

Aircastle LTD
Form DEF 14A
April 12, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☒ **Confidential, for the Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to § 240.14a-12

AIRCASTLE LIMITED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Aircastle Limited
c/o Aircastle Advisor LLC
300 First Stamford Place, 5th Floor
Stamford, CT 06902**

April 12, 2010

Dear Fellow Shareholders:

On behalf of your Board of Directors, I am pleased to invite you to attend the 2010 Annual General Meeting of Shareholders of Aircastle Limited. This meeting will be held on May 25, 2010, at 10:00AM Eastern Daylight Time, at the Hilton Hotel, located at First Stamford Place, Stamford, CT.

This year, we will again take advantage of the Securities and Exchange Commission (SEC) rule allowing companies to furnish proxy materials to their shareholders electronically. We believe that this e-proxy process expedites shareholders receipt of proxy materials, while lowering the costs and reducing the environmental impact of our annual general meeting. In accordance with the recent SEC rule, on April 12, 2010, the Company began mailing to certain of our shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access electronically our proxy statement and annual report and how to vote. Shareholders who did not receive this Notice will receive the annual meeting materials by mail, including our proxy statement, proxy card and annual report.

Our proxy statement contains detailed information about the business to be conducted at the annual general meeting. To assure that your shares are represented at the annual general meeting, we urge you to exercise your vote by Internet, telephone or mail by following the instructions included on page 2 of the proxy statement and in the Notice or proxy card that you received. If you are able to attend the annual general meeting and wish to vote your shares personally, you may do so at any time before the proxy is voted at the annual general meeting.

If you plan to attend the annual general meeting, please follow the instructions on page 3 of the proxy statement to obtain an admission ticket.

Sincerely,

Wesley R. Edens
Chairman of the Board

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**Aircastle Limited
c/o Aircastle Advisor LLC
300 First Stamford Place, 5th Floor
Stamford, CT 06902**

Notice of the 2010 Annual General Meeting of Shareholders

To Our Shareholders:

Aircastle Limited will hold its 2010 Annual General Meeting of Shareholders (the "Annual Meeting") at the Hilton Hotel, located at First Stamford Place, Stamford, CT on May 25, 2010 at 10:00AM Eastern Daylight Time. The matters to be considered and acted upon at the Annual Meeting, which are described in detail in the accompanying materials, are:

1. the election of two Class I directors to serve until the 2013 annual general meeting of Aircastle Limited or until their office shall otherwise be vacated pursuant to our Bye-laws;
2. the appointment of Ernst & Young LLP as independent registered public accounting firm for Aircastle Limited for fiscal year 2010 and to authorize the directors of Aircastle Limited, acting by the Audit Committee, to determine the independent registered public accounting firm's fees; and
3. any other business properly presented at the Annual Meeting.

Your Board of Directors recommends that you vote in favor of the proposals set forth in the accompanying proxy statement.

We will also present at the Annual Meeting the consolidated financial statements and independent registered public accounting firm's report for the fiscal year ended December 31, 2009, copies of which can be found in our 2009 Annual Report that accompanies this Notice or which was previously circulated to shareholders.

Shareholders of record at the close of business on March 29, 2010 are entitled to notice of, and to vote at, the Annual Meeting. Our stock transfer books will remain open for the transfer of our common shares. A list of all shareholders entitled to vote at the Annual Meeting will be available for examination at our principal executive office located at c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902, for the 10 days before the Annual Meeting between 9:00 AM and 5:00 PM, local time, and at the place of the Annual Meeting during the Annual Meeting for any purpose germane to the Annual Meeting.

By Order of the Board of Directors,

David R. Walton
*Chief Operating Officer,
General Counsel and Secretary*

Stamford, CT

April 12, 2010

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Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 25, 2010.

The proxy statement and annual report are available at www.aircastle.com/investors.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE VOTE AS PROMPTLY AS POSSIBLE BY USING THE INTERNET OR TELEPHONE, OR IF YOU RECEIVED A PAPER COPY OF THE PROXY MATERIALS, BY SIGNING, DATING AND RETURNING THE PROXY CARD INCLUDED THEREWITH.

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**Aircastle Limited
c/o Aircastle Advisor LLC
300 First Stamford Place, 5th Floor
Stamford, CT 06902**

April 12, 2010

PROXY STATEMENT

**For the 2010 Annual General Meeting of Shareholders To Be Held On
May 25, 2010**

GENERAL INFORMATION ABOUT THE MEETING

Date, Time and Place of Annual General Meeting.

The Board of Directors (the **Board**) of Aircastle Limited, an exempted Bermuda company (the **Company** or **Aircastle**), is soliciting proxies to be voted at the 2010 Annual General Meeting of Shareholders (the **Annual Meeting**) to be held at 10:00AM Eastern Daylight Time, on May 25, 2010, at the Hilton Hotel, located at First Stamford Place, Stamford, CT for the purposes set forth in the accompanying Notice of 2010 Annual Meeting of Shareholders, and at any adjournment or postponement of the Annual Meeting. We are sending this proxy statement in connection with the proxy solicitation.

On or about April 12, 2010, the Company began mailing to certain of our shareholders a Notice of Internet Availability of Proxy Materials. This Notice contains instructions on how to access the proxy statement and our annual report for the year ended December 31, 2009 (the **2009 Annual Report**) and how to vote. By furnishing this Notice, we are lowering the costs and reducing the environmental impact of our Annual General Meeting. Shareholders who did not receive this Notice will continue to receive paper copies of our proxy statement, proxy card and 2009 Annual Report, which we began mailing on or about April 12, 2010.

Matters to be Considered at the Annual Meeting.

At the Annual Meeting, shareholders will vote upon the following matters:

1. the election of two Class I directors to serve until the 2013 annual general meeting of Aircastle or until their office shall otherwise be vacated pursuant to our Bye-laws;
2. the appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for fiscal year 2010 and to authorize the directors of Aircastle, acting by the Audit Committee, to determine the independent registered public accounting firm's fees; and
3. any other business properly presented at the Annual Meeting.

Quorum and Voting Requirements.

Our Board has fixed the close of business on March 29, 2010 as the record date (the **Record Date**) for determination of the shareholders entitled to notice of and to vote at the Annual Meeting. Only shareholders of record as of the close of business on the Record Date are entitled to vote at the Annual Meeting. The presence of two or more persons at the start of the Annual Meeting and representing in person, or by proxy entitling the holder to vote at the Annual Meeting, in excess of 50% of all votes attaching to all shares of the Company in issue, shall form a quorum for the transaction

of business. If a quorum is not present, the Annual Meeting may be adjourned by the chairman of the meeting until a quorum has been obtained.

For the election of nominees to our Board, the affirmative vote of a plurality of the votes cast at the Annual Meeting is sufficient to elect the director, provided that a quorum is present. For the appointment of Ernst & Young LLP, and the approval of any other business properly presented at the Annual Meeting, the affirmative vote of a majority of the votes cast at the Annual Meeting is required for approval of the matter, provided that a quorum is present. A shareholder voting for the election of directors may withhold authority to vote for all or certain nominees. A shareholder may also abstain from voting on the other matters presented for shareholder vote. Votes withheld from the election of any nominee for director and

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abstentions from any other proposal will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but will not be counted in the number of votes cast on a matter.

We will not count shares that abstain from voting on a particular matter or broker, bank or other nominee (broker) non-votes as votes in favor of such matter. With respect to the election of directors and the appointment of Ernst & Young LLP, abstentions and broker non-votes will be disregarded and will have no effect on the outcome of vote.

If a shareholder holds shares through a broker, generally the broker may vote the shares it holds in accordance with instructions received. If a shareholder does not give instructions to a broker, the broker can vote the shares it holds with respect to discretionary or routine proposals under the rules of the New York Stock Exchange (NYSE). A broker cannot vote shares with respect to non-discretionary proposals for which a shareholder has not given instruction. The appointment of Ernst & Young LLP is considered a discretionary proposal and therefore may be voted upon by a broker even in the absence of instructions from the shareholder; however, the election of directors is considered a non-discretionary item and a broker may not vote on this item in the absence of instructions from the shareholder.

As of the Record Date, there were 79,503,885 common shares of the Company, par value US\$0.01 per share (Common Shares), outstanding and entitled to vote. Each Common Share entitles the holder to one vote on each matter presented at the Annual Meeting.

Voting.

You may submit your proxy with voting instructions by any one of the following means:

By Internet or Telephone

To submit your proxy by internet, go to www.proxyvote.com. You will need the 12 digit number included on your proxy card, voter instruction form or Notice of Internet Availability of Proxy Materials.

To submit your proxy by telephone, registered shareholders should dial 1-800-690-6903 and follow the instructions. Beneficial holders should dial the phone number listed on your voter instruction form. You will need the 12 digit number included on your proxy card, voter instruction form or Notice of Internet Availability of Proxy Materials.

Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day, and will close at 11:59 p.m. Eastern Daylight Time on May 24, 2010. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive.

If you submit your proxy by telephone or on the Internet, you do not have to return your proxy card or voting instruction form or Notice of Internet Availability of Proxy Materials.

By Mail

If you are a holder of record and received your Annual Meeting materials by mail, you can vote by signing, dating and completing the proxy card included therewith and returning it by mail in the enclosed self addressed envelope. If you received a Notice of Internet Availability of Proxy Materials and wish to vote by traditional proxy card, you may receive a full set of the annual meeting materials at no charge through one of the following methods:

By internet at: www.proxyvote.com;

Edgar Filing: Aircastle LTD - Form DEF 14A

By telephone at: 1-800-690-6903

By email at sendmaterial@proxyvote.com.

Once you receive the Annual Meeting materials, please sign, date and complete the proxy card included therewith and return it in the enclosed self-addressed envelope. No postage is necessary if the proxy card is mailed in the United States. If you hold your shares through a bank, broker or other nominee, it will give you separate instructions for voting your shares.

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In Person, at the Annual Meeting

All shareholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the Annual Meeting.

Proxies, if received in time for voting, properly executed and not revoked, will be voted at the Annual Meeting in accordance with the instructions contained therein. If no instructions are indicated, the Common Shares represented by the proxy will be voted as follows:

FOR the election of the director nominees named herein;

FOR the appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for fiscal year 2010 and to authorize the directors of Aircastle, acting by the Audit Committee, to determine the independent registered public accounting firm's fees; and

in accordance with the judgment of the proxy holders as to any other matter that may be properly brought before the Annual Meeting, including any adjournments and postponements thereof.

Revocability of Proxy.

Any shareholder returning a proxy may revoke it at any time before the proxy is exercised by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the Annual Meeting in person and so request, although attendance at the Annual Meeting will not by itself revoke a previously granted proxy. Any proxy not revoked will be voted as specified by the shareholder. If no choice is indicated, a proxy will be voted in accordance with the Board's recommendations as described above.

Persons Making the Solicitation.

This proxy statement is sent on behalf of, and the proxies are being solicited by the Board. We will bear all costs of this solicitation of proxies. In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, telecopy, e-mail and personal interviews. We will request brokers, custodians and other fiduciaries to forward proxy soliciting materials to the beneficial owners of Common Shares they hold of record. We will reimburse them for their reasonable out-of-pocket expenses incurred in connection with the distribution of the proxy materials.

Recommendations of the Board of Directors.

The Board recommends a vote:

FOR the election of the director nominees named herein;

FOR the appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for fiscal year 2010 and to authorize the directors of Aircastle, acting by the Audit Committee, to determine the independent registered public accounting firm's fees.

Attendance at the Meeting.

If you plan to attend the meeting, you may request an admission ticket in advance. Tickets will be issued to registered and beneficial owners. You may request tickets by:

sending an e-mail to the Investor Relations department at ir@aircastle.com providing the name under which you hold shares of record or the evidence of your beneficial ownership of shares described below;

sending a fax to (203) 504-1021 providing the name under which you hold shares of record or the evidence of your beneficial ownership of shares described below; or

Checking the Annual Meeting box on the proxy card, if you are a holder who received your annual meeting materials by mail.

Please note that a beneficial owner holding his or her shares in street name who plans to attend the Annual Meeting must also send a written request with proof of ownership (such as a bank or brokerage firm account statement) to the Company's transfer agent, American Stock Transfer & Trust Company 59

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Maiden Lane, New York, NY 10038. Admittance to the Annual Meeting will be based upon availability of seating. For directions to the Annual Meeting, please call (203) 504-1020.

Shareholders who do not present admission tickets at the Annual Meeting will be admitted upon verification of ownership at the admissions desk.

**PROPOSAL NUMBER ONE
ELECTION OF DIRECTORS
(Item 1 on Proxy Card)**

The first proposal is to elect two Class I directors to serve until the 2013 annual general meeting of Aircastle or until their office shall otherwise be vacated pursuant to our Bye-laws.

Our Bye-laws provide that our Board may determine the number of directors constituting the Board. The number of directors is currently fixed at seven. The Board is divided into three classes of directors. The current terms of the Class I, Class II and Class III directors will expire in 2010, 2011 and 2012, respectively.

The Board unanimously proposes the following two nominees for election as Class I directors at the Annual Meeting. If elected at the Annual Meeting, the directors will hold office from election until the 2013 annual general meeting of Aircastle or until their office shall otherwise be vacated pursuant to our Bye-laws. If any of the nominees becomes unavailable or unwilling to serve, an event that the Board does not presently expect, we will vote the shares represented by proxies for the election of directors for the election of such other person(s) as the Board may recommend.

Set forth below is certain biographical information regarding our directors, including the director nominees, as of March 29, 2010. See Security Ownership of Certain Beneficial Owners and Management in this proxy statement for a description of securities beneficially owned by our directors, including the director nominees, as of March 29, 2010.

Unless otherwise instructed, we will vote all proxies we receive **FOR** Messrs. Allen and Hacker.

Nominees

Set forth below is information regarding the nominees for election:

Name	Age	Position
Ronald W. Allen	68	Class I Director
Douglas A. Hacker	54	Class I Director

Ronald W. Allen was appointed to our Board on August 2, 2006. Mr. Allen was a consultant to and Advisory Director of Delta Air Lines, Inc., from July 1997 through July 2005. Mr. Allen continues to serve as an Advisory Director. He retired as Delta's Chairman of the Board, President and Chief Executive Officer in July 1997, and had been its Chairman of the Board and Chief Executive Officer since 1987. Mr. Allen is also a Director of the Coca-Cola Company, Aaron Rents, Inc., and Guided Therapeutics. The Board has determined that Mr. Allen is financially literate as defined by NYSE rules. Mr. Allen brings strong leadership to the Board and extensive experience in human resources, operations, strategic planning and financial matters relevant to the airline industry to the Board, and he provides valuable insight in these areas to the Board and to the Company's management. Mr. Allen also maintains

high-level contacts with airlines which are customers of the Company or which may in the future be customers of the Company.

Douglas A. Hacker was appointed to our Board on August 2, 2006. Mr. Hacker is currently an independent business executive and formerly served from December 2002 to May 2006 as Executive Vice President, Strategy for UAL Corporation, an airline holding company. Prior to this position, Mr. Hacker served with UAL Corporation as President, UAL Loyalty Services from September 2001 to December 2002, and as Executive Vice President and Chief Financial Officer from July 1999 to September 2001. Mr. Hacker also serves as a director or trustee of a series of open-end investment companies that are part of the Columbia family of mutual funds and as a director of Nash Finch Company. The Board has determined

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that Mr. Hacker is financially literate as defined by NYSE rules and is a financial expert as defined by SEC regulations. Mr. Hacker's extensive experience in financial and operating management, including his prior service as an Executive Vice President, Strategy, of a major U.S. airline and his service as Chief Financial Officer of a major U.S. airline, in addition to his depth of knowledge in executive compensation, provide to the Board excellent perspectives on airline and aircraft leasing and finance matters, on strategic matters relevant to the Company and on executive compensation.

If any of these nominees for director becomes unavailable, the persons named in the enclosed proxy intend to vote for any alternate designated by the Board.

The Board recommends a vote FOR the above-named nominees to serve as our directors until the 2013 Annual General Meeting of Aircastle or until their office shall otherwise be vacated pursuant to our Bye-laws.

Continuing Directors

Name	Age	Position
Wesley R. Edens	48	Chairman of the Board and Class III Director
Joseph P. Adams, Jr.	52	Deputy Chairman of the Board and Class II Director
John Z. Kukral	49	Class II Director
Ronald L. Merriman	65	Class II Director
Peter V. Ueberroth	72	Class III Director

Wesley R. Edens is the Chairman of the board of directors and has served in this capacity since our formation in October 2004. Mr. Edens is founding principal and Co-Chairman of the Board of Directors of Fortress Investment Group LLC ("Fortress") and has been a principal and the Chairman of the Management Committee of Fortress since co-founding the same in May 1998. Previously, Mr. Edens served as Chief Executive Officer of Fortress from inception to August 2009. Mr. Edens has primary investment oversight of Fortress private equity and publicly traded alternative businesses. He is Chairman of the board of directors of each of Brookdale Senior Living Inc., Eurocastle Investment Limited, GateHouse Media, Inc., Mapeley Limited, Newcastle Investment Corp. and RailAmerica, Inc. and a director of GAGFAH S.A. and Penn National Gaming Inc. Mr. Edens was Chief Executive Officer of Global Signal Inc. from February 2004 to April 2006 and Chairman of the board of directors from October 2002 to January 2007. Mr. Edens serves in various capacities in the following two registered investment companies: Chairman, Chief Executive Officer and Trustee of Fortress Registered Investment Trust and Fortress Investment Trust II. Mr. Edens previously served on the boards of the following publicly traded company and registered investment companies: Crown Castle Investment Corp. (merged with Global Signal Inc.) from January 2007 to July 2007; Fortress Brookdale Investment Fund LLC, from August 13, 2000 (deregistered with the SEC in March 2009); Fortress Pinnacle Investment Fund, from July 24, 2002 (deregistered with the SEC in March 2008); and RIC Coinvestment Fund LP, from May 10, 2006 (deregistered with the SEC in June 2009). Prior to forming Fortress, Mr. Edens was a partner and managing director of BlackRock Financial Management Inc., where he headed BlackRock Asset Investors, a private equity fund. In addition, Mr. Edens was formerly a partner and managing director of Lehman Brothers. Mr. Edens received a B.S. in Finance from Oregon State University. Mr. Edens brings strong leadership, extensive business and managerial experience, and a tremendous knowledge of our Company and the transportation-related industries, to the Board. In addition, Mr. Edens brings his broad strategic vision to our Company and the Board. Further, his experience on the boards of other public companies, including serving as chairman of the board, provides the Board with insights into how boards at other companies address issues similar to those faced by the Company.

Joseph P. Adams, Jr. was appointed to our Board in October 2004 and became Deputy Chairman of our Board in May 2006. He is a Managing Director in Private Equity at Fortress Investment Group, which he joined in April 2004. He is also the Deputy Chairman of the board of directors of RailAmerica, Inc. and a director of SeaCube Container Leasing Ltd. Previously, Mr. Adams was a partner at Brera Capital Partners from 2001 until joining Fortress and at Donaldson, Lufkin & Jenrette from 1996 until 2001 where he was in

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the transportation industry group. In 2002, Mr. Adams served as the first Executive Director of the Air Transportation Stabilization Board. Mr. Adams received a BS in Engineering from the University of Cincinnati and an MBA from Harvard Business School. Mr. Adams' experience, including his role serving as Deputy Chairman on a number of boards for portfolio companies of Fortress, provides the Board with insights into how boards at other companies address issues similar to those faced by the Company. In addition, his experience as a private equity investor and investment and merchant banker provides the Board with valuable insights on financial, strategic planning and investor relations matters, particularly as it relates to transportation-related industries and his experience as Executive Director of the Air Transportation Stabilization Board provides the Board with valuable insights on such matters with respect to the airline and aircraft leasing and finance industries specifically.

John Z. Kukral was appointed to our Board on August 2, 2006. Mr. Kukral is President of Northwood Investors, a real estate investment company. Mr. Kukral started his career at JMB Realty Corporation in 1982 and was most recently (1994 to 2005) with Blackstone Real Estate Advisors where he served as President and CEO from 2002 until his departure in 2005. Mr. Kukral is a Director of HFF, Inc., a Trustee of the Urban Land Institute, a Governor of the Urban Land Foundation, a Trustee of the National Jewish Hospital in Denver, Colorado and past Chairman of the Savoy Group. Mr. Kukral's experience as an investor in the real estate sector provides valuable perspectives to the Board in connection with the Company's investment decisions and its proposed financing or refinancing of its investments. Given his experience as a CEO and President, Mr. Kukral provides insights on executive recruitment, succession planning and compensation, as well as strong leadership skills generally.

Ronald L. Merriman was appointed to our Board on August 2, 2006. Mr. Merriman is Managing Director of Merriman Partners, a management consulting firm. He served as Managing Director of O'Melveny & Myers LLP, a global law firm, from 2000 to 2003. From 1999 to 2000, Mr. Merriman served as Executive Vice President of Carlson Wagonlit Travel, a global travel management firm. Mr. Merriman also served as Executive Vice President of Ambassadors International, a publicly-traded travel services business, from 1997 to 1999. From 1967 to 1997, Mr. Merriman was employed by KPMG, a global accounting and consulting firm, where he ultimately served as a Vice Chair and member of the Executive Management Committee. He is also a director of three other public companies: Realty Income Corporation, Haemonetics Corporation, and Pentair, Inc. Mr. Merriman also served as director of Cardio Dynamics International from July 2003 to July 2005. The Board has determined that Mr. Merriman is financially literate as defined by NYSE rules and is a financial expert as defined by SEC regulations. Mr. Merriman brings an extensive accounting and financial background to the Board, with a particular emphasis on accounting and financial matters relevant to the airline and travel industries and transportation companies generally. Mr. Merriman also serves on the International Committee of the board of directors of Pentair, Inc., and provides valuable insight on the cross-border nature of our business.

Peter V. Ueberroth was elected to AYR's Board on August 2, 2006. Mr. Ueberroth is an investor and Chairman of the Contrarian Group, Inc., a business management company, and has held this position since 1989. He is the non-executive co-chairman of Pebble Beach Company and a director of the Coca-Cola Company. He also served as director of Adecco SA, an international, publicly traded employment services company, Ambassadors International, Inc., a publicly traded travel services business, and Hilton Hotels Corporation during the past five years. Mr. Ueberroth brings strong leadership skills and extensive experience in the airline and travel industries to the Board. From his leadership roles in other global businesses and from his past role as Chairman of the United States Olympic Committee, Mr. Ueberroth provides to the Board valuable understanding and perspective of international trends and strategies, particularly with respect to China.

Legal Proceedings Involving Directors, Officers or Affiliates.

There are no legal proceedings ongoing as to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to us or any of our

subsidiaries or has a material interest adverse to us or any of our affiliates.

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Director Independence.

In March 2010, our Board determined the independence of each member of the Board in accordance with the NYSE corporate governance rules and applicable rules of the United States Securities and Exchange Commission (the "SEC"). Each director affirmatively determined by the Board to have met the standards set forth in Section 303A.02 (b) of the NYSE listing standards is referred to herein as an "Independent Director". The Board has determined that the following members of the Board are Independent Directors: Ronald W. Allen, Douglas A. Hacker, John Z. Kukral, Ronald L. Merriman and Peter V. Ueberroth. In making this determination, our Board considered all relevant facts and circumstances, as required by applicable NYSE listing standards.

The NYSE rules require that the Board consist of a majority of "independent directors" and that the nominating/corporate governance committee, the compensation committee and the audit committee of the Board consist entirely of "independent directors". Under NYSE listing standards, whether a director is an "independent director" is a subjective determination to be made by the Board, and a director of Aircastle only qualifies as "independent" if the Board affirmatively determines that the director has no material relationship with Aircastle (either directly or as a partner, shareholder or officer of an organization that has a relationship with Aircastle). While the test for independence is a subjective one, the NYSE rules also contain objective criteria that preclude directors from being considered independent in certain situations.

Specifically, persons meeting the following objective criteria are deemed to be not independent:

A director who is or was an employee, or whose immediate family member is an executive officer, of Aircastle (including any consolidated subsidiary), may not be considered independent until three years after the end of such employment relationship;

A director who has received, or whose immediate family member has received, during any twelve-month period within the last three years, more than US\$120,000 in direct compensation from Aircastle (including any consolidated subsidiary), other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

A director who (i) is, or whose immediate family is, a current partner of a firm that is the internal or external auditor of Aircastle; (ii) is a current employee of such a firm; (iii) has an immediate family member who is a current employee of such a firm and who personally works on Aircastle's audit; or (iv) was, or whose immediate family member was, within the last three years a partner or employee of such a firm and personally worked on Aircastle's audit within that time;

A director who is or was employed, or whose immediate family member is or was employed, as an executive officer of another company where any of Aircastle's present executive officers at the same time serve or served on that Company's compensation committee may not be considered independent until three years after the end of such service or the employment relationship; and

A director who is a current employee, or whose immediate family member is an executive officer, of a company (or a consolidated subsidiary of such company) that has made payments to, or has received payments from, Aircastle for property or services in an amount which, in any single fiscal year, exceeds the greater of US\$1 million or 2% of such other company's consolidated gross revenues may not be considered an independent director until three years after falling below such threshold.

Ownership of a significant amount of Common Shares, by itself, does not constitute a material relationship.

The Board has not established additional guidelines to assist it in determining whether a director has a material relationship with Aircastle under NYSE rules, but instead evaluates each director or nominee for director under the tests set forth by the NYSE and through a broad consideration and evaluation of all relevant facts and circumstances. The Board, when assessing the materiality of a director's relationship with Aircastle, also considers the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation.

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CORPORATE GOVERNANCE

The role of our Board is to ensure that Aircastle is managed for the long-term benefit of our shareholders. To fulfill this role, the Board has adopted corporate governance principles designed to assure compliance with all applicable corporate governance standards, including those provided by the SEC and the NYSE. In addition, the Board is informed regarding Aircastle's activities and periodically reviews, and advises management with respect to, Aircastle's annual operating plans and strategic initiatives.

We review our corporate governance policies and practices on an ongoing basis and compare them to those suggested by various authorities in corporate governance and the practices of other public companies. We have also continued to review the provisions of the Sarbanes-Oxley Act of 2002, the existing and proposed rules of the SEC and the existing and proposed listing standards of the NYSE.

Corporate Governance Guidelines.

Our Board has adopted Corporate Governance Guidelines. The Corporate Governance Guidelines are posted on our website at <http://www.aircastle.com> under Investors Corporate Governance and are available in print to any shareholder of the Company upon request.

Code of Business Conduct and Ethics.

To help ensure that Aircastle abides by applicable corporate governance standards, our Board has adopted a Code of Business Conduct and Ethics, which is posted on our website at <http://www.aircastle.com> under Investors Corporate Governance, and a Code of Ethics for Chief Executive and Senior Financial Officers, which is available in print to any shareholder of the Company upon request. The Company intends to post on its website any material amendments to its ethics codes and the description of any waiver from a provision of the ethics codes granted by the Board to any director or executive officer of the Company within four business days after such amendment or waiver.

Communications with the Board of Directors.

Shareholders and other interested parties who wish to communicate directly with any of the Company's directors, including the Presiding Director as defined below or the Independent Directors as a group, may do so by writing to the Board, Aircastle Limited, c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902 Attention: General Counsel. All communications will be received, sorted and summarized by the General Counsel, as agent for the relevant directors. Communications relating to the Company's accounting, internal accounting controls or auditing matters will be referred to the Chair of the Audit Committee. Other communications will be referred to such other director as may be appropriate. Communications may be submitted anonymously or confidentially.

Meetings of the Board of Directors.

Regular attendance at Board Meetings is required of each director. During 2009, Aircastle's Board held 8 meetings. Each incumbent director attended 75% or more of the aggregate of all meetings of the Board and committees on which the director served during 2009. The Board's meetings include, whenever appropriate, executive sessions in which only Independent Directors are present. Any Independent Director can request that an executive session be scheduled. Ronald W. Allen was elected by the Independent Directors, in executive session, to serve as presiding director (the Presiding Director) at all executive session meetings of the Independent Directors.

Aircastle does not require directors to attend the annual general meetings, although they are invited to attend. Three directors attended our 2009 annual general meeting.

Table of Contents**Committees of the Board of Directors.**

The Board has three standing Committees: Audit, Compensation and Nominating and Corporate Governance. The table below indicates the members of each committee. All members of each committee are Independent Directors.

Name	Audit	Compensation	Nominating and Corporate Governance
Joseph P. Adams, Jr.			
Ronald W. Allen	X	X	Chair
Wesley R. Edens			
Douglas A. Hacker*	X	Chair	
John Z. Kukral		X	X
Ronald L. Merriman*	Chair		X
Peter V. Ueberroth			

* Messrs. Hacker and Merriman serve as financial experts on our Audit Committee.

The Audit Committee. The Audit Committee acts under a written charter that has been approved by the Board and complies with the NYSE corporate governance rules and applicable SEC rules and regulations. A copy of the charter is posted on the Company's website at <http://www.aircastle.com> under Investors Corporate Governance and is available in print to any shareholder of the Company upon request. All three members of the Audit Committee are Independent Directors. The Board has determined that each member of the Audit Committee is financially literate as defined by NYSE rules, and that Messrs. Hacker and Merriman are qualified to serve as the Audit Committee's financial experts as defined by SEC regulations. Each of Mr. Hacker and Mr. Merriman are Independent Directors. A brief description of each of Mr. Hacker and Mr. Merriman's work experience is included on pages 4 and 5, respectively. The Board also determined that although Mr. Merriman currently sits on the audit committees of more than three public companies, these relationships would not impair his ability to serve effectively on the Company's Audit Committee. Members of the Audit Committee, other than the Chair of the Audit Committee, do not receive any compensation from the Company other than their compensation as a director as described under Directors Compensation in this proxy statement.

Our Audit Committee's functions include:

reviewing the audit plans and findings of the independent certified public accountants and our internal audit and risk review staff, and the results of regulatory examinations and monitoring management's corrective action plans where necessary;

reviewing our financial statements, including any significant financial items and/or changes in accounting policies, with our senior management and independent certified public accountants;

reviewing our accounting and internal controls policies and procedures, compliance programs and significant tax and legal matters;

making recommendations to our shareholders regarding the annual appointment by our shareholders of the independent certified public accountants (which constitutes the auditor for purposes of Bermuda law) and evaluating their independence and performance, as well as setting clear hiring policies for employees or former employees of our independent certified public accounting firm; and

reviewing the process by which we assess and manage exposure to financial and legal risk.

During the fiscal year ended December 31, 2009, the Audit Committee held nine meetings. Audit Committee meetings include, where appropriate, executive sessions in which the Audit Committee meets only with Committee members present or separately with the Company's independent registered public accountants or with the Company's Chief Executive Officer, Chief Financial Officer and General Counsel. The report of the Audit Committee is included on page 31.

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The Compensation Committee. The Compensation Committee acts under a written charter that has been approved by the Board and complies with the NYSE corporate governance rules. A copy of the charter is posted on the Company's website at <http://www.aircastle.com> under Investors-Corporate Governance and is available in print to any shareholder of the Company upon request. All three members of the Compensation Committee are Independent Directors.

Our Compensation Committee's functions include:

- reviewing the salaries, benefits and share-based grants for executive officers;

- reviewing corporate goals and objectives relevant to Chief Executive Officer compensation, evaluating the Chief Executive Officer's performance in light of those goals and objectives, and determining the Chief Executive Officer's compensation based on that evaluation;

- acting as administrator of the Amended and Restated 2005 Aircastle Limited Equity Incentive Plan; and

- reviewing risks relating to the Company's employment practices and the Company's compensation and benefits practices.

The Compensation Committee held six meetings during the fiscal year ended December 31, 2009. Compensation Committee meetings include, where appropriate, executive sessions in which the Compensation Committee meets only with Committee members present or separately with the Deputy Chairman of the Board and/or with the Company's Chief Executive Officer. The report of the Compensation Committee is included on page 21.

The Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee acts under a written charter that has been approved by the Board and complies with NYSE corporate governance rules. A copy of the charter is posted on the company's website at <http://www.aircastle.com> under Investors-Corporate Governance and is available in print to any shareholder of the Company upon request. All three members of the Nominating and Corporate Governance Committee are Independent Directors. The Nominating and Corporate Governance Committee held three meetings during the fiscal year ended December 31, 2009.

Our Nominating and Corporate Governance Committee functions include:

- reviewing the performance of the board of directors and incumbent directors and makes recommendations to our board of directors regarding the selection of candidates, qualification and competency requirements for service on the board of directors and the suitability of proposed nominees;

- advising the board of directors with respect to the corporate governance principles applicable to the Company;

- reviewing risks associated with the Company's management and director succession planning; and

- overseeing the evaluation of the board of directors and the Company's management.

The Nominating and Corporate Governance Committee works with the Board to determine the appropriate and necessary characteristics, skills and experience of the Board, both as a whole and with respect to its individual members. The committee evaluates biographical and background information relating to potential candidates and interviews candidates selected by members of the committee and by the Board in making its decisions as to prospective candidates to the Board. While the committee does not specifically set forth any minimum skills that a candidate must have prior to consideration, the committee thoroughly examines a candidate's understanding of

marketing, finance and other elements relevant to the success of a publicly traded company in today's business environment, understanding of the Company's business, and educational and professional background. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board. The

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Nominating and Corporate Governance Committee identifies potential nominees by asking current directors and executive officers to notify the Nominating and Corporate Governance Committee if they become aware of suitable candidates. As described below, the Nominating and Corporate Governance Committee will also consider candidates recommended by shareholders. We have not paid any third party a fee to assist in the process of identifying or evaluating candidates; however the Nominating and Corporate Governance Committee may elect in the future to engage firms that specialize in identifying director candidates.

All director candidates, including those recommended by shareholders, are evaluated on the same basis. Candidates for director must possess the level of education, experience, sophistication and expertise required to perform the duties of a member of a board of directors of a public company of the Company's size and scope. At a minimum, the committee will consider whether the recommended candidate is subject to a disqualifying factor as described Section 303A.02(b) of the NYSE listing standards and the number of other boards and committees on which the individual serves. The committee may also consider, among other qualifications, a candidate's (i) ethics, integrity and values; (ii) stature, reputation and credibility; (iii) experience and capability to set policy and oversee management's execution of the business plan; (iv) knowledge of relevant industries; (v) contacts within the global aircraft leasing, aircraft financing, airline, cargo, manufacturing or other similar businesses; (vi) current or recent senior executive experience and leadership; and (vii) ethnic gender, professional, geographic and philosophical diversity within the overall composition of the board. While the Nominating and Governance Committee has not adopted a formal diversity policy with regard to the selection of director nominees, as mentioned above, diversity is one of the factors that the committee considers in identifying director candidates. As part of this process, the committee evaluates how a particular candidate would strengthen and increase the diversity of the board in terms of how that candidate may contribute to the board's overall balance of perspectives, backgrounds, knowledge, experience and expertise in areas relevant to the Company's business.

While the Corporate Governance Guidelines provide that the committee may, if it deems appropriate, establish procedures to be followed by shareholders in submitting recommendations for Board candidates, the Nominating and Corporate Governance Committee has not, at this time, put in place a formal policy with regard to such procedures. This is because procedures are set forth in our Bye-laws which permit shareholders to submit recommendations for Board candidates. The Board believes that it is appropriate for Aircastle not to have a specific policy since shareholders are always free to submit recommendations for Board candidates, simply by following the procedures set forth in our Bye-laws, as described below.

Shareholders wishing to recommend a director candidate to the Chairman of the Nominating and Corporate Governance Committee for its consideration should write to the Secretary, Aircastle Limited, c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902. Recommendations must be received no less than 90 days nor more than 120 days before the anniversary of the prior year's annual general meeting of shareholders to be considered for inclusion in the proxy statement for the 2011 Annual General Meeting of Shareholders. All recommendations meeting the minimum requirements set forth in the Corporate Governance Guidelines will be referred to the Chairperson of the Nominating and Corporate Governance Committee. Such letters of recommendation must include the address and number of shares owned by the nominating shareholder, the recommended individual's name and address, and a description of the recommended individual's background and qualifications. A signed statement from the recommended individual must accompany the letter of recommendation indicating that he or she consents to being considered as a candidate and that, if nominated by the Board and elected by the shareholders, he or she will serve as a director of the Company. In addition, the notice must also include any other information relating to the shareholder or to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors under Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder.

In addition, our Bye-laws allow shareholders to propose or nominate a candidate for election as a director. Such proposal or nomination must be made in accordance with the procedures and time-limits set out in the Bye-laws of the Company.

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A person must own Common Shares on the date that he or she sends the notice to Aircastle under the procedures above for the nomination to be valid under our Bye-laws. Provided that the required biographical and background material described above is provided for candidates properly recommended by shareholders, the Nominating and Corporate Governance Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by members of the Board. If the Chairman of the Board determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

DIRECTOR COMPENSATION

Each of Messrs. Allen, Hacker, Kukral, Merriman and Ueberroth received an annual fee of US\$60,000 in 2009. In addition, in 2009 the chair of each of the Audit, Compensation and Nominating and Corporate Governance Committee each received service fees of US\$15,000 and each other committee member received US\$10,000. Each such director will also receive an annual equity grant on January 1 of each year, beginning with January 1, 2011, in the amount of US\$90,000, vesting in full on the following January 1.

Fees to independent directors may be paid by issuance of Common Shares, based on the value of our Common Shares at the date of issuance, rather than in cash, provided that any such issuance does not prevent such director from being determined to be an Independent Director and such shares are granted pursuant to a shareholder-approved plan or the issuance is otherwise exempt from any applicable stock exchange listing requirement. Affiliated directors (i.e., Messrs. Edens and Adams), however, will not be separately compensated by us. All members of the Board will be reimbursed for reasonable costs and expenses incurred in attending meetings of the Board or otherwise incurred in connection with carrying out their duties as directors.

Except as otherwise provided by the administrator of the Amended and Restated Aircastle Limited 2005 Equity Incentive Plan (the "Plan"), on the first business day after each annual general meeting of the Company during the term of the Plan, each of our Independent Directors who is serving following such annual general meeting will automatically be granted a number of our Common Shares under the Plan having a fair market value of US\$15,000 as of the date of grant; however, those of our directors who were granted the restricted Common Shares described below in connection with our initial public offering will not be eligible to receive these automatic annual grants.

Each of Messrs. Allen, Hacker, Kukral, Merriman and Ueberroth each received a restricted share grant of 13,043 shares under the Plan on August 8, 2006, in connection with our initial public offering, the final one-third of which vested for each director on December 31, 2009. Each of these five directors was granted 25,000 supplemental restricted common shares which vested on January 1, 2010 and was granted 7,128 supplemental restricted common shares which will vest on January 1, 2011.

The table below sets forth certain information concerning the compensation earned in 2009 by our directors.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (US\$)	Stock Awards (US\$)(1)	All Other Compensation (US\$)(2)	Total (US\$)
Wesley R. Edens				
Joseph P. Adams, Jr.				
Ronald W. Allen	70,634	70,250	9,240	150,124

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Douglas A. Hacker	59,692	70,250	9,240	139,182
John Z. Kukral	64,675	70,250	9,240	144,165
Ronald L. Merriman	64,675	70,250	9,240	144,165
Peter V. Ueberroth	47,774	70,250	9,240	127,264

(1) In accordance with recent changes in the SEC's disclosure rules, the amounts reported in the Stock Awards column of the table above reflect the fair value on the grant date of the stock awards granted

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to our directors during 2009 determined in accordance with FASB ASC Topic 718. For a summary of the assumptions made in the valuation of these awards, please see note 8 to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009. The grant date fair value of each equity award was \$2.81 per share. The aggregate number of stock awards outstanding at December 31, 2009 for each director was: Mr. Allen-25,000, Mr. Hacker-25,000, Mr. Kukral-25,000, Mr. Merriman-25,000 and Mr. Ueberroth-25,000.

- (2) The following reported amounts consist of dividend payments made by the Company on unvested restricted Common Shares for each director in 2009: Mr. Allen-US\$9,240, Mr. Hacker-US\$9,240, Mr. Kukral-US\$9,240, Mr. Merriman-US\$9,240 and Mr. Ueberroth-US\$9,240.

OWNERSHIP OF THE COMPANY S COMMON SHARES

Section 16(a) Beneficial Ownership Reporting Compliance.

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who own more than ten percent of a registered class of our equity securities to file with the SEC reports of ownership on Form 3 and changes in ownership on Forms 4 and 5. Such officers, directors and greater-than-ten percent shareholders are also required by the SEC to furnish the Company with copies of all forms they file under this regulation. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company, all Section 16(a) filing requirements applicable to all of its reporting persons were complied with during the fiscal year ended December 31, 2009.

Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth, as of March 29, 2010, the total number of Common Shares beneficially owned, and the percent so owned, by (i) each person known by us to be the beneficial owner of more than five percent of our Common Shares, (ii) each of our directors and named executive officers and (iii) all directors and executive officers as a group. The percentage of beneficial ownership of our Common Shares is based on Common Shares outstanding as of that date.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾⁽²⁾	Percent ⁽³⁾
Executive Officers and Directors⁽⁴⁾		
Wesley R. Edens ⁽⁵⁾	26,935,877	33.9%
Ron Wainshal	504,137	*
Michael Inglese	272,751	*
David Walton	215,766	*
Michael Platt	133,672	*
Joseph Schreiner	69,246	*
Joseph P. Adams, Jr.	17,500	*
Ronald W. Allen	51,643	*
Douglas A. Hacker	60,043	*
John Z. Kukral	128,943	*
Ronald L. Merriman	29,494	*
Peter V. Ueberroth	236,552	*
All directors and executive officers as a group (15 persons)	28,769,986	36.1%

5% Shareholders

Fortress Investment Group LLC ⁽⁶⁾	25,935,877	32.6%
Oppenheimer Funds, Inc ⁽⁷⁾	9,323,612	11.7%

* Less than 1%

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- (1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Common shares subject to options or warrants currently exercisable or exercisable within 60 days of the date hereof, are deemed outstanding for computing the percentage of the person holding such options or warrants but are not deemed outstanding for computing the percentage of any other person.
- (2) Consists of Common Shares held, including restricted shares, shares underlying share options exercisable within 60 days and shares underlying warrants exercisable within 60 days.
- (3) Percentage amount assumes the exercise by such persons of all options and warrants exercisable within 60 days to acquire common shares and no exercise of options or warrants by any other person.
- (4) The address of each officer or director listed in the table below is: c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902.
- (5) By virtue of his voting interests in Fortress, Wesley R. Edens, our Chairman of the Board, may be deemed to beneficially own the shares shown in this table as beneficially owned by Fortress. In addition, DBO AYR SP LLC (DBO AYR) owns 5.4% of DBO AC LLC. DBSO PSP LLC (DBSO PSP) owns 84.83% of DBO AYR. Mr. Edens is a member of DBSO PSP and may be deemed to beneficially own a portion of the Common Shares described in Footnote 6 below held by DBO AC LLC in his personal capacity and not by virtue of beneficial ownership by Fortress or its affiliates. Mr. Edens disclaims beneficial ownership of all of the shares described in this footnote except to the extent of his pecuniary interest therein and the inclusion of such shares in this table shall not be deemed to be an admission of beneficial ownership of any of such shares for purposes of Section 16 of the Exchange Act or otherwise.
- (6) Includes 7,329,161 shares held by Fortress Investment Fund III LP, 6,266,558 shares held by Fortress Investment Fund III (Fund B) LP, 1,310,392 shares held by Fortress Investment Fund III (Fund C) LP, 3,007,625 shares held by Fortress Investment Fund III (Fund D) L.P., 211,265 shares held by Fortress Investment Fund III (Fund E) L.P., 616,255 shares held by Fortress Investment Fund III (Coinvestment Fund A) LP, 1,210,715 shares held by Fortress Investment Fund III (Coinvestment Fund B) LP, 311,825 shares held by Fortress Investment Fund III (Coinvestment Fund C) LP, 1,486,206 shares held by Fortress Investment Fund III (Coinvestment Fund D) L.P., 2,718,750 shares held by DBD AC LLC, 906,250 shares held by DBO AC LLC, 50,875 shares held by Fortress Partners Offshore Securities LLC, 235,000 shares held by Fortress Partners Securities LLC, 247,500 shares held by Drawbridge DSO Securities LLC and 27,500 shares held by OSO Securities LLC. Fortress Fund III GP LLC (FF III GP LLC) is the general partner, and FIG LLC is the investment advisor, of each of Fortress Investment Fund III LP, Fortress Investment Fund III (Fund B) LP, Fortress Investment Fund III (Fund C) LP, Fortress Investment Fund III (Fund D) L.P., Fortress Investment Fund III (Fund E) L.P., Fortress Investment Fund III (Coinvestment Fund A) LP, Fortress Investment Fund III (Coinvestment Fund B) LP, Fortress Investment Fund III (Coinvestment Fund C) LP, and Fortress Investment Fund III (Coinvestment Fund D) L.P. The sole managing member of FF III GP LLC is Fortress Investment Fund GP (Holdings) LLC. The sole managing member of Fortress Investment Fund GP (Holdings) LLC is Fortress Operating Entity I LP (FOE I). FOE I is the sole managing member of FIG LLC. FIG Corp. is the general partner of FOE I, and FIG Corp. is wholly-owned by Fortress. DBO AC LLC and Drawbridge DSO Securities LLC are each wholly-owned by Drawbridge Special Opportunities Fund LP. Drawbridge Special Opportunities GP LLC is the general partner of Drawbridge Special Opportunities Fund LP. Fortress Principal Investment Holdings IV LLC (FPIH IV) is the sole managing member of Drawbridge Special Opportunities GP LLC. Drawbridge Special Opportunities Advisors LLC (DSOA) is the investment advisor of Drawbridge Special Opportunities Fund LP. FIG LLC is the sole managing member of DSOA, and FOE I is the sole managing member of FIG LLC and FPIH IV. FIG Corp.

is the general partner of FOE I, and FIG Corp. is wholly-owned by Fortress. Drawbridge Special Opportunities Fund Ltd. owns approximately 94.6% of DBO AC LLC and 100% of Drawbridge OSO Securities LLC. DSOA is the investment advisor of Drawbridge Special Opportunities Fund Ltd. FIG LLC is the sole managing member of DSOA, and FOE I is the sole managing member of FIG LLC. FIG Corp. is the general partner of FOE I, and FIG Corp. is wholly-owned by Fortress. Drawbridge Global Macro Master Fund Ltd is wholly owned by Drawbridge Global Macro

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Fund LP (Global Macro LP), DBGM Onshore LP, Drawbridge Global Macro Intermediate Fund L.P. (Global Macro Intermediate), DBGM Offshore Ltd, Drawbridge Global Alpha Intermediate Fund L.P. (Alpha Intermediate) and DBGM Alpha V Ltd. DBGM Onshore GP LLC is the general partner of DBGM Onshore LP, and DBGM Onshore GP LLC owns all of the management shares of DBGM Offshore Ltd and DBGM Alpha V Ltd. Drawbridge Global Macro GP LLC (Global Macro GP) is the general partner of Global Macro LP. Drawbridge Global Macro Fund Ltd (Global Macro Ltd) is the sole limited partner of Global Macro Intermediate. Drawbridge Global Alpha Fund V Ltd (Alpha Fund V) is the sole limited partner of Alpha Intermediate. DBGM Associates LLC is the general partner of each of Global Macro Intermediate and Alpha Intermediate. Principal Holdings I LP is the sole managing member of DBGM Associates LLC. FIG Asset Co. LLC is the general partner of Principal Holdings I LP. Drawbridge Global Macro Advisors LLC (Global Macro Advisors) is the investment advisor of each of Global Macro LP, Global Macro Intermediate, Global Macro Ltd, Alpha Intermediate, Alpha Fund V, DBGM Onshore LP, DBGM Offshore Ltd, DBGM Alpha V Ltd and Drawbridge Global Macro Master Fund Ltd. FIG LLC is the sole managing member of Global Macro Advisors. FOE I is the sole managing member of FIG LLC. FOE I is the sole managing member of each of Global Macro GP and DBGM Onshore GP LLC. FIG Corp. is the general partner of FOE I. FIG Corp. and FIG Asset Co. LLC are wholly owned by Fortress. Fortress Partners Master Fund L.P. is the sole managing member of Fortress Partners Offshore Securities LLC. Fortress Partners Offshore Master GP LLC (FPOM) is the general partner of Fortress Partners Master Fund L.P. FOE I is the sole managing member of FPOM. FIG Corp. is the general partner of FOE I. FIG Corp. is a wholly-owned subsidiary of Fortress. Fortress Partners Fund LP is the sole managing member of Fortress Partners Securities LLC. Fortress Partners GP LLC is the general partner of Fortress Partners Fund LP. FPIH IV is the sole managing member of Fortress Partners GP LLC. Fortress Partners Advisors LLC (FPA) is the investment advisor of Fortress Partners Fund LP. FIG LLC is the sole managing member of FPA. FOE I is the sole managing member of FIG LLC and FPIH IV. FIG Corp. is the general partner of FOE I. FIG Corp. is a wholly-owned subsidiary of Fortress. The address of Fortress is 1345 Avenue of the Americas, 46th Floor, New York, New York 10105. The address of the other entities listed above is c/o Fortress Investment Group LLC, 1345 Avenue of the Americas, 46th Floor, New York, New York 10105.

- (7) Information regarding Oppenheimer Funds, Inc. (Oppenheimer) is based solely upon a Schedule 13G filed by Oppenheimer with the SEC on February 1, 2010, which indicates that Oppenheimer held shared voting power and shared dispositive power over 9,323,612 shares. The address of Oppenheimer is Two World Financial Center, 225 Liberty Street, New York, NY 10281.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis (CD&A) describes and analyzes our executive compensation program for our Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the three other executive officers named in our Summary Compensation Table. We refer to these five officers throughout the CD&A and the accompanying tables as our named executive officers.

Objectives of Executive Compensation Program

The primary goals of our compensation program for our named executive officers are to attract, motivate and retain the most talented and dedicated executives and to align their annual and long-term

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incentives with enhancing shareholder value. To achieve these goals we implement and maintain executive compensation plans that are intended to:

Motivate our named executive officers by providing the large majority of their overall compensation through incentives tied to their overall performance and success relative to goals set for them.

Align each named executive officer's incentives with those of shareholders by delivering a substantial portion of their compensation in the form of restricted stock grants.

Balance short-term and long-term goals by having restricted stock granted to our named executive officers vest over a period of time.

Role of the Compensation Committee

The Compensation Committee evaluates each named executive officer's performance with a goal of setting overall compensation at levels that the Compensation Committee believes are appropriate in view of our performance, including new investments, capital raising, liquidity management and asset management in a very challenging environment, and in view of the individual performance of the executive. In addition, the Compensation Committee believes that the mix and level of compensation for the named executive officer should reflect the importance of the executive to the Company's success, the responsibilities of the executive within the Company, competition for the executive's talent and relative levels of compensation for other executives at the Company.

The Compensation Committee retained the firm of Towers Watson to advise the Compensation Committee in connection with its incentive compensation decisions in 2009. Representatives of Towers Watson attended selected Compensation Committee meetings and provided objective third-party advice, compensation market perspectives and expertise on proposed executive compensation levels, and provided a peer group executive compensation analysis for the Compensation Committee. Towers Watson reports directly to the Compensation Committee and provided its counsel and advice to the Compensation Committee as an independent consultant. It did not provide other services to management or to the Company. The Compensation Committee has retained Towers Watson to assist the Committee in 2010.

In connection with its compensation determination for the named executive officers in 2009, the Compensation Committee reviewed the executive compensation pay practices of a peer group comprised of the following companies (the Peer Group Analysis): American Campus Communities Inc, BioMed Realty Trust Inc, Brandywine Realty Trust, DCT Industrial Trust Inc, Eagle Bulk Shipping Inc, Equity Lifestyle Properties Inc., Entertainment Properties Trust, Extra Space Storage Inc., GATX Corp, Genco Shipping & Trading Limited, General Maritime Corp, Kilroy Realty Corp, Kirby Corp, Lexington Realty Trust, Mid-America Apartment Communities Inc, Overseas Shipholding Group Inc., Rent-A-Center Inc, RSC Holdings Inc, United Rentals Inc. In establishing a peer group for evaluating the pay practices of the Company with respect to 2009, the Compensation Committee chose companies in the shipping, equipment leasing and real estate investment trust industries as the Company has few public company peers in the aircraft leasing industry and, in any case, they do not report their executive compensation pay levels and practices in detail in their SEC filings. Therefore, the Compensation Committee, with the assistance of Towers Watson and input from management, selected as a peer a group of publicly traded asset management companies in a market capitalization and enterprise value range comparable to the Company's, specifically with market capitalizations ranging from US\$370 million to US\$1.9 billion and enterprise values ranging from US\$1 billion to \$4.3 billion, in each case as of November 15, 2009, and which provide detailed information concerning executive compensation. The Compensation Committee determined that this peer group would provide the best publicly available information with which to compare the Company's pay practices. The Compensation Committee also discussed with management and Towers Watson general information collected by management with respect to the pay practices at the Company's

primary competitors in the aircraft leasing industry in light of the fact that the Company's primary competitors in the aircraft leasing industry do not report their executive compensation pay levels and practices in detail publicly.

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Following its review of the Peer Group Analysis, and after discussions with Towers Watson, the Compensation Committee determined that it would be appropriate in 2010 to consider changes in the mix of the elements of compensation for the named executive officers and as part of such a change, review the base salary levels for the named executive officers. The Compensation Committee is also working with management and Towers Watson to develop performance-based metrics for setting the overall size of a portion of the bonus pool, Consistent with this the Compensation Committee is reviewing all the elements of the CEO's compensation during 2010.

Elements of Compensation

Compensation for our named executive officers consists of the following elements:

- a base salary;

- discretionary bonus awards, allocated between cash and restricted share grants;

- periodic restricted share grants;

- dividends; and

- other compensation, including severance benefits and medical, dental, life insurance and 401(k) plans.

These elements, in combination, are intended to promote the goals described above. Base salary provides a minimum level of compensation that assists in our efforts to attract and retain talented executives. Discretionary cash bonuses and restricted share bonus grants reflect our performance and reward achievement of executive performance objectives. Restricted share bonus grants and periodic restricted share grants align executive compensation with enhancing shareholder value. For our named executive officers, we believe that restricted share grants should comprise a higher percentage of total compensation than for less senior executives, because these elements of compensation are more closely related to the objective of enhancing shareholder value and the performance of the named executive officers can most directly bring about that enhancement. Severance benefits are typically negotiated with an executive as part of the process of recruiting that executive and are often an important part of the package offered to an executive to attract him or her to join Aircastle.

In making individual compensation decisions, the Compensation Committee considers the total compensation awarded to the named executive officer, including all elements of compensation and including any applicable terms of the executive's employment letter. The Compensation Committee determines the compensation of the CEO, and is assisted in this determination by reviewing his performance with other members of the Board, including the Deputy Chairman. In making determinations regarding the compensation for the other named executive officers, the Compensation Committee considers the recommendations of the Chief Executive Officer and, where appropriate, input from the Deputy Chairman. The Compensation Committee also reviews the annual self-appraisal reports of the senior executives, and the manager performance review reports, that are produced each year as part of our annual employee evaluation process. For the senior executives, these reports include an analysis of the goals set for the preceding year, whether and how those goals were met, whether that executive's performance met the Company's ethical standards, and also outline the goals for the coming year. The Compensation Committee also meets with certain of the named executive officers to discuss the performance of any named executive officers and other senior officers that report to them.

The CEO makes compensation recommendations for each of the other named executive officers. In making these recommendations, the CEO evaluates their performance, their responsibilities, their compensation relative to other senior executives within the Company and publicly available information regarding the competitive market for talent.

Base Salary. Base salaries are intended to provide fixed compensation to each named executive officer that reflects his or her responsibilities, experience, value to the Company and demonstrated performance, and that takes into account, where applicable, the compensation levels from recent prior employment and the current market environment. Base salaries are reviewed annually and are adjusted from time to time in view of individual responsibilities, performance, publicly available market information, perceived competitiveness of the market for the relevant executive and his or her salary history at the

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Company. None of our named executive officers received a base salary increase for 2010 at the Compensation Committee's December 2009 salary review, and none received a base salary increase at the December 2007 or December 2008 salary reviews. However, as mentioned above, the Compensation Committee is reviewing the mix of compensation for the named executive officers in 2010, including base salary levels.

Discretionary Bonus Awards. The Compensation Committee has the authority to award discretionary annual bonuses to our named executive officers in the form of cash and/or restricted share grants or other share-based awards. The annual incentive bonuses are intended to compensate our named executive officers for individual performance achievements and for achieving important goals and objectives, including those set out in his or her performance review from the prior year. In addition to individual performance, determination of a named executive officer's achievements generally takes into account such factors as our overall financial performance, quality and amount of new investments and improving our operations. Bonus levels vary depending on the individual executive and are not formulaic, but instead are based upon a subjective evaluation of performance and, except in the case of his own bonus determination, the recommendations of the Chief Executive Officer.

In December 2009, the Compensation Committee found the following factors significant in determining the amounts of the discretionary annual bonuses for our named executive officers with respect to 2009:

The overall performance of the Company in a very difficult business environment, including the placement of new A330 positions, accessing new debt markets, and the high level of utilization achieved for the Company's aircraft operating lease portfolio, was considered significant for all of the named executive officers.

Mr. Wainshal led the Company through a difficult business environment during 2009, spearheading our efforts to manage and place our new order stream aircraft, with all but one of our new order A330s now committed to signed leases. Mr. Wainshal worked with key suppliers to advance two new A330 positions into 2009, helped secure lease transactions for these aircraft and finance these aircraft with our first transaction supported by European Export Credit Agency (ECA) guarantees. In his role as Chief Risk Officer, Mr. Wainshal led the Company's proactive portfolio management efforts, including active airline risk monitoring and assessment, which in some cases led to early termination of leases and moving aircraft to new customers.

Mr. Inglese took on a leading role in the Company's financing efforts, including the ECA-supported financings, and took on a leading role in various strategic initiatives, while also continuing to enhance the Company's business planning and modeling functions. Mr. Inglese also played an active role in maintaining strong relationships with the financial community.

Mr. Platt had overall responsibility for managing the marketing team's lease placement efforts and for working with Airbus S.A.S. as well as our engine suppliers to make adjustments to the Company's new A330 aircraft order to reflect changes in market conditions. Mr. Platt led the marketing efforts which resulted in the successful placement of six new A330 aircraft order positions with South African Airways in 2009. He also oversaw the placement of the Company's 2009 lease expirations.

Mr. Walton led the Company's asset management function, including completion of our 2009 lease extensions or transitions and other aircraft repossessions and transitions. Mr. Walton also oversaw the legal aspects of the Company's refinancing and placement efforts and continued to focus on process improvements that have enhanced our asset management capabilities. Mr. Walton's efforts helped the Company achieve 98% portfolio utilization for the full year and very low receivables balances.

Mr. Schreiner managed a variety of technical projects in support of the Company's leasing and financing efforts, including completion of the Company's freighter conversion program for four 737-400 aircraft, and numerous aircraft transitions to new lease customers. He was also responsible

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for overseeing the Technical department's forecasting and budgeting efforts and implemented a number of process improvements that have enhanced our technical asset management efforts.

The Compensation Committee took into account the individual performance of each of the named executive officers, the overall performance of the Company and the Peer Group Analysis in determining the bonus payment amounts for the named executive officers. While the Compensation Committee did not determine that, as a policy matter, bonus payments and total compensation target levels should correspond to particular percentile in the Peer Group Analysis, the Compensation Committee determined that bonus payments for 2009 for Messrs. Wainshal, Inglese, Walton and Platt generally should be increased, compared to bonus payments for 2008, in order for the Company's bonus levels and total compensation to be more in line with the Peer Group Analysis median for similar executive officer positions within the peer group. The Compensation Committee also determined, in connection with its decision to increase bonus payments for 2009 compared to prior years, that no periodic restricted share grants would be made to named executive officers for 2009 and that any future periodic restricted share grants to named executive officers would be made on a less frequent basis than in the past.

Discretionary annual bonuses for our named executive officers are paid in a combination of cash vesting immediately and restricted share grants or other share-based awards vesting over a three-year period, in each case in amounts reviewed and approved by the Compensation Committee. The purpose for providing a portion of the bonus in restricted share grants is to align compensation for our named executive officers with the interests of the shareholders, with vesting of restricted shares being subject to continued service. Each of our named executive officers owns a substantial amount of the Company's common shares.

Cash bonuses have in the past been paid in a single installment in January of the year following determination, and bonus restricted share grants have been communicated to the relevant employees as soon as practicable after determination by the Compensation Committee in December or in early January. However, the Compensation Committee determined in 2009 that Messrs. Wainshal, Inglese, Walton and Platt should receive bonus payments for 2009 in mid-March 2010, and that, for all of the Company's employees, including all named executive officers, bonus payments for 2010 will be made in mid-March 2011. The Compensation Committee determined that moving the bonus decisions to the first quarter of each year would enhance the information available to the Compensation Committee, based upon a fully completed evaluation period, and would also allow the Company to complete substantially its year-end financial audit for a fiscal year in advance of the compensation decisions for that year.

In 2009, the Compensation Committee determined that, for the named executive officers, generally the first US\$100,000 of value of the discretionary bonus should consist of cash and approximately 40% of any amounts in excess of the first US\$100,000 in value would consist of restricted share grants, with the remainder being paid in cash. The Compensation Committee used the same formula for allocating discretionary bonuses between cash and restricted share grants for the prior year's grants, having determined that such allocation remained the optimal division between cash compensation and long-term compensation to attain its compensation objectives. Following the December 14, 2009 meeting, bonus restricted share grants were made under the Amended and Restated Aircastle Limited 2005 Equity Incentive Plan (the "Plan"), and vest in one-third increments on January 1, 2011, January 1, 2012 and January 1, 2013.

During 2010, the Compensation Committee will determine the allocation between cash and restricted share grants for any discretionary bonuses that may be awarded to named executive officers with respect to 2010.

Periodic Restricted Share Grants. The Compensation Committee has the authority to award restricted share grants or other share-based awards. These awards would be made only to certain executives, reflecting extraordinary performance, to provide additional retention benefits and performance incentives through additional restricted share ownership, further aligning compensation for the relevant officers with the interests of the shareholders. Periodic

restricted share grants typically vest over a longer period of time than bonus grants, with vesting typically being weighted toward the end of the vesting period, to enhance

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the retention benefits of the grants. Periodic restricted share grants typically vest over approximately a five-year period, in 10%/15%/25%/25%/25% installments on the second, third, fourth, fifth and sixth January 1 following the date of such determination.

The Compensation Committee did not make any such periodic restricted share grants to named executive officers with respect to 2009.

Dividends. A component of our executive compensation consists of dividends paid on restricted shares, whether such shares are vested or unvested. Paying dividends on unvested shares further aligns the interest of our named executive officers with the interests of our shareholders.

Other Compensation. We have entered into employment letters and restricted share grant agreements with our named executive officers that provide severance payments and benefits or accelerated vesting of restricted shares in the circumstances described in greater detail below in the section entitled Potential Payments upon Termination or Change in Control. Severance and change in control benefits are an essential element of compensation for our named executive officers and assist us in recruiting and retaining talented executives in a competitive market and are typically required in order to permit the Company to attract a prospective executive to leave his or her current employment and join the Company. All of our named executive officers are also eligible to participate in our employee benefit plans, including medical, dental, life insurance and 401(k) plans. These plans are available to all employees and do not discriminate in favor of our named executive officers. We do not view perquisites as a significant element of our comprehensive compensation structure.

Pension Benefits

None of our named executive officers participates in, or has any accrued benefits under qualified or non-qualified defined benefit plans sponsored by us. The Compensation Committee may elect to adopt qualified or non-qualified defined benefit plans in the future if the Compensation Committee determines that doing so is in the Company's best interests.

Nonqualified Deferred Compensation

None of our named executive officers participates in or has account balances in non-qualified defined contribution plans or other nonqualified deferred compensation plans maintained by us. The Compensation Committee may elect to adopt non-qualified defined contribution plans or other nonqualified deferred compensation plans in the future if the Compensation Committee determines that doing so is in the Company's best interests.

Internal Revenue Code Section 162(m)

The Compensation Committee has reviewed the provisions of Section 162(m) of the Internal Revenue Code, relating to the US\$1 million deduction cap for certain executive compensation. Section 162(m) has been taken into account as one of the factors considered in establishing the compensation program for our named executive officers. However, in order to maintain flexibility in compensating our named executive officers in a manner designed to promote various corporate goals, the Compensation Committee has not at this time adopted a policy that all compensation must be deductible, although with respect to 2009; however, the Company anticipates that a portion of the compensation for named executive officers will not be deductible by the Company under Section 162(m), and that the increase in US corporate tax as a consequence of such non-deductibility will be approximately US\$150,000.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board, which is comprised of three Independent Directors, operates pursuant to a written charter, which was adopted in August 2006 and which is available at <http://www.aircastle.com> under Investors Corporate Governance .

The Compensation Committee is primarily responsible for reviewing, approving and overseeing the Company's compensation plans and practices, and works with management to establish the Company's executive compensation philosophy and programs. The members of the Committee at the end of the 2009 fiscal year were John Z. Kukral (Chair), Ronald W. Allen and Douglas A. Hacker.

The Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on that review and discussion, has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

The Compensation Committee

Douglas A. Hacker, Chair

Ronald W. Allen

John Z. Kukral

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The table below sets forth information regarding 2009, 2008 and 2007 compensation for each of our named executive officers. Our named executive officers are our CEO, CFO and the three other most highly compensated executive officers of the Company:

Name and Principal Position	Fiscal Year	Salary (US\$)	Bonus (US\$)	Stock Awards (US\$)⁽¹⁾	All Other Compensation (US\$)⁽²⁾	Total (US\$)
Ron Wainshal Principal Executive Officer	2009	325,000	1,045,000	1,057,092 ⁽³⁾	101,273	2,528,365
	2008	325,000	445,000	0 ⁽⁴⁾	363,700	1,133,700
	2007	325,000	490,000	1,240,057 ⁽⁵⁾	531,675	2,586,733
Michael Inglese Principal Financial Officer	2009	300,000	580,000	691,508 ⁽³⁾	84,429	1,655,937
	2008	300,000	370,000	0 ⁽⁴⁾	215,251	885,252
	2007	215,000	450,000	5,028,884 ⁽⁵⁾	169,110	5,862,994
Michael Platt Chief Investment Officer	2009	300,000	439,000	368,730 ⁽³⁾	53,580	1,161,310
	2008	300,000	340,000	0 ⁽⁴⁾	145,921	785,921
	2007	265,962	500,000	3,493,381 ⁽⁵⁾	194,311	4,453,653
David Walton Chief Operating Officer, General Counsel and Secretary	2009	300,000	610,000	728,592 ⁽³⁾	56,375	1,694,967
	2008	300,000	400,000	0 ⁽⁴⁾	121,349	821,350
	2007	300,000	400,000	197,114 ⁽⁵⁾	186,924	1,084,038
Joseph Schreiner Executive Vice President, Technical	2009	250,000	184,000	114,294 ⁽³⁾	20,282	568,576
	2008	250,000	190,000	0 ⁽⁴⁾	63,302	503,302
	2007	250,000	235,000	89,141 ⁽⁵⁾	274,307	848,448

(1) In accordance with recent changes in the SEC's disclosure rules, the amounts reported in the Stock Awards column of the table above for 2009, 2008 and 2007 reflect the fair value on the grant date of the stock awards granted to our named executive officers during 2009, 2008 and 2007, respectively, determined in accordance with FASB ASC Topic 718. For a summary of the assumptions made in the valuation of these awards, please see note 8 to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009. See below Grants Of Plan-Based Awards for information regarding restricted share grants made to our named executive officers.

(2) The following reported amounts consist of dividend payments made by the Company on unvested restricted Common Shares for each named executive officer in 2009: Mr. Wainshal-US\$90,140, Mr. Inglese-US\$73,399, Mr. Platt-US\$42,550, Mr. Walton-US\$45,345 and Mr. Schreiner-US\$9,457. The remaining amounts represent Company contributions made during 2009 to each named executive officer's 401(k) plan account.

- (3) The reported amounts include stock awards in respect of fiscal year 2008 which were communicated in January 2009 and the stock awards in respect of fiscal year 2009 which were communicated in December 2009. The grant date fair value of stock awards in respect of fiscal year 2008 which were communicated in January 2009: Mr. Wainshal-US\$212,980, vesting over three years, and US\$231,500, vesting over five years; Mr. Inglese-US\$159,120, vesting over three years, and US\$221,000, vesting over five years; Mr. Platt-US\$141,440, vesting over three years; Mr. Walton-US\$176,800, vesting over three years, and US\$221,000, vesting over five years; and Mr. Schreiner-US\$60,840, vesting over three years.

The grant date fair value of stock awards in respect of fiscal year 2009 which vest over three years and were communicated in December 2009: Mr. Wainshal-US\$612,612, Mr. Inglese-US\$311,388, Mr. Platt-US\$227,290, Mr. Walton-US\$330,792 and Mr. Schreiner-US\$53,454. See below Grants Of Plan-Based Awards for information regarding restricted share grants made to our named executive officers.

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- (4) Stock awards in respect of fiscal year 2008 were not communicated to the named executive officers in 2008 and therefore are not shown as 2008 Stock Awards. Stock awards in respect of fiscal year 2008 were communicated to the named executive officers in January 2009 and, accordingly, are included as 2009 stock awards. See below Grants Of Plan-Based Awards for information regarding restricted share grants made to our named executive officers.
- (5) The following reported amounts consist of the grant date fair value of stock awards in respect of fiscal year 2007: Mr. Wainshal was granted 10,200 shares with a grant date fair value of US\$256,122 which vests over three years and 39,185 shares with a grant date fair value of US\$983,935 which vests over five years; in connection with commencement of his employment with the Company, Mr. Inglese was granted 135,000 shares with a grant date fair value of US\$4,684,500 which vests over five years and was granted 13,715 shares with a grant date fair value of US\$344,384 which vests over three years; in connection with commencement of his employment with the Company, Mr. Platt was granted 100,000 shares with a grant date fair value of US\$3,395,000 which vests over five years; Mr. Walton was granted 7,850 shares with a grant date fair value of US\$197,114 which vests over three years; and Mr. Schreiner was granted 3,550 shares with a grant date fair value of US\$89,141 which vests over three years.

GRANTS OF PLAN-BASED AWARDS

The following table sets forth information regarding restricted share grants made to our named executive officers under the Plan during the year ending December 31, 2009:

Name	Grant Date⁽¹⁾	Date of Comp. Comm.	Number of Shares of Stock or Units (#)	Grant Date per Share Fair Value (US\$)⁽¹⁾	Grant Date Fair Value of Stock Awards (US\$)⁽¹⁾
Ron Wainshal	1/15/2009	12/19/2008	46,000 ⁽³⁾	4.63	212,980
	1/15/2009	12/19/2008	50,000 ⁽⁴⁾	4.63	231,500
	12/22/2009	12/14/2009	66,300 ⁽⁵⁾	9.24	612,612
Michael Inglese	1/11/2009	12/19/2008	36,000 ⁽³⁾	4.42	159,120
	1/11/2009	12/19/2008	50,000 ⁽⁴⁾	4.42	221,000
	12/22/2009	12/14/2009	33,700 ⁽⁵⁾	9.24	311,388
Michael Platt	1/10/2009	12/19/2008	32,000 ⁽³⁾	4.42	141,440
	12/23/2009	12/14/2009	23,800 ⁽⁵⁾	9.55	227,290
David Walton	1/11/2009	12/19/2008	40,000 ⁽³⁾	4.42	176,800
	1/11/2009	12/19/2009	50,000 ⁽⁴⁾	4.42	221,000
	12/22/2009	12/14/2009	35,800 ⁽⁵⁾	9.24	330,792
Joseph Schreiner	1/7/2009	12/19/2008	12,000 ⁽³⁾	5.07	60,840
	12/17/2009	12/17/2009	5,900 ⁽⁵⁾	9.06	53,454

(1)

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In accordance with recent changes in the SEC's disclosure rules, the amounts reported in this table reflect the fair value on the grant date of the stock awards granted to our named executive officers during 2009, determined in accordance with FASB ASC Topic 718.

- (2) The Compensation Committee approved restricted share grants for our named executive officers on December 19, 2008, but, these grants became effective on the respective dates in January 2009 when they were communicated to such officers.
- (3) Represents bonus restricted shares which vest in one-third increments each January 1, commencing with January 1, 2010.
- (4) Represents restricted shares which vest in 10%, 15%, 25%, 25% and 25% increments each January 1, commencing with January 1, 2010.
- (5) Represents bonus restricted shares which vest in one-third increments each January 1, commencing with January 1, 2011.

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Employment Agreements with Named Executive Officers

Through our subsidiary, Aircastle Advisor LLC, we have entered into employment letters with each of our named executive officers. These employment letters generally provide for payment of an annual base salary and entitle the executive to receive an annual discretionary bonus. In addition, the employment letters provide that each executive is entitled to receive the same employee benefits as we provide to our employees generally.

Each employment letter provides that the named executive officer is employed at will and may be terminated at any time and for whatever reason by either us or him. A summary of the payments and benefits to be provided to the named executive officers upon a termination of employment, along with a description of the restrictive covenants applicable to each executive, is set forth below in the section entitled Potential Payments upon Termination or Change in Control.

Restricted Share Provisions

Change in Control. Subject to applicable law, in the event of a change in control (as defined below), certain other corporate transactions, changes in corporate structure, special dividends and similar corporate events, the plan administrator has discretion to cancel outstanding awards (except fully vested restricted shares, deferred shares and performance shares) in exchange for payment in cash or other property. Unless otherwise determined by the plan administrator and evidenced in an award agreement, if a change in control transaction occurs that includes a continuation, assumption or substitution with respect to share options and other awards under the Plan, and a plan participant's employment is terminated by the employer other than for cause within the 12 months following the change in control, and, in the case of participants who are entitled to receive severance under an employment agreement upon termination by the participant for good reason (as defined in the participant's employment agreement), upon such a termination for good reason within the 12 months following a change in control, then the participant's outstanding and unvested options will become fully vested and exercisable as of the date of such termination and the restrictions will lapse (or performance goals will be deemed to be achieved) with respect to the shares covered by any other award. The term "change in control" generally means: (i) any person or entity (other than (a) an affiliate of Fortress or any managing director, general partner, director, limited partner, officer or employee of any such affiliate of Fortress or (b) any investment fund or other entity managed directly or indirectly by Fortress or any general partner, limited partner, managing member or person occupying a similar role of or with respect to any such fund or entity) becoming the beneficial owner of our securities representing 50% or more of our then outstanding voting power; (ii) a change in the majority of the membership of the board of directors without approval of two-thirds of the directors who constituted the board of directors on January 17, 2006, or whose election was previously so approved; (iii) the consummation of an amalgamation or a merger of Aircastle or any subsidiary of ours with any other corporation, other than an amalgamation or merger immediately following which our board of directors immediately prior to the amalgamation or merger constitute at least a majority of the board of directors of the company surviving or continuing after an amalgamation or merger or, if the surviving company is a subsidiary, the ultimate parent; or (iv) our shareholders approve a plan of complete liquidation or dissolution of Aircastle or there is consummated an agreement for the sale or disposition of all or substantially all of our assets, other than (a) a sale of such assets to an entity, at least 50% of the voting power of which is held by our shareholders following the transaction in substantially the same proportions as their ownership of Aircastle immediately prior to the transaction or (b) a sale or disposition of such assets immediately following which our board of directors immediately prior to such sale constitute at least a majority of the board of directors of the entity to which the assets are sold or disposed, or, if that entity is a subsidiary, the ultimate parent thereof.

Rights of Participants. Participants with restricted common shares generally have all of the rights of a shareholder, including the right to vote the shares and the right to receive dividends at the same rate paid to other holders of

common shares. Subject to the provisions of the Plan and applicable award agreement, the plan administrator has sole discretion to provide for the lapse of restrictions in installments or the acceleration or waiver of restrictions (in whole or part) under certain circumstances, including, but not

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limited to, the attainment of certain performance goals or a participant's termination of employment or service. In December 2009, the Compensation Committee, as the plan administrator, determined that upon a participant's death or disability, the vesting of that participant's unvested restricted shares should accelerate and all outstanding awards were amended accordingly and a revised form of grant letter to be used for future grants was adopted.

Adjustments. In the event of a merger, amalgamation, consolidation, reorganization, recapitalization, bonus issue, share dividend or other change in corporate structure affecting the common shares, the plan administrator may, subject to certain limitations, make an equitable substitution or proportionate adjustment in, among other things, the kind, number and purchase price of common shares subject to outstanding awards of restricted shares or other share-based awards granted under the Plan. In addition, the plan administrator, in its discretion, may terminate all awards (other than fully vested restricted shares, deferred shares and performance shares) with the payment of cash or in-kind consideration.

Repurchase of Shares for Withholding Taxes upon Vesting. The Plan gives the plan administrator the authority to permit a participant to satisfy any federal, state or local withholding taxes due upon vesting of restricted shares by electing to have the Company repurchase a sufficient number of Common Shares, at Fair Market Value, as defined in the Plan, on the day of vesting. In November 2009, our named executive officers, Mr. Wainshal, Mr. Inglese, Mr. Platt, Mr. Walton and Mr. Schreiner, and one director, Mr. Merriman, made such an election of a sufficient number of shares and the plan administrator granted its approval to such elections.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table summarizes the unvested portion of the restricted share grants of our named executive officers under the Plan, as of December 31, 2009:

Name	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (US\$) ⁽¹⁾
Ron Wainshal	277,926	2,737,571 ⁽²⁾
Michael Inglese	233,293	2,297,936 ⁽³⁾
Michael Platt	133,412	1,314,108 ⁽⁴⁾
David Walton	165,010	1,625,349 ⁽⁵⁾
Joseph Schreiner	27,848	274,303 ⁽⁶⁾

(1) Valued at a Common Share price of US\$9.85 the reported closing price for our Common Shares on the NYSE on December 31, 2009, the last trading day of 2009.

(2) 70,000 restricted shares vest on May 17, 2010. 207,926 restricted shares vest in 33,170, 58,129, 59,730, 44,396 and 12,500 increments each January 1, commencing January 1, 2010.

(3)

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233,293 restricted shares vest in 52,807, 67,912, 72,912, 27,162 and 12,500 increments each January 1, commencing January 1, 2010.

- (4) 133,412 restricted shares vest in 36,973, 44,906, 43,599 and 7,934 increments each January 1, commencing January 1, 2010.
- (5) 165,010 restricted shares vest in 46,592, 39,550, 41,934, 24,434 and 12,500 increments each January 1, commencing January 1, 2009.
- (6) 27,848 restricted shares vest in 8,600, 9,233, 8,049 and 1,966 increments each January 1, commencing January 1, 2010.

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The following table summarizes restricted share grants of our named executive officers that vested during the year ending December 31, 2009:

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (US\$)
Ron Wainshal	80,877	511,892 ⁽¹⁾
Michael Inglese	21,622	103,353 ⁽²⁾
Michael Platt	16,306	77,943 ⁽²⁾
David Walton	26,592	127,110 ⁽²⁾
Joseph Schreiner	18,767	89,706 ⁽²⁾

(1) Fair value per share at vesting date of January 1, 2009 was US\$4.78 for 10,877 shares that vested on January 1, 2009 and US\$6.57 for 70,000 shares that vested on May 17, 2009.

(2) Fair Value per share at vesting date of January 1, 2009 was US\$4.78.

Table of Contents**Potential Payments upon Termination or Change in Control**

The following table and summary set forth potential amounts payable to our named executive officers upon termination of employment or a change in control, as defined below. The Compensation Committee may in its discretion revise, amend or add to the benefits if it deems such action advisable. The table below reflects amounts payable to our named executive officers assuming termination of employment on December 31, 2009, with equity-based amounts, valued at a Common Share price of US\$9.85, the reported closing price for our Common Shares on the NYSE on December 31, 2009:

Circumstances of Termination

Name/Benefit	Voluntary		Termination		Termination	Termination		
	resignation	by us	by us	without	by us	by us	by us	by us
	by executive	for cause	without cause	change in control	for good reason	Normal retirement	Disability	Death
	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
Ron Wainshal								
Salary			162,500	162,500	162,500			
Other Lump sum payment			200,000	200,000	200,000			
Vacation	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083
Market Value of Accelerated Vesting of Restricted Shares			671,472	2,737,566	344,750		2,737,571	2,737,571
Michael Inglese								
Salary			300,000	300,000	300,000			
Other Lump sum payment								
Vacation	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Market Value of Accelerated Vesting of Restricted Shares			520,149	2,297,936	332,438		2,297,936	2,297,936
Michael Platt								
Salary								
Other Lump sum payment								
Vacation	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000

Market Value of Accelerated Vesting of Restricted Shares			364,184	1,314,108	246,250		1,314,108	1,314,108
David Walton Salary								
Other Lump sum payment								
Vacation	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Market Value of Accelerated Vesting of Restricted Shares			458,931	1,625,349			1,625,349	1,625,349
Joseph Schreiner Salary								
Other Lump sum payment								
Vacation	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833
Market Value of Accelerated Vesting of Restricted Shares			84,710	274,303			274,303	274,303

As described above in the section entitled "Employment Agreements with Named Executive Officers", we, through our subsidiary, Aircastle Advisor LLC, we have entered into employment letters with our named executive officers which set forth certain terms and conditions of their employment relating to termination and termination payments. These employment letters provide that each named executive officer is employed "at will" and may be terminated at any time and for whatever reason by either us or him.

Mr. Wainshal's employment letter provides that if we terminate him without "cause" or he terminates his employment for "good reason" (as such terms are defined in the letter), we will pay him an amount equal to one-half of his base salary at the time of the termination plus US\$200,000. Pursuant to his employment letter, Mr. Wainshal agreed not to compete with us during his employment, and, if we terminate his employment with "cause" or he terminates his employment other than for "good reason", he must not compete with us for six months after termination as to any aircraft leasing and/or aircraft finance business. Mr. Wainshal has also agreed that, through the end of the one year period following his termination of employment, he will not solicit or encourage any of our then current employees or independent contractors to leave the employment or other service of the Company or hire any employee or independent contractor.

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who has left the employment or other service of the Company within the one year period following Mr. Wainshal's termination of employment. Pursuant to Mr. Wainshal's restricted share agreement for his initial share grant, if we terminate his employment without cause or if he terminates his employment for good reason, 50% of the restricted shares that are unvested as of the date of termination (if any) will immediately vest, and if such a termination occurs within 12 months following a change in control, all of the restricted shares that are unvested as of the termination will immediately vest. With respect to other restricted shares granted to Mr. Wainshal, if we terminate his employment without cause the restricted shares which are due to vest at the next vesting date under the agreement will immediately vest, and if a termination without cause occurs within 12 months following a change in control, all of the restricted shares that are unvested as of the termination will immediately vest.

Mr. Inglese's employment letter provides that if we terminate him without cause or he terminates his employment for good reason (as such terms are defined in the letter), we will pay him an amount equal to his base salary at the time of the termination. Pursuant to his employment letter, Mr. Inglese also agreed not to compete with us during his employment, and, if we terminate his employment with cause or he terminates his employment other than for good reason, he must not compete with us for six months after termination. Mr. Inglese has also agreed that through the end of the six-month period following his termination of employment, he will not solicit or encourage any of our then current employees or independent contractors to leave the employment or other service of the Company. Pursuant to Mr. Inglese's restricted share agreement, if we terminate his employment without cause or, in the case of his initial shares grant if he terminates his employment for good reason, the restricted shares which are due to vest at the next vesting date under the agreement will immediately vest, and if a termination without cause occurs within 12 months following a change in control, all of the restricted shares that are unvested as of the termination will immediately vest.

Mr. Platt's employment letter provides that he will not compete with us during his employment, and, if we terminate his employment with cause or he terminates his employment other than for good reason (as such terms are defined in the letter), he must not compete with us for six months after termination. Mr. Platt has also agreed that through the end of the six-month period following his termination of employment, he will not solicit or encourage any of our then current employees or independent contractors to leave the employment or other service of the Company. Mr. Platt's employment letter provides that if we terminate his employment without cause or, in the case of his initial share grant if he terminates his employment for good reason, the restricted shares which are due to vest at the next vesting date under the agreement will immediately vest, and if a termination without cause occurs within 12 months following a change in control, all of the restricted shares that are unvested as of the termination will immediately vest.

Mr. Walton's employment letter provides that he will not compete with us during his employment, and, if we terminate his employment with cause or he terminates his employment for any reason, he must not compete with us for three months after termination as to any aircraft leasing and/or aircraft finance business. Mr. Walton has also agreed that through the end of the one year period following his termination of employment, he will not solicit or encourage any of our then current employees or independent contractors to leave the employment or other service of the Company or hire any employee or independent contractor who has left the employment or other service of the Company within the one year period following Mr. Walton's termination of employment. Pursuant to Mr. Walton's restricted share agreement, if we terminate his employment without cause (as defined in the Plan), the restricted shares which are due to vest at the next vesting date under the agreement will immediately vest, and if such a termination occurs within 12 months following a change in control, all of the restricted shares that are unvested as of the termination will immediately vest.

Mr. Schreiner's employment letter provides that he will not compete with us during his employment, and, if we terminate his employment with cause (as defined in the letter) or he terminates his employment for any reason, he must not compete with us for six months after termination as to any aircraft leasing and/or aircraft finance business. Mr. Schreiner has also agreed that through the end of the one year period following his termination of employment, he

will not solicit or encourage any of our then current employees or independent contractors to leave the employment or other service of the Company or hire any employee or independent contractor who has left the employment or other service of the Company within the one

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year period following Mr. Schreiner's termination of employment. In accordance with the restricted share agreement, if we terminate his employment without cause (as defined in the Plan), the restricted shares which are due to vest at the next vesting date under the agreement will immediately vest, and if such a termination occurs within 12 months following a change in control, all of the restricted shares that are unvested as of the termination will immediately vest.

For purposes of the Plan, change in control generally means: (i) any person or entity (other than (a) an affiliate of Fortress or any managing director, general partner, director, limited partner, officer or employee of any such affiliate of Fortress or (b) any investment fund or other entity managed directly or indirectly by Fortress or any general partner, limited partner, managing member or person occupying a similar role of or with respect to any such fund or entity) becoming the beneficial owner of our securities representing 50% or more of our then outstanding voting power; (ii) a change in the majority of the membership of the board of directors without approval of two-thirds of the directors who constituted the board of directors on January 17, 2006, or whose election was previously so approved; (iii) the consummation of an amalgamation or a merger of Aircastle or any subsidiary of ours with any other corporation, other than an amalgamation or merger immediately following which our board of directors immediately prior to the amalgamation or merger constitute at least a majority of the board of directors of the company surviving or continuing after an amalgamation or merger or, if the surviving company is a subsidiary, the ultimate parent; or (iv) our shareholders approve a plan of complete liquidation or dissolution of Aircastle or there is consummated an agreement for the sale or disposition of all or substantially all of our assets, other than (a) a sale of such assets to an entity, at least 50% of the voting power of which is held by our shareholders following the transaction in substantially the same proportions as their ownership of Aircastle immediately prior to the transaction or (b) a sale or disposition of such assets immediately following which our board of directors immediately prior to such sale constitute at least a majority of the board of directors of the entity to which the assets are sold or disposed, or, if that entity is a subsidiary, the ultimate parent thereof.

Equity Compensation Plan Information

The table below sets forth certain information as of December 31, 2009, the last day of the fiscal year, for (i) all equity compensation plans previously approved by our shareholders and (ii) all equity compensation plans not previously approved by our shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			1,756,830
Equity compensation plans not approved by security holders			

Total	1,756,830
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Under the terms of our Plan, the number of shares available for future issuance under the Plan will increase annually each January 1st by 100,000 shares through to and including, January 1, 2016; accordingly, the number of shares available for future issuance automatically increased by 100,000 shares on January 1, 2010.

Compensation Committee Interlocks and Insider Participation

Compensation decisions pertaining to executive officer compensation made prior to the completion of our initial public offering in August 2006, were made by the chairman of our Board, Wesley R. Edens. We have entered into certain transactions with Fortress as described in Certain Relationships and Related Party Transactions .

Since our initial public offering in August 2006, all compensation decisions pertaining to executive officers were made by the Compensation Committee, which is comprised of Douglas A. Hacker as chair, Ronald W. Allen and John Z. Kukral. Each Compensation Committee member is an Independent Director.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board which is comprised of three Independent Directors operates pursuant to a written charter, which was adopted in August 2006 and which is available at <http://www.aircastle.com> under Investors-Corporate Governance .

The Audit Committee reviewed Aircastle's audited consolidated financial statements as of and for the year ended December 31, 2009 and discussed these financial statements with Aircastle's management, including a discussion of the quality and the acceptability of the accounting principles, the reasonableness of significant judgments and estimates, and the clarity and completeness of disclosures in the financial statements. Aircastle's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of Aircastle's financial statements in accordance with the standards of the Public Accounting Oversight Board (United States) and for issuing a report on their audit of the financial statements. The Audit Committee's responsibility is to monitor and review these processes. The Audit Committee also reviewed and discussed with Ernst & Young LLP the audited financial statements and the matters required by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees), and other matters the Committee deemed appropriate.

The Audit Committee has received the written disclosures and the letter from Ernst & Young required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, as modified or supplemented, and has discussed with Ernst & Young its independence. The Audit Committee also considered whether the independent auditors' provision of other, non-audit related services to Aircastle is compatible with maintaining such auditors' independence.

Based on its discussions with management and Ernst & Young LLP, and its review of the representations and information provided by management and Ernst & Young LLP, the Audit Committee recommended to Aircastle's Board of Directors that the audited financial statements be included in Aircastle's Annual Report on Form 10-K for the year ended December 31, 2009. In addition, the Audit Committee has also recommended, subject to shareholder approval, the appointment of Ernst & Young as the Company's Independent Registered Public Accounting Firm for the fiscal year ended December 31, 2010.

Respectfully submitted,

The Audit Committee

Ronald L. Merriman, Chair
Ronald W. Allen
Douglas A. Hacker

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of material provisions of certain transactions we have entered into with our executive officers, directors or 5% or greater shareholders. We believe the terms and conditions set forth in such agreements are reasonable and customary for transactions of this type.

Shareholders Agreement

Upon the completion of our initial public offering, we entered into an Amended and Restated Shareholders Agreement, or the Shareholders Agreement, with Fortress Investment Fund III LP, Fortress Investment Fund III (Fund B) LP, Fortress Investment Fund III (Fund C) LP, Fortress Investment Fund III (Fund D) L.P., Fortress Investment Fund III (Fund E) LP, Fortress Investment Fund III (Coinvestment Fund A) LP, Fortress Investment Fund III (Coinvestment Fund B) LP, Fortress Investment Fund III (Coinvestment Fund C) LP, Fortress Investment Fund III (Coinvestment Fund D) L.P., Drawbridge Special Opportunities Fund LP, Drawbridge Special Opportunities Fund Ltd. and Drawbridge Global Macro Master Fund Ltd., which we refer to, collectively, as the Initial Shareholders.

As discussed further below, the Shareholders Agreement provides certain rights to the Initial Shareholders with respect to the designation of directors for election to our Board as well as registration rights for certain of our securities owned by them.

The Shareholders Agreement provides that the Initial Shareholders and their respective affiliates and permitted transferees will vote or cause to be voted all of our voting shares beneficially owned by each and to take all other reasonably necessary action so that no amendment is made to the Company's Memorandum of Association or Bye-laws in effect as of the date of the Shareholders Agreement that would add restrictions to the transferability of our shares by an Initial Shareholder or its permitted transferee which are beyond those provided for in our Memorandum of Association, Bye-laws, the Shareholders Agreement or applicable securities laws, or that nullify the rights set out in the Shareholders Agreement of any Initial Shareholder or their permitted transferee unless such amendment is approved by such shareholder.

Designation and Election of Directors

The Shareholders Agreement requires that the Initial Shareholders and their respective affiliates and permitted transferees vote or cause to be voted all of our voting shares beneficially owned by each and to take all other reasonably necessary action so as to elect to our Board so long as the Initial Shareholders beneficially own (i) more than 50% of the voting power of the Company, four directors (or, if the Board consists of eight directors, five directors) designated by FIG Advisors LLC, an affiliate of Fortress, which we refer to as FIG Advisors, or such other party designated by Fortress; (ii) between 25% and 50% of the voting power of the Company, three directors designated by FIG Advisors; (iii) between 10% and 25% of the voting power of the Company, two directors designated by FIG Advisors; and (iv) between 5% and 10% of the voting power of the Company, one director designated by FIG Advisors. The Initial Shareholders also agree to vote their shares or otherwise take all necessary action to cause (1) the removal, with or without cause, of any director previously nominated by FIG Advisors upon notice from FIG Advisors of its desire to remove such a director and (2) in the event a designee of FIG Advisors ceases to serve as a director during his term in office, the filling of such vacancy with an individual designated by FIG Advisors.

In accordance with the Shareholders Agreement, FIG Advisors designated Wesley R. Edens, Joseph P. Adams, Jr., Peter V. Ueberroth and John Z. Kukral for election to our Board. If at any time the number of our directors entitled to be designated by FIG Advisors to the Shareholders Agreement shall decrease, within ten days thereafter, FIG Advisors shall cause the appropriate number of directors to resign and any such vacancy shall be filled by a majority vote of our Board. In connection with our follow-on public offering completed in October 2007, certain funds managed by affiliates of Fortress also sold 11,000,000 secondary common shares, as a result of which the Initial Shareholders and their respective affiliates ceased to own more than 50% of the voting power of the Company and the number of our directors entitled to be designated by FIG Advisors decreased from four to three directors. In connection with this offering, a special committee of our Board, comprised solely of Independent Directors, waived the requirement under

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our Shareholders Agreement that FIG Advisors cause one of the directors designated by it to resign from our Board. The special committee concluded that waiving such requirement under the Shareholders Agreement and continuing the current composition of our board, with a majority of Independent Directors, was in the best interests of our shareholders.

Registration Rights

Demand Rights. We have granted to the Initial Shareholders, for so long as such shareholders collectively and beneficially own an amount of our Common Shares (whether owned at the time of this offering or subsequently acquired) at least equal to 5% or more of our Common Shares issued and outstanding immediately after the consummation of our initial public offering (a Registrable Amount), demand registration rights that allow them at any time after six months following the consummation of such offering to request that we register under the Securities Act an amount equal to or greater than 5% of our Common Shares that they own. Each of the Initial Shareholders is entitled to an aggregate of two demand registrations, which can be a shelf registration. We are also not required to effect any demand registration within six months of a firm commitment underwritten offering to which the requestor held piggyback rights and which included at least 50% of the securities requested by the requestor to be included. We are not obligated to grant a request for a demand registration within four months of any other demand registration, and may refuse a request for demand registration if, in our reasonable judgment, it is not feasible for us to proceed with the registration because of the unavailability of audited financial statements.

Piggyback Rights. For so long as they beneficially own an amount of our Common Shares at least equal to 1% of our Common Shares issued and outstanding immediately after the consummation of our initial public offering, the Initial Shareholders also have piggyback registration rights that allow them to include the Common Shares that they own in any public offering of equity securities initiated by us (other than those public offerings pursuant to registration statements on Forms S-4 or S-8) or by any of our other shareholders that have registration rights. The piggyback registration rights of these shareholders are subject to proportional cutbacks based on the manner of the offering and the identity of the party initiating such offering.

Shelf Registration. We have granted each of the Initial Shareholders or any of their respective transferees, for so long as they beneficially own a Registrable Amount, the right to request a shelf registration on Form S-3 providing for offerings of our Common Shares to be made on a continuous basis until all shares covered by such registration have been sold, subject to our right to suspend the use of the shelf registration prospectuses for a reasonable period of time (not exceeding 60 days in succession or 90 days in the aggregate in any 12 month period) if we determine that certain disclosures required by the shelf registration statements would be detrimental to us or our shareholders. In addition, the Initial Shareholders may elect to participate in such shelf registrations within ten days after notice of the registration is given.

Indemnification; Expenses. We have agreed to indemnify each of the Initial Shareholders against any losses or damages resulting from any untrue statement or omission of material fact in any registration statement or prospectus pursuant to which they sell our common shares, unless such liability arose from such shareholder's misstatement or omission, and each such shareholder has agreed to indemnify us against all losses caused by its misstatements or omissions. We will pay all expenses incidental to our performance under the Shareholders Agreement, and the Initial Shareholders will pay their respective portions of all underwriting discounts, commissions and transfer taxes relating to the sale of their Common Shares under the Shareholders Agreement.

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Other Transactions

In May 2006, two of our operating subsidiaries entered into service agreements to provide certain leasing, remarketing, administrative and technical services to a Fortress affiliate with respect to four aircraft owned by the Fortress affiliate and leased to third parties. As of December 31, 2009, we had earned US\$120,000 in fees due from the Fortress affiliate. Total fees paid to us for the year ended December 31, 2009 was US\$112,000. Our responsibilities include remarketing the aircraft for lease or sale, invoicing the lessees for expenses and rental payments, reviewing maintenance reserves, reviewing the credit of lessees, arranging for the periodic inspection of the aircraft and securing the return of the aircraft when necessary. The agreements also provide that the Fortress affiliate will pay us 3.0% of the collected rentals with respect to leases of the aircraft, plus expenses incurred during the service period, and will pay us 2.5% of the gross sales proceeds from the sale of any of the aircraft, plus expenses incurred during the service period. We believe that the scope of services and fees under these service agreements were concluded on an arms-length basis. In May 2007, we sold two aircraft owned by a Fortress affiliate and the Fortress affiliate paid us a fee in the amount of US\$403,000 for the remarketing of these two aircraft. A third aircraft was sold in May 2009 and we were paid a fee of US\$54,400. A fourth aircraft was sold in August 2009 on an installment sale basis, for which a fee of US\$270,000 is payable to the Company. The proceeds of this sale are paid in installments, as is the fee payable to the Company. In 2009, we received US\$38,000 in fee payments relating to the sale of this fourth aircraft. We continue to assist the relevant Fortress affiliate in connection with collecting the final installments due for such installment sale and provide other related administrative services.

For the year ended December 31, 2009 the Company paid US\$238,000 for legal fees related to the establishment and financing activities of our Bermuda subsidiaries, and, for the year ended December 31, 2009, the Company paid US\$128,000 for Bermuda corporate services related to our Bermuda companies to a law firm and a corporate secretarial services provider affiliated with a Bermuda resident director serving on certain of our subsidiaries' boards of directors. The Bermuda resident director serves as an outside director of these subsidiaries.

Other Investment Activities of our Principal Shareholders

Fortress and their affiliates and funds engage in a broad spectrum of activities, including investment advisory activities, and have extensive investment activities that are independent from, and may from time to time conflict with, ours. Fortress and certain of their affiliates are, or sponsor, advise or act as investment manager to, investment funds, portfolio companies of private equity investment funds and other persons or entities that have investment objectives that may overlap with ours and that may, therefore, compete with us for investment opportunities.

Policies and Procedures for Review, Approval or Ratification of Transactions with Related Persons

In April 2007, our Board adopted a Policy and Procedures with Respect to Related Person Transactions, which we refer to as our Related Person Policy. Pursuant to the terms of the Related Person Policy, the Audit Committee must review and approve in advance any related party transaction, other than those that are pre-approved pursuant to pre-approval guidelines or rules that may be established by the Audit Committee to cover specific categories of transactions, including the guidelines described below. All Related Persons (defined below) are required to report to our legal department any such related person transaction prior to its completion and the legal department will determine whether it should be submitted to the Audit Committee for consideration.

Our Related Person Policy covers all transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds US\$120,000, and in which any Related Person had, has or will have a direct or

indirect material interest.

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A Related Person, as defined in our Related Person Policy, means any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company; any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities; any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

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PROPOSAL NUMBER TWO

APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(WHICH CONSTITUTES THE AUDITOR FOR PURPOSES OF BERMUDA LAW) AND TO AUTHORIZE THE
DIRECTORS OF AIRCASTLE LIMITED, ACTING BY THE
AUDIT COMMITTEE, TO DETERMINE THE INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM'S FEES.

(Item 2 on Proxy Card)

The Audit Committee Charter, as well as Section 301 of the Sarbanes-Oxley Act of 2002, Rule 10A-3(b)(2) under the Securities Exchange Act of 1934 and the related NYSE listing standards, each require that the audit committee shall be directly responsible for the appointment and retention of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the listed issuer. In accordance with these requirements, the Audit Committee and the Board recommend that the shareholders appoint the firm of Ernst & Young LLP, independent registered public accounting firm (E&Y) (which constitutes the auditor for the purpose of Bermuda law), to be the Company's independent registered public accounting firm for fiscal year 2010 and to authorize the directors of the Company, acting by the Audit Committee, to determine the independent registered public accounting firm's fees. E&Y was also the Company's independent registered public accounting firm for 2009. Before selecting E&Y, the Audit Committee carefully considered E&Y's qualifications as the registered public accounting firm for Aircastle. This included a review of its performance in prior years, as well as its reputation for integrity and competence in the fields of accounting and auditing. The committee has expressed its satisfaction with E&Y in all of these respects. The committee's review included inquiry concerning any litigation involving E&Y and any proceedings by the SEC against the firm. In this respect, the committee has concluded that the ability of E&Y to perform services for Aircastle is in no way adversely affected by any such investigation or litigation.

The Audit Committee also oversees the work of E&Y, and E&Y reports directly to the Audit Committee in this regard. The Audit Committee also reviews and approves E&Y's annual engagement letter, including the proposed fees, and determines or sets the policy regarding all audit, and all permitted non-audit, engagements and relationships between Aircastle and E&Y. The Audit Committee also reviews and discusses with E&Y their annual audit plan, including the timing and scope of audit activities, and monitors the progress and results of the plan during the year. Representatives of E&Y will be available to answer questions at the Annual Meeting and are free to make statements during the Annual Meeting.

The Board recommends that shareholders vote FOR the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal year 2010 and to authorize the directors of Aircastle Limited, acting by the Audit Committee, to determine the independent registered public accounting firm's fees.

Audit Fees, Audit Related Fees, Tax Fees and All Other Fees.

In connection with the audit of the 2009 financial statements, the Company entered into an engagement letter with E&Y which set forth the terms by which E&Y has performed audit services for the Company. That agreement is subject to alternative dispute resolution procedures.

The following summarizes the fees paid by us to E&Y for professional services rendered in 2009 and 2008:

	2009	2008
Audit Fees ⁽¹⁾	\$ 1,685,000	\$ 2,780,000
Audit-Related Fees ⁽²⁾	\$ 25,000	\$ 4,500
Tax Fees ⁽³⁾	\$ 853,000	\$ 891,000
All Other Fees	\$ 2,800	\$ 2,000

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1. Represents fees for the audit of the Company's consolidated financial statements, the reviews of interim financial statements included in the Company's Forms 10-Q, audits of subsidiaries required under the terms of certain of our debt agreements, consultations concerning financial accounting and reporting standards, statutory audits, services rendered relating to the Company's shelf registrations in 2008 and 2009 and the audit of our internal control over financial reporting.
2. Represents fees for attestation services related to Irish withholding tax certificates.
3. Represents fees related primarily to assistance with tax compliance matters, including international, federal and state tax returns preparation and consultations regarding tax matters.

Audit Committee Pre-Approval Policies and Procedures.

The Audit Committee has policies and procedures that require the pre-approval by the Audit Committee or one of its members of all services performed by the Company's independent registered public accounting firm and related fee arrangements. In the early part of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated, and the related fees, to be rendered by these firms during the year. In addition, pre-approval by the Audit Committee or one of its members is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees pre-approved by the Audit Committee Pursuant to the Sarbanes-Oxley Act of 2002. The fees and services provided as noted in the tables above were authorized and approved by the Audit Committee. .

Of the fees set forth in the table above, none of the Audit Related Fees, none of the Tax Fees and none of the All Other Fees were approved by the Audit Committee pursuant to SEC Rule 2-01(c)(7)(i)(C) of Regulation S-X. This rule provides that the pre-approval requirement is waived, with respect to fees for services other than audit, review or attest services, if the aggregate amount of all such services provided constitutes no more than five percent of the total amount of revenues paid by the Company to E&Y during the fiscal year in which the services are provided; such services were not recognized by the Company at the time of the engagement to be non-audit services; and such services are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Audit Committee.

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OTHER MATTERS

As of the mailing date of this proxy statement, the Board knows of no other matters to be brought before the Annual Meeting. If matters other than the ones listed in this proxy statement arise at the Annual Meeting, the persons named in the proxy will vote the shares represented by the proxy according to their judgment.

No person is authorized to give any information or to make any representation not contained in this proxy statement, and, if given or made, such information or representation should not be relied upon as having been authorized. The delivery of this proxy statement shall not, under any circumstances, imply that there has not been any change in the information set forth herein since the date of the proxy statement.

CONFIDENTIALITY OF PROXIES

The Company's policy is that proxies identifying individual shareholders are private except as necessary to determine compliance with law, or assert or defend legal claims, or in a contested proxy solicitation, or in the event that a shareholder makes a written comment on a proxy card or an attachment to it.

SHAREHOLDER PROPOSALS

The Company welcomes comments or suggestions from its shareholders. Under SEC rules, if a shareholder wishes to submit a proposal to be considered for inclusion in our proxy statement for the 2011 Annual General Meeting of Shareholders, the Company must receive the proposal in writing on or before January 26, 2011. Such proposals should comply with SEC rule 14a-8 and should be sent to the Secretary of Aircastle Limited, c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902.

If a shareholder wishes to submit a proposal for business to be brought before the 2011 Annual General Meeting of Shareholders outside of SEC rule 14a-8, including with respect to shareholder nominations of directors, notice of such matter must be received by the Company, in accordance with the provisions of the Company's Bye-laws, no earlier than January 26, 2011 and no later than February 25, 2011. Notice of any such proposal also must include the information specified in our Bye-laws and should be sent to the Secretary of Aircastle Limited, c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902. In order for a proposal to be considered timely for purposes of Rule 14a-4(c), such proposal must be received no later than February 25, 2011. In addition to our Bye-laws, please see page 10 of this proxy statement for a description of the procedures to be followed by a shareholder who wishes to recommend a director candidate to the Nominating and Corporate Governance Committee for its consideration.

Additionally, under Bermuda law, shareholders holding not less than five percent of the total voting rights or 100 or more shareholders together may require us to give notice to our shareholders of a proposal to be submitted at an annual general meeting. Generally, notice of such a proposal must be received by us at our registered office in Bermuda (located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda) not less than six weeks before the date of the meeting and must otherwise comply with the requirements of Bermuda law.

ADDITIONAL INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may read and copy any reports, statements or other information we file at the SEC's public reference rooms in Washington, D.C. and New York, New York. Please call the SEC at (800) SEC-0330

for further information on the public reference rooms. Our SEC filings are also available to the public from commercial document retrieval services and on the web site maintained by the SEC at www.sec.gov. **A copy of our Annual Report on Form 10-K will also be furnished**

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without charge upon written request to Aircastle Limited, c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902, Attention: General Counsel, and can also be accessed through our website at www.aircastle.com.

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy materials with respect to two or more shareholders sharing the same address by delivering a single set of proxy materials addressed to those shareholders. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single set of proxy materials to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders.

Once you have received notice from your broker or the Company that they or the Company will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive separate proxy materials, please notify your broker if your shares are held in a brokerage account or the Company if you hold registered shares. You can notify the Company by sending a written request to: Aircastle Limited, c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902, Attention: General Counsel.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 25, 2010**

The proxy statement and annual report are available at www.aircastle.com/investors.

GENERAL

The Company will pay the costs of preparing, assembling and mailing this proxy statement and the costs relating to the Annual Meeting. In addition to the solicitation of proxies by mail, the Company intends to ask brokers and bank nominees to solicit proxies from their principals and will pay the brokers and bank nominees their expenses for such solicitation.

If you received a paper copy of this proxy statement, please complete, sign, and date the enclosed proxy card and mail it promptly in the enclosed postage-paid envelope. The enclosed proxy card can be revoked at any time before the proxy is exercised by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

By Order of the Board of Directors,

David R. Walton
*Chief Operating Officer,
General Counsel and Secretary*

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AIRCASTLE LIMITED
PROXY FOR ANNUAL GENERAL MEETING
May 25, 2010

THIS PROXY IS SOLICITED ON BEHALF OF
AIRCASTLE LIMITED S BOARD OF DIRECTORS

The undersigned hereby appoints Joseph P. Adams, Jr., Ron Wainshal and David R. Walton, and each of them, proxies for the undersigned, with full power of substitution, to vote all Common Shares of Aircastle Limited of which the undersigned may be entitled to vote at the Annual General Meeting of Aircastle Limited in Stamford, CT, on Wednesday, May 25, 2010 at 10:00AM, or at any adjournment thereof, upon the matters set forth on the reverse side and described in the accompanying proxy statement and upon such other business as may properly come before the meeting or any adjournment thereof.

YOUR VOTE IS IMPORTANT! PLEASE SIGN AND DATE ON THE REVERSE SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

(Continued and to be signed on other side)

AIRCASTLE LIMITED
c/o Aircastle Advisor LLC
300 First Stamford Place, 5th Floor
Stamford, CT 06902

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Aircastle Limited

May 25, 2010

Your proxy card is attached below.

Please read the enclosed proxy statement, then vote and return the card at your earliest convenience.

*** FOLD AND DETACH HERE ***

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1 and 2.

Where no voting instructions are given, the shares represented by this Proxy will be VOTED FOR Items 1 and 2.

Vote on Directors

1. Election of Directors: Nominees Ronald W. Allen and Douglas A. Hacker

FOR all nominees ☐ WITHHOLD AUTHORITY ☐ FOR all nominees,
to vote for all nominees EXCEPT ☐

(INSTRUCTION: To withhold authority to vote for any individual nominee, mark the FOR all nominees, EXCEPT box and write that nominee's name in the space provided below.)

*Exceptions _____

Vote on Proposal

2. Appoint Ernst & Young, LLP as the Company's independent registered public accounting firm (which constitutes the auditor for the purpose of Bermuda law) to audit the Company's financial statements for fiscal year 2010 and authorize the directors of Aircastle Limited, acting by the Audit Committee, to determine the independent registered public accounting firm's fees.

FOR ☐ AGAINST ☐ ABSTAIN ☐

If other matters are properly presented, the persons named as proxies will vote in accordance with their judgment with respect to those matters.

Change of Address and/
or Comments Mark Here ☐

I PLAN TO ATTEND ANNUAL MEETING. If you
check this box to the right an admission
ticket will be sent to you. ☐

Receipt is hereby acknowledged of Aircastle Limited Notice of Meeting and Proxy Statement.

IMPORTANT: Please sign exactly as your name or names appear on this Proxy. Where shares are held jointly, both holders should sign. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such. If the holder is a corporation, execute in full corporate name by authorized officer. The validity of this proxy is governed by the Bermuda Companies Act 1981. This proxy does not revoke any prior powers of attorney except for prior proxies given in connection with the Annual General Meeting.

Dated: _____, 2010

Signature

Signature

(Please sign, date and return this
proxy card in the enclosed
envelope.)

Votes MUST be indicated
in black or blue ink. [x]