Aircastle LTD
Form 424B5
March 12, 2014
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-182242

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are neither offers to sell nor solicitations of offers to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 12, 2014

Prospectus Supplement to Prospectus dated June 20, 2012

$400,000,000

Aircastle Limited

% Senior Notes due 2021

We are offering $400 million aggregate principal amount of % Senior Notes due 2021 (the notes). The notes will bear interest at a rate of % per annum. The notes will mature on , 2021. Interest will accrue on the notes from , 2014. Interest on the notes is payable on and of each year, commencing on , 2014.

We may redeem all of the notes at any time by paying a specified make-whole premium, plus accrued and unpaid interest, if any, to the redemption date, as described in this prospectus supplement. In addition, on or before , 2017, we may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of certain equity offerings at the redemption price set forth in this prospectus supplement, plus accrued and unpaid interest, if any, to the redemption date. If we experience a change of control, holders of the notes will have the right to require us to repurchase the notes under the terms set forth herein, plus accrued and unpaid interest, if any, to the date of purchase.

The notes will be our unsecured senior obligations, will rank equally in right of payment with all of our existing and future senior debt and will rank senior in right of payment to all of our future subordinated debt. The notes will be effectively junior in right of payment to all of our existing and future secured debt to the extent of the assets securing such debt, and to any existing and future liabilities of our subsidiaries. The notes will not be guaranteed by any of our subsidiaries or any third party.

Investing in the notes involves risks. See <u>*Risk Factors*</u> *beginning on page S-11 of this prospectus supplement and page 2 of the accompanying prospectus and those risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the year ended December 31, 2013.*

Neither the Securities and Exchange Commission, the Registrar of Companies in Bermuda, the Bermuda Monetary Authority, nor any state securities commission has 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.

	Per Note	Total
Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us	%	$

(1) Plus accrued interest, if any, from March , 2014 if settlement occurs after that date.
The notes will not be listed on any securities exchange.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about March , 2014.

Joint Book-Running Managers

Goldman, Sachs & Co. **BNP PARIBAS** **Citigroup** **Credit Agricole CIB**

Deutsche Bank Securities **J.P. Morgan** **Mitsubishi UFJ Securities** **RBC Capital Markets**

Co-Manager

Cowen and Company

Prospectus Supplement dated March , 2014

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This prospectus supplement and the accompanying prospectus are part of a shelf registration statement that we filed with the Securities and Exchange Commission (the SEC or the Commission). Under this shelf registration process, we may sell the securities described in the accompanying prospectus at our discretion in one or more offerings. You should read (i) this prospectus supplement, (ii) the accompanying prospectus, (iii) any free writing prospectus prepared by or on behalf of us or to which we have referred you and (iv) the documents incorporated by reference herein and therein that are described in the accompanying prospectus under the heading Where You Can Find More Information.

Consent under the Exchange Control Act of 1972 (and its related regulations) has been granted by the Bermuda Monetary Authority for the issue and transfer of securities of Bermuda companies (other than certain equity securities) to and between non-residents of Bermuda for exchange control purposes, which includes the notes. 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 or the accompanying prospectus.

You only should rely on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters have authorized any person 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 underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus or any other documents incorporated by reference in either is accurate only as of the stated date of each document in which the information is contained. After the stated date, our business, financial condition, results of operations and prospects may have changed.

This prospectus supplement and the accompanying prospectus summarize certain documents and other information to which we refer you for a more complete understanding of what we discuss in this prospectus supplement and the accompanying prospectus. In making an investment decision, you should rely on your own examination of our company and the terms of this offering and the notes, including the merits and risks involved.

Neither we nor the underwriters are making any representation to any purchaser of the notes regarding the legality of the purchaser s investment in the notes. You should not consider any information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

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We expect that delivery of the notes will be made to investors on or about , 2014, which will be the tenth business day following the date of this prospectus supplement (such settlement being referred to as *T+10*). Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date hereof or the next six succeeding business days will be required, by virtue of the fact that the notes initially settle in T+10, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein may contain forward-looking statements which reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward-looking statements by the use of forward-looking words such as outlook, believes, expects, potential, continues, may, will, would, cou projects, predicts, intends, plans, estimates, anticipates or the negative version of those words or other compa words. Any such forward-looking statements are based upon the historical performance of us and our subsidiaries and on our current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us, the underwriters or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, capital markets disruption or volatility which could adversely affect our continued ability to obtain additional capital to finance new investments or our working capital needs; government fiscal or tax policies, general economic and business conditions or other factors affecting demand for aircraft or aircraft values 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 and other factors affecting the creditworthiness of our airline customers and their ability to continue to perform their obligations under our leases, and other factors described in the section entitled Risk Factors in this prospectus

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supplement and the accompanying prospectus and in the documents incorporated by reference herein and therein. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and the risk factors that are included under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2013 and our subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that are incorporated by reference in this prospectus supplement and the accompanying prospectus. We do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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SUMMARY

This summary highlights the information contained elsewhere in or incorporated by reference in this prospectus supplement and the accompanying prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus and the information incorporated by reference herein and therein, including the financial statements and the notes to those statements.

In this prospectus supplement, except as otherwise indicated or the context otherwise requires, the terms Aircastle, we, our and us refer to Aircastle Limited and its consolidated subsidiaries.

Our Company

We acquire, lease, and sell commercial jet aircraft with large, global operator bases and long useful lives. As of December 31, 2013, our portfolio consisted of 162 aircraft leased to 64 lessees located in 37 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, net income and Adjusted EBITDA for the year ended December 31, 2013 were $708.6 million, $29.8 million and $717.2 million, respectively.

Our Business

We originate acquisitions and disposals of aircraft through well-established relationships with airlines, other aircraft lessors, financial institutions and brokers, as well as other sources. We have an experienced acquisitions and sales team that maintains strong relationships with a wide variety of market participants throughout the world. We believe that our team s extensive industry contacts gives us access to acquisition and sales opportunities.

Our objective is to develop and maintain a diverse and stable operating lease portfolio; however, we review our operating lease portfolio periodically to sell aircraft opportunistically and to manage our portfolio diversification. In 2013, we disposed of flight equipment for an aggregate sales price of $548.4 million, which resulted in a net gain of $37.2 million.

Potential investments and disposals are evaluated by teams comprised of marketing, technical, credit, financial and legal professionals. These teams consider a variety of aspects before we commit to purchase or sell an aircraft and we believe that using a cross-functional approach helps us assess opportunities thoroughly. In addition, we have portfolio concentration objectives to assist in portfolio risk management and take into account factors including individual lessee exposure, geographic concentrations, lease maturity concentrations and aircraft type concentrations.

Typically, we lease our aircraft on an operating lease basis. Operating leases can be an attractive alternative to ownership for airlines because leasing (i) increases fleet flexibility, (ii) requires a lower capital commitment for the airline, and (iii) significantly reduces aircraft residual value risk for the airline. Under our leases, the lessees agree to lease the aircraft for a fixed term, although certain of our operating leases allow the lessee the option to extend the lease for an additional term or, in rare cases,

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terminate the lease prior to its expiration. Each of our leases requires the lessee to pay periodic rentals in U.S. dollars during the lease term. As of December 31, 2013, rentals on more than 92% of our leases then in effect, as a percentage of net book value, are fixed and do not vary according to changes in interest rates. Our lessees are also required to carry insurance customary in the air transport industry, including third-party liability insurance and hull insurance covering the aircraft.

Our aircraft re-leasing strategy is to develop opportunities proactively, well in advance of scheduled lease expiration, to enable consideration of a broad set of alternatives, including both passenger and freighter deployments, and to allow for reconfiguration or maintenance lead times where needed. We have invested significant resources in developing and implementing what we consider to be a state-of-the-art lease management information system to enable efficient management of aircraft in our portfolio.

Our Strengths

Positive Long-Term Industry Fundamentals: Commercial air travel and air freight activity have been long-term growth sectors, broadly correlated with world economic activity and expanding at a rate of one to two times the rate of global GDP growth. The expansion of air travel has driven a rise in the world aircraft fleet. There are currently more than 17,000 commercial mainline passenger and freighter aircraft in operation worldwide. This fleet is expected to continue expanding at an average annual rate, net of retirements, of approximately 3.6% through 2032. In addition, aircraft leasing companies own an increasing share of the world s commercial jet aircraft, and now account for more than one-third of this fleet.

Air traffic data for 2013 showed a strengthening trend in passenger market growth. Air cargo traffic showed slow and steady improvement with a pick-up in world trade and economic growth during the second half of the year. According to the International Air Transport Association, during 2013 global passenger traffic increased by 5.2% and air cargo traffic, measured in freight ton kilometers, increased by 1.4% as compared to the same period in 2012. Passenger traffic growth was strong for most of 2013 driven by rising economic growth and business confidence. The air cargo market, which is more sensitive than the passenger sector to economic conditions, appears to have stabilized after weak performances in 2012 and 2011. The air cargo results were hampered by overcapacity and a muted response to a global economic rebound.

Our fleet of unencumbered aircraft had a net book value of approximately $2.7 billion at December 31, 2013. For the same period, our unencumbered assets as a percentage of our unsecured debt was 154%.

For several years we have consistently delivered portfolio utilization of 98-99% and a rental yield of approximately 14%. As of December 31, 2013, our lease rental exit run rate was $701 million annualized, including $349 million from unencumbered aircraft assets.

Flexible, Disciplined Acquisition Approach and Broad Investment Sourcing Network: We evaluate the risk and return of any potential acquisition first as a discrete investment and then from a portfolio management perspective. To evaluate potential acquisitions, we employ a rigorous due diligence process focused on (i) cash flow generation with careful consideration of macro trends, industry cyclicality and product life cycles; (ii) aircraft specifications and maintenance condition; (iii) lessee credit worthiness and the local jurisdiction s rules for enforcing a lessor s rights; and (iv) other legal and tax implications. We source our acquisitions through well-established relationships with airlines, other aircraft lessors, financial institutions and other aircraft owners. Since our formation in 2004, we have built our aircraft portfolio through more than 105 transactions with more than 65 counterparties.

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Strong Capital Raising Track Record and Access to a Wide Range of Financing Sources: Aircastle is a publicly listed company and our shares trade on the New York Stock Exchange. Since our inception in late 2004, we have raised approximately $1.7 billion in equity capital from private and public investors as well as approximately $9.7 billion in debt capital for both growth and refinancing purposes. This debt capital has been sourced from a wide variety of providers demonstrating our funding expertise and flexibility in adapting to changing capital markets conditions. In addition to our capital raising in the export credit agency-backed debt, commercial bank debt and the aircraft securitization markets for secured debt, we believe our access to the unsecured bond market continues to be a competitive differentiator. Additionally, we have expanded our shareholder base to include two long-term oriented international investors, Marubeni Corporation and Ontario Teachers Pension Plan.

Our Capital Structure Is Long-Dated and Provides Investment Flexibility: Our aircraft are currently financed under secured and unsecured debt financings with the earliest unsecured bond maturity date being in 2017, thereby limiting our near-term financial markets exposure on our owned aircraft portfolio. As such, we are free to deploy our capital base flexibly to take advantage of what we anticipate will be a more attractive investment environment. We also believe that our access to the unsecured bond market and our recently increased unsecured revolving line of credit, which are to some degree enabled by our large unencumbered asset base, allow us to pursue a flexible and opportunistic investment strategy.

Experienced Management Team with Significant Expertise: Our management team has significant experience in the acquisition, leasing, financing, technical management, restructuring/repossession and sale of aviation assets. Additionally, most of our executive management team have worked together for more than five years. Our experience enables us to access a wide array of placement opportunities throughout the world and also pursue efficiently a broad range of potential investments and sales opportunities in the global aviation industry. With extensive industry contacts and relationships worldwide, we believe our management team is highly qualified to manage and grow our aircraft portfolio and to address our long-term capital needs.

Significant Experience in Successfully Selling Aircraft Throughout Their Life Cycle: Since our formation, we have sold 60 aircraft with a gross purchase price in excess of $1.5 billion. These sales have generated total gains of approximately $110 million and have involved a wide range of aircraft types and buyers. In addition to sales of newer aircraft, we ve also sold 37 aircraft 15 or more years old at the time of sale, with many of these being sold on an end-of-life, part-out disposition basis, where the airframe and engines (and other key components) are sold to different buyers. We believe this sales experience with older aircraft is an essential portfolio management skill.

Diversified Portfolio of Modern Aircraft: We have a portfolio of modern aircraft that is diversified with respect to lessees, geographic markets, end markets (i.e., passenger and freight), lease maturities and aircraft types. As of December 31, 2013, our aircraft portfolio consisted of 162 aircraft comprising a variety of passenger and freighter aircraft types that were leased to 64 lessees located in 37 countries. Our lease expirations are well dispersed, with a weighted average remaining lease term of 5.0 years for aircraft we owned at December 31, 2013. Over the next two years, only approximately 15% of our fleet by net book value has scheduled lease expirations, after taking into account lease commitments, providing the company with a long-dated base of contracted revenues. We believe our focus on portfolio diversification reduces the risks associated with individual lessee defaults and adverse geopolitical or economic issues, and results in generally predictable cash flows.

Global and Scalable Business Platform: We operate through offices in the United States, Ireland and Singapore, using a modern asset management system designed specifically for aircraft

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operating lessors and capable of handling a significantly larger aircraft portfolio. We believe that our facilities, systems and personnel currently in place are capable of supporting an increase in our revenue base and asset base without a proportional increase in overhead costs.

Our Strategy

Pursuing a disciplined, value oriented investment strategy. In our view, the relative values of different aircraft investments change over time. As a consequence, we maintain a value oriented investment strategy to seek out the best risk-adjusted return opportunities across the commercial jet market. To this end, we carefully evaluate investments across different aircraft models, ages, lessees and acquisition sources and re-evaluate these choices periodically as market conditions and relative investment values change. In this respect, we believe the financing flexibility offered through unsecured debt enables our value oriented strategy and provides us with a competitive advantage for many investment opportunities. We believe this approach is somewhat unique among the larger aircraft leasing companies.

Investing in additional commercial jet aircraft and other aviation assets when attractively priced opportunities and cost effective financing are available. We believe the large and growing aircraft market, together with ongoing fleet replacements, will provide significant acquisition opportunities. We regularly evaluate potential aircraft acquisitions and expect to continue our investment program through additional purchases when attractively priced opportunities and cost effective financing are available.

Maintaining efficient access to capital from a wide range of sources. We believe the aircraft investment market is subject to forces related to the business cycle and, our strategy is to increase our purchase activity when prices are low and to emphasize asset sales when competition for assets is high. In order to implement this approach, we believe maintaining access to a wide variety of financing sources over the business cycle is very important. To that end, our strategy is to maintain corporate credit ratings from major ratings agencies, manage to strong credit metrics, own a large pool of unencumbered assets and increase our asset base so as to maintain good access to capital during a variety of business conditions.

Selling assets when attractive opportunities arise and for portfolio management purposes. We pursue asset sales as opportunities arise over the course of the business cycle with the aim of realizing profits and reinvesting proceeds where more accretive investments are available. We also use asset sales for portfolio management purposes such as reducing lessee specific concentrations and lowering residual value exposures to certain aircraft types and also to exit from an investment when a sale or part-out would provide the greatest expected cash flow for us.

Leveraging our efficient operating platform and strong operating track record. We believe our team s capabilities in the global aircraft leasing market place us in a favorable position to source and manage new income-generating activities. We intend to continue to focus our efforts in areas where we believe we have competitive advantages, including new direct investments as well as ventures with strategic business partners.

Intending to pay quarterly dividends to our shareholders based on the Company s sustainable earnings levels. However our ability to pay quarterly dividends will depend upon many factors, including those as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013 under Risk Factors, which is incorporated by reference in this prospectus supplement. On October 29, 2013, our board of directors declared a regular quarterly dividend of $0.20

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per common share, or an aggregate of $16.2 million for the three months ended December 31, 2013, which was paid on December 13, 2013 to holders of record on November 29, 2013. These dividends may not be indicative of the amount of any future dividends.

Company Information

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.

For a further discussion of our business, we urge you to read the documents incorporated by reference herein, including our Annual Report on Form 10-K for the year ended December 31, 2013. See Where You Can Find More Information.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The following is not intended to be complete. You should carefully review the Description of the Notes section of this prospectus supplement, which contains a more detailed description of the terms and conditions of the notes.

Issuer	Aircastle Limited, a Bermuda exempted company (the Issuer).
Notes Offered	$400 million aggregate principal amount of % senior notes due 2021.
Maturity	, 2021
Interest Payment Dates	and , commencing on , 2014. Interest will accrue from , 2014.
Ranking	The notes will be our general unsecured senior indebtedness and will:
	rank senior in right of payment to any of our future senior subordinated indebtedness and other obligations that are, by their terms, expressly subordinated in right of payment to the notes;
	rank equally in right of payment to all of our existing and future indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to the notes, including our previously issued $500 million aggregate principal amount of 6.75% senior notes due 2017, $450 million aggregate principal amount of 9.75% senior notes due 2018, $400 million aggregate principal amount of 4.625% senior notes due 2018, $500 million aggregate principal amount of 6.25% senior notes due 2019 and $300 million aggregate principal amount of 7.625% senior notes due 2020 (collectively, the existing notes);
	be effectively junior in right of payment to all of our existing and future secured indebtedness and other obligations to the extent of the value of the assets

securing such indebtedness and other obligations;

- be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries; and

- not be guaranteed by any of our subsidiaries or any third party.

	As of December 31, 2013, the aggregate carrying value of our and our subsidiaries indebtedness was approximately $3.7 billion, including $2.1 billion of our indebtedness (none of which is secured) and $1.6 billion of indebtedness at our subsidiaries (all of which is secured). As of December 31, 2013, we also had $335 million of borrowings (which can be increased to $400 million) available under our revolving credit facility.
Optional Redemption	We may redeem the notes, in whole or in part, at any time at the make whole redemption price, as described in the Description of the Notes Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.
	In addition, at any time on or before , 2017, we may redeem up to 35% of the aggregate principal amount of the notes using the net cash proceeds from certain equity offerings at the applicable redemption price specified for the notes in the Description of the Notes Optional Redemption, plus accrued and unpaid interest, if any, to the applicable redemption date.
Change of Control	Upon a change of control, we will be required to make an offer to purchase each holder s notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Notes Repurchase at the Option of the Holders Change of Control.
Certain Covenants	The indenture governing the notes will contain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to:
	incur or guarantee additional indebtedness and issue disqualified stock or preference shares;
	sell assets;
	incur liens;

pay dividends on or make distributions in respect of our capital stock or make other restricted payments;

agree to any restrictions on the ability of restricted subsidiaries to transfer property or make payments to us;

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	make certain investments;
	guarantee other indebtedness without guaranteeing the notes offered hereby;
	consolidate, amalgamate, merge, sell or otherwise dispose of all or substantially all of our assets; and
	enter into transactions with our affiliates.
	These limitations will be subject to a number of important qualifications and exceptions. See Description of the Notes Certain Covenants. Many of these covenants will cease to apply to the notes at all times after the notes are rated investment grade from both Moody s Investor Service, Inc. and Standard & Poor s.
No Prior Market	The notes will be new securities for which there is no market. Although the underwriters have informed us that they intend to make a market in the notes, they are not obligated to do so and may discontinue market-making at any time without notice. Accordingly, a liquid market for the notes may not develop or be maintained.
Use of Proceeds	We intend to use the net proceeds from the sale of the notes, together with cash on hand, to fund the repayment or redemption of our 9.75% senior notes due 2018. See Use of Proceeds.
Risk Factors	You should carefully consider the information set forth herein under Risk Factors and in the section entitled Risk Factors in the most recent Annual Report on Form 10-K filed by us and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus in deciding whether to purchase the notes.

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SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

Our summary historical consolidated financial and operating data set forth below as of and for each of the three years ended December 31, 2011, 2012 and 2013 are derived from our audited consolidated financial statements incorporated by reference herein. Our summary historical consolidated financial and operating data set forth below as of and for each of the two years ended December 31, 2009 and 2010 are derived from our audited consolidated financial statements not included or incorporated by reference herein. You should also read our historical financial statements and related notes in our annual report on Form 10-K for the year ended December 31, 2013, as well as the section of our Annual Report on Form 10-K for the year ended December 31, 2013 entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, all of which are incorporated by reference herein.

	Year Ended December 31,				
	2009	2010	2011	2012	2013
	(in thousands, except per share amounts and other data)				
Consolidated Statements of Operation:					
Total revenues	$ 570,585	$ 527,710	$ 605,197	$ 686,572	$ 708,645
Selling, general and administrative expenses	46,016	45,774	45,953	48,370	53,436
Depreciation	209,481	220,476	242,103	269,920	284,924
Interest, net	169,810	178,262	204,150	222,808	243,757
Net income	102,492	65,816	124,270	32,868	29,781
Earnings per common share Basic:					
Net income	$ 1.29	$ 0.83	$ 1.64	$ 0.46	$ 0.40
Earnings per common share Diluted:					
Net income	$ 1.29	$ 0.83	$ 1.64	$ 0.46	$ 0.40
Cash dividends declared per share	$ 0.40	$ 0.40	$ 0.50	$ 0.615	$ 0.695
Other Operating Data:					
EBITDA(1)	$ 501,672	$ 491,231	$ 594,800	$ 546,285	$ 600,088
Adjusted EBITDA(1)	529,792	506,942	607,870	647,622	717,209
Adjusted net income(2)	117,788	82,461	144,963	57,009	59,260
Consolidated Statements of Cash Flows:					
Cash flows provided by operations	$ 327,641	$ 356,530	$ 359,377	$ 427,277	$ 424,037
Cash flows used in investing activities	(269,434)	(541,115)	(445,420)	(741,909)	(682,933)
Cash flows provided by financing activities	3,512	281,876	141,608	637,327	295,292
Consolidated Balance Sheet Data (end of period):					

Cash and cash equivalents	$ 142,666	$ 239,957	$ 295,522	$ 618,217	$ 654,613
Flight equipment held for lease, net of accumulated depreciation	3,812,970	4,065,780	4,387,986	4,662,661	5,044,410
Net investment in finance leases				119,951	145,173
Total assets	4,454,512	4,859,059	5,224,459	5,812,160	6,251,893
Borrowings under Senior Notes, securitizations and term debt financings	2,464,560	2,707,958	2,986,516	3,598,676	3,737,362
Shareholders equity	1,291,237	1,342,718	1,404,608	1,415,626	1,645,407
Other Data:					
Number of Aircraft (at the end of period)	129	136	144	159	162
Total debt to total capitalization	65.6%	66.9%	68.0%	71.8%	69.4%

(1) EBITDA and Adjusted EBITDA are measures of operating performance that are not calculated in accordance with US GAAP. EBITDA and Adjusted EBITDA should not be considered as substitutes for net income (loss), income (loss) from operations or cash flows provided by or used in operations, as determined in accordance with US GAAP. EBITDA and Adjusted EBITDA are key measures of our operating performance used by management to focus on consolidated operating performance exclusive of income and expense that relate to the financing and capitalization of the business.

We define EBITDA as income (loss) from continuing operations before income taxes, interest expense and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-GAAP measure is helpful in identifying trends in our performance. This measure provides an assessment of controllable

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expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieve optimal financial performance. It provides an indicator for management to determine if adjustments to current spending decisions are needed. EBITDA provides us with a measure of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges on our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results.

Adjusted EBITDA for purposes of this table is calculated in accordance with the calculation of EBITDA as that term will be defined in the indenture governing the notes. Adjusted EBITDA is defined as net income (loss) plus net interest expense, income tax expense (benefit) and depreciation and amortization, further adjusted to give effect to adjustments required in calculating covenant ratios and compliance under the notes. Adjusted EBITDA is a material component of these covenants. While the determination of required adjustments to net income (loss) is subject to interpretation and requires judgment, we believe the adjustments listed below are in accordance with the covenants discussed above.

The table below shows the reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the years ended December 31, 2009, 2010, 2011, 2012 and 2013.

	Year Ended December 31,				
	2009	**2010**	**2011**	**2012**	**2013**
			(in thousands)		
Net income	$ 102,492	$ 65,816	$ 124,270	$ 32,868	$ 29,781
Depreciation	209,481	220,476	242,103	269,920	284,924
Amortization of net lease premiums (discounts) and lease incentives	11,229	20,081	16,445	12,844	32,411
Interest, net	169,810	178,262	204,150	222,808	243,757
Income tax provision	8,660	6,596	7,832	7,845	9,215
EBITDA	$ 501,672	$ 491,231	$ 594,800	$ 546,285	$ 600,088
Impairment of aircraft	18,211	7,342	6,436	96,454	117,306
Non-cash share based payment expense	6,868	7,509	5,786	4,232	4,569
Loss (gain) on mark to market of interest rate derivative contracts	(959)	860	848	(597)	(4,754)
Contract termination expense	4,000			1,248	
Adjusted EBITDA	$ 529,792	$ 506,942	$ 607,870	$ 647,622	$ 717,209

(2) Management believes that Adjusted Net Income (ANI), when viewed in conjunction with our results under US GAAP and the below reconciliation, provides useful information about operating and period-over-period performance, and provides additional information that is useful for evaluating the underlying operating performance of our business without regard to periodic reporting elements related to interest rate derivative accounting and gains or losses related to flight equipment and debt investments.

The table below shows the reconciliation of net income (loss) to ANI for the years ended December 31, 2009, 2010, 2011, 2012 and 2013.

	Year Ended December 31,				
	2009	2010	2011	2012	2013
	(in thousands)				
Net income	$ 102,492	$ 65,816	$ 124,270	$ 32,868	$ 29,781
Ineffective portion and termination of cash flow hedges(1)	5,387	5,805	8,407	2,893	2,393
Mark to market of interest rate derivative contracts(2)	(959)	860	848	(597)	(4,754)
Loan termination payment(1)			3,196		2,954
Write-off of deferred financing fees(1)		2,471	2,456	3,034	3,975
Stock compensation expense(3)	6,868	7,509	5,786	4,232	