



COMPENSATION COMMITTEE CHARTER

1. Members. The Board of Directors (the "Board") of Willis Lease Finance Corporation (the "Company") shall maintain a Compensation Committee of at least three members, consisting entirely of independent, outside directors, and shall designate one member as chairperson. The independence of the directors on the Compensation Committee shall be determined by the Board in accordance with NASDAQ listing standards. Additionally, members of the Compensation Committee must qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

2. Purpose, Duties and Responsibilities. The purpose of the Compensation Committee is to discharge the responsibilities of the Board relating to compensation of the Company's executive officers and directors and such other employee compensation matters as delegated to it by the Board and to produce the annual report on executive compensation for inclusion in the Company's proxy statement (unless the Company is a "smaller reporting company" and elects to omit this disclosure). In furtherance of the foregoing purposes, the duties and responsibilities of the Compensation Committee are to:

- (a) Oversee the Company's overall compensation structure, policies and programs, and assess whether the Company's compensation structure establishes appropriate incentives for senior management and delegate to the Chief Executive Officer ("CEO") certain employee compensation determinations.
- (b) (i) Administer the Company's incentive-compensation and equity-based compensation plans, which includes the authority to make awards to eligible persons under the plans and determine the terms of such awards, and (ii) make recommendations to the Board with respect to such incentive-compensation and equity-based compensation plans that require Board approval.
- (c) Review and approve on an annual basis the corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation, including salary, bonus, incentive and equity participation based on this evaluation, with the CEO absent from any deliberations or voting regarding the CEO's compensation.
- (d) Evaluate the performance of the Company's executive officers on an annual basis and approve the annual compensation, including salary, bonus, incentive and equity compensation, for such executive

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officers in an executive session which may include the recommendation of the CEO.

- (e) Review and discuss with senior management the Compensation Discussion and Analysis (CD&A) required to be included in the Company's annual proxy statement, and provide its recommendations to the Board regarding such CD&A (unless the Company is a "smaller reporting company" and elects to omit this disclosure).
- (f) Review with management on an annual basis risks arising from the Company's compensation policies and practices applicable to employees to determine whether such policies or practices are reasonably likely to have a material adverse effect on the Company requiring disclosure.
- (g) Assess the results of the Company's advisory votes on executive compensation, including the frequency of such advisory votes.
- (h) Approve stock option and other stock incentive awards to all employees.
- (i) Review and approve the design of other benefit plans pertaining to officers.
- (j) Review and approve employment agreements and severance arrangements for officers, including change-in-control provisions, plans or agreements and the approval of stock inducement grants in connection with the hire of new employees.
- (k) Approve, amend or modify the terms of any benefit plan that does not require shareholder approval.
- (l) Monitor compliance by executive officers and directors with the Company's insider trading policy and guidelines.
- (m) Review the compensation and benefits of directors for service on the Board and its committees and recommend changes in compensation to the Board.
- (n) Review periodically succession plans relating to positions held by senior officers and make recommendations to the Board regarding the selection of individuals to fill these positions.
- (o) Conduct and present to the Board an annual performance evaluation of the Compensation Committee, and review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

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- (p) Perform such other duties and responsibilities as are consistent with the purpose of the Compensation Committee and as the Board or the Compensation Committee deems appropriate.

3. Subcommittees. The Compensation Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the Compensation Committee consisting of not less than two members of the Compensation Committee.

4. Outside Advisors. To assist it in the full performance of its functions, the Compensation Committee may, in its sole discretion, select, retain, terminate and pay a compensation consultant, independent legal counsel or other adviser (each, a "Consultant"). The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work for which it retains such Consultant. The Company shall provide appropriate funding, as determined by the Compensation Committee, for the payment of reasonable compensation to any such Consultant for the work for which it is retained by the Compensation Committee.

The Compensation Committee may select a Consultant only after taking into consideration all factors relevant to such Consultant's independence, including the following:

- the provision of other services to the Company by the person that employs the Consultant;
- the amount of fees received from the Compensation Committee and the Company by the person that employs the Consultant, as a percentage of the total revenue of such employing person;
- the policies and procedures of the person who employs the Consultant that are designed to prevent conflicts of interest;
- any business or personal relationships of the Consultant with any Compensation Committee member;
- any Company stock owned by the Consultant;
- any business or personal relationships of the Consultant or the person who employs the Consultant with any of the Company's executive officers.

5. Meetings and Minutes. The Compensation Committee will meet as often as may be deemed necessary or appropriate, in its judgment, either in person or telephonically, and at such times and places as the Compensation Committee determines. The chairperson of the Compensation Committee may call Compensation Committee meetings and, in consultation with other members, shall determine the frequency and length of meetings and shall set agendas for such meetings consistent with this charter. In the absence of a chairperson, a majority of the members of the Compensation Committee may call a meeting of the committee.

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The majority of the members of the Compensation Committee constitute a quorum. Actions at meetings may be approved by a majority of the members present.

The Compensation Committee will prepare minutes of its meetings. The Compensation Committee will report regularly to the full Board with respect to its activities and any recommendations.