

WILLIS LEASE FINANCE CORP  
Form DEF 14A  
April 29, 2011

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Willis Lease Finance Corporation**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Table of Contents

## **WILLIS LEASE FINANCE CORPORATION**

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### **NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS**

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To our Stockholders:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of WILLIS LEASE FINANCE CORPORATION, which will be held at our executive offices, 773 San Marin Drive, Suite 2215, Novato, California, 94998 at 4:00 p.m. local time on Wednesday, May 18, 2011. Directions to attend the Annual Meeting where you may vote in person can be found on our website: *www.willislease.com* (see "Investor").

In addition to any other business that may properly come before the meeting or any adjournment or postponement thereof, the following proposals are to be voted on at the Annual Meeting:

To elect two Class I Directors to serve until the 2014 Annual Meeting of Stockholders: Robert T. Morris, and W. William Coon, Jr. The Board of Directors recommends that you vote FOR this proposal.

To hold an advisory vote on executive compensation as disclosed in these materials. The Board of Directors recommends that you vote FOR approval of such executive compensation.

To hold an advisory vote on whether an advisory vote on executive compensation should be held every one, two or three years. The Board of Directors recommends that you vote FOR the option of "every three years".

To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm. The Board of Directors recommends that you vote FOR this proposal.

The Board of Directors has fixed the close of business on March 21, 2011 as the record date for determining those stockholders who will be entitled to notice of and to vote at the meeting. The stock transfer books will not be closed between the record date and the date of the meeting. A quorum comprising the holders of the majority of the outstanding shares of our common stock on the record date must be present or represented for the transaction of business at the 2011 Annual Meeting of Stockholders. Accordingly, it is important that your shares be represented at the meeting. **WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE AS PROMPTLY AS POSSIBLE**, to ensure that your shares will be voted at the 2011 Annual Meeting of Stockholders. You may revoke your proxy at any time prior to the time it is voted.

The proxy material is being mailed to you on or about April 29, 2011. Please read the proxy material carefully. Your vote is important, and we appreciate your cooperation in considering and acting on the matters presented.

By Order of the Board of Directors,

Charles F. Willis, IV  
*Chairman of the Board*

April 29, 2011



Table of Contents

**WILLIS LEASE FINANCE CORPORATION**

**PROXY STATEMENT**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>SOLICITATION AND VOTING OF PROXIES</u>	<u>1</u>
<u>INFORMATION ABOUT THE BOARD OF DIRECTORS AND THE COMMITTEES OF THE BOARD</u>	<u>2</u>
<u>PROPOSAL 1 ELECTION OF CLASS I DIRECTORS</u>	<u>7</u>
<u>EXECUTIVE OFFICERS OF WILLIS LEASE FINANCE CORPORATION</u>	<u>8</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>9</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>10</u>
<u>COMPENSATION OF EXECUTIVE OFFICERS, COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>11</u>
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	<u>15</u>
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	<u>16</u>
<u>PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	<u>22</u>
<u>PROPOSAL 3 ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTING ON EXECUTIVE COMPENSATION</u>	<u>23</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>24</u>
<u>PROPOSAL 4 RATIFY THE APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>24</u>
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	<u>25</u>
<u>STOCKHOLDER PROPOSALS</u>	<u>26</u>
<u>STOCKHOLDERS SHARING THE SAME LAST NAME AND ADDRESS</u>	<u>27</u>
<u>OTHER MATTERS</u>	<u>27</u>

Table of Contents

**You should read the entire proxy  
statement carefully prior to returning your proxy**

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**PROXY STATEMENT  
FOR  
2011 ANNUAL MEETING OF STOCKHOLDERS  
OF  
WILLIS LEASE FINANCE CORPORATION  
To Be Held on May 18, 2011**

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**SOLICITATION AND VOTING OF PROXIES**

**General**

This proxy statement is furnished in connection with the solicitation by the Board of Directors (also referred to as the "Board") of WILLIS LEASE FINANCE CORPORATION ("we," "us," "our," "Willis Lease" or the "Company") of proxies to be voted at the 2011 Annual Meeting of Stockholders, which will be held at 4:00 p.m. local time on Wednesday, May 18, 2011 at our executive offices, located at 773 San Marin Drive, Suite 2215, Novato, California 94998, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of 2011 Annual Meeting of Stockholders.

This proxy statement is being mailed to stockholders on or about April 29, 2011. Our 2010 Annual Report is being mailed to stockholders concurrently with this proxy statement. You should not regard the 2010 Annual Report as proxy soliciting material or as a communication by means of which any solicitation of proxies is to be made.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 18, 2010: The Proxy Statement and the 2010 Annual Report are available at <https://materials.proxyvote.com/970646>.**

**Voting**

The close of business on March 21, 2011 is the record date for determining whether you in your capacity as a stockholder are entitled to notice of and to vote at the 2011 Annual Meeting of Stockholders. As of that date, we had 8,813,038 shares of common stock, \$0.01 par value, issued and outstanding. All of the shares of our common stock outstanding on the record date are entitled to vote at the 2011 Annual Meeting of Stockholders. If you are entitled to vote at the meeting, you will have one vote for each share of common stock you hold with regard to each matter to be voted upon.

The required quorum for the meeting is a majority of the outstanding shares of common stock eligible to be voted on the matters to be considered at the meeting.

Shares of our common stock represented by proxies which are properly executed and returned to us on the accompanying proxy card will be voted at the 2011 Annual Meeting of Stockholders in accordance with the instructions you mark on the proxy card. If you do not mark any instructions on the proxy card, your shares represented by the proxy card will be voted for the election of the Board's nominees as Class I Directors, and in favor of Proposals 2 and 4, and in favor of the Board's recommendation for Proposal 3. In the election for directors (Proposal 1), the nominees for Class I Directors receiving the highest number of affirmative votes will be elected. The affirmative vote of a majority of the shares voted in person or by proxy at the 2011 Annual Meeting is required for the adoption of Proposals 2 and 4. The Company will consider the plurality of votes cast in respect of Proposal 3 as the preference of our stockholders, on an advisory basis, as to the frequency of advisory

Table of Contents

votes to approve our executive compensation. Pursuant to SEC rules, if an alternative with respect to Proposal 3 receives a majority of votes cast and we adopt that frequency, we may exclude from future proxy statements any stockholder proposal asking that a different frequency be used.

If a properly signed proxy or ballot indicates that you abstain from voting or that your shares are not to be voted on a particular proposal, your shares will not be counted as having been voted on that proposal, although your shares will be counted as being in attendance at the meeting for purposes of determining the presence of a quorum. Broker non-votes (*i.e.*, shares held by brokers or nominees as to which instructions have not been received from beneficial owners or persons entitled to vote that the broker or nominee does not have discretionary power to vote on a particular matter) are counted towards a quorum, but are not counted for purposes of the proposals in determining whether a matter has been approved by a majority of the shares represented in person or by proxy and entitled to vote.

Our management does not know of any matters to be presented at the 2011 Annual Meeting of Stockholders other than those set forth in this proxy statement and in the Notice accompanying this proxy statement. If other matters should properly come before the meeting, the proxy holders will vote on such matters in accordance with their best judgment.

**Revocability of Proxies**

If you give a proxy in the form accompanying this proxy statement, you have the right to revoke it at any time before it is voted at the meeting. You may revoke your proxy by:

filing an instrument of revocation with our Corporate Secretary;

presenting at or prior to the meeting of a duly executed proxy bearing a later date; or

attending the meeting and electing to vote in person.

**Solicitation**

This solicitation is made by our Board of Directors on our behalf. The entire cost of preparing, assembling and mailing the Notice of 2011 Annual Meeting of Stockholders, this proxy statement and the enclosed proxy card, and of soliciting proxies, will be paid by us. Proxies will be solicited principally through the use of the mails, but we may solicit proxies personally or by telephone, electronic mail or special letter by our officers and our regular employees for no additional compensation. We have retained American Stock Transfer & Trust and Broadridge to aid in the solicitation at an estimated cost to us of approximately \$13,525 plus out-of-pocket expenses.

**INFORMATION ABOUT THE BOARD OF DIRECTORS  
AND THE COMMITTEES OF THE BOARD**

**Board of Directors**

Our Bylaws authorize us to have six Directors. At the present time, the Board consists of six Directors who are divided into three classes of two directors each: Class I, Class II and Class III. One class is elected each year for a three-year term. Gérard Laviec, W. William Coon, Jr., Hans Joerg Hunziker, and Robert T. Morris are independent directors, as defined in the NASDAQ listing standard.

Our business, property and affairs are managed under the direction of the Board. Directors are kept informed of our business through discussions with our President and Chief Executive Officer and our other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. The Board held a total of four meetings during the fiscal year ended December 31, 2010. Each incumbent director attended at least 75% of the aggregate of: (i) the total number of meetings of the Board; and (ii) the total number of meetings held by all Committees of the Board on which he served.

Table of Contents

**Communications with the Board**

You may communicate with the Board of Directors by sending a letter to: Board of Directors, Willis Lease Finance Corporation, c/o Office of the Corporate Secretary, 773 San Marin Drive, Suite 2215, Novato, California 94998. Our Office of the Corporate Secretary will receive your correspondence and forward it to the Board of Directors or to any individual director or directors to whom your communication is directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to us or our business, or is similarly inappropriate. The Office of the Corporate Secretary has the authority to discard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

**Attendance at the Annual Meeting of Stockholders**

Mr. Willis and Mr. Morris attended the 2010 Annual Meeting of Stockholders; our other directors did not attend. We have no policy requiring Board members to attend our annual meeting.

**Committees of the Board**

The Board of Directors has an Audit Committee and a Compensation Committee, both currently comprised solely of independent directors, as defined by the NASDAQ listing standard.

The Board does not have a nominating committee or committee performing the functions of such a committee. The Board has determined that the function of a nominating committee is adequately fulfilled by the independent directors. It has not established such a committee and therefore has no nominating committee charter. The full Board of Directors participates in the consideration of any director nominee.

Although we have not formally set any specific minimum qualifications that director nominees must possess, we look for candidates with the appropriate experience in aviation and leasing, a strong professional background, and a general understanding of marketing, finance and other disciplines related to the success of a company in our industry. And although not part of any formal policy, our goal is a balanced and diverse Board, with members whose skills, background and experience are complimentary and, together, cover the spectrum of areas that impact our business. Our directors are generally nominated by our management or other directors, and each nominee is evaluated based on the above qualifications and in the context of the Board as a whole. While we do not normally engage professional search firms or other third parties in connection with our Board nomination process, we may do so in the future.

Since we do not have a history of stockholder nominations of directors, we do not have a formal policy regarding stockholder nominees to the Board. Under our Bylaws, stockholders wishing to nominate a candidate for director must give notice to our Corporate Secretary no later than the close of business on the 90th day prior to the first anniversary of our preceding year's annual meeting. If the annual meeting is more than 30 days before or 60 days after such anniversary date, the notice must be delivered no later than the 90th day prior to such annual meeting or the 10th day following the day on which we publicly announce the annual meeting date. The notice should set forth: (i) the name, age, business address and residence address of the nominee; (ii) the principal occupation or employment of the nominee; (iii) the class and number of our shares beneficially owned by the nominee; (iv) a description of all arrangements or understandings between the stockholder and the nominee and any other person(s) pursuant to which the nomination is made by the stockholder; and (v) any other information relating to the nominee that is required to be disclosed in proxy statements for the election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934. Nominees proposed by stockholders will be evaluated in the same manner as those proposed by management or existing directors.



Table of Contents

The Audit Committee oversees our accounting function, internal controls and financial reporting process on behalf of the Board. The NASDAQ's listing rules require that our Audit Committee be composed of at least three independent directors. The Audit Committee meets with our financial management and our independent auditors to review our financial statements and filings, the audit and matters arising from them, and financial reporting procedures, including any significant judgments made in preparation of the financial statements. The Audit Committee currently consists of Directors Robert T. Morris (Chair), Gérard Laviec and W. William Coon, Jr. All members of the Audit Committee are able to read and understand financial statements. Mr. Morris also qualifies as an audit committee financial expert, as defined by the SEC, and is financially sophisticated as required by the NASDAQ listing standards. The Committee held four meetings during the 2010 fiscal year. The Audit Committee's charter is available on the Company's web site ([www.willislease.com](http://www.willislease.com)).

The Compensation Committee reviews and approves our compensation arrangements for executive officers and administers the 2007 Stock Incentive Plan. The Compensation Committee currently consists of Directors Hans Joerg Hunziker (Chair as of January 1, 2011), Gérard Laviec (who was the Chair prior to January 1, 2011), W. William Coon, Jr., and Robert T. Morris. The Compensation Committee held six meetings during the 2010 fiscal year. For additional details, see "Compensation of Executive Officers Compensation Discussion and Analysis" elsewhere in this proxy statement. The Compensation Committee's charter is available on the Company's web site ([www.willislease.com](http://www.willislease.com)).

**Board Leadership Structure**

Our company is led by Charles F. Willis, IV, the founder of the Company who serves as our Chairman and Chief Executive Officer. This approach is commonly utilized by public companies in the United States and we believe it has been effective for our company as well. Serving in both these roles since the Company was founded has allowed Mr. Willis to be seen by participants in the aviation industry and by our customers, business partners, investors and the other stakeholders as providing strong leadership for our company and in our industry. The Board believes that his combined role is the optimal structure for us and our stockholders because it enables decisive leadership, ensures clear accountability and enhances our ability to consistently communicate our message and strategy to all of our stakeholders. Moreover, Mr. Willis possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing us and our business and, therefore, is best positioned to develop agendas that focus the Board's time and attention on the most critical matters, while minimizing the potential for confusion or duplication of efforts. We recognize that different board leadership structures may be appropriate for companies in different situations and believe that no one structure is suitable for all companies. We believe that our current Board leadership structure is optimal for us because it demonstrates to our employees, suppliers, customers and other stakeholders that Willis Lease is under strong leadership, with a single person setting the tone and having primary responsibility for managing our operations.

We have not appointed an independent board chairman or lead independent director, as we believe that the members of our Board and the two standing Board Committees consisting of independent directors provide an appropriate level of oversight. In this regard, the Audit Committee oversees the accounting and financial reporting processes, as well as risk, legal and compliance matters. The Compensation Committee oversees the compensation of our Chairman and Chief Executive Officer, and upon the recommendation of the Chief Executive Officer, the compensation of the other Named Executive Officers. Each of these Committees is led by a chairperson other than the Chairman and Chief Executive Officer and, as discussed in more detail in this proxy, the entire Board of Directors is actively involved in overseeing our risk management. The entire Board, or, as appropriate, the independent directors, monitors matters such as the composition of the Board and its committees, board performance and "best practices" in corporate governance. Our independent directors also conduct meetings in executive session. These meetings are typically held in conjunction with every

Table of Contents

Board meeting and in 2010 each Board meeting included an independent directors' session. This allows directors to speak candidly on any matters of interest without the Chief Executive Officer or other managers present. We believe this framework strikes a sound balance with appropriate oversight and that appointing an independent board chairman would not improve the performance of the Board in a material way.

**The Board's Role in Risk Oversight**

It is management's responsibility to manage risk and bring to the Board's attention the most material risks to the Company. Our Board, including through the Audit Committee and Compensation Committee, each of which are comprised solely of independent directors, regularly reviews various areas of significant risk to the Company, and advises and directs management on the scope and implementation of policies, strategic initiatives and other actions designed to mitigate various types of risks. Specific examples of risks primarily overseen by the full board include competition risks, industry risks, economic risks, liquidity risks, business operations risks and risks related to acquisitions and dispositions. Our Audit Committee regularly reviews with management and the independent auditors significant financial risk exposures and the processes management has implemented to monitor, control and report such exposures. Specific examples of risks primarily overseen by the Audit Committee include risks related to the preparation of Willis Lease's financial statements, disclosure controls and procedures, internal controls and procedures required by the Sarbanes-Oxley Act, accounting, financial and auditing risks, treasury risks (insurance, credit and debt), risks posed by significant litigation matters, risks associated with proposed affiliate transactions, and compliance with the Company's Code of Ethics and other applicable laws and regulations. The Compensation Committee reviews and evaluates risks related to the attraction and retention of talent, risks associated with management succession planning, and risks related to the design of compensation programs established by the Compensation Committee for our executive officers. The Compensation Committee has determined in its reasonable business judgment that our compensation policies and practices for all employees, including executive officers, do not create risks that are reasonably likely to have a material adverse effect on the Company.

**Director Compensation**

For details regarding director compensation, see "Compensation of Executive Officers Compensation Discussion and Analysis Director Compensation" elsewhere in this proxy statement.

**Biographical Information**

	Director Since	Age*
<b>Class I Directors Whose Terms Expire at the 2011 Annual Meeting:</b>		
Robert T. Morris	2006	62
W. William Coon, Jr.	2003	71
<b>Class II Directors Whose Terms Expire at the 2012 Annual Meeting:</b>		
Austin C. Willis	2008	30
Gérard Laviec	2002	71
<b>Class III Directors Whose Term Expires at the 2013 Annual Meeting:</b>		
Charles F. Willis, IV	1985	62
Hans Joerg Hunziker	2006	61

\*

Age as of March 21, 2011.

Table of Contents

**Principal Occupations, Background and Qualifications of Director Nominees and Continuing Directors**

*Charles F. Willis, IV* is the founder of Willis Lease, has served as Chief Executive Officer, President and a Director since our incorporation in 1985, and has served as Chairman of the Board of Directors since 1996. Mr. Willis has over 40 years of experience in the aviation industry. From 1975 to 1985, Mr. Willis served as president of Willis Lease's predecessor, Charles F. Willis Company, which purchased, financed and sold a variety of large commercial transport aircraft and provided consulting services to the aviation industry. During 1974, Mr. Willis operated a small business not involved in the aviation industry. From 1972 through 1973, Mr. Willis was Assistant Vice President of Sales at Seaboard World Airlines, a freight carrier. From 1965 through 1972, he held various positions at Alaska Airlines, including positions in the flight operations, sales and marketing departments. As our founder and Chief Executive Officer, Mr. Willis brings to the Board significant senior leadership, sales and marketing, industry, technical and global experience, and a deep institutional knowledge of the Company, its operations and customer relations.

*Hans Joerg Hunziker* previously served as one of our Directors from November 2000 until July 1, 2003. He was elected a Class II Director at the 2006 Annual Meeting. Since 2002, Mr. Hunziker has been the owner and CEO of HLF Aviation GmbH (formerly known as Hunziker Lease & Finance), a company he founded in Switzerland which offers independent business consulting services to the aviation industry. From 1998 to 2002, he was the President and Chief Executive Officer of Flightlease AG Ltd., a public company involved in aircraft leasing as a subsidiary of SAirGroup whose headquarters are in Zurich, Switzerland. From 1998 to 2001, he was also co-CEO of GATX Flightlease Management GmbH, an asset management and commercial aircraft leasing company. From 1996 to 1998, he was the Chief Financial Officer of SAirServices Ltd., a group of companies including aircraft maintenance and overhaul, ground handling services, information technology and real estate, and Managing Director of SAirServices Invest Ltd. From 1991 to 1996, he was Chief Financial Officer of Swissair Associated Companies Ltd., a group of 150 companies, primarily in the hotel, catering (Gate Gourmet) and trading business. Mr. Hunziker holds a Masters Degree in Economics and Business Administration from the University of Zurich. He also received the equivalent of a doctoral degree from the University of Zurich, after successful completion of his thesis on Strategic Planning in the Airline Industry. In addition to previously serving as a director of Willis Lease, he was Chairman of the Board of Flightlease Holdings (Guernsey) Limited (and a director of several of its subsidiaries in Guernsey and Bermuda), as well as Chairman of the Board of Flightlease (Netherlands) B.V., SRTechnics Group AG, SRTechnics Switzerland AG, Swisscargo AG and SAirServices Invest AG. He was a member of the Board of Directors of Jetbird AG from 2006-2009, and was also previously a member of the Board of Directors of each of FlightTechnics LLC, Delaware, Swissport Brazil Ltd., Polygon Insurance Company Ltd. and Gotland Shipping AG. Mr. Hunziker brings to the Board a high level of financial sophistication, broad international exposure and significant experience in commercial aviation and the aviation equipment leasing industry.

*Gérard Laviec* joined our Board of Directors in February 2002. In 2001, Mr. Laviec retired from his position as President and Chief Executive Officer of CFM International, a partnership between General Electric Company and SNECMA and a major supplier of engines for commercial jets. Mr. Laviec joined the CFM-56 Program in 1976 in its incipient phase. From 1983 to 1995, he served as General Manager in product support engineering, business operations, sales and marketing, and was named President and Chief Executive Officer of CFM International in 1995. Mr. Laviec also served as the Chairman of the Board of Shannon Engine Support, a wholly-owned CFM International subsidiary in Ireland, from 1995 until 2001. Mr. Laviec is a graduate of INSA Lyon, France with a degree in Mechanical Engineering. He served in the French Air Force as a Flight Officer in Search and Rescue teams prior to joining SNECMA. He is a Knight for the French National Order of Merit. Mr. Laviec brings to the Board intimate knowledge about a key aviation industry player and an important supplier of engines to the Company, broad international exposure and insight into challenges associated with

Table of Contents

managing a global organization, expertise in aviation and engineering generally, and expertise in the engine leasing industry in particular.

*W. William Coon, Jr.* spent 34 years at GE Aircraft Engines ("GEAE"), a division of General Electric Company (NYSE:GE), where he served in numerous management positions. Prior to retiring from GEAE in 2000, Mr. Coon was General Manager for Small Commercial Aircraft Services. From 1984 to 1998 he served as Director of Product Support, where he was responsible for supplying global services to the company's regional airline customers. In addition to those executive positions, Mr. Coon was a director of each of T Group America and Flight Technics from 2003 through 2007. Mr. Coon holds a Bachelor of Science Degree in Aeronautical Engineering from the University of Michigan and a Masters in Business Administration from Xavier University. Mr. Coon brings to the Board a valuable technical literacy, knowledge of an important manufacturer and supplier of engines to the Company, and familiarity with the needs of the Company's commercial airline customer base.

*Robert T. Morris* is currently President of Robert Morris & Company, a company he founded in 1992. He joined Union Bank of California Leasing in 2004 to establish an innovative equipment leasing group, and served as its President through March 2007. Prior to joining Union Bank of California Leasing, he was a consultant to more than 25 commercial banks for their equipment leasing operations over a 12 year period. He has also worked for Bank of San Francisco, Bank of Montreal and GATX Leasing Corporation. Mr. Morris holds a Masters Degree from the American Graduate School of International Management and a Bachelor of Arts Degree from the University of Denver with majors in Economics, Political Science and History. Mr. Morris brings to the Board considerable expertise in the aviation equipment leasing industry with a focus on finance and risk evaluation.

*Austin C. Willis* was elected to the Board in December 2008. Mr. Willis is the founder of and has, since 2004, served as the president of JT Power LLC, a privately held company engaged in the business of selling commercial jet turbine engine parts and leasing commercial aircraft. Mr. Willis has, since 2006, also owned and served as Chief Executive Officer of Aviation Management LLC, an aviation consulting firm. Mr. Willis holds a bachelors degree from the London School of Economics and Political Science where he studied finance and industrial relations. He is the son of Charles F. Willis, IV. Mr. Willis brings to the Board familiarity with the aviation industry generally with a focus on the after-market disposition of the aircraft engines and parts which comprise the Company's engine portfolio.

**PROPOSAL 1  
ELECTION OF TWO CLASS I DIRECTORS**

Our Board is divided into three classes, each class having a three-year term that expires in successive years. At the 2011 Annual Meeting of Stockholders, two Directors will be elected in Class I, to serve a three-year term expiring at the 2014 Annual Meeting of Stockholders or until succeeded by another qualified director who has been duly elected.

The nominees for Director in Class I are Robert T. Morris and W. William Coon, Jr.

The proxy holders intend to vote all proxies received by them for the foregoing nominees, unless instructions to the contrary are marked on the proxy. In the event that any nominee is unable or declines to serve as a Director at the time of the 2010 Annual Meeting of Stockholders, the proxies will be voted for any nominee who shall be designated by the present Board to fill the vacancy. As of the date of this proxy statement, the Board is not aware of any nominee who is unable or will decline to serve as a director.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES AS CLASS I DIRECTORS.**

Table of Contents**EXECUTIVE OFFICERS OF WILLIS LEASE FINANCE CORPORATION**

Our executive officers are as follows:

<b>Name</b>	<b>Age*</b>	<b>Positions and Offices</b>
Charles F. Willis, IV**	62	President and Chief Executive Officer
Bradley S. Forsyth	45	Senior Vice President and Chief Financial Officer
Jesse V. Crews	58	Executive Vice President and Chief Operating Officer
Donald A. Nunemaker	63	Executive Vice President, General Manager Leasing
Thomas C. Nord	70	Senior Vice President, General Counsel and Secretary

\*

Age as of March 21, 2011.

\*\*

See business experience background under "Principal Occupations, Background and Qualifications of Director Nominees and Continuing Directors."

*Bradley S. Forsyth* joined us in January 2007, bringing more than 14 years of experience in the finance and aviation industries. Mr. Forsyth is responsible for the capital markets, finance, treasury, accounting, risk management and systems functions of the Company. Prior to joining Willis Lease from 1994 to 2006, he served as Vice President of Finance for Standard Aero, an international aviation maintenance, repair and overhaul services provider, providing financial management support to nine business units with \$800 million in annual sales. Prior to that, he was with PriceWaterhouse (now PricewaterhouseCoopers) practicing in their audit and tax departments. He is a Chartered Accountant and graduated from the University of Manitoba with a Bachelor of Commerce Degree.

*Jesse V. Crews* joined the Company in July 2009, bringing more than 30 years experience in the commercial finance and aircraft leasing markets. Mr. Crews is responsible for the formation and cultivation of joint ventures, business development, and capital markets enhancements. Prior to joining Willis Lease, Mr. Crews spent 26 years with GATX Corporation ("GATX") where, among other positions, he served as President and CEO of GATX Capital Corporation, a wholly-owned subsidiary of GATX which operates a diversified equipment leasing company with approximately \$3.5 billion in assets and \$5 billion in managed third party assets. After leaving GATX, he served as a managing director from 2004 to 2009 for Fortress Investment Group, an equity investment firm with approximately \$30 billion under management. Mr. Crews has a Masters in Business Administration from the University of Virginia and a Bachelor of Arts degree in Economics from Yale University.

*Donald A. Nunemaker* has been with us since July 1997 and currently serves as our Executive Vice President and General Manager Leasing. Prior to his appointment as General Manager Leasing, he served as Chief Operating Officer until September of 2006, and prior to that as Chief Administrative Officer until March 2001. Mr. Nunemaker also served on our Board of Directors from June to November 2000. Mr. Nunemaker is responsible for managing our day-to-day operation and has been extensively involved in the equipment leasing industry since 1973. From 1995 to 1996, Mr. Nunemaker was President and CEO of LeasePartners, Inc., a leasing company based in Burlingame, California, which was acquired in 1996 by Newcourt Credit Group. From 1990 to 1994, Mr. Nunemaker was Executive Vice President of Concord Asset Management, Inc., an aircraft and computer leasing subsidiary of Concord Leasing, Inc., which was owned by the HSBC Group. Before joining Concord in 1990, Mr. Nunemaker was President and CEO of Banc One Leasing Corporation of New Jersey. Prior to that he spent thirteen years with Chase Manhattan Leasing Company in a variety of senior line and staff positions. Mr. Nunemaker has a Masters in Business Administration Degree from Indiana University.

*Thomas C. Nord* has served as our Senior Vice President and General Counsel since July 2003. Mr. Nord is responsible for managing our legal affairs. From May 1977 to March 2003, he was an attorney with GATX. While at GATX, among other positions, he served from January 1981 until March

Table of Contents

2003 as the Managing Director, General Counsel and Secretary for various GATX subsidiaries specializing in finance and leasing. From February 1974 until May 1977, Mr. Nord was Counsel to Irving Trust Company in New York, New York. From June 1969 to February 1974 Mr. Nord was associated with the New York City law firm of Seward & Kissel. Mr. Nord holds a Juris Doctor Degree from the University of North Carolina.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of our common stock as of March 21, 2011 by: (i) each person who is known to us to own beneficially more than five percent of the outstanding shares of our common stock; (ii) each Director; (iii) each officer listed in the Summary Compensation Table; and (iv) all Directors and Executive Officers as a group. Unless specified below, the mailing address for each individual, officer or director is c/o Willis Lease Finance Corporation, 773 San Marin Drive, Suite 2215, Novato, CA 94998. As of March 21, 2011, we had 8,813,038 shares of common stock, \$0.01 par value, issued and outstanding.

Name and Address of Beneficial Owner	Common stock(1)	
	Number of Shares	Percentage of Class
Charles F. Willis, IV	3,167,975(2)	34.48%
Donald A. Nunemaker	231,933(3)	2.59%
Thomas C. Nord	111,433(4)	1.26%
Austin C. Willis	93,794(2)	1.06%
Bradley S. Forsyth	85,765(5)	*
Gérard Laviec	38,284(6)	*
Jesse V. Crews	26,492	*
Hans Joerg Hunziker	13,953(7)	*
Robert T. Morris	5,577	*
W. William Coon, Jr	5,577	*
All Directors and Executive Officers as a group (10 persons)	3,780,783	41.39%
Sy Jacobs	906,737(8)	10.29%
Dimensional Fund Advisors Inc.	747,552(9)	8.48%
Wellington Management Co LLP.	517,328(10)	5.87%

\*

Less than one percent of our outstanding common stock.

(1)

Except as indicated in the footnotes to this table, the stockholders named in the table are known to us to have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable. The number of shares beneficially owned includes common stock of which such individual has the right to acquire beneficial ownership either currently or within 60 days after March 21, 2011, including, but not limited to, upon the exercise of an option.

(2)

Includes 2,200,665 shares held by CFW Partners, L.P., a California limited partnership, of which Charles F. Willis, IV, holds a one percent (1%) interest as sole general partner and an eighty percent (80%) interest as a limited partner. A trust for the benefit of Austin C. Willis holds the remaining nineteen percent (19%) interest as a limited partner. Also includes (i) 3,350 shares held in a joint tenancy account with a family member of Mr. Willis who does not live in the same household; (ii) 3,350 shares held under an account in the name of Charles F. Willis, V for which Mr. Willis is the custodian; and,

Table of Contents

(iii) 960,610 shares held by Mr. Willis in his individual capacity, which include (x) 228,044 shares pledged and (y) 373,568 options to purchase shares at a weighted average exercise price of \$5.80.

- (3) Includes 154,650 options to purchase shares at a weighted average exercise price of \$5.61 per share.
- (4) Includes 22,000 options to purchase shares at a weighted average exercise price of \$9.20 per share. Mr. Nord also owns 2,500 Series A preferred shares which he purchased on February 7, 2006 at \$10.00 per share.
- (5) Mr. Forsyth also owns 300 Series A preferred shares which he purchased on June 5, 2008 at \$10.25 per share and 8,400 Series A preferred shares which he purchased in April 2009 at an average per share price of \$7.68.
- (6) Includes 22,081 options to purchase shares at a weighted average exercise price of \$6.86 per share.
- (7) Includes 5,000 options to purchase shares at a weighted average exercise price of \$8.70 per share.
- (8) Based on (i) Schedule 13G filed by Sy Jacobs with the Securities and Exchange Commission on February 14, 2011, and (ii) Form 4 filed by Sy Jacobs with the Securities and Exchange Commission on March 16, 2011. Includes 705,410 shares held by JAM Partners, L.P., 166,227 shares held by JAM Equity Partners, LLC., and 35,100 shares held by Sy Jacobs. The mailing address of all three is 11 East 26 Street, New York, NY 10010.
- (9) Based on Schedule 13G filed by Dimensional Fund Advisors LP with the Securities and Exchange Commission on February 11, 2011. Dimensional Fund Advisors LP mailing address is Palisades West, Building One, 6300 Bee Cave Rd., Austin, TX 78746.
- (10) Based on Schedule 13G filed by Wellington Management Company, LLP with the Securities and Exchange Commission on February 14, 2011. Wellington Management Company, LLP mailing address is 280 Congress Street, Boston, MA 02210.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our Directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and our other equity securities. Directors, executive officers and holders of more than ten percent of our common stock are required by Securities and Exchange Commission regulation to furnish us with copies of all Section 16(a) reports they file.

Based solely upon review of the copies of such reports furnished to us and written representations from our officers and Directors, we believe that, except as set forth in the following sentence, during the fiscal year ended December 31, 2010, our Directors, executive officers and holders of more than ten percent of our common stock complied with all applicable Section 16(a) filing requirements. Mr. Forsyth's spouse purchased 3,326 shares of the Company's common stock over the period of November 21, 2007 through December 4, 2007, and his Form 4 for these transactions was filed on April 2, 2010.

Table of Contents

**COMPENSATION OF EXECUTIVE OFFICERS**

**COMPENSATION DISCUSSION & ANALYSIS**

This Compensation discussion and analysis describes the material elements of our compensation program for Named Executive Officers. The Compensation Committee of the Board of Directors (the "Compensation Committee") oversees the design and administration of our executive compensation programs. The Compensation Committee is comprised of four independent directors: Hans Joerg Hunziker (Chair as of January 1, 2011), Gérard Laviee (who was the Chair prior to January 1, 2011), W. William Coon, Jr., and Robert T. Morris. The Compensation Committee meets formally twice per year, and more often if needed. Each meeting includes an executive session, with no member of management present. The Compensation Committee's charter is available on the Company's web site ([www.willislease.com](http://www.willislease.com)).

The Compensation Committee retains compensation consultants from time to time to evaluate executive compensation levels and advise on specific programs; the consultants report directly to the Compensation Committee. For the past four years, the Compensation Committee has retained Smith Compensation Consulting to advise on various compensation issues. Smith Compensation Consulting has no other contract or business relationship with Willis Lease.

**Compensation Philosophy and Objectives**

The objectives of our compensation programs are to attract and retain high performing executives, to provide a substantial link between the company's performance and executive pay, and to provide stockholders with a superior rate of return. It is the Compensation Committee's philosophy to link the named executive officers' compensation to corporate performance. The individual elements of compensation are targeted at different areas. Base salaries should be sufficiently competitive to attract and retain highly capable executives; annual incentive bonuses are intended to reward meeting budgeted earnings goals each year; long-term incentives, now primarily in the form of grants of restricted stock, are intended to align executive and stockholder interest, reward long term growth of revenues and earnings, and provide an incentive for key executives to stay with the organization over the long term.

The base salary, annual incentive compensation and long-term incentive compensation of the named executive officers are determined in part by the Compensation Committee reviewing data on prevailing compensation practices of comparable companies with whom we compete for executive talent and evaluating such information in connection with our corporate goals and compensation practices. The Compensation Committee considers various sources of data when determining executive compensation levels, including compensation data from a sampling of public companies and public compensation surveys.

However, it is difficult to determine a precise peer group because the vast majority of the Company's direct competitors are business units within much larger corporations such as General Electric, United Technologies and Bank of Tokyo Mitsubishi such that the heads of the leasing divisions do not appear in proxy statements as Named Executive Officers therefore, the Compensation Committee makes its decisions based primarily on its understanding of compensation practices in the aviation services and leasing markets, generally, and for companies of comparable size. Accordingly, with the help of Smith Compensation Consulting, the Company has developed information on executive pay practices in (i) public financial services and leasing companies and (ii) other public companies headquartered in Northern California which are representative of the market in which the Company



Table of Contents

competes for talent. For fiscal year 2010, the sample of companies consisted of the following companies:

Aaron's, Inc.	FormFactor, Inc.	Mobile Mini, Inc.
Affymetrix, Inc.	GATX Corporation	Solera Holdings, Inc.
Aircastle Limited	Infinera Corporation	Synaptics Incorporated
Blue Coat Systems, Inc.	Informatica Corporation	TAL International Group, Inc.
Dionex Corporation	IXYS Corporation	TIBCO Software Inc.
Electro Rent Corporation	Marlin Business Services Corp.	VeriFone Systems, Inc.
ePlus Inc.	McGrath RentCorp	Zoran Corporation
Finisar Corporation	Micrel, Incorporated	

In selecting the public companies for inclusion in the sample, the following factors were considered: industry, geographic location, net revenues, market capitalization, and whether the company may compete against us for executive talent. These companies ranged in annual revenue from approximately \$33 million to \$1.75 billion (median of \$388 million) and market capitalization from approximately \$112 million to \$2.5 billion (median of \$787 million).

In addition to gathering data specific to the above listed companies, the Compensation Committee also reviewed public surveys of compensation practices, including surveys conducted by Watson Wyatt Worldwide, Towers Perrin, and Mercer.

Our general guideline is to provide a total compensation opportunity which is reasonable in the prevailing market. The Compensation Committee does not seek to specifically benchmark compensation based upon the sample companies reviewed nor does the Compensation Committee employ any other formulaic process in making compensation decisions. Rather the Compensation Committee uses its subjective judgment based upon a review of all information, including an annual review for each officer of his or her level of responsibility, contributions to our financial results and our overall performance. The Compensation Committee makes a generalized assessment of these factors and this information is not weighted in any specific manner. Actual compensation packages may vary based on the Compensation Committee's and Mr. Willis' subjective evaluation of each executive's performance and potential and the Company's overall financial position and performance.

**Governance of Compensation Programs**

Our CEO, in conjunction with human resources, develops recommended annual salaries, incentive targets and long-term incentive compensation for the Named Executive Officers. After reviewing the survey and peer group information described above under "Compensation Philosophy and Objectives" and the market information provided by the Compensation Committee's outside consultant, the Compensation Committee determines in its subjective judgment the annual salaries, incentive targets and long-term incentive compensation for the Named Executive Officers.

**Elements of Compensation**

Each element of compensation has a different purpose, although in combination they are intended to make sure that Willis Lease has a competitive compensation package that attracts top talent and provides incentives that encourage a high level of short- and long-term performance for the benefit of stockholders. The Compensation Committee looks at these elements both individually (to ensure that each

element is achieving its objective) and collectively (to ensure that the total compensation package is competitive). Components of the total executive compensation package include:

**Base Salary:** Each officer's base salary is set on the basis of the Compensation Committee's assessment of salary levels in effect for comparable positions in the labor market, the officer's personal performance, and internal comparability considerations. The weight given these factors may vary from

Table of Contents

individual to individual. Base salaries are reviewed annually, and adjustments are made in accordance with the factors described above. Base salary increases depend in part on market competitiveness, time in position, individual performance and growth during the year, and expected future performance.

Internal equity is also an important consideration in setting compensation levels for Company executives. Since the Company is different in some respects from the other industrial and financial companies in the survey samples, and since to some degree responsibilities of the Company's executive officers differ from those in typical companies (for example our Chief Legal Counsel is also responsible for Human Resources), the Compensation Committee gives some consideration to relative internal responsibilities when determining salaries, annual incentive bonus targets, and long term incentive grants. For example, since Mr. Forsyth and Mr. Nord both manage key staff functions for the Company, the Compensation Committee believes it is important that their compensation be generally in the same range.

**Annual Incentive Compensation:** The Compensation Committee has established an annual incentive program designed to reward both the achievement of specific financial goals set by the Board on an annual basis and individual performance. Executives participate in a company-wide bonus plan with each employee participant having an individual target bonus based on a percentage of base salary.

The determination of the target bonus percentages for each of the Named Executive Officers started with the target bonus percentage set forth in their respective employment agreements or offer letters, which percentages were determined in part by compensation negotiations at hire and in part by evaluating target incentive levels in the prevailing market. (See "Compensation Philosophy and Objectives".) The employment agreement for Messrs. Willis, Forsyth, and Nord provided for target bonus percentages of 100%, 60%, and 50%, respectively. The employment agreement for Mr. Nunemaker provided for a target bonus percentage of up to 85% of base salary for the 2000 bonus program. Because of the subsequent transfer of certain chief operating officer duties, Mr. Nunemaker's target bonus percentage has since been adjusted to 50% of base salary. The employment offer letter for Mr. Crews provides for a target bonus percentage of 50% for a bonus to be paid out of the bonus pool discussed below, with an additional 50% bonus payable based on the subjective evaluation of his individual performance by the Chief Executive Officer (no discretionary bonus was paid to Mr. Crews for 2010).

The amount that an employee may be paid as an annual incentive for any year also depends on the amount of the potential "bonus pool" established at the beginning of each year by the Board which will be funded if the Company achieves the budgeted financial goal. The amount of the potential bonus pool is established based on the Company's budgeted earnings for the year, the number of employees at the beginning of the year and those employees' salaries and respective target bonus percentages. If the Company achieves the financial goal set by the Board, then each participant's share of the bonus pool will be equal to a fraction (expressed as a percentage) of the bonus pool, the numerator of which is the participant's target bonus amount and the denominator of which is the target bonus amount of all participants. This percentage is multiplied by the total bonus pool to determine each participant's share of the bonus pool. The percentages of actual bonus payouts paid to individual employees compared to their respective salaries may vary from their respective target percentage as a result of the addition or subtraction of employees from the group of eligible pool participants over the year.

In 2010 the bonus plan approved by the Compensation Committee provided for a bonus pool based on the achievement of a 9.2% return on equity goal. Return on equity is calculated as net income attributable to common stockholders divided by common equity, calculated as total stockholders' equity less preferred stock. If the Company achieved a 9.2% return on equity, the bonus pool would be fully funded and all employees, including the executives, would receive essentially the maximum potential amount of their target bonuses which range from 100% (in the case of the CEO) to 15% of an employee's base salary. If return on equity was less than 9.2%, the bonus pool would be correspondingly reduced. If return on equity was less than 50% of this goal (