

AIRCASTLE 

AIRCASTLE ADVISOR LLC  
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March 26, 2015

Attention: U.S. Shareholders of Aircastle Limited

**IMPORTANT TAX NOTICE**

Re: 2014 PFIC Status

**This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code. It is not relevant to other shareholders.**

Aircastle Limited (“AYR” or “the Company”) and its wholly-owned subsidiary AYR Bermuda Limited (“AYR Bermuda”) meet the Internal Revenue Code definition of a passive foreign investment company (“PFIC”) for the taxable year ended December 31, 2014. The Company is hereby making available PFIC Annual Information Statements for both AYR and AYR Bermuda for their taxable years beginning on January 1, 2014 and ending on December 31, 2014 pursuant to the requirements of Treasury Regulation Section 1.1295-1(g)(1). **If you were a shareholder of AYR during 2014 you also are deemed to have indirectly owned shares in AYR Bermuda during 2014.**

The PFIC Annual Information Statements contain information to enable you, should you choose, to elect to treat AYR and AYR Bermuda as a Qualified Electing Fund (“QEF”).

**A U.S. shareholder who makes a QEF election for AYR and AYR Bermuda is required annually to include in his or her income his or her pro rata share of the ordinary earnings and net capital gains for both AYR and AYR Bermuda.** The QEF election is made by completing and attaching Form 8621 for each PFIC to your federal income tax return filed by the due date of the return, including extensions.

U.S. shareholders are advised to consult with their tax advisors with respect to the 2014 PFIC Annual Information Statement.

Further information on PFIC rules is available on the internet at the Internal Revenue Service website, including the following pages:

Detailed information about PFICs and the QEF election: [www.irs.gov/instructions/i8621/ch01.html](http://www.irs.gov/instructions/i8621/ch01.html)

Instructions to complete Form 8621: [www.irs.gov/pub/irs-pdf/i8621.pdf](http://www.irs.gov/pub/irs-pdf/i8621.pdf)

Form 8621: [www.irs.gov/pub/irs-pdf/f8621.pdf](http://www.irs.gov/pub/irs-pdf/f8621.pdf)

**THIS INFORMATION IS PROVIDED IN ORDER TO ASSIST SHAREHOLDERS IN MAKING CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THE OWNERSHIP OF AIRCASTLE LIMITED SHARES ARISING IN THEIR OWN PARTICULAR SITUATIONS UNDER THE UNITED STATES FEDERAL, STATE, LOCAL OR FOREIGN LAW.**

**PFIC Annual Information Statement  
Aircastle Limited - FEIN 98-0444035**

- (1) This Information Statement applies to the taxable year of Aircastle Limited (“AYR”) beginning on January 1, 2014 and ending on December 31, 2014 (the “Taxable Year”).
- (2) (i) Your pro rata share of AYR’s ordinary earnings for the Taxable Year is 0.
- (ii) Your pro rata share of AYR’s net capital gain for the Taxable Year is 0.

U.S. shareholders are advised to consult with their tax advisors with respect to the calculation of their pro rata share of AYR’s ordinary earnings and net short term and long term capital gain for the Taxable Year.

- (3) The amount of cash and the fair market value of other property distributed or deemed distributed by AYR during the Taxable Year are as follows:

Cash:

<u>Payment Date</u>	<u>Record Date</u>	<u>Per Share Distributions</u>
March 14, 2014	March 7, 2014	US\$ 0.200
June 13, 2014	May 30, 2014	US\$ 0.200
September 12, 2014	August 29, 2014	US\$ 0.200
December 15, 2014	November 28, 2014	US\$ 0.220

Fair Market Value of Property: US \$0.00

- (4) The Summary of Annual Information of AYR is as follows:

- (i) Description of each class of shares – common shares.
- (ii) Total number of shares outstanding at year end – 80,578,310.
- (iii) Total market value of shares at December 31, 2014 – US\$ 21.37 per share.

- (5) Any shareholders making a QEF election will be permitted by AYR to inspect and copy its permanent books of account, records, and such other documents as are maintained by AYR that are necessary to establish that AYR’s ordinary earnings and net capital gain, as provided in section 1293(e) of the U.S. Internal Revenue Code, are computed in accordance with U.S. income tax principles, and to verify these amounts and your pro rata share thereof.

Aircastle Limited

Date: March 26, 2015

By: Robert Casapulla  
Authorized Representative

**PFIC Annual Information Statement  
AYR Bermuda Limited - FEIN 98-0565732**

(1) This Information Statement applies to the taxable year of AYR Bermuda Limited (“AYR Bermuda”) beginning on January 1, 2014 and ending on December 31, 2014 (the “Taxable Year”).

(2) (i) Your pro rata share of AYR Bermuda’s ordinary earnings for the Taxable Year can be determined as follows:

(a) If you owned the same number of AYR shares for the entire 365 day period January 1, 2014 through December 31, 2014, you are deemed to indirectly own the same number of AYR Bermuda shares for that period and should multiply the number of shares by the “Per Common Share” amount below.

	<b>Total</b>	<b>Per Common Share</b>
Ordinary Earnings	US\$ 1,399,288	US\$ 0.017364

(b) If you did not own all of your AYR shares for the entire 365 day period, or owned different numbers of AYR shares at different times during the period beginning January 1, 2014 and ending December 31, 2014, your daily pro rata share of AYR Bermuda ordinary earnings is:

<b>Holding Period</b>	<b>Daily Per Common Share</b>
January 1 – December 31, 2014	US\$ 0.000048

(c) If you owned a different number of AYR shares at different times during 2014, perform the calculations specified in (b) above separately for **each** lot of AYR shares owned for **each** Holding Period and include the total amounts yielded from those calculations on Form 8621.

Investors may use the following example as a guide to calculate their pro rata share of AYR Bermuda’s ordinary earnings to be included on Form 8621:

<b>EXAMPLE: Holding period is September 1 – December 31, 2014</b>	
Number of AYR common shares held (A)	1,000
Number of days the AYR common shares were held during the Holding Period (B)	122
Daily Per Common Share during the Holding Period (C)	US\$ 0.000048
Daily pro rata share (A) x (B) x (C)	US\$ 5.86

(ii) Your pro rata share of AYR Bermuda’s net capital gain for the Taxable Year is 0.

U.S. shareholders are advised to consult with their tax advisors with respect to the calculation of their pro rata share of AYR Bermuda’s ordinary earnings and net short term and long term capital gain for the Taxable Year.

(3) The amount of cash and the fair market value of other property distributed or deemed distributed by AYR Bermuda during the Taxable Year are as follows:

Cash: US \$0.00

Fair Market Value of Property: US \$0.00

(4) The Summary of Annual Information of AYR Bermuda is as follows:

- (i) Description of each class of shares – common shares.
  - (ii) Total number of shares outstanding at year end – 12,000.
    - a. Your deemed indirect ownership in AYR Bermuda at year end is based on the number of AYR common shares you own at December 31, 2014 over total number of AYR shares outstanding (Example: If you own 100,000 shares of AYR divide 100,000 by 80,578,310 x 12,000 = 15 shares of AYR Bermuda).
  - (iii) Total value of shares at December 31, 2014 – estimated to be 1% of value of AYR or US\$ 0.2137 per AYR share.
    - a. Your deemed proportionate share of AYR Bermuda at year end is 1% of the value of your AYR shares (Example: If you own 100,000 shares of AYR multiply 100,000 x US\$ 0.2137 = US\$ 21,370 value of AYR Bermuda).
- (5) Any shareholders making a QEF election will be permitted by AYR Bermuda to inspect and copy its permanent books of account, records, and such other documents as are maintained by AYR Bermuda that are necessary to establish that AYR Bermuda’s ordinary earnings and net capital gain, as provided in section 1293(e) of the U.S. Internal Revenue Code, are computed in accordance with U.S. income tax principles, and to verify these amounts and your pro rata share thereof.

AYR Bermuda Limited

Date: March 26, 2015

By: Robert Casafulli  
 Authorized Representative