

AIRCASTLE 

AIRCASTLE ADVISOR LLC
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March 30, 2016

Attention: U.S. Shareholders of Aircastle Limited

IMPORTANT TAX NOTICE

Re: 2015 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, 2015. The Company is hereby making available PFIC Annual Information Statements for both AYR and AYR Bermuda for their taxable years beginning on January 1, 2015 and ending on December 31, 2015 pursuant to the requirements of Treasury Regulation Section 1.1295-1(g)(1). **If you were a shareholder of AYR during 2015 you also are deemed to have indirectly owned shares in AYR Bermuda during 2015.**

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 2015 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

Instructions to complete Form 8621: www.irs.gov/pub/irs-pdf/i8621.pdf

Form 8621: 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, 2015 and ending on December 31, 2015 (the “Taxable Year”).

(2) (i) Your pro rata share of AYR’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, 2015 through December 31, 2015, you are deemed to indirectly own the same number of AYR shares for that period and should multiply the number of shares by the “Per Common Share” amount below.

	Total	Per Common Share
Ordinary Earnings	US\$ 140,853,318	US\$ 1.745790

(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, 2015 and ending December 31, 2015, your daily pro rata share of AYR ordinary earnings is:

Holding Period	Daily Per Common Share
January 1 – November 18, 2015	US\$ 0.004779
November 19 – December 17, 2015	US\$ 0.004805
December 18 – December 31, 2015	US\$ 0.004836

(c) If you owned a different number of AYR shares at different times during 2015, 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’s ordinary earnings to be included on Form 8621:

<u>EXAMPLE: Holding period is September 1 – December 31, 2015</u>			
	September 1 – November 18, 2015	November 19 – December 17, 2015	December 18 – December 31, 2015
Number of AYR common shares held (A)	1,000	1,000	1,000
Number of days the AYR common shares were held during the Holding Period (B)	79	29	14
Daily Per Common Share during the Holding Period (C)	US\$ 0.004779	US\$ 0.004805	US\$ 0.004836
Daily pro rata share (A) x (B) x (C)	US\$ 377.54	US\$ 139.35	US\$ 67.70

(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:

AIRCASTLE

Cash:

<u>Payment Date</u>	<u>Record Date</u>	<u>Per Share Distributions</u>
March 13, 2015	March 6, 2015	US\$ 0.220
June 15, 2015	May 29, 2015	US\$ 0.220
September 15, 2015	August 31, 2015	US\$ 0.220
December 15, 2015	November 30, 2015	US\$ 0.240

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 – 79,799,479.
- (iii) Total value of shares at December 31, 2015 – US\$ 20.89 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 30, 2016

By: 
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, 2015 and ending on December 31, 2015 (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, 2015 through December 31, 2015, 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.

	Total	Per Common Share
Ordinary Earnings	US\$ 3,206,276	US\$ 0.039741

(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, 2015 and ending December 31, 2015, your daily pro rata share of AYR Bermuda ordinary earnings is:

Holding Period	Daily Per Common Share
January 1 – December 17, 2015	US\$ 0.000109
December 18 – December 31, 2015	US\$ 0.000110

(c) If you owned a different number of AYR shares at different times during 2015, 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:

EXAMPLE: Holding period is September 1 – December 31, 2015		
	September 1 – December 17, 2015	December 18 – December 31, 2015
Number of AYR common shares held (A)	1,000	1,000
Number of days the AYR common shares were held during the Holding Period (B)	108	14
Daily Per Common Share during the Holding Period (C)	US\$ 0.000109	US\$ 0.000110
Daily pro rata share (A) x (B) x (C)	US\$ 11.77	US\$ 1.54

(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, 2015 over total number of AYR shares outstanding (Example: If you own 100,000 shares of AYR divide 100,000 by 79,799,479 x 12,000 = 15 shares of AYR Bermuda).
 - (iii) Total value of shares at December 31, 2015 – **estimated to be 1% of value of AYR or US\$ 0.2089 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\$ 0.2089 = US\$ 20,890 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 30, 2016

By: *Robert Cresafulli*
Authorized Representative