

Aircastle LTD  
Form 10-Q  
August 07, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**  
For the quarterly period ended **June 30, 2009**

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

**Bermuda**  
(State or other jurisdiction of incorporation or  
organization)

**98-0444035**  
(IRS Employer Identification No.)

**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**

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. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(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

As of July 31, 2009, there were 79,234,663 outstanding shares of the registrant's common shares, par value \$0.01 per share.

**Aircastle Limited and Subsidiaries  
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**Aircastle Limited and Subsidiaries**  
**Consolidated Balance Sheets**  
(Dollars in thousands, except share data)

	<b>December 31, 2008</b>	<b>June 30, 2009 (Unaudited)</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 80,947	\$ 95,785
Accounts receivable	3,161	5,597
Debt investments	14,349	13,691
Restricted cash and cash equivalents	182,623	199,377
Restricted liquidity facility collateral		81,186
Flight equipment held for lease, net of accumulated depreciation of \$371,591 and \$474,350	3,837,543	3,832,039
Aircraft purchase deposits and progress payments	68,923	107,357
Leasehold improvements, furnishings and equipment, net of accumulated depreciation of \$1,999 and \$2,240	1,174	1,016
Other assets	62,852	82,648
<b>Total assets</b>	<b>\$ 4,251,572</b>	<b>\$ 4,418,696</b>
 <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>LIABILITIES</b>		
Borrowings from securitizations and term debt financings	\$ 2,476,296	\$ 2,481,365
Accounts payable, accrued expenses and other liabilities	60,789	62,269
Dividends payable	7,862	7,923
Lease rentals received in advance	28,463	27,235
Liquidity facility		81,186
Security deposits	65,307	94,837
Maintenance payments	224,288	241,074
Fair value of derivative liabilities	276,401	191,411
<b>Total liabilities</b>	<b>3,139,406</b>	<b>3,187,300</b>
 Commitments and Contingencies		
<b>SHAREHOLDERS EQUITY</b>		
Preference shares, \$.01 par value, 50,000,000 shares authorized, no shares issued and outstanding		
Common shares, \$.01 par value, 250,000,000 shares authorized, 78,620,320 shares issued and outstanding at December 31, 2008; and 79,234,663 shares issued and outstanding at June 30, 2009	786	792
Additional paid-in capital	1,474,455	1,476,533

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Retained earnings (deficit)	(473)	29,723
Accumulated other comprehensive loss	(362,602)	(275,652)
Total shareholders' equity	1,112,166	1,231,396
Total liabilities and shareholders' equity	\$ 4,251,572	\$ 4,418,696

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

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
<b>Revenues:</b>				
Lease rental revenue	\$ 137,647	\$ 129,406	\$ 268,628	\$ 255,400
Amortization of net lease discounts and lease incentives	2,502	(2,810)	5,148	(3,927)
Maintenance revenue	4,142	9,637	4,142	16,240
Total lease rentals	144,291	136,233	277,918	267,713
Interest income	614	594	1,905	1,227
Other revenue	490	86	528	111
Total revenues	145,395	136,913	280,351	269,051
<b>Expenses:</b>				
Depreciation	51,605	51,688	99,820	103,249
Interest, net	51,319	41,482	92,330	84,893
Selling, general and administrative (including non-cash share based payment expense of \$1,615 and \$1,729 for the three months ended, and \$3,213 and \$3,387 for the six months ended June 30, 2008 and 2009, respectively)	11,354	11,122	22,843	22,217
Maintenance and other costs	597	4,502	1,242	10,278
Total expenses	114,875	108,794	216,235	220,637
<b>Other income:</b>				
Gain on sale of aircraft	5,126		5,126	
Other	1,328	1,501	1,083	1,593
Total other income	6,454	1,501	6,209	1,593
Income from continuing operations before income taxes	36,974	29,620	70,325	50,007
Income tax provision	1,633	2,049	3,347	3,965
Net income	\$ 35,341	\$ 27,571	\$ 66,978	\$ 46,042
Earnings per common share Basic	\$ 0.45	\$ 0.35	\$ 0.85	\$ 0.58

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Earnings per common share	Diluted	\$ 0.45	\$ 0.35	\$ 0.85	\$ 0.58
Dividends declared per share		\$ 0.25	\$ 0.10	\$ 0.50	\$ 0.20

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

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**Aircastle Limited and Subsidiaries  
Consolidated Statements of Cash Flows  
(Dollars in thousands)  
(Unaudited)**

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2008</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Net income		\$ 66,978