



Toni Perazzo
Chief Financial Officer
(650) 340-1888

FOR IMMEDIATE RELEASE

AEROCENTURY CORP. REPORTS THIRD QUARTER 2014 RESULTS

(BURLINGAME, CA), November 13, 2014 — AeroCentury Corp. (NYSE MKT: ACY), an independent aircraft leasing company, today reported its operating results for the third quarter ended September 30, 2014. Effective as of January 1, 2014, the Company adopted an alternate method of accounting for non-refundable maintenance reserves and certain lessor maintenance costs. In order to provide a meaningful comparison for third quarter 2014 results, the September 30, 2013 and December 31, 2013 results stated below and in the accompanying tables were calculated as if the new method of accounting were in effect throughout the applicable periods ending on those dates.

The Company reported a net loss of \$8.2 million, or (\$5.34) per diluted share, for the third quarter of 2014, compared to net income of \$4.0 million, or \$2.53 per diluted share, for the third quarter of 2013. The Company reported a net loss of \$11.8 million, or (\$7.64) per diluted share, for the first nine months of 2014, compared to net income of \$9.2 million, or \$5.78 per diluted share, for the first nine months of 2013.

Total revenues were \$6.6 million and \$22.5 million for the third quarter and nine months ended September 30, 2014, respectively, compared to total revenues of \$12.5 million and \$32.6 million, respectively, for the same periods a year ago.

Operating lease revenues were higher in the third quarter and nine months ended September 30, 2014, compared to the same periods a year ago primarily as a result of increases in operating lease revenue from assets purchased during 2013 and 2014. The effect of these increases was partially offset by the effect of assets that were on lease in the 2013 periods but off lease for all or a portion of the 2014 periods and asset sales during 2013 and 2014.

Maintenance reserves revenue is dependent upon the amount of reserves retained at lease terminations. As a result of the aircraft returned to the Company during each period, maintenance reserves revenue was lower in the third quarter of 2014 and nine months ended September 30, 2014 compared to the same periods a year ago.

The Company recorded a net gain from the sale of three aircraft in the third quarter of 2014 and recorded a net gain in the third quarter of 2013 from the sale of two aircraft. The Company had previously sold four aircraft and an engine in the first half of 2014. During the first half of 2013, the Company recorded a gain on an engine finance lease and sold two aircraft.

Total expenses increased by \$13.0 million and \$21.8 million, respectively, in the third quarter and first nine months of 2014 as compared to the same periods in 2013.

During the second quarter ended June 30, 2014, the Company recorded a \$6.8 million impairment charge based on current market appraisals related to its five off-lease Fokker 100 aircraft that were being held for lease. During the third quarter, the Company reclassified these aircraft and a Fokker 50 aircraft to held for sale on the Company's balance sheet and recorded impairment charges of \$8.5 million for the Fokker 100 aircraft and \$0.3 million for the Fokker 50 aircraft, based on the Company's estimated realizable value net of disposal costs. During the third quarter, the Company also recorded an impairment charge of \$2.9 million for its two Fokker 100 aircraft that are on lease, based on current market appraisals. During 2013, the Company did not record any impairment charges.

The Company's maintenance expenses were higher in the third quarter and nine months ended September 30, 2014 than in the same periods of 2013, primarily as a result of increases in maintenance performed by the Company on off-lease aircraft.

The Company's interest expenses were higher in the third quarter and nine months ended September 30, 2014 than in the same periods of 2013, primarily as a result of a higher average outstanding debt balance.

The Company's professional fees and other expenses were higher in the third quarter and nine months ended September 30, 2014 than in the same periods of 2013, primarily as a result of expenses incurred in connection with the return of six aircraft and two engines by one of the Company's customers when it ceased operations in the second quarter of 2014, as well as the accrual of goods and services tax related to four of the Company's aircraft that are leased to a customer in Papua New Guinea.

Currently, the Company's portfolio consists of five aircraft engines and thirty-seven aircraft, covering nine different aircraft types. The Company's customer base consists exclusively of regional carriers – eleven different airlines operating worldwide.

AeroCentury is an aircraft operating lessor and finance company specializing in leasing regional aircraft and engines utilizing triple net leases. The Company's aircraft and engines are leased to regional airlines and commercial users worldwide.

(see tables following)

AeroCentury Corp.
Selected Financial Information
(in thousands, except share and per share data)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013(1)	2014	2013(1)
Revenues and other income:				
Operating lease revenue	\$ 4,815	\$4,368	\$ 15,998	\$13,941
Maintenance reserves revenue	-	6,146	3,394	13,866
Net gain on disposal of assets	1,809	1,985	2,964	4,148
Other income	1	38	152	644
	<u>6,625</u>	<u>12,537</u>	<u>22,508</u>	<u>32,599</u>
Expenses:				
Provision for impairment in value of aircraft	11,719	-	18,519	-
Depreciation	1,731	1,804	5,610	5,377
Management fees	1,205	1,058	3,865	3,231
Maintenance costs	2,173	1,414	5,820	4,884
Interest	1,225	966	3,793	3,034
Professional fees and other	1,136	913	2,929	2,134
	<u>19,189</u>	<u>6,155</u>	<u>40,536</u>	<u>18,660</u>
(Loss)/income before income tax provision	(12,564)	6,382	(18,028)	13,939
Income tax (benefit)/provision	(4,317)	2,361	(6,230)	4,764
Net (loss)/income	<u>\$ (8,247)</u>	<u>\$4,021</u>	<u>\$(11,798)</u>	<u>\$ 9,175</u>
(Loss)/earnings per share:				
Basic	<u>\$ (5.34)</u>	<u>\$ 2.61</u>	<u>\$ (7.64)</u>	<u>\$ 5.95</u>
Diluted	<u>\$ (5.34)</u>	<u>\$ 2.53</u>	<u>\$ (7.64)</u>	<u>\$ 5.78</u>
Weighted average shares used in (loss)/earnings per share computations:				
Basic	<u>1,543,257</u>	<u>1,543,257</u>	<u>1,543,257</u>	<u>1,543,257</u>
Diluted	<u>1,543,257</u>	<u>1,590,164</u>	<u>1,543,257</u>	<u>1,587,329</u>
Summary Balance Sheet (Unaudited):				
	September 30,	December 31,	September 30,	
	2014	2013(1)	2013(1)	
Total assets	\$176,526	\$164,634	\$152,933	
Total liabilities	\$142,189	\$118,499	\$105,967	
Stockholders' equity	\$ 34,337	\$ 46,135	\$ 46,966	

- (1) Effective January 1, 2014, the Company adopted an alternate method of accounting for maintenance reserves and lessor maintenance obligations to: (i) recognize non-refundable maintenance reserves as liabilities for deposits against future maintenance reimbursements of maintenance reserves received in the normal course of ongoing leases; (ii) recognize reimbursements from such collected reserves as disbursements against the liability when claims are submitted for payment against previously collected maintenance reserves; (iii) reflect as liabilities non-refundable reserves received by the prior lessor upon acquisition of an aircraft which are claimable by the lessee when maintenance is performed; (iv) recognize as income non-refundable reserves not refunded to lessees upon termination of the lease and return of the aircraft to the Company in accordance with all lease return requirements; and (v) record lessor maintenance obligations as liabilities upon acquisition of an aircraft subject to a lease under which the Company assumes the prior lessor's obligation to pay a portion of a first-time maintenance event. The selected financial information for the three months and nine months ended September 30, 2013 and as of December 31, 2013 reflects the retrospective application of the alternate method of accounting in accordance with ASC 250, *Accounting Changes and Error Corrections*.

###