



AIRCASLE

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**Credit Suisse Capital Goods Finance Symposium**

**June 2008**

# Forward-Looking Statements

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 and lease aircraft, issue aircraft lease-backed securities or raise other long-term debt, pay and grow dividends, extend, modify or replace existing financing and increase revenues, earnings and EBITDA. Words such as "anticipate(s)," "expect(s)," "intend(s)," "plan(s)," "target(s)," "project(s)," "predict(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)," "estimate(s)" 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 report. 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, our continued ability to obtain additional capital to finance our working capital needs and our growth and to refinance our short-term debt financings with longer-term debt financings; our ability to acquire aircraft at attractive prices; our ability to find new ways to raise capital, including managing investment funds; our continued ability to obtain favorable tax treatment in Bermuda, Ireland and other jurisdictions; our ability to pay or maintain dividends; our ability to lease aircraft at favorable rates; an adverse change in the value of our aircraft; the possibility that conditions to closing of certain transactions will not be satisfied; general economic conditions and economic conditions in the markets in which we operate; competitive pressures within the industry and/or markets in which we operate; high fuel prices and other factors affecting the creditworthiness of our airline customers; interest rate fluctuations; margin calls and termination payments on our interest rate hedges; our ability to obtain certain required licenses and approvals; the impact of future terrorist attacks or wars on the airline industry; our concentration of customers, including geographical concentration; and other risks detailed from time to time in Aircastle Limited's filings with the Securities and Exchange Commission (the "SEC"), including "Risk Factors" as previously disclosed in Aircastle's 2007 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 report. 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.



# Overview

- **One of the World's Leading Aircraft Lessors**

- \$5.6 billion owned and committed aviation assets
- 136 aircraft portfolio with 5.2 years remaining average lease term as of March 31, 2008

- **Diversified Portfolio of Modern Aircraft**

- 59 lessees in 31 countries
- 77% passenger, 23% freighter by net book value

- **Strong Financial Profile and Strong Cash Flow**

- \$127 million in 2007 Net Income; Q1 2008 Adjusted Net Income of \$35 million
- \$83 million in Adj Net Income plus Depreciation during Q1 2008; ~\$4.28/ share annualized
- D/E ratio of ~2.2:1; conservative capital structure

- **World Class Team of Industry Veterans**

- Significant in-house acquisition, placement and management capabilities with global reach
- Team has extensive experience in managing through industry cycles, including leadership roles at leading players

- **Straightforward Business Plan Focused on Generating Strong Cash Flow**
  - Simple and transparent business model
- **Sharp Focus on Placements**
  - 15 Out of 17 aircraft placements for 2008 completed; signed letters of intent for the remaining aircraft
  - Signed letters of intent to lease 9 aircraft during the past three months, including three 737 Classics
  - For 2009, 13 of 20 aircraft subject to executed leases or binding letters of intent
- **Opportunistic Asset Sales**
  - Profitable sale of three Boeing 737-500s in May 2008
- **Pursue Asset Management and Residual Value Enhancement Opportunities**
  - Investments in winglets to improve fuel efficiency
  - Passenger to freighter conversions

# Recent Developments

- **Fuel Prices Are at Record Levels**
  - Aircastle's fleet is modern and fuel efficient
- **Air Travel Growth Has Slowed But Is Still Positive**
  - Demand for modern aircraft remains strong
  - Only seven aircraft placements remaining through 2009; aiming to complete these by the end of this summer
- **US Airlines Affected Most by Current Macro Conditions**
  - Aircastle exposure to US airlines is approximately 8% by net book value
  - None of the capacity reductions relate to Aircastle and we do not expect them to have a significant impact on lease demand for our aircraft
- **Financial Markets Access More Difficult for Less Established Players**
  - Demonstrated access to this market by completing a \$786 million term financing
  - Remaining financing 2008 needs are modest; ~\$250 million warehouse refinancing of 11 aircraft; expect to close Q3:08

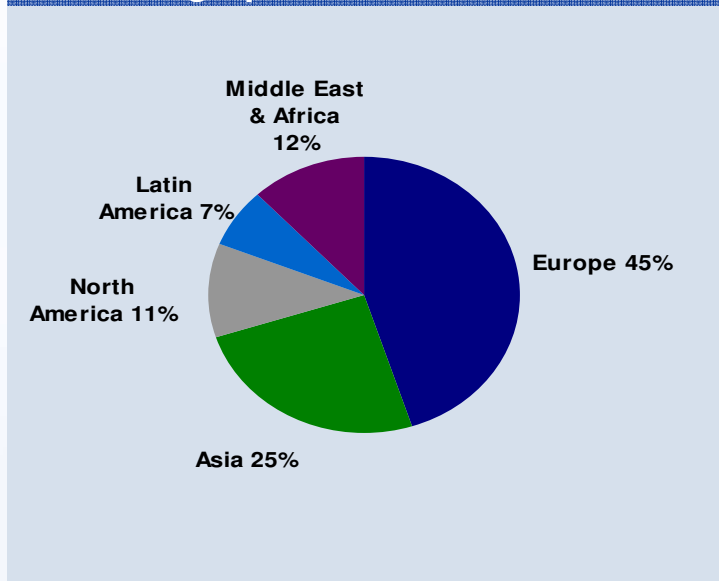


# Aircastle Update

# Diverse Global Mix of Customers

- ▶ **Owned Portfolio Diversified by Geography, Customer and End Market**
  - 59 lessees in 31 countries
  - 77% passenger, 23% freighter by net book value
- ▶ **AYR's Exposure to US Airlines is ~8% of the Total Portfolio by Net Book Value**
  - 10 aircraft with a total net book value as of March 31, 2008 of \$320 million
  - Net book values well below current market values
- ▶ **US Leases Do Not Contain Any Early Termination Options**
  - We are not aware of any airline plans to seek early lease terminations for these leases

## Geographical Diversification



## US Airline Exposure

Airline	Aircraft Type	# Aircraft	Lease Expiry
US Airways	A330-300	4	2012
	757-200	3	2013
	767-200ER	1	2010
World Airways	747-400SF	1	2018
Southwest	737-300	1	2012

*Note: Owned aircraft as of March 31, 2008 expressed as % of net book value. Owned portfolio included 1 aircraft that was off-lease and was less than 1% of NBV*



# Top 15 Lessees

- **Diversified Portfolio Spread Across a Variety of Established Carriers Around the World**
  - Top five customers ~30% of portfolio by net book value
  - Largest customer exposure is less than 8% of net book value

% age Net Book Value	Customer	Country	# Aircraft	Comments
6% to 8% per customer	Martinair	Netherlands	5	Leading cargo carrier. Owned 50% each by Air France/ KLM and AP Moeller
	Emirates	UAE	2	Dubai's flag carrier
	US Airways	USA	8	Fifth largest US airline; \$1.9 bn in cash at 3/31/08
3% to 5% per customer	VRG/ GOL <sup>(1)</sup>	Brazil	8	One of two major Brazilian carriers
	Sterling	Denmark	7	Privately held low cost carrier
	Iberia	Spain	6	Spain's flag carrier
	Jet Airways	India	8	Largest privately held Indian airline
	KLM	Netherlands	1	Dutch flag carrier; part of Air France/ KLM Group
	Swiss	Switzerland	2	100% owned by Lufthansa
Less than 3% per customer	China Eastern	China	4	One of four largest Chinese airlines
	Korean Airlines	South Korea	2	South Korea's flag carrier
	Malaysian Airlines	Malaysia	2	Malaysia's flag carrier
	Hainan Airlines	China	6	One of four largest Chinese airlines
	Lotus Airlines	Egypt	4	Obligations gtd by Kuwait's Al-Fawares Group
	Great Wall Airlines	China	1	Cargo carrier; partly owned by Singapore Airlines

(1) VRG Linhas Aereas and GOL Transportes Aeros are shown combined in table above

# Modern Aircraft Portfolio

- ▶ **86% of Aircastle's Portfolio by Net Book Value are Most Modern Types in Production**
  - Portfolio consists of modern, high utility aircraft with a significant operator base
- ▶ **Aircraft/ Engine Technology a Far More Important Driver of Operating Costs Than Age**
  - Step change in efficiency versus a more minor gradual reduction that occurs over time
- ▶ **Owned Portfolio as of March 31, 2008:**

Aircraft Types	#Aircraft	%of NBV
<b>Passenger</b>		
Latest Generation Narrowbodies	55	37%
Latest Generation Midbodies	24	24%
Latest Generation Widebodies <sup>(1)</sup>	3	4%
"Classic" Narrowbodies <sup>(2) (3)</sup>	<u>39</u>	<u>12%</u>
<i>Subtotal - Passenger</i>	121	77%
<b>Freighters</b>		
Latest Generation Widebodies	9	21%
Classic Freighters <sup>(4)</sup>	<u>6</u>	<u>2%</u>
<i>Subtotal - Freighter</i>	15	23%
<b>TOTAL</b>	<u><b>136</b></u>	<u><b>100%</b></u>

**Wtd Avg Lease  
Term  
4.1 Years**

**Wtd Avg Lease  
Term  
8.7 Years**

(1) - Two aircraft are targeted for freighter conversion.

(2) - Includes 3x 737-500s sold in June 2008. 4x 737-400s which are subject to confirmed letters of intent to convert to cargo. 5x 757-200s are subject to forward sales agreements.

(3) - Includes 1x A320-200, 7x 737-300, 13x 737-400, 1x 737-500 and 17x 757-200.

(4) - Includes 4x 737-300 freighters, 1x MD-11 freighter and 1x A310 freighter.

# AYR Boeing 737 Classic Portfolio

## ▶ 25 Aircraft Accounting for 6.6% of Aircastle's Overall Portfolio

- March 31, 2008 net book value of \$262 million, which excludes 3x 737-500 aircraft sold in May 2008

## ▶ Boeing 737 Classic Portfolio is Diversified and Well Positioned

Aircraft Type	#Aircraft	#Customers	#Countries	Lease Expirations <sup>(1)</sup>											
				2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
737-400 <sup>(2)</sup>	13	7	6		1	3		4		1					4
737-300 Freighters	4	1	1							2	2				
737-300	7	5	5					2	2	3					
737-500	1	1	1			1									

<sup>(1)</sup> Includes binding letters of intent

<sup>(2)</sup> Four aircraft are subject to a binding letter of intent for passenger to freighter conversion with follow-on freighter leases

## ▶ 737-400s and Freighters Much Less Exposed to Recent US Airline Fleet Reductions

- None are leased to US airlines
- These types account for 77% of Aircastle's net book value of 737 Classics

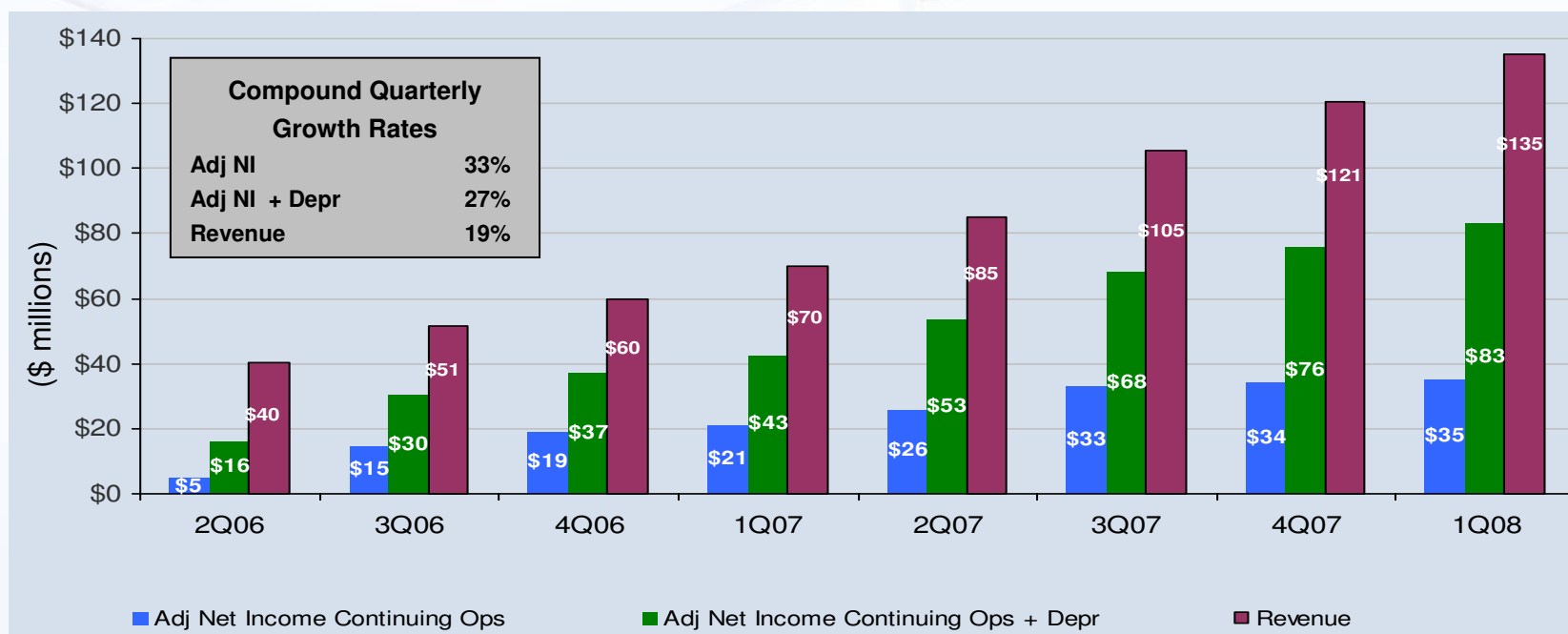
## ▶ Average Net Book Value for 737-300 and -500 Aircraft is ~\$6 Million Net of Maintenance Reserves

- Limited downside exposure and great cash yield
- Average annual rentals of ~\$1.6 million; estimated scrap value is \$4-5 million per aircraft
- Only one aircraft leased to a US airline (Southwest)

# Strong Financial Profile

- ▶ **\$127 Million in 2007 Net Income; \$35 Million in Adj. Net Income in Q1 2008 <sup>(1)</sup>**
- ▶ **Conservative Capital Structure with Debt/ Equity Ratio of ~2.2:1 at March 31, 2008**
- ▶ **Q1 2008 Adj. Net Income + Depreciation Was \$83 Million or ~\$4.28/ Share Annualized**

## Financial Performance (\$ millions)



<sup>(1)</sup> Excludes hedge and debt investment charges of \$3.3 million in 1Q08; 2007: \$1.5M of hedge income in Q2, and hedge charges of \$0.5M in Q3 and \$0.1M in Q4

# Selected Balance Sheet Items

	Reported 3/31/08	Pro Forma 3/31/08 <sup>(1)</sup>
<b>NBV Flight Equipment</b>	3,980.6	4,137.7
<b>Securitizations</b>		
Securitization No. 1 (ACS 2006-1)	521.7	521.7
Securitization No. 2 (ACS 2007-1)	1,140.3	1,140.3
Subtotal - Securitizations	1,662.0	1,662.0
<b>Credit Facilities</b>		
Term Facility (ACS 2008-1)	-	786.1
Revolving Credit Facility	10.0	10.0
Amended Credit Facility No. 2	846.4	255.8
2008-A Credit Facility	93.3	-
747 PDP Credit Facility	31.9	-
Subtotal - Credit Facilities	981.6	1,051.9
<b>Total</b>	2,643.6	2,713.9
<b>Stockholders' Equity (3/31/08)</b>	1,183.3	1,183.3

► **124 of 135 Aircraft Subject to Long-Term Financing**

► **11 Aircraft in Credit Facility No. 2 to be Refinanced in Q3:08**

► **Will Evaluate Need for New Warehouse and Revolver**

## Note

(1) - Amounts are proforma for 2 aircraft acquired in Q2:08 and the Term Debt Facility that closed May 2008.

# Strong Servicing Track Record

## ▶ **Placed 90 Aircraft Since Formation**

- As of March 31, 2008, 136 aircraft portfolio with a weighted average remaining lease term of 5.2 years

## ▶ **Signed Lease Letters of Intent for Nine Aircraft During The Past Three Months**

- For a wide variety of aircraft including three 737 Classics

## ▶ **Placed 23 Aircraft in 2007**

- 13 lease renewals; 18% higher aggregate rents, ~ 5 year average lease term

## ▶ **15 Out of 17 Aircraft Placements for 2008 Completed**

- For 14 lease renewals we estimate ~14% higher aggregate rents, ~ 7 year average term
- Signed letters of intent for the remaining aircraft

## ▶ **2009 Placements More Than Half Way Done**

- 13 of 20 aircraft subject to executed leases or binding letters of intent
- Expect aggregate new rentals to be between 0-10% higher than previous rentals; ~ 5 year average new lease term

# World Class Team of Industry Veterans

  
72 Full-Time  
Employees

## KEY “FRONT END” LEASING FUNCTIONS

**ORIGINATION &  
PLACEMENT**  
10 Professionals

**TECHNICAL &  
ENGINEERING**  
10 Professionals

**LEGAL**  
14 Professionals

- **Team with Extensive Experience Managing Through Industry Cycles**
  - Experienced team drawn from leading industry players
- **In-House Capabilities Across All Aircraft Leasing Functions**
  - Don't rely on third party suppliers
- **Demonstrated Record in Servicing Portfolio and Originating Investments**
  - Global deployment with worldwide contacts





# Current Market



## ► World Travel Growth is Slowing but Still Positive

- Weak US dollar makes rentals more affordable for airlines earning revenues in other currencies

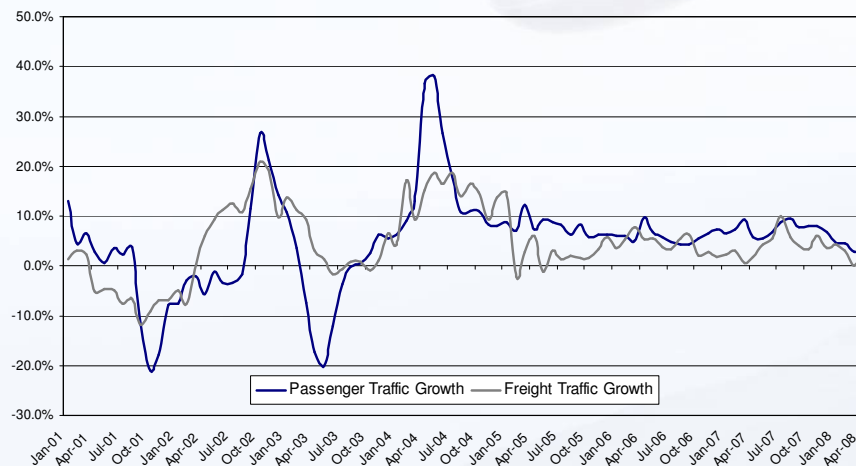
## ► Increasing Fuel Costs Are Putting Significant Pressure on Airlines

- Revenue increases lagging costs
- Financial results will be depressed
- Growing reluctance to make future fleet commitments as of late

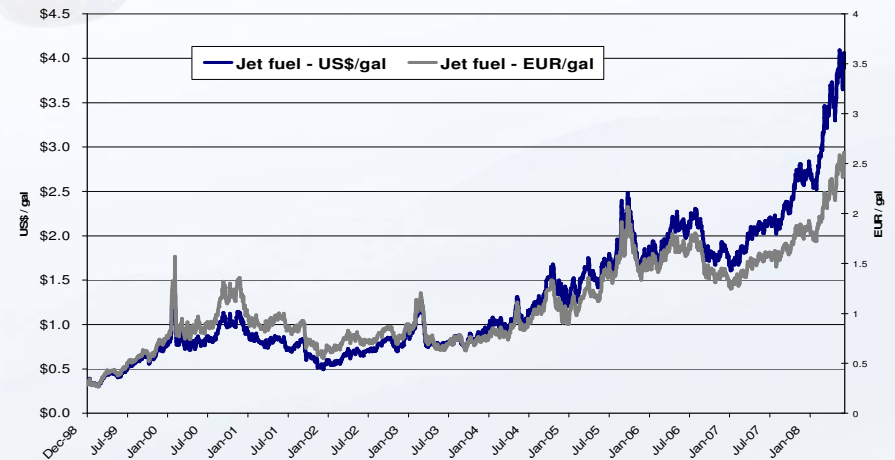
## ► US Airlines Affected Most Severely

- High fuel prices plus the effects of an economic slow-down and a credit crunch

Passenger and Cargo Market Growth



Jet Fuel Prices



- ▶ **2008 Worldwide Passenger Fleet = ~14,000 Units (\*)**
  - Over 2,400 “third generation” and Soviet era units still in service; ~18% of world fleet
  - Also ~2,000 freighter aircraft in service worldwide with an average age of nearly 22 years
- ▶ **Boeing and Airbus Are Effectively Sold Out Through 2011/ 2012**
  - Very few viable parked aircraft

Aircraft Type	# of Units	Average Age (Years)	# of Operators	# of countries
B707	7	34.4	5	3
B727	60	30.1	33	21
B737 (JT8D)	302	27.0	102	53
B747 "Classic"	83	25.2	24	20
B767 Non-ER	114	17.4	19	14
DC-9	150	35.1	22	15
MD-80	877	18.8	73	40
DC-10	19	26.0	3	2
F-100	208	16.2	39	28
L-1011 TriStar	8	26.5	5	4
Il-62	34	21.2	14	4
Il-86	40	18.3	10	3
Tu-154	298	19.4	59	12
Yak-42	83	18.7	30	8
<b>Total</b>	<b>2,283</b>	<b>21.4</b>		

Source: Ascend Database

(\*) Analysis includes in service Western and Eastern built passenger and combi aircraft and excludes regional jets

- ▶ **Broad Moves to Reduce Capacity and Increase Pricing**
  - Necessary steps to curtail further financial deterioration
  - M&A efforts so far appear limited to Delta/ NWA
- ▶ **Several Smaller and Weaker Airlines Have Gone Out of Business**
  - Modern aircraft types being absorbed by the market relatively efficiently so far
- ▶ **Announced Capacity Reductions by Majors Should Have a Limited Effect on Aircastle and the Overall Lease Market**
  - Mostly older technology aircraft with unfavorable configurations

Airline	Aircraft Type/ # Units	Timing	Comments
American	40-45x mainline aircraft; mostly MD-80s but also some A300s	By Q4 2008	Reductions pertain to fuel inefficient aircraft, most of which are unlikely to enter service again.
Northwest	So far only modest cuts to aging DC-9 and 747-200 freighter fleets	By Q1 2009	Considerable additional reductions likely in fuel inefficient aircraft
Continental	67x Boeing 737-300 and -500 aircraft	37 by Q4 2008; rest during 2009	Some of these cuts already reflected in the market; aircraft are partly non-EFIS. Limited market for -500 aircraft.
United	Entire Boeing 737 Classics fleet (94 units consisting of 64x 737-300s and 30x -500s) plus 6x 747 400s	80 aircraft by YE 2008; remainder during 2009	30 of the Boeing 737 Classic reductions announced previously. Limited market for -500 aircraft.
US Airways	10 mainline units consisting of 6x Boeing 737 Classics and 4x A320 aircraft	737-300s by YE 2008; A320s by end of H1 2009	Likely to involve 737-300s and A320s with older engines. -300s have analog cockpits.

# Lease Market Effects

## ▶ Aircraft Being Eliminated by US Majors Will Be Costly and Difficult to Redeploy

- Unique configurations; maintenance history and record keeping procedures will make transition challenging

## ▶ Effect on Leasing Market Will be Modest

- Redeployment to many key jurisdictions will cost at least \$1.5-2.0 million per aircraft
- “D Checks” and engine shop visits will likely be required; significant lead time issues and costs
- Import taxes, age limits and other factors will also complicate efforts to reposition these aircraft

## ▶ Substantial Differences Exist Across Aircraft Types

- Cockpit example shown below

737 Classic Non-EFIS Cockpit



737 Classic EFIS Cockpit



# New Gen vs. “Classic” Operating Efficiency

	Estimated Annual Fuel Cost (\$mm) (a)	Fuel Burn per Seat (lbs) (a)(b)
737-300	\$16.6 to \$11.9	108%
737-700	\$15.4 to \$11.0	100%
Difference	\$1.2 to \$0.9	8%

	Estimated Annual Fuel Cost (\$mm) (a)	Fuel Burn per Seat (lbs) (a)(b)
MD-83	\$20.6 to \$14.7	119%
737-400	\$17.7 to \$12.7	100%
Difference	\$2.9 to \$2.0	19%

(a) - Assumptions: Utilization ranges from 2500 hours to 3500 hours

Fuel burn per hour (gallons): 737-300 = 1,189; 737-700 = 1,100

Fuel burn per hour (gallons): MD-83 = 1,469; 737-400 = 1,267

(b) - Assumptions: Seats: 737-300 = 126; 737-700 = 126; MD-83 = 143; 737-400 = 147

**Source: Boeing**

## ► **Relative Demand for New Generation Aircraft Has Grown Due to Higher Fuel Prices**

- Lease rentals for New Gen aircraft remain relatively strong
- Rentals for 737 Classics are falling to 2006/ 2007 levels but there continues to be demand to replace older technology aircraft
- Demand for 737-400s is stronger than for -300s given similar trip costs and roughly 20 more seats in the -400

## ► **Some Aircraft Simply Can No Longer Be Operated Profitably Today**

- An increasing number of MD-80s and other “third generation” technology and Soviet era aircraft are being parked



## Significant Re-Fleeting Opportunities

- **World Freightor Fleet is Old and Operationally Inefficient**
  - Increasing fuel burn, maintenance cost and environmental pressures
  - Long-haul aircraft under particular pressure due to higher intensity use
- **Majority of Fleet Sourced from Passenger to Freightor Conversions**
  - Supply of aircraft constricted by recent strength of passenger market
  - Freightor market provides an alternative deployment for aircraft
- **Fewer Leasing Company Players**
  - Requires significant technical expertise

## Freightor Age Distribution

AircraftType	# of Aircraft	Average Age
B707/DC8	106	39.2
B727/DC9	323	32.3
B737	145	20.5
B747	332	16.4
B757/B767	233	17.2
A300/A310	286	17.0
MD11/DC10	271	21.3
Other	271	19.3
<b>Total</b>	<b>1967</b>	<b>21.8</b>

Source: Ascend Database

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- \$5.6 billion owned and committed aviation assets
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- **Diversified Portfolio of Modern Aircraft**

- 86% of portfolio by net book value is latest generation aircraft
- 92% of portfolio leased to non-US airlines

- **Strong Financial Profile**

- \$127 million in 2007 Net Income; Q1 2008 Adjusted Net Income of \$35 million
- Conservative capital structure; D/E ratio of ~2.2:1

- **World Class Team of Industry Veterans**

- Significant in-house acquisition, placement and management capabilities with global reach
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