14% and reflects downtime from the aircraft returned in Q1:11
- Expect utilization to be 99% for the second half of 2011



(1) Aircraft on-lease days as a percent of total days in period weighted by net book, excludes aircraft in conversion.

(2) Calculated as lease rental revenue / average NBV for the period (Rental revenue does not include maintenance revenue).

## Lease Placement & Aircraft Sales Activity

### 2011 Lease Placements

- In early 2011, we had 11 aircraft with scheduled lease expiries
  - Eight additional aircraft to place due to early terminations or acquisitions of leased aircraft
  - For these 19 aircraft, we have leases, lease extensions or sale commitments for 17 aircraft
- Actively marketing two remaining aircraft (~0.5% of NBV of flight equipment)

### 2012 Lease Placements

- In early 2011 we had 24 aircraft (~16% NBV of flight equipment) with scheduled lease expiries in 2012
- Executed lease extensions for seven aircraft (~7% of NBV flight equipment)
  - Five A330-300s
  - Two 737-700s
- Good progress towards placing remaining 17 aircraft (~9% NBV of flight equipment)

## Aircraft Acquisitions and Dispositions

### Acquisitions

- Beginning of 2011, eight deliveries remained on Airbus A330 order
  - First three A330-200s for South African Airways (SAA) delivered H1:11
  - Two A330s delivered in July 2011; one to SAA and one to affiliate of HNA group
  - Three additional new A330s scheduled for delivery; two in H2:11 and one in Spring 2012
- Two 747-400s acquired for freighter conversion
  - One in conversion; LOI for post-conversion lease
  - One on-lease until end of Q1:12
- Acquired one A320 on lease to Chinese airline
- Commitment to acquire a third 747-400 for freighter conversion
  - Commitment to lease post-conversion

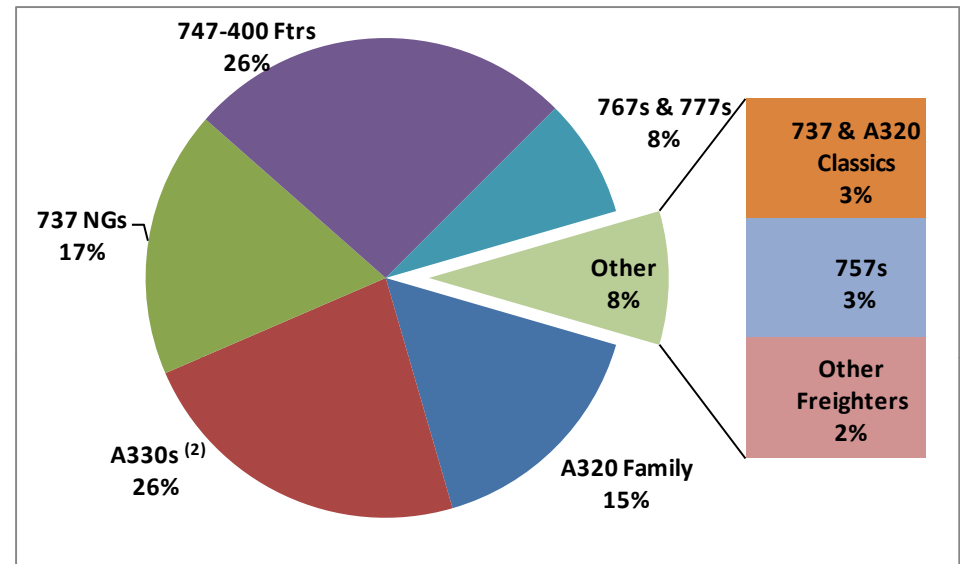
### Dispositions

- Sold four 737-400Fs in Q1:11 for \$9.7 million gain
- Sold one A330-200 in Q2:11 for \$10.3 million gain, excluding certain finance charges
- Completed contracted sale of one 737-500 in August (approximately break-even)
- One 757-200 contracted for sale in Q4:11
- Evaluating other sale opportunities for H2:11

## Modern Portfolio with Strong Revenue Stream

- Modern commercial jet portfolio
  - 92% by net book 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
- 31% of our portfolio by net book value in cargo aircraft
  - End market diversification
  - Excellent lessee performance throughout downturn
- Long remaining average lease term
- Provides strong cash flow performance

**Diversification – Aircraft Type<sup>(1)</sup>**



**Portfolio Statistics<sup>(1)(3)</sup>**

# Lessees / # Countries	59 / 32
Portfolio Remaining Lease Term	4.8
Freighter Remaining Lease Term	6.9
Weighted Average Age	10.9

(1) Percentage of NBV. Figures as of 6/30/11

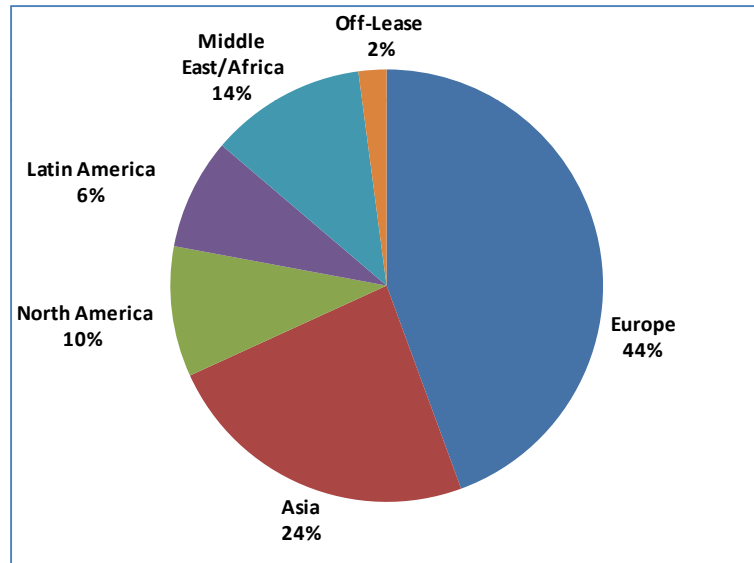
(2) Includes two A330-200 Freighters

(3) Years weighted by NBV

## 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 52% of net book value

### Geographical Diversity<sup>(\*)</sup>



% of NVB	Customer	Country	# Aircraft
Greater than 6% per customer	South African Airways <sup>(1)</sup>	South Africa	3
	Emirates	United Arab Emirates	2
3% to 6% per customer	Martinair <sup>(2)</sup>	Netherlands	5
	HNA Group <sup>(3)</sup>	China	8
	China Eastern Airlines <sup>(4)</sup>	China	10
	US Airways	USA	8
	SriLankan Airlines	Sri Lanka	5
	Airbridge Cargo <sup>(5)</sup>	Russia	2
	Iberia Airlines	Spain	6
	Varig/GOL	Brazil	6
KLM	Netherlands	1	

(\*) Percentage of NBV. Figures as of 6/30/11.

- (1) In July 2011, we delivered one additional Airbus A330-200 passenger aircraft on lease to South African Airways.
- (2) 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 two other affiliated customers, represent 11% of flight equipment held for lease.
- (3) Eight aircraft on lease to affiliates of the HNA Group, although the HNA Group does not guarantee the leases.
- (4) Includes the aircraft leased to Shanghai Airlines, which was recently acquired by China Eastern Airlines, and to China Cargo Airlines. China Eastern Airlines does not guarantee the obligations of the aircraft we lease to Shanghai Airlines or China Cargo Airlines.
- (5) Guaranteed by Volga-Dnepr.

As of 6/30/11.

# Appendix

## Supplemental Financial Information

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
(In thousands, except per share amounts)				
Revenues.....	\$130,184	\$148,838	\$260,745	\$306,752
EBITDA .....	\$119,153	\$142,343	\$240,316	\$296,601
Adjusted net income .....	\$ 20,514	\$ 20,643	\$ 41,077	\$ 53,542
Adjusted net income allocable to common shares.....	\$ 20,217	\$ 20,369	\$ 40,467	\$ 52,887
Per common share - Basic .....	\$ 0.26	\$ 0.27	\$ 0.52	\$ 0.68
Per common share - Diluted .....	\$ 0.26	\$ 0.27	\$ 0.52	\$ 0.68
Adjusted net income plus depreciation and amortization .....	\$ 79,847	\$ 82,249	\$159,400	\$177,841
Adjusted net income plus depreciation and amortization allocable to common shares.....	\$ 78,690	\$ 81,158	\$157,033	\$175,666
Per common share - Basic .....	\$ 1.00	\$ 1.07	\$ 2.00	\$ 2.27
Per common share - Diluted .....	\$ 1.00	\$ 1.07	\$ 2.00	\$ 2.27
Basic common shares outstanding .....	78,465	75,701	78,436	77,235
Diluted common shares outstanding.....	78,465	75,701	78,436	77,235



## Reconciliation of GAAP to Non-GAAP Measures

(In thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2011	2010	2011
Net income .....	\$ 18,139	\$ 23,309	\$ 37,018	\$ 65,986
Depreciation.....	54,424	58,576	108,569	118,167
Amortization of net lease discounts and lease incentives ....	4,909	3,030	9,754	6,132
Interest, net .....	40,166	55,893	81,125	101,512
Income tax provision .....	1,515	1,535	3,850	4,804
EBITDA.....	<u>\$119,153</u>	<u>\$142,343</u>	<u>\$240,316</u>	<u>\$296,601</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,	
	2010	2011	2010	2011
Net income.....	\$18,139	\$23,309	\$ 37,018	\$ 65,986
Ineffective portion of cash flow hedges <sup>(1)</sup> .....	908	1,724	2,222	1,249
Loan termination payment <sup>(2)</sup> .....	—	3,196	—	3,196
Write-off of deferred financings fees <sup>(2)</sup> .....	—	2,456	—	2,456
Mark to market of interest rate derivative contracts <sup>(3)</sup> .....	176	257	546	616
Gain on sale of flight equipment <sup>(3)</sup> .....	<u>1,291</u>	<u>(10,299)</u>	<u>1,291</u>	<u>(19,961)</u>
Adjusted net income .....	20,514	20,643	41,077	53,542
Depreciation .....	54,424	58,576	108,569	118,167
Amortization of net lease discounts and lease incentives .....	<u>4,909</u>	<u>3,030</u>	<u>9,754</u>	<u>6,132</u>
Adjusted net income plus depreciation and amortization .....	<u>\$79,847</u>	<u>\$82,249</u>	<u>\$159,400</u>	<u>\$177,841</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.

# Supplemental Financial Information

(In thousands)	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
	Shares	Percent <sup>(2)</sup>	Shares	Percent <sup>(2)</sup>
<b><u>Weighted average shares</u></b>				
Common shares outstanding – Basic	75,701	98.67 %	77,235	98.78 %
Unvested restricted common shares outstanding	1,018	1.33 %	956	1.22 %
Total weighted average shares outstanding	76,719	100.00 %	78,191	100.00 %
Common shares outstanding – Basic	75,701	100.00 %	77,235	100.00 %
Effect of dilutive shares <sup>(1)</sup>	—	—	—	—
Common shares outstanding – Diluted	75,701	100.00 %	77,235	100.00 %
<b><u>Net income allocation</u></b>				
Net income	\$23,309	100.00 %	\$ 65,986	100.00 %
Distributed and undistributed earnings allocated to unvested restricted shares	(309)	(1.33)%	(807)	(1.22)%
Earnings available to common shares	\$23,000	98.67 %	\$ 65,179	98.78 %
<b><u>Adjusted net income allocation</u></b>				
Adjusted net income	\$20,643	100.00 %	\$ 53,542	100.00 %
Amounts allocated to unvested restricted shares	(274)	(1.33)%	(655)	(1.22)%
Amounts allocated to common shares	\$20,369	98.67 %	\$ 52,887	98.78 %
<b><u>Adjusted net income plus depreciation and amortization allocation</u></b>				
Adjusted net income plus depreciation and amortization	\$82,249	100.00 %	\$177,841	100.00 %
Amounts allocated to unvested restricted shares	(1,091)	(1.33)%	(2,175)	(1.22)%
Amounts allocated to common shares	\$81,158	98.67 %	\$175,666	98.78 %

(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 June 30, 2010		Six Months Ended June 30, 2010	
	Shares	Percent <sup>(2)</sup>	Shares	Percent <sup>(2)</sup>
<b><u>Weighted average shares</u></b>				
Common shares outstanding – Basic	78,465	98.55 %	78,437	98.52 %
Unvested restricted common shares outstanding	1,154	1.45 %	1,182	1.48 %
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 <sup>(1)</sup>	—	—	—	—
Common shares outstanding – Diluted	<u>78,465</u>	<u>100.00 %</u>	<u>78,436</u>	<u>100.00 %</u>
<b><u>Net income allocation</u></b>				
Net income	\$18,139	100.00 %	\$ 37,018	100.00 %
Distributed and undistributed earnings allocated to unvested restricted shares	(263)	(1.45)%	(550)	(1.48)%
Earnings available to common shares	<u>\$17,876</u>	<u>98.55 %</u>	<u>\$ 36,468</u>	<u>98.52 %</u>
<b><u>Adjusted net income allocation</u></b>				
Adjusted net income	\$20,514	100.00 %	\$ 41,077	100.00 %
Amounts allocated to unvested restricted shares	(297)	(1.45)%	(610)	(1.48)%
Amounts allocated to common shares	<u>\$20,217</u>	<u>98.55 %</u>	<u>\$ 40,467</u>	<u>98.52 %</u>
<b><u>Adjusted net income plus depreciation and amortization allocation</u></b>				
Adjusted net income plus depreciation and amortization	\$79,847	100.00 %	\$159,400	100.00 %
Amounts allocated to unvested restricted shares	(1,157)	(1.45)%	(2,367)	(1.48)%
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.