

Aircastle LTD
Form 424B5
August 08, 2012
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The information in this preliminary prospectus is not complete and may be changed. This preliminary prospectus supplement and accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)
Registration No. 333-182242

SUBJECT TO COMPLETION, DATED AUGUST 7, 2012

Preliminary Prospectus Supplement

to Prospectus dated June 20, 2012.

9,250,000 Shares

Aircastle Limited

Common Shares

This is a public offering of common shares of Aircastle Limited. All of the 9,250,000 shares are being offered by the selling shareholders. After this offering, and assuming consummation of the share repurchase by Aircastle, funds managed by affiliates of Fortress Investment Group LLC will beneficially own none of our common shares.

We have entered into an agreement with the selling shareholders to repurchase 2,500,002 of our shares, following the closing of this offering, directly from the selling shareholders in a private, non-underwritten transaction at the same net price the selling shareholders will receive in this offering. The closing of this offering is not contingent on the closing of the share repurchase but the closing of the share repurchase is contingent on the closing of this offering.

The common shares are listed on the New York Stock Exchange under the symbol AYR . The last reported sale price of the common shares on August 7, 2012 was \$11.97 per share.

See Risk Factors on page S-1 of this prospectus supplement and page 2 of the accompanying prospectus to read about factors you should consider before buying common shares.

None of the Securities and Exchange Commission, any state securities commission, the Minister of Finance and the Registrar of Companies in Bermuda or the Bermuda Monetary Authority have approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Goldman, Sachs & Co. has agreed to purchase our common shares being offered by the selling shareholders identified in this prospectus supplement at a price of \$ per share which will result in approximately \$ of proceeds for the selling shareholders. The underwriter may offer our common shares in transactions on the New York Stock Exchange, in the over-the-counter market or through negotiated transactions at market prices or at negotiated prices. See Underwriting.

Goldman, Sachs & Co. expects to deliver the shares against payment in New York, New York on or about August 10, 2012 through the book-entry facilities of the Depository Trust Company.

Goldman, Sachs & Co.

Prospectus Supplement dated August , 2012.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Consent under the Exchange Control Act 1972 (and its related regulations) has been obtained from the Bermuda Monetary Authority for the issue and transfer of our common shares to and between persons resident and non-resident of Bermuda for exchange control purposes, provided our shares remain listed on an appointed stock exchange, which includes the New York Stock Exchange (the "NYSE"). This prospectus supplement and the accompanying prospectus will be filed with the Registrar of Companies in Bermuda in accordance with Bermuda law. In granting such consent and in accepting this prospectus supplement for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for our financial soundness or the correctness of any of the statements made or opinions expressed in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is comprised of two parts. The first part is this prospectus supplement, which describes the terms of the offering of the common shares and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated herein and therein by reference, on the other hand, you should rely on the information in this prospectus supplement.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Certain items in this prospectus supplement, and other information we provide from time to time, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not necessarily limited to, statements relating to our ability to acquire, sell, lease or finance aircraft, raise capital, pay dividends, and increase revenues, earnings, EBITDA and Adjusted Net Income and the global aviation industry and aircraft leasing sector. Words such as anticipates, expects, intends, plans, projects, believes, may, would, could, should, seeks, estimates and variations on these words and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements; Aircastle Limited can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this prospectus supplement. Factors that could have a material adverse effect on our operations and future prospects or that could cause actual results to differ materially from Aircastle Limited's expectations include, but are not limited to, significant capital markets disruption and volatility and the significant contraction in the availability of bank financing, which may adversely affect our continued ability to obtain additional capital to finance new investments or our working capital needs; volatility in the value of our aircraft; general economic conditions and business conditions affecting demand for aircraft and lease rates; our continued ability to obtain favorable tax treatment in Bermuda, Ireland and other jurisdictions; our ability to pay dividends; high or volatile fuel prices, lack of access to capital, reduced load factors and/or reduced yields, operational disruptions caused by political unrest in North Africa, the Middle East or elsewhere, uncertainties in the Eurozone arising from the sovereign debt crisis and other factors affecting the creditworthiness of our airline customers and their ability to continue to perform their obligations under our leases; termination payments on our interest rate hedges; and other risks detailed from time to time in Aircastle Limited's filings with the Securities and Exchange Commission, including as described in the section entitled "Risk Factors" in this prospectus supplement, and elsewhere in this prospectus supplement. In addition, new risks and uncertainties emerge from time to time, and it is not possible for Aircastle to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this prospectus supplement. Aircastle Limited expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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SUMMARY

We acquire, lease and sell high-utility commercial jet aircraft. High-utility aircraft are generally modern and operationally efficient jets with many operators and long useful lives. As of June 30, 2012, our portfolio consisted of 155 aircraft leased to 67 lessees located in 36 countries. Our aircraft fleet is managed by an experienced team based in the United States, Ireland and Singapore. Typically, our aircraft are subject to net leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs, although in a majority of cases, we are obligated to pay a portion of specified maintenance or modification costs. From time to time, we also make investments in other aviation assets, including debt investments secured by commercial jet aircraft. Our revenues and income from continuing operations for the three and six months ended June 30, 2012 were \$172.2 million and \$16.3 million, \$337.1 million and \$48.9 million, respectively.

Our principal executive offices are located at c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902. Our telephone number is (203) 504-1020. Our website address is www.aircastle.com. Information on, or accessible through, our website does not constitute part of this prospectus supplement or the accompanying prospectus and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus supplement.

CONCURRENT SHARE REPURCHASE

We have entered into an agreement with the selling shareholders to repurchase 2,500,002 of our shares, concurrently with the closing of this offering, directly from the selling shareholders in a private, non-underwritten transaction at the same net price the selling shareholders will receive. We intend to fund this share repurchase primarily with cash on hand. The closing of the share repurchase is contingent on the closing of this offering and the satisfaction of certain other customary conditions.

The closing of this offering is not conditioned on the consummation of the share repurchase, and there can be no assurance that the share repurchase will be consummated.

The description and the other information in this prospectus supplement regarding the share repurchase is included in this prospectus supplement solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any of our common shares subject to the share repurchase.

PURCHASE BY ONTARIO TEACHERS PENSION PLAN BOARD

Certain funds affiliated with the Ontario Teachers Pension Plan Board, or OTPP, have indicated that they intend to purchase 6,200,000 shares being offered by this prospectus supplement at the public offering price.

In connection with the offering, the Company intends to provide OTPP with certain demand registration rights relating to OTPP's ownership of the Company's common shares. The Company will agree to pay all expenses relating to the registration, except for any underwriter discounts and commissions. The Company and OTPP will also agree to indemnify the other against various liabilities, including liabilities under the Securities Act.

RISK FACTORS

Before you invest in our common shares, you should carefully consider the risks involved. Accordingly, you should carefully consider the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus.

USE OF PROCEEDS

All of the common shares offered hereby are being sold by the selling shareholders. We will not receive any proceeds from the sale of common shares in this offering.

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SELLING SHAREHOLDERS

The following table presents certain information regarding the beneficial ownership of our common shares outstanding as of August 7, 2012 to be sold in this offering by the selling shareholders.

After this offering, funds managed by affiliates of Fortress Investment Group LLC and certain officers of Fortress will beneficially own none of our common shares. After this offering, and also giving effect to the share repurchase, funds managed by affiliates of Fortress Investment Group LLC and certain officers of Fortress will beneficially own none of our common shares.

Under our Shareholders Agreement, an affiliate of Fortress is permitted to designate a specified number of individuals to be elected to our board of directors depending on the percentage of voting power of our securities beneficially owned by certain Fortress investment funds and their affiliates and permitted transferees. For so long as such Fortress shareholders beneficially own (i) between 10% and 25% of the voting power of the Company, FIG Advisors LLC, an affiliate of Fortress, which we refer to as FIG Advisors, or such other party designated by Fortress, may designate two directors; and (ii) between 5% and 10% of the voting power of the Company, FIG Advisors may designate one director. In the event that the Fortress shareholders cease to beneficially own 5% of the shares issued and outstanding immediately after the consummation of the Company's initial public offering on August 8, 2006, as will be the case after consummation of this offering, our Shareholders Agreement will terminate. Accordingly, consistent with our Shareholders Agreement, Wesley R. Edens and Joseph P. Adams, the current designated directors of FIG Advisors, will resign from our board not later than 10 days after the consummation of this offering.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission, or the SEC. In computing the number of shares beneficially owned by the selling shareholders and the percentage ownership of the selling shareholders, the number of common shares subject to options or warrants held by the selling shareholders that are currently exercisable or exercisable within 60 days of the date hereof are deemed outstanding. Except as indicated in the footnotes to the following table or pursuant to applicable community property laws, the selling shareholders have sole voting and investment power with respect to the shares set forth opposite their names. The percentages of beneficial ownership set forth below are based on 72,249,402 common shares outstanding on August 7, 2012.

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Name of Beneficial Owner(1)(4)	Shares Beneficially Owned Prior to this Offering(1)		Shares Being Sold in the Offering	Shares Beneficially Owned After this Offering(1) (5)	
	Number(2)	Percentage		Number(2)	Percentage(3)
Fortress Investment Fund III Sub LLC	1,979,717	2.74%	1,979,717	0.00	0.00%
Fortress Investment Fund III Sub Two LLC	1,979,716	2.74%	1,979,716	0.00	0.00%
Fortress Investment Fund III (Fund B) Sub LLC	1,692,691	2.34%	1,692,691	0.00	0.00%
Fortress Investment Fund III (Fund B) Sub Two LLC	1,692,691	2.34%	1,692,691	0.00	0.00%
Fortress Investment Fund III (Fund C) Sub LLC	707,913	0.98%	707,913	0.00	0.00%
Fortress Investment Fund III (Fund D) Sub Ltd	1,624,809	2.25%	1,624,809	0.00	0.00%
Fortress Investment Fund III (Fund E) Sub Ltd	114,131	0.16%	114,131	0.00	0.00%
Fortress Investment Fund III (Coinvestment Fund A) Sub LLC	332,919	0.46%	332,919	0.00	0.00%
Fortress Investment Fund III (Coinvestment Fund B) Sub LLC	654,065	0.91%	654,065	0.00	0.00%
Fortress Investment Fund III (Coinvestment Fund C) Sub LLC	168,457	0.23%	168,457	0.00	0.00%
Fortress Investment Fund III (Coinvestment Fund D) Sub Ltd	802,893	1.11%	802,893	0.00	0.00%

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting and/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 (a) the exercise by the selling shareholder of all options and warrants exercisable within 60 days to acquire common shares and no exercise of options or warrants by any other person and (b) the Company's common shares outstanding after this offering are 69,749,400, giving effect to the repurchase of 2,500,002 shares by the Company.
- (4) 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 (FIF III LP), Fortress Investment Fund III (Fund B) LP (FIF III Fund B LP), Fortress Investment Fund III (Fund C) LP (FIF III Fund C LP), Fortress Investment Fund III (Fund D) L.P. (FIF III Fund D L.P.), Fortress Investment Fund III (Fund E) L.P. (FIF III Fund E L.P.), Fortress Investment Fund III (Coinvestment Fund A) LP (FIF III Coinvest Fund A LP), Fortress Investment Fund III (Coinvestment Fund B) LP (FIF III Coinvest Fund B LP), Fortress Investment Fund III (Coinvestment Fund C) LP (FIF III Coinvest Fund C LP), and Fortress Investment Fund III (Coinvestment Fund D) L.P. (FIF III Coinvest Fund D L.P.). FIF III LP is the sole member each of Fortress Investment Fund III Sub LLC and Fortress Investment Fund III Sub Two LLC. FIF III Fund B LP is the sole member of each of Fortress Investment Fund III (Fund B) Sub LLC and Fortress Investment Fund III (Fund B) Sub Two LLC. FIF III Fund C LP is the sole member of Fortress Investment Fund III (Fund C) Sub LLC. FIF III Fund D L.P. is the sole member of Fortress Investment Fund III (Fund D) Sub Ltd. FIF III Fund E L.P. is the sole member of Fortress Investment Fund III (Fund E) Sub Ltd. FIF III Coinvest Fund A LP is the sole member of Fortress Investment Fund III (Coinvestment Fund A) Sub LLC. FIF III Coinvest Fund B LP is the sole member of Fortress Investment Fund III

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(Coinvestment Fund B) Sub LLC. FIF III Coinvest Fund C LP is the sole member of Fortress Investment Fund III (Coinvestment Fund C) Sub LLC and FIF III Coinvest Fund D L.P. is the sole member of Fortress Investment Fund III (Coinvestment Fund D) Sub Ltd. 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. FIG Corp. is wholly-owned by Fortress Investment Group LLC.

- (5) We have entered into an agreement with the selling shareholders to repurchase 2,500,002 of our shares, concurrently with the closing of this offering, directly from the selling shareholders in a private, non-underwritten transaction at the same net price the selling shareholders will receive from Goldman, Sachs & Co. Upon completion of the sale of the shares being offered hereby and sale by the selling shareholders of the 2,500,002 shares to us and the subsequent cancellation of those shares by us, the selling shareholders will beneficially own none of our shares.

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UNDERWRITING

The company, the selling shareholders and Goldman, Sachs & Co. have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, Goldman, Sachs & Co. has agreed to purchase all of the 9,250,000 shares offered hereby.

Goldman, Sachs & Co. proposes to offer the common shares from time to time for sale in one or more transactions in the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by it and subject to its right to reject any order in whole or in part. The underwriter may effect such transactions by selling the common shares to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriter and/or purchasers of common shares for whom they may act as agents or to whom they may sell as principal. The difference between the price at which the underwriter purchases shares and the price at which the underwriter resells such shares may be deemed underwriting compensation.

The Company, the selling shareholders and Goldman, Sachs & Co. have agreed that, for a period of 30 days from the date of this prospectus supplement, subject to certain exceptions, we and they will not, without the prior written consent of Goldman, Sachs & Co. dispose of or hedge any common shares or any securities convertible into or exchangeable for our common shares. Goldman, Sachs & Co. may release any of the securities subject to this lock-up at any time without notice. If (i) during the last 17 days of the 30-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 30-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 30-day restricted period, the restrictions described above shall continue to apply to us until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The shares are listed on the New York Stock Exchange under the symbol AYR.

In connection with the offering, the underwriter may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

Short sales involve secondary market sales by the underwriter of a greater number of shares than they are required to purchase in the offering.

Covering transactions involve purchases of shares in the open market after the distribution has been completed in order to cover short positions. A short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriter for its own account, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriter may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise. If the underwriter commences any of these transactions, it may discontinue them at any time.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), Goldman, Sachs & Co. has represented and

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agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Goldman, Sachs & Co. has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

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This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and Goldman, Sachs & Co. has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

The company and the selling shareholders estimate that their share of the total expenses of the offering, excluding deemed underwriting discounts and commissions, will be approximately \$.

The company and the selling shareholders have agreed to indemnify Goldman, Sachs & Co. against certain liabilities, including liabilities under the Securities Act of 1933.

In addition, we have entered into an agreement with the selling shareholders to repurchase 2,500,002 of our shares, concurrently with the closing of this offering, directly from the selling shareholders in a private, non-underwritten transaction at the same net price the selling shareholders will receive from Goldman, Sachs & Co., which will result in \$ of additional proceeds to the selling shareholders. See Concurrent Share Repurchase.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings can be read and copied at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available over the Internet at the SEC's website at <http://www.sec.gov>. Our common shares are listed and traded on the New York Stock Exchange, or NYSE, under the trading symbol AYR. Our reports, proxy statements and other information can also be read at the offices of the NYSE, 20 Broad Street, New York, New York 10005. General information about us, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website at www.aircastle.com as soon as reasonably practicable after we file them with, or furnish them to, the SEC. Information on, or accessible through, our website is not incorporated into this prospectus supplement or the accompanying prospectus or our other securities filings and is not a part of these filings.

We have filed a registration statement on Form S-3 under the Securities Act with the SEC pursuant to which the common shares are being offered by this prospectus supplement. Neither this prospectus supplement nor the accompanying prospectus contains all the information contained in the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and the documents filed as exhibits to the registration statement are available for inspection and copying as described above.

The SEC allows incorporation by reference into this prospectus supplement and the accompanying prospectus of information that we file with the SEC. This permits us to disclose important information to you by referencing these filed documents. Any information referenced this way is considered to be a part of this prospectus supplement and the accompanying prospectus and any information filed by us with the SEC subsequent to the date of this prospectus supplement and prior to the termination of this offering will automatically be deemed to update and supersede this information.

We incorporate by reference the following documents which we have already filed with the SEC (other than any portion of such filings that are furnished under applicable SEC rules rather than filed):

Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 29, 2012;

Portions of our Definitive Proxy Statement on Schedule 14A, as filed with the SEC on April 13, 2012 that are incorporated by reference into Part III of our Annual Report on Form 10-K;

Our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 as filed with the SEC on May 3, 2012; and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012 as filed with the SEC on August 3, 2012; and

Our Current Reports on Form 8-K filed January 23, 2012, March 8, 2012, April 5, 2012, May 24, 2012, June 5, 2012 and June 8, 2012.

All documents and reports that we file with the SEC (other than any portion of such filings that are furnished under applicable SEC rules rather than filed) pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, from the date of this prospectus supplement until the termination of the offering of all common shares under this prospectus supplement, shall be deemed to be incorporated in this prospectus supplement and the accompanying prospectus by reference.

We will provide without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus supplement and the accompanying prospectus,

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excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit to the registration statement of which the prospectus supplement and the accompanying prospectus forms a part. Requests should be directed to Aircastle Limited, c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902, (203) 504-1020.

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PROSPECTUS

AIRCASTLE LIMITED

COMMON SHARES

PREFERENCE SHARES

DEPOSITARY SHARES

DEBT SECURITIES

WARRANTS

SUBSCRIPTION RIGHTS

PURCHASE CONTRACTS

PURCHASE UNITS

We may offer and sell, from time to time in one or more offerings in amounts, at prices and on terms to be determined at the time of any such offering, any combination of (i) common shares, (ii) preference shares, (iii) depositary shares representing preference shares, (iv) debt securities, (v) warrants, (vi) subscription rights, (vii) purchase contracts and (viii) purchase units (or its equivalent in foreign or composite currencies) on terms to be determined at the time of offering. The selling shareholders may also offer and sell, from time to time, up to 11,750,002 of our common shares. We will not receive any of the proceeds from the sale of our common shares by selling shareholders.

This prospectus describes some of the general terms that may apply to these securities. We will provide the specific prices and terms of these securities in one or more supplements to this prospectus at the time of the offering. You should read this prospectus and the accompanying prospectus supplement carefully before you make your investment decision.

We or the selling shareholders may offer and sell these securities through underwriters, dealers or agents or directly to purchasers, on a continuous or delayed basis. The securities may also be resold by selling shareholders. The prospectus supplement for each offering will describe in detail the plan of distribution for that offering and will set forth the names of any underwriters, dealers or agents involved in the offering and any applicable fees, commissions or discount arrangements.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

Our common shares are listed on the New York Stock Exchange, or NYSE, under the trading symbol AYR. Each prospectus supplement will indicate if the securities offered thereby will be listed on any securities exchange.

Investing in our securities involves a high degree of risk. See Risk Factors on page 2 before you make your investment decision.

None of the Securities and Exchange Commission, any state securities commission, the Minister of Finance and the Registrar of Companies in Bermuda or the Bermuda Monetary Authority have approved or disapproved of these securities or determined if this prospectus or the accompanying prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 20, 2012.

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Consent under the Bermuda Exchange Control Act 1972 (and its related regulations) has been obtained from the Bermuda Monetary Authority for the issue and transfer of our offered securities to and between persons resident and non-resident of Bermuda for exchange control purposes provided our shares are listed on an appointed stock exchange, which includes the New York Stock Exchange. At the time of any issue or transfer of our offered securities, this prospectus, along with any prospectus supplement will be filed with the Registrar of Companies in Bermuda in accordance with Bermuda law. In granting such consent and in accepting this prospectus along with any prospectus supplement for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this prospectus and any prospectus supplement.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we may offer and sell, from time to time, any combination of the securities described in this prospectus in one or more offerings, up to a maximum aggregate offering price of \$1,000,000,000. In addition, certain of our shareholders may offer from time to time, in one or more offerings, up to 11,750,002 of our common shares. This prospectus provides you with a general description of the securities we may offer. Each time we offer to sell our securities, we will provide a prospectus supplement and may provide other offering materials containing specific information about the terms of that offering. The prospectus supplement may add, change or update information contained in this prospectus. If there is any inconsistency between the information contained in this prospectus and any information contained in any prospectus supplement, you should rely on the information in the prospectus supplement. In addition, as described above, we have filed and plan to continue to file documents with the SEC that contain information about us and the business conducted by us. Before you decide to invest in any of our securities, you should read carefully this prospectus, any accompanying prospectus supplement (including all documents incorporated by reference therein), and the information that we file with the SEC.

This prospectus only provides you with a general description of the securities we and the selling shareholders may offer. Each time we or any selling shareholders sell securities described in the prospectus we will provide a supplement to this prospectus that will contain specific information about the terms of that offering, including the specific amounts, prices and terms of the securities offered. The prospectus supplement may also add, update or change information contained in this prospectus. You should carefully read both this prospectus and any accompanying prospectus supplement or other offering materials, together with the additional information described under the heading **Where You Can Find More Information**.

You should rely only on the information contained or incorporated by reference in this prospectus. Neither we nor the selling shareholders have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the selling shareholders are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

This prospectus and any accompanying prospectus supplement or other offering materials do not contain all of the information included in the registration statement as permitted by the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3, including its exhibits. We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), and, therefore, file reports and other information with the SEC. Statements contained in this prospectus and any accompanying prospectus supplement or other offering materials about the provisions or contents of any agreement or other document are only summaries. If SEC rules require that any agreement or document be filed as an exhibit to the registration statement, you should refer to that agreement or document for its complete contents.

You should not assume that the information in this prospectus or any prospectus supplement or any other offering materials is accurate as of any date other than the date on the front of each document. Our business, financial condition, results of operations and prospects may have changed since then.

In this prospectus, unless otherwise specified or the context requires otherwise, we use the terms **Aircastle**, **the Company**, **we**, **us** and **our** to refer to Aircastle Limited and its subsidiaries, except where it is clear that the term refers only to the parent company. References in this prospectus to **Fortress** refer to Fortress Investment Group LLC and certain of its affiliates, and references to the **Fortress funds** refer to certain shareholders of Aircastle which are managed by affiliates of Fortress. Throughout this prospectus, when we refer to our aircraft, we include aircraft that we have transferred into grantor trusts or similar entities for purposes of financing such assets through securitizations and term financings.

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SUMMARY

*This is only a summary and may not contain all the information that is important to you. You should carefully read both this prospectus and any accompanying prospectus supplement and any other offering materials, together with the additional information described under the heading **Where You Can Find More Information**.*

Aircastle Limited

Aircastle Limited is a global company that acquires, leases and sells high-utility commercial jet aircraft to customers throughout the world. High-utility aircraft are generally modern, operationally efficient jets with a large operator base and long useful lives. As of March 31, 2012, our aircraft portfolio consisted of 145 aircraft that were leased to 65 lessees located in 34 countries, and managed through our offices in the United States, Ireland and Singapore. Typically, our aircraft are subject to net operating leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs, although in a majority of cases, we are obligated to pay a portion of specified maintenance or modification costs. From time to time, we also make investments in other aviation assets, including debt investments secured by commercial jet aircraft.

Our principal executive offices are located at c/o Aircastle Advisor LLC, 300 First Stamford Place, 5th Floor, Stamford, CT 06902. Our telephone number is (203) 504-1020. Our website address is www.aircastle.com. Information on, or accessible through, our website does not constitute part of this prospectus and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus.

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RISK FACTORS

You should consider the specific risks described in our Annual Report on Form 10-K for the year ended December 31, 2011, the risk factors described under the caption "Risk Factors" in any applicable prospectus supplement and any risk factors set forth in our other filings with the SEC, before making an investment decision. Each of the risks described in these documents could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a partial or complete loss of your investment. See "Where You Can Find More Information" on page 27 of this prospectus.

USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, we intend to use the net proceeds of any offering of securities for working capital and other general corporate purposes, which may include the repayment or refinancing of outstanding indebtedness and the financing of future acquisitions. We will have significant discretion in the use of any net proceeds. The net proceeds may be invested temporarily in interest-bearing accounts and short-term interest-bearing securities until they are used for their stated purpose. We may provide additional information on the use of the net proceeds from the sale of the offered securities in an applicable prospectus supplement relating to the offered securities.

We will not receive any proceeds in the event that the securities are sold by a selling shareholder.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the periods shown. Fixed charges consist of interest on all indebtedness, capitalized interest and one third of rentals, which we believe is a reasonable approximation of the interest factor of such rentals. Earnings available to cover fixed charges consist of income from continuing operations before income taxes, plus fixed charges, less capitalized interest during the period, plus current period amortization of interest capitalized in prior periods.

Years Ended December 31,				Three Months
2007	2008	2009	2010	Ended March
				31,