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**AEROCENTURY CORP. REPORTS RESULTS FOR THE SECOND QUARTER**

(BURLINGAME, CA), July 26, 2004 — AeroCentury Corp. (ASE:ACY), an independent aircraft leasing company, today reported results for second quarter 2004.

For the quarter ended June 30, 2004, the Company reported revenues of \$2.3 million compared with revenues of \$2.2 million for the same period a year ago. The 2004 second quarter revenues are higher than 2003 primarily because of the combined effect of operating lease revenue from aircraft purchased during April 2004 and the re-lease of several aircraft which had been off lease in 2003. These increases were partially offset by lower lease rates for aircraft re-leased after the second quarter of 2003 and aircraft off lease during the second quarter of 2004.

For the six months ended June 30, 2004, the Company reported revenues of \$4.4 million compared with revenues of \$4.7 million for the first six months of 2003. Revenues for the 2004 period are lower primarily because of lower overall lease rates and certain aircraft off lease during 2004. These decreases were partially offset by an increase in operating lease revenue resulting from aircraft purchased in April 2004 and the re-lease of several aircraft which had been off lease in 2003.

The Company reported net income of \$50,110 or \$0.03 per share for the second quarter of 2004. The Company incurred a net loss under generally accepted accounting principles of (\$1,591,200) or (\$1.03) per diluted share for the second quarter of 2003. The Company had net income of \$80,230 or \$0.05 per diluted share for the first six months of 2004 compared with a net loss for the first six months of 2003 of (\$1,416,090) or (\$0.92) per diluted share.

Included in net income for 2003 were one-time charges to maintenance expense and bad debt expense totaling \$2,443,470 and \$2,543,470 for the second quarter and the first six months, respectively, in connection with the default of a Haitian regional carrier and the end-of-lease return of an aircraft from a Brazilian lessee. Excluding the effect of these charges, the Company's pro-forma net income for the second quarter of 2003 would have been \$21,000 or \$0.01 per diluted share. The Company believes that shareholders will find this comparative information important in discerning the operating results and financial condition of the Company's ongoing core business activities.

Depreciation was \$59,980 and \$64,250 higher in the three-month and six-month periods, respectively, during 2004 as compared to 2003 as a result of aircraft purchased during April 2004. Maintenance expense was \$1,668,780 and \$1,745,000 lower in the three-month and sixth-month periods in 2004 versus 2003 primarily as a result of the Haitian default described above.

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Management fees were \$16,070 higher in the three-month period during 2004 versus 2003 as a result of the aircraft purchased in April 2004. Management fees in the six-month period in 2004 were \$8,220 lower versus 2003 as a result of normal portfolio depreciation which was only partially offset by the effect of the aircraft purchased in April 2004. Interest expense was \$131,270 and \$171,420 higher in the three-month and six-month periods, respectively, of 2004 versus 2003 primarily as a result of higher average interest rates arising from the renegotiation of the Company's credit facility in the third quarter of 2003.

Professional fees and general and administrative expenses as well as insurance expense were relatively unchanged in 2004 as compared to 2003.

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 on lease to regional airlines and commercial users worldwide.

(See tables below.)

**AeroCentury Corp.**  
**Selected Financial Information**  
**(Unaudited)**

	For the Quarter Ended <u>June 30, 2004</u>	For the Quarter Ended <u>June 30, 2003</u>	For the Six Months Ended <u>June 30, 2004</u>	For the Six Months Ended <u>June 30, 2003</u>
<b>Summary of Operations:</b>				
Total revenues	\$ 2,301,800	\$ 2,207,090	\$ 4,431,830	\$ 4,682,960
Depreciation	899,290	839,310	1,744,360	1,680,110
Interest	572,940	441,670	1,124,090	952,670
Management fees	496,630	480,560	959,410	967,630
Professional fees and general and administrative	152,950	154,670	294,130	298,960
Insurance expense	49,200	47,800	123,220	119,280
Maintenance	68,200	1,736,980	92,980	1,837,980
Bad debt expense	-	949,910	-	1,049,910
	<u>2,239,210</u>	<u>4,650,900</u>	<u>4,338,190</u>	<u>6,906,540</u>
Income / (loss) before taxes	62,590	(2,443,810)	93,640	(2,223,580)
Tax provision / (benefit)	<u>12,480</u>	<u>(852,610)</u>	<u>13,410</u>	<u>(807,490)</u>
Net income / (loss)	<u>\$ 50,110</u>	<u>\$( 1,591,200)</u>	<u>\$ 80,230</u>	<u>\$( 1,416,090)</u>
Weighted average common shares outstanding	<u>1,543,257</u>	<u>1,543,257</u>	<u>1,543,257</u>	<u>1,543,257</u>
Earnings per share	<u>\$ 0.03</u>	<u>\$ ( 1.03)</u>	<u>\$ 0.05</u>	<u>\$ ( 0.92)</u>
	<u>June 30, 2004</u>	<u>December 31, 2003</u>	<u>June 30, 2003</u>	
<b>Summary Balance Sheet:</b>				
Total assets	\$ 74,638,660	\$ 73,659,210	\$ 74,681,450	
Total liabilities	\$ 56,027,630	\$ 55,128,400	\$ 56,226,430	
Shareholders' equity	\$ 18,611,030	\$ 18,530,810	\$ 18,455,020	

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