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Aircastle LTD  
Form 10-Q  
May 04, 2016

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

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
<sup>x</sup> 1934

For the quarterly period ended March 31, 2016

or

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from            to

Commission File number 001-32959

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AIRCASTLE LIMITED  
(Exact name of registrant as specified in its charter)

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Bermuda (State or other jurisdiction of incorporation or organization)	98-0444035 (IRS Employer Identification No.)
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c/o Aircastle Advisor LLC 300 First Stamford Place, 5 <sup>th</sup> Floor, Stamford, CT (Address of principal executive offices)	06902 (Zip Code)
Registrant's telephone number, including area code	(203) 504-1020

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
YES  NO

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As of April 29, 2016, there were 78,810,706 outstanding shares of the registrant's common shares, par value \$0.01 per share.

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Aircastle Limited and Subsidiaries  
 Form 10-Q  
 Table of Contents

	Page No.
<u>PART I. – FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	
Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015	<u>3</u>
Consolidated Statements of Income for the three months ended March 31, 2016 and 2015	<u>4</u>
Consolidated Statements of Comprehensive Income for the three months ended March 31, 2016 and 2015	<u>5</u>
Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015	<u>6</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>7</u>
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>23</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>40</u>
Item 4. <u>Controls and Procedures</u>	<u>40</u>
<u>PART II. – OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>42</u>
Item 1A. <u>Risk Factors</u>	<u>42</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>42</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>42</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>42</u>
Item 5. <u>Other Information</u>	<u>42</u>
Item 6. <u>Exhibits</u>	<u>43</u>
<u>SIGNATURE</u>	<u>44</u>

## PART I. — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## Aircastle Limited and Subsidiaries

## Consolidated Balance Sheets

(Dollars in thousands, except share data)

	March 31, 2016 (Unaudited)	December 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents	\$594,376	\$ 155,904
Accounts receivable	7,388	8,566
Restricted cash and cash equivalents	76,692	98,137
Restricted liquidity facility collateral	65,000	65,000
Flight equipment held for lease, net of accumulated depreciation of \$1,213,047 and \$1,306,024, respectively	5,558,666	5,867,062
Net investment in finance and sales-type leases	212,336	201,211
Unconsolidated equity method investment	59,087	50,377
Other assets	129,287	123,707
Total assets	\$6,702,832	\$ 6,569,964
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Borrowings from secured financings, net of debt issuance costs	\$1,021,829	\$ 1,146,238
Borrowings from unsecured financings, net of debt issuance costs	3,162,551	2,894,918
Accounts payable, accrued expenses and other liabilities	141,604	131,058
Lease rentals received in advance	54,756	67,327
Liquidity facility	65,000	65,000
Security deposits	112,719	115,642
Maintenance payments	373,489	370,281
Total liabilities	4,931,948	4,790,464
Commitments and Contingencies		
<b>SHAREHOLDERS' EQUITY</b>		
Preference shares, \$0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Common shares, \$0.01 par value, 250,000,000 shares authorized, 78,810,706 shares issued and outstanding at March 31, 2016; and 80,232,260 shares issued and outstanding at December 31, 2015	788	802
Additional paid-in capital	1,519,017	1,550,337
Retained earnings	258,921	241,574
Accumulated other comprehensive loss	(7,842 )	(13,213 )
Total shareholders' equity	1,770,884	1,779,500
Total liabilities and shareholders' equity	\$6,702,832	\$ 6,569,964

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Aircastle Limited and Subsidiaries  
Consolidated Statements of Income  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Lease rental revenue	\$179,570	\$177,146
Finance and sales-type lease revenue	3,498	1,607
Amortization of net lease discounts and lease incentives	(1,070 )	(3,824 )
Maintenance revenue	1,260	18,073
Total lease revenue	183,258	193,002
Other revenue	407	1,294
Total revenues	183,665	194,296
Operating expenses:		
Depreciation	76,647	74,846
Interest, net	64,241	62,131
Selling, general and administrative (including non-cash share based payment expense of \$1,643 and \$1,170 for the three months ended March 31, 2016 and 2015, respectively)	15,492	13,932
Maintenance and other costs	1,403	2,943
Total expenses	157,783	153,852
Other income (expense):		
Gain on sale of flight equipment	12,833	6,253
Other	(73 )	(6 )
Total other income	12,760	6,247
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	38,642	46,691
Income tax provision	3,939	4,863
Earnings of unconsolidated equity method investment, net of tax	1,559	1,441
Net income	\$36,262	\$43,269
Earnings per common share — Basic:		
Net income per share	\$0.46	\$0.53
Earnings per common share — Diluted:		
Net income per share	\$0.46	\$0.53
Dividends declared per share	\$0.24	\$