



## Aircastle Announces Third Quarter 2009 Results

### Third Quarter Highlights

- **Total revenues of \$165.7 million and EBITDA(1) of \$135.0 million- Net income of \$33.5 million, or \$0.42 per diluted common share**
- **Adjusted net income(1) of \$35.7 million, or \$0.45 per diluted common share**
- **Adjusted net income plus depreciation and amortization(1) of \$92.8 million, or \$1.17 per diluted common share**
- **100% weighted average fleet utilization**
- **Purchase and lease back commitment with Avianca for a second A330-200 delivering in December 2009**

STAMFORD, Conn., Nov 06, 2009 /PRNewswire-FirstCall via COMTEX/ -- Aircastle Limited (the "Company" or "Aircastle") (NYSE: AYR) reported third quarter net income of \$33.5 million, or \$0.42 per diluted common share and adjusted net income of \$35.7 million, or \$0.45 per diluted common share.

Aircastle CEO Ron Wainshal commented, "Operating performance during the third quarter was excellent with utilization at almost 100 percent and with unrestricted cash building to \$132 million at September 30th. Combined with our strong operating performance and access to capital, we are poised for growth and are actively pursuing new opportunities."

Third quarter total revenues were \$165.7 million, an increase of \$21.3 million from the third quarter 2008. The increase was driven by higher maintenance revenue of \$25.9 million and \$9.4 million of lease termination revenue over the same period a year ago. These increases were offset by higher lease incentive amortization of \$5.8 million and a reduction in lease rental revenue of \$8.3 million.

Lease rental revenue of \$128.3 million declined by \$8.3 million from the third quarter 2008. An increase in revenues of \$4.5 million related to aircraft acquisitions was offset by a decrease of \$5.8 million related to aircraft sold, \$2.2 million due to aircraft in freighter conversion and \$4.1 million related to lease transitions and extensions.

EBITDA was \$135.0 million, up \$5.8 million from the third quarter of 2008 due primarily to higher maintenance and lease termination revenue totaling \$35.3 million, offset by lower lease rental revenue of \$8.3 million, higher maintenance and other costs of \$3.9 million due mainly to transitions, and \$18.2 million of impairment charges.

Adjusted net income plus depreciation and amortization was \$92.8 million, an increase of \$7.5 million compared to the third quarter of 2008. The year over year change was driven primarily by higher maintenance and lease termination revenue totaling \$35.3 million, and lower adjusted interest, net of \$2.2 million, offset by lower lease rental revenue of \$8.3 million, higher maintenance and other costs of \$3.9 million, and \$18.2 million of impairment charges.

Adjusted net income was \$35.7 million, up \$0.7 million compared to the third quarter of 2008. The year over year change reflects higher maintenance and lease termination revenue totaling \$35.3 million, and lower adjusted interest, net of \$2.2 million, offset by lower lease rental revenue of \$8.3 million, higher lease incentive amortization of \$5.8 million, higher maintenance and other costs of \$3.9 million, and \$18.2 million of impairment charges.

In connection with the sale and early return of aircraft in the third quarter of 2009, Aircastle's results included maintenance revenue of \$11.6 million and lease termination revenue of \$9.4 million, which were offset by \$18.2 million in aircraft impairment charges and a gain on the sale of the aircraft of \$0.2 million, resulting in incremental pre-tax income of \$3.0 million.

(1) Refer to the selected financial information accompanying this press release for a reconciliation of GAAP to Non-GAAP numbers.

#### Aviation Assets

As of September 30, 2009, Aircastle owned 128 aircraft having a net book value of \$3.8 billion.

|   | Owned Aircraft<br>as of<br>September 30,<br>2009(A) |
|---|---|
|   | -----   |
| 107 Passenger Aircraft                            | 70%   |
| 21 Freighter Aircraft(B)                          | 30%   |
| Number of Lessees                                 | 60  |
| Number of Countries                               | 34  |
| Weighted Average Remaining Lease Term (years) (B) | 4.9   |
| Percentage of Aircraft Leased Outside U.S.        | 90%   |
| Percentage of "Latest Generation" Aircraft        | 88%   |
| Weighted Average Fleet Utilization during Q3 2009 | 100%  |

(A) -Percentages calculated using net book value.

(B) -Four Boeing Model 737-400 aircraft which will be converted to freighter configuration are included as "Freighter" aircraft; the remaining lease terms for these aircraft, for which we have executed leases post-conversion, are measured on the ten-year terms of the post-conversion leases.

Aircastle entered into a commitment with Aerovias del Continente Americano ("Avianca") to purchase and lease back a new A330-200 delivering in December 2009. This new transaction would represent an advancement of one of Aircastle's new A330 aircraft order positions. We anticipate this transaction will be funded with ECA-supported financing along terms similar to the transaction we completed in May 2009.

#### *Conference Call*

In connection with this earnings release, management will host an earnings conference call on Friday, November 6, 2009 at 11:00 A.M. Eastern time. All interested parties are welcome to participate on the live call. The conference call can be accessed by dialing (866) 510-4578 (from within the U.S.) or (706) 634-9537 (from outside of the U.S.) ten minutes prior to the scheduled start and referencing the "Aircastle Third Quarter Earnings Call."

A webcast of the conference call will be available to the public on a listen-only basis at [www.aircastle.com](http://www.aircastle.com). Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available for three months following the call.

For those who are not available to listen to the live call, a replay will be available until 11:59 P.M. Eastern time on Friday, November 13, 2009 by dialing (800) 642-1687 (from within the U.S.) or (706) 645-9291 (from outside of the U.S.); please reference passcode "36526839."

#### *About Aircastle Limited*

Aircastle Limited is a global company that acquires, leases and sells high-utility commercial jet aircraft to airlines throughout the world. As of September 30, 2009 Aircastle's aircraft portfolio consisted of 128 aircraft and had 60 lessees located in 34 countries.

#### *Safe Harbor*

Certain items in this press release 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 and lease aircraft, raise capital, pay dividends, and increase revenues, earnings and EBITDA 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 press release. Factors that could have a material adverse effect on our operations and future prospects or that could cause actual results to differ materially from Airastle 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; 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 yields 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 Airastle Limited's filings with the SEC, including "Risk Factors" as previously disclosed in Airastle's 2008 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 Airastle 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 press release. Airastle 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.

Airastle Limited and Subsidiaries  
Consolidated Balance Sheets  
(Dollars in thousands, except share data)

|   | Dec. 31,<br>2008<br>---- | Sept. 30,<br>2009<br>----<br>(Unaudited) |
|---|--------------------------|--|
| <b>ASSETS</b>   |                          |  |
| Cash and cash equivalents   | \$80,947                 | \$132,408                                |
| Accounts receivable   | 3,161                    | 4,065                                    |
| Debt investments  | 14,349                   | 7,136                                    |
| Restricted cash and cash equivalents  | 182,623                  | 218,079                                  |
| Restricted liquidity facility collateral  | -                        | 81,000                                   |
| Flight equipment held for lease, net of accumulated depreciation of \$371,591 and \$521,251               | 3,837,543                | 3,767,314                                |
| Aircraft purchase deposits and progress payments  | 68,923                   | 109,454                                  |
| Leasehold improvements, furnishings and equipment, net of accumulated depreciation of \$1,999 and \$2,349 | 1,174                    | 907                                      |
| Other assets  | 62,852                   | 70,519                                   |
|   | -----                    | -----                                    |
| Total assets  | \$4,251,572<br>=====     | \$4,390,882<br>=====                     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                          |  |
| <b>LIABILITIES</b>  |                          |  |
| Borrowings from securitizations and term debt financings  | \$2,476,296              | \$2,435,593                              |
| Accounts payable, accrued expenses and other liabilities  | 60,789                   | 59,205                                   |
| Dividends payable   | 7,862                    | 7,923                                    |
| Lease rentals received in advance   | 28,463                   | 27,758                                   |
| Liquidity facility  | -                        | 81,000                                   |
| Security deposits   | 65,307                   | 73,131                                   |
| Maintenance payments  | 224,288                  | 250,018                                  |
| Fair value of derivative liabilities  | 276,401                  | 205,549                                  |
|   | -----                    | -----                                    |
| Total liabilities   | 3,139,406<br>-----       | 3,140,177<br>-----                       |
| <b>Commitments and Contingencies</b>  |                          |  |

SHAREHOLDERS' EQUITY

|  |             |             |
|--|-------------|-------------|
| Preference shares, \$.01 par value, 50,000,000 shares authorized, no shares issued and outstanding   | -           | -           |
| Common shares, \$.01 par value, 250,000,000 shares authorized, 78,620,320 shares issued and outstanding at December 31, 2008; and 79,234,663 shares issued and outstanding at September 30, 2009 | 786         | 792         |
| Additional paid-in capital   | 1,474,455   | 1,478,275   |
| Retained earnings (deficit)  | (473)       | 55,256      |
| Accumulated other comprehensive loss   | (362,602)   | (283,618)   |
|  | -----       | -----       |
| Total shareholders' equity   | 1,112,166   | 1,250,705   |
|  | -----       | -----       |
| Total liabilities and shareholders' equity   | \$4,251,572 | \$4,390,882 |
|  | =====       | =====       |

Aircastle Limited and Subsidiaries  
Consolidated Statements of Income  
(Dollars in thousands, except per share amounts)  
(Unaudited)

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|---|-------------------------------------|-----------|------------------------------------|-----------|
|   | 2008                                | 2009      | 2008                               | 2009      |
|   | ----                                | ----      | ----                               | ----      |
| Revenues:   |                                     |           |                                    |           |
| Lease rental revenue  | \$136,578                           | \$128,283 | \$405,206                          | \$383,683 |
| Amortization of net lease discounts and lease incentives  | 1,781                               | (3,992)   | 6,929                              | (7,919)   |
| Maintenance revenue   | 5,433                               | 31,376    | 9,575                              | 47,616    |
|   | -----                               | -----     | -----                              | -----     |
| Total lease rentals   | 143,792                             | 155,667   | 421,710                            | 423,380   |
| Interest income   | 628                                 | 556       | 2,533                              | 1,783     |
| Other revenue   | 34                                  | 9,517     | 562                                | 9,628     |
|   | --                                  | -----     | ---                                | -----     |
| Total revenues  | 144,454                             | 165,740   | 424,805                            | 434,791   |
|   | -----                               | -----     | -----                              | -----     |
| Expenses:   |                                     |           |                                    |           |
| Depreciation  | 52,020                              | 53,130    | 151,840                            | 156,379   |
| Interest, net   | 54,112                              | 43,032    | 146,442                            | 127,925   |
| Selling, general and administrative (including non-cash share based payment expense of \$1,659 and \$1,742 for the three months ended, and \$4,872 and \$5,129 for the nine months ended September 30, 2008 and 2009, respectively) | 11,641                              | 11,074    | 34,484                             | 33,291    |
| Impairment of aircraft  | -                                   | 18,211    | -                                  | 18,211    |
| Maintenance and other costs   | 891                                 | 4,836     | 2,133                              | 15,114    |

|   |          |          |          |          |
|---|----------|----------|----------|----------|
| Total expenses  | 118,664  | 130,283  | 334,899  | 350,920  |
| Other income (expense):                               |          |          |          |          |
| Gain on sale of aircraft                              | 772      | 162      | 5,898    | 162      |
| Other   | (1,673)  | (738)    | (590)    | 855      |
| Total other income (expense)                          | (901)    | (576)    | 5,308    | 1,017    |
| Income from continuing operations before income taxes | 24,889   | 34,881   | 95,214   | 84,888   |
| Income tax provision                                  | 1,315    | 1,423    | 4,662    | 5,388    |
| Net income  | \$23,574 | \$33,458 | \$90,552 | \$79,500 |
| Earnings per common share - Basic                     | \$0.30   | \$0.42   | \$1.15   | \$1.00   |
| Earnings per common share - Diluted                   | \$0.30   | \$0.42   | \$1.15   | \$1.00   |
| Dividends declared per share                          | \$0.25   | \$0.10   | \$0.75   | \$0.30   |

Aircastle Limited and Subsidiaries  
Consolidated Statements of Cash Flows  
(Dollars in thousands)  
(Unaudited)

|   | Nine Months Ended<br>September 30, |          |
|---|------------------------------------|----------|
|   | 2008                               | 2009     |
| Cash flows from operating activities:   |                                    |          |
| Net income  | \$90,552                           | \$79,500 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |          |
| Depreciation  | 151,840                            | 156,379  |
| Amortization of deferred financing costs  | 9,773                              | 8,808    |
| Amortization of net lease discounts and lease incentives                          | (6,929)                            | 7,919    |
| Deferred income taxes   | 3,344                              | 4,560    |
| Accretion of purchase discounts on debt investments                               | (419)                              | (430)    |
| Non-cash share based payment expense  | 4,872                              | 5,129    |
| Cash flow hedges reclassified into earnings                                       | 10,740                             | 13,690   |
| Ineffective portion of cash flow hedges   | 7,977                              | (2,874)  |
| Gain on sale of flight equipment  | (5,898)                            | (162)    |

|   |             |           |
|---|-------------|-----------|
| Security deposits and maintenance payments included in earnings                           | (9,171)     | (36,982)  |
| Loss on sale of investments   | 245         | 131       |
| Impairment of aircraft  | -           | 18,211    |
| Other   | 943         | (556)     |
| Changes in certain assets and liabilities:  |             |           |
| Accounts receivable   | 903         | (909)     |
| Restricted cash and cash equivalents  | (47,923)    | (35,456)  |
| Other assets  | 1,797       | (1,975)   |
| Accounts payable, accrued expenses and other liabilities                                  | 3,911       | (8,397)   |
| Payable to affiliates   | (200)       | -         |
| Lease rentals received in advance   | (2,796)     | (537)     |
|   | -----       | -----     |
| Net cash provided by operating activities   | 213,561     | 206,049   |
|   | -----       | -----     |
| Cash flows from investing activities:   |             |           |
| Acquisition and improvement of flight equipment and lease incentives                      | (228,934)   | (124,082) |
| Aircraft purchase deposits and progress payments, net of returned deposits                | (2,154)     | (41,912)  |
| Proceeds from sale of flight equipment  | 48,882      | 10,601    |
| Restricted cash from disposition of flight equipment                                      | (12,294)    | -         |
| Proceeds from sale of debt investments  | 65,335      | 5,423     |
| Principal repayments on debt investments  | 11,674      | 3,787     |
| Collateral call payments on derivatives and repurchase agreements                         | (349,123)   | -         |
| Collateral call receipts on derivatives and repurchase agreements                         | 375,066     | -         |
| Leasehold improvements, furnishings and equipment   | (365)       | (82)      |
|   | -----       | -----     |
| Net cash used in investing activities   | (91,913)    | (146,265) |
|   | -----       | -----     |
| Cash flows from financing activities:   |             |           |
| Issuance, net of repurchases, of common shares to directors and employees                 | (1,263)     | (247)     |
| Proceeds from term debt financings  | 992,715     | 70,916    |
| Securitization and term debt financing repayments   | (85,055)    | (111,619) |
| Restricted cash and cash equivalents related to unreleased term debt financing borrowings | (87,462)    | -         |
| Deferred financing costs  | (23,346)    | (3,588)   |
| Credit facility borrowings  | 482,723     | -         |
| Credit facility repayments  | (1,167,578) | -         |
| Restricted secured liquidity facility collateral  | -           | (81,000)  |
| Secured liquidity facility collateral   | -           | 81,000    |
| Principal repayments on repurchase agreements   | (67,744)    | -         |
| Security deposits and maintenance payments received                                       | 83,966      | 96,162    |
| Security deposits and maintenance payments returned                                       | (22,493)    | (33,479)  |
| Payments for terminated cash flow hedges  | (68,332)    | (2,758)   |
| Dividends paid  | (94,291)    | (23,710)  |
|   | -----       | -----     |
| Net cash (used in) provided by financing  |             |           |

|  |          |           |
|--|----------|-----------|
| activities                                       | (58,160) | (8,323)   |
|  | -----    | -----     |
| Net increase in cash and cash equivalents        | 63,488   | 51,461    |
| Cash and cash equivalents at beginning of period | 13,546   | 80,947    |
|  | -----    | -----     |
| Cash and cash equivalents at end of period       | \$77,034 | \$132,408 |
|  | =====    | =====     |

Aircastle Limited and Subsidiaries  
Supplemental Financial Information  
(Amount in thousands, except per share amounts)  
(Unaudited)

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|---|-------------------------------------|-----------|------------------------------------|-----------|
|   | 2008                                | 2009      | 2008                               | 2009      |
|   | ----                                | ----      | ----                               | ----      |
| Revenues  | \$144,454                           | \$165,740 | \$424,805                          | \$434,791 |
| EBITDA  | \$129,240                           | \$135,035 | \$386,567                          | \$377,111 |
| Adjusted net income   | \$35,019                            | \$35,668  | \$104,229                          | \$83,677  |
| Adjusted net income allocable to common shares                                    | \$34,602                            | \$35,060  | \$103,056                          | \$82,295  |
| Per common share - Basic  | \$0.44                              | \$0.45    | \$1.33                             | \$1.06    |
| Per common share - Diluted  | \$0.44                              | \$0.45    | \$1.33                             | \$1.06    |
| Adjusted net income plus depreciation and amortization                            | \$85,258                            | \$92,790  | \$249,140                          | \$247,975 |
| Adjusted net income plus depreciation and amortization allocable to common shares | \$84,242                            | \$91,208  | \$246,336                          | \$243,880 |
| Per common share - Basic  | \$1.08                              | \$1.17    | \$3.17                             | \$3.13    |
| Per common share - Diluted  | \$1.08                              | \$1.17    | \$3.17                             | \$3.13    |
| Basic common shares outstanding   | 77,768                              | 78,013    | 77,744                             | 77,977    |
| Diluted common shares outstanding   | 77,768                              | 78,013    | 77,744                             | 77,977    |

Refer to the selected information accompanying this press release for a reconciliation of GAAP to Non-GAAP information.

Aircastle Limited and Subsidiaries  
Reconciliation of GAAP to Non-GAAP Measures  
EBITDA Reconciliation  
(Dollars in thousands)  
(Unaudited)

|  | Three Months Ended<br>September 30, | Nine Months Ended<br>September 30, |
|--|-------------------------------------|------------------------------------|
|  | -----                               | -----                              |

|  | 2008      | 2009      | 2008      | 2009      |
|--|-----------|-----------|-----------|-----------|
|  | ----      | ----      | ----      | ----      |
| Net income   | \$23,574  | \$33,458  | \$90,552  | \$79,500  |
| Depreciation   | 52,020    | 53,130    | 151,840   | 156,379   |
| Amortization of net lease discounts and lease incentives | (1,781)   | 3,992     | (6,929)   | 7,919     |
| Interest, net  | 54,112    | 43,032    | 146,442   | 127,925   |
| Income tax provision                                     | 1,315     | 1,423     | 4,662     | 5,388     |
|  | -----     | -----     | -----     | -----     |
| EBITDA   | \$129,240 | \$135,035 | \$386,567 | \$377,111 |
|  | =====     | =====     | =====     | =====     |

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.

Aircastle Limited and Subsidiaries  
Reconciliation of GAAP to Non-GAAP Measures  
Adjusted Net Income plus Depreciation Reconciliation  
(Dollars in thousands)  
(Unaudited)

|  | Three Months Ended |          | Nine Months Ended |           |
|--|--------------------|----------|-------------------|-----------|
|  | September 30,      |          | September 30,     |           |
|  | -----              | -----    | -----             | -----     |
|  | 2008               | 2009     | 2008              | 2009      |
|  | ----               | ----     | ----              | ----      |
| Net income   | \$23,574           | \$33,458 | \$90,552          | \$79,500  |
| Ineffective portion and termination of cash flow hedges(1) | 10,545             | 1,633    | 17,575            | 4,764     |
| Mark to market adjustment on undesignated derivatives(2)   | 1,672              | 608      | 942               | (556)     |
| Write-off of deferred financing fees                       | -                  | -        | 813               | -         |
| Gain on sale of aircraft                                   | (772)              | (162)    | (5,898)           | (162)     |
| Loss on sale of debt investments(2)                        | -                  | 131      | 245               | 131       |
|  | ---                | ---      | ---               | ---       |
| Adjusted net income  | \$35,019           | \$35,668 | \$104,229         | \$83,677  |
| Depreciation   | 52,020             | 53,130   | 151,840           | 156,379   |
| Amortization of net lease discounts and lease incentives   | (1,781)            | 3,992    | (6,929)           | 7,919     |
|  | -----              | -----    | -----             | -----     |
| Adjusted net income plus depreciation and amortization     | \$85,258           | \$92,790 | \$249,140         | \$247,975 |
|  | =====              | =====    | =====             | =====     |

(1) Included in Interest, net

(2) Included in Other income (expense)



We adjust net income for ineffective portion and termination of cash flow hedges, write-off of deferred financing fees, mark to market and termination of interest rate swaps, loss on sale of debt investments and gain on sale of flight equipment. We use adjusted net income to assess our consolidated financial and operating performance, and we believe this non-GAAP measure is helpful in identifying long-term trends in our performance net of non-recurring items.

We use adjusted net income plus depreciation and amortization to assess our consolidated financial and operating performance, and we believe this non-GAAP measure is helpful in identifying trends in our performance on an operating cash flow basis after taking into account interest expense on our outstanding indebtedness.

Aircastle Limited and Subsidiaries  
 Reconciliation of GAAP to Non-GAAP Measures  
 Reconciliation of Net Income Allocable to Common Shares  
 (in thousands)  
 (Unaudited)

|                         | Three Months Ended<br>September 30, 2009 |             | Nine Months Ended<br>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           |  |             |   |             |
| outstanding             | 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%      | \$78,187                                | 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.

Aircastle Limited and Subsidiaries  
Reconciliation of GAAP to Non-GAAP Measures  
Reconciliation of Net Income Allocable to Common Shares  
(in thousands)  
(Unaudited)

|   | Three Months Ended<br>September 30, 2008 |             | Nine Months Ended<br>September 30, 2008 |             |
|---|--|-------------|---|-------------|
|   | -----                                    |             | -----                                   |             |
|   | Shares                                   | Percent (2) | Shares                                  | Percent (2) |
| Weighted average shares                       |  |             |   |             |
| -----   |  |             |   |             |
| Common shares outstanding - Basic             | 77,768                                   | 98.81%      | 77,744                                  | 98.87%      |
| Unvested restricted common shares outstanding | 938                                      | 1.19%       | 885                                     | 1.13%       |
|   | ---                                      | -----       | ---                                     | -----       |
| Total weighted average shares outstanding     | 78,706                                   | 100.00%     | 78,629                                  | 100.00%     |
|   | =====                                    | =====       | =====                                   | =====       |

Common shares

|   |          |         |           |         |
|---|----------|---------|-----------|---------|
| outstanding -<br>Basic  | 77,768   | 100.00% | 77,744    | 100.00% |
| Effect of dilutive<br>shares(1)   | -        | -       | -         | -       |
|   | -----    | -----   | -----     | -----   |
| Common shares<br>outstanding -<br>Diluted   | 77,768   | 100.00% | 77,744    | 100.00% |
|   | =====    | =====   | =====     | =====   |
| Net income<br>allocation<br>-----   |          |         |           |         |
| Net income  | \$23,574 | 100.00% | \$90,552  | 100.00% |
| Distributed and<br>undistributed earnings<br>allocated to<br>unvested<br>restricted<br>shares | (281)    | (1.19)% | (1,019)   | (1.13)% |
|   | -----    | -----   | -----     | -----   |
| Earnings Available<br>to common shares  | \$23,293 | 98.81%  | \$89,533  | 98.87%  |
|   | =====    | =====   | =====     | =====   |
| Adjusted net income<br>allocation<br>-----  |          |         |           |         |
| Adjusted net<br>income  | \$35,019 | 100.00% | \$104,229 | 100.00% |
| Amounts allocated<br>to unvested restricted<br>shares   | (417)    | (1.19)% | (1,173)   | (1.13)% |
|   | -----    | -----   | -----     | -----   |
| Amounts allocated<br>to common shares   | \$34,602 | 98.81%  | \$103,056 | 98.87%  |
|   | =====    | =====   | =====     | =====   |
| Adjusted net income plus<br>depreciation and<br>amortization allocation<br>-----              |          |         |           |         |
| Adjusted net income plus<br>depreciation and<br>amortization                                  | \$85,258 | 100.00% | \$249,140 | 100.00% |
| Amounts allocated<br>to unvested restricted<br>shares   | (1,016)  | (1.19)% | (2,804)   | (1.13)% |
|   | -----    | -----   | -----     | -----   |
| Amounts allocated<br>to common shares   | 84,242   | 98.81%  | \$246,336 | 98.87%  |
|   | =====    | =====   | =====     | =====   |

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

(2) Percentages rounded to two decimal places.

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