

2. On November 6, 2019, the Company announced it had entered into an Agreement and Plan of Merger (the “Merger Agreement”). Under the terms of the Merger Agreement, each Aircastle stockholder will receive \$32.00 per share in cash.

3. On January 23, 2020, Aircastle filed a Schedule 14A Definitive Proxy Statement (the “Proxy”) with the SEC. The Proxy is materially deficient and misleading because, *inter alia*, it fails to disclose material information regarding: (i) Aircastle management’s financial projections; (ii) the data and inputs underlying the financial analyses performed by the Company’s financial advisor, Citigroup Global Markets Inc. (“Citi”); and (iii) the background of the Proposed Transaction and Company insiders’ potential conflicts of interest. Accordingly, without additional information the Proxy is materially misleading in violation of federal securities laws.

4. The stockholder vote to approve the Proposed Transaction is forthcoming. Under the Merger Agreement, following a successful stockholder vote, the Proposed Transaction will be consummated. For these reasons and as set forth in detail herein, Plaintiff seeks to enjoin defendants from conducting the stockholder vote on the Proposed Transaction unless and until the material information discussed below is disclosed to the holders of the Company common stock, or, in the event the Proposed Transaction is consummated, to recover damages resulting from the defendants’ violations of the Exchange Act.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein for violations of Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331 (federal question jurisdiction).

6. This Court has jurisdiction over the defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because defendants are found or are inhabitants or transact business in this District. Aircastle's common stock trades on the New York Stock Exchange, which is headquartered in this District, rendering venue in this District appropriate.

THE PARTIES

8. Plaintiff is, and has been at all times relevant hereto, a continuous stockholder of Aircastle.

9. Defendant Aircastle is a Bermuda corporation with its principal executive offices located at 201 Tresser Boulevard, Suite 400, Stamford, CT 06901. The Company's common stock trades on the New York Stock Exchange under the ticker symbol "AYR."

10. Defendant Peter V. Ueberroth ("Ueberroth") has served as Chairman of the Board since August 2012 and a director of the Company since August 2006.

11. Defendant Ronald W. Allen ("Allen") has served as a director of the Company since August 2006.

12. Defendant Giovanni Bisignani ("Bisignani") has served as a director of the Company since May 2012.

13. Defendant Michael J. Cave ("Cave") has served as a director of the Company since May 2014.

14. Defendant Douglas A. Hacker (“Hacker”) has served as a director of the Company since August 2006.

15. Defendant Jun Horie (“Horie”) has served as a director of the Company since May 2019. Defendant Horie is also President and Chief Executive Officer (“CEO”) of Marubeni America Corporation (“Marubeni America”), a subsidiary of Marubeni.

16. Defendant Takashi Kurihara (“Kurihara”) has served as a director of the Company since May 2019. Defendant Kurihara is also the Advisor to the President of Marubeni America.

17. Defendant Takayuki Sakakida (“Sakakida”) has served as a director of the Company since June 2019. Defendant Sakakida is also Vice President and General Manager, Aerospace and Ship Unit, Marubeni America.

18. Defendant Ronald L. Merriman (“Merriman”) has served as a director of the Company since August 2006.

19. Defendant Agnes Mura (“Mura”) has served as a director of the Company since February 2013.

20. Defendant Charles W. Pollard (“Pollard”) has served as a director of the Company since July 2010.

21. Defendant Michael J. Inglese (“Inglese”) has served as CEO and a director of the Company since June 2017.

22. Defendants identified in paragraphs 10-21 are referred to herein as the “Board” or the “Individual Defendants.”

23. Relevant non-party Marubeni, based in Tokyo, Japan, and its subsidiaries use their broad business networks, both within Japan and overseas, to conduct importing and exporting (including third country trading), as well as domestic business, encompassing a diverse range of

business activities across wide-ranging fields including lifestyle, ICT & real estate business, forest products, food, agricultural business, chemicals, power business, and energy, among others.

24. Relevant non-party Mizuho, based in Tokyo, Japan, was established in 1969 as a general leasing company under the initiative of The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.) and with investment from major companies across Japanese industry. Mizuho focuses on financing for equipment and other assets through leasing and installment sales, while also growing its operations in Japan and overseas as a comprehensive financial services group serving the business community.

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

25. Aircastle acquires, leases and sells commercial jet aircraft to airlines throughout the world. As of September 30, 2019, Aircastle owned and managed on behalf of its joint ventures, 277 aircraft leased to 87 customers located in 48 countries. The Company's aircraft are subject to net leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs.

26. On August 6, 2019, the Company reported its second quarter 2019 financial results. For the quarter, revenue increased 9.4% to \$223.4 million.

27. On November 6, 2019, Aircastle announced that the Company had declared a cash dividend on its common shares of \$0.32 per share, the Company's 54th consecutive dividend and a 6.7% increase over the previous quarter's cash dividend.

28. Also on November 6, 2019, Aircastle issued a press release announcing the Proposed Transaction, which states, in relevant part:

STAMFORD, Conn., Nov. 6, 2019 -- Aircastle Limited (NYSE: AYR) ("Aircastle") announced today that it has entered into a definitive agreement to be

acquired by a newly-formed entity controlled by affiliates of Marubeni Corporation (“Marubeni”) and Mizuho Leasing Company, Limited (“Mizuho Leasing”). Under the terms of the merger agreement, Aircastle shareholders will receive \$32.00 in cash for each common share of Aircastle (other than shares already owned by Marubeni and its affiliates), representing a total valuation of approximately \$2.4 billion, or approximately \$7.4 billion including debt obligations to be assumed or refinanced net of cash.

“After a review of strategic alternatives by our Board of Directors, we are pleased to reach this agreement with Marubeni and Mizuho Leasing, which delivers tremendous value and immediate liquidity to our shareholders,” said Peter V. Ueberroth, Chairman of the Aircastle Board of Directors.

“We are excited to continue our partnership with Marubeni and Mizuho Leasing,” said Michael J. Inglese, Chief Executive Officer of Aircastle. “We believe this transaction will deliver significant value to our shareholders, and we look forward to working with Marubeni and Mizuho Leasing on the continued growth of the business.”

The cash consideration of \$32.00 per share represents a 34% premium over Aircastle's closing stock price on October 23, 2019, the last trading day prior to Aircastle's public announcement that Aircastle was evaluating strategic alternatives, and a 41% premium over the volume weighted average share price during the 20 trading days ended October 23, 2019.

The transaction is subject to customary closing conditions, including approval by Aircastle's shareholders and receipt of certain regulatory approvals, and is expected to close in the first half of 2020. Marubeni has agreed to vote the common shares of Aircastle that Marubeni and its affiliates beneficially own in favor of the transaction.

The Proxy Misleads Aircastle Stockholders by Omitting Material Information

29. On January 23, 2020, the Company filed the materially misleading and incomplete Proxy with the SEC. Designed to convince the Company's stockholders to vote in favor of the Proposed Transaction, the Proxy is rendered misleading by the omission of critical information concerning: (i) Aircastle management's financial projections; (ii) the data and inputs underlying Citi's fairness opinion; and (iii) the background of the Proposed Transaction and Company insiders' potential conflicts of interest.

Material Omissions Concerning the Company's Financial Projections

30. The Proxy omits material information regarding Company management's financial projections.

31. For example, the Proxy fails to disclose: (i) the dividends distributable by Aircastle during the period from October 1, 2019 through December 31, 2023; and (ii) Aircastle's estimated book values over the projection period and as of December 31, 2023, relied on by Citi in performing its *Discounted Dividends Analysis*.

32. The omission of this information renders certain portions of the Proxy materially misleading, including, inter alia, the following sections of the Proxy: "Projected Financial Information" and "Opinion of Citigroup Global Markets Inc."

Material Omissions Concerning Citi's Financial Analyses

33. The Proxy describes Citi's fairness opinion and the various valuation analyses performed in support of its opinion. However, the description of Citi's fairness opinion and analyses fails to include key inputs and assumptions underlying these analyses. Without this information, as described below, Aircastle's public stockholders are unable to fully understand these analyses and, thus, are unable to determine what weight, if any, to place on Citi's fairness opinion in determining whether to vote in favor of the Proposed Transaction or seek appraisal.

34. With respect to Citi's *Discounted Dividends Analysis* the Proxy fails to disclose: (i) the dividends distributable by Aircastle during the period from October 1, 2019 through December 31, 2023; (ii) Aircastle's estimated book values as of December 31, 2023; (iii) terminal values for the Company; (iv) Citi's assumption for Aircastle's gross debt to equity being equal to 2.5x; and (v) quantification of the individual inputs and assumptions underlying the discount rates ranging from 8.1% to 9.4%.

35. The omission of this information renders certain portions of the Proxy materially misleading, including, inter alia, the following section of the Proxy: “Opinion of Citigroup Global Markets Inc.”

Material Omissions Concerning the Background of the Proposed Transaction and Company Insiders’ Potential Conflicts of Interest

36. The Proxy fails to disclose material information concerning the background process leading to the Proposed Transaction.

37. For example, the Proxy sets forth that at the October 3, 2019 Board Meeting, the Board was provided with materials prepared by Citi on potential strategic alternatives for use at the October 4, 2019 Board meeting. Thereafter, on October 15, 2019, the Transaction Committee of the Board was provided with Citi materials on leveraged buyout transactions and the status of the Company’s strategic transaction evaluation process for use at its October 16, 2019 Transaction Committee meeting.

38. The Proxy fails, however, to disclose the materials prepared by Citi for use at the October 4, 2019 Board meeting and October 16, 2019 Transaction Committee meeting.

39. The Proxy also omits material information concerning Company insiders’ potential conflicts of interest.

40. The Proxy fails to disclose whether any of Marubeni’s and Mizuho’s or the competing bidder’s, referred to in the Proxy as “Party B,” prior proposals or indications of interest mentioned management retention in the combined company following the Proposed Transaction or the purchase of or participation in the equity of the surviving corporation.

41. Communications regarding post-transaction employment and merger-related benefits during the negotiation of the underlying transaction must be disclosed to shareholders. This information is necessary for shareholders to understand potential conflicts of interest of

management and the Board, as that information provides illumination concerning motivations that would prevent fiduciaries from acting solely in the best interests of the Company's stockholders.

42. The omission of this information renders certain portions of the Proxy materially misleading, including, inter alia, the following sections of the Proxy: "Background of the Merger," "Purpose and Reasons of the Company for the Merger; Position of the Company as to Fairness of the Merger; Recommendation of the Board of Directors" and "Other Presentations by Citi."

43. Accordingly, Plaintiff seeks injunctive and other equitable relief to prevent the irreparable injury that Company stockholders will continue to suffer absent judicial intervention .

CLAIMS FOR RELIEF

COUNT I

Claims Against All Defendants for Violations of Section 14(a) of the Exchange Act and Rule 14a-9 Promulgated Thereunder

44. Plaintiff repeats all previous allegations as if set forth in full.

45. During the relevant period, defendants disseminated the false and misleading Proxy specified above, which failed to disclose material facts necessary to make the statements, in light of the circumstances under which they were made, not misleading in violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder.

46. By virtue of their positions within the Company, the defendants were aware of this information and of their duty to disclose this information in the Proxy. The Proxy was prepared, reviewed, and/or disseminated by the defendants. It misrepresented and/or omitted material facts, including material information about Aircastle management's financial projections, the data and inputs underlying Citi's financial analyses, the background of the Proposed Transaction, and Company insiders' potential conflicts of interest. The defendants were at least negligent in filing the Proxy with these materially false and misleading statements.

47. The omissions and false and misleading statements in the Proxy are material in that a reasonable stockholder would consider them important in deciding how to vote on the Proposed Transaction or whether to seek to exercise their appraisal rights.

48. By reason of the foregoing, the defendants have violated Section 14(a) of the Exchange Act and SEC Rule 14a-9(a) promulgated thereunder.

49. Because of the false and misleading statements in the Proxy, Plaintiff is threatened with irreparable harm, rendering money damages inadequate. Therefore, injunctive relief is appropriate to ensure defendants' misconduct is corrected.

COUNT II

Claims Against the Individual Defendants for Violations of Section 20(a) of the Exchange Act

50. Plaintiff repeats all previous allegations as if set forth in full.

51. The Individual Defendants acted as controlling persons of Aircastle within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers and/or directors of Aircastle, and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Proxy filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading.

52. Each of the Individual Defendants was provided with or had unlimited access to copies of the Proxy and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

53. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same. The Proxy at issue contains the unanimous recommendation of each of the Individual Defendants to approve the Proposed Transaction. They were, thus, directly involved in the making of the Proxy.

54. In addition, as the Proxy sets forth at length, and as described herein, the Individual Defendants were each involved in negotiating, reviewing, and approving the Proposed Transaction. The Proxy purports to describe the various issues and information that they reviewed and considered—descriptions the Company directors had input into.

55. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

56. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) and SEC Rule 14a-9, promulgated thereunder, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' conduct, Aircastle stockholders will be irreparably harmed.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor on behalf of Aircastle, and against defendants, as follows:

A. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction;

B. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages to Plaintiff;

C. Directing the Individual Defendants to disseminate a Proxy that does not contain any untrue statements of material fact and that states all material facts required in it or necessary to make the statements contained therein not misleading;

D. Declaring that defendants violated Sections 14(a) and/or 20(a) of the Exchange Act, as well as SEC Rule 14a-9 promulgated thereunder;

E. Awarding Plaintiff the costs of this action, including reasonable allowance for Plaintiff's attorneys' and experts' fees; and

F. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: February 14, 2020

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By



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