Aircastle LTD
Form 424B4
May 18, 2018
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**Filed pursuant to Rule 424(b)(4)**

**Registration No. 333-224813**

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee(1) |
|---|---|---|---|---|
| Common Shares, par value $0.01 per share | 7,887,029 | $21.50 | $169,571,123.50 | $21,111.60 |

(1) Calculated in accordance with Rule 456(b) and 457(r) of the Securities Act of 1933, as amended.

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**Prospectus Supplement to Prospectus dated May 9, 2018**

**7,887,029 Shares**

**Aircastle Limited**

**Common Shares**

Ontario Teachers Pension Plan Board (the Selling Shareholder ) is offering 7,887,029 of our common shares by this prospectus supplement and the accompanying prospectus. Immediately after completion of this offering, the Selling Shareholder will own none of our issued and outstanding common shares. Our common shares are listed on the New York Stock Exchange ( NYSE ) under the symbol AYR. On May 15, 2018, the last reported sale price of our common shares on the NYSE was $22.80 per share.

The Selling Shareholder will receive all of the net proceeds from the sale of the common shares in this offering. We will not receive any of the proceeds from the sale of the common shares by the Selling Shareholder.

*Investing in our common shares involves risks. See Risk Factors beginning on page S-12 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, 2017.*

**Neither the Securities and Exchange Commission ( SEC ), 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 Share | Total |
|---|---|---|
| Public offering price | $ 21.50 | $ 169,571,123.50 |
| Underwriting discount | $ 0.27 | $ 2,129,497.83 |
| Proceeds, before expenses, to the Selling Shareholder | $ 21.23 | $ 167,441,625.67 |

The underwriters expect to deliver the common shares against payment in book-entry form through The Depository Trust Company ( DTC ) on or about May 18, 2018.

*Joint Book-Running Managers*

**Goldman Sachs & Co. LLC** **Citigroup**

**Prospectus Supplement dated May 16, 2018**

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**This prospectus supplement and the accompanying prospectus are part of a shelf registration statement that we filed with the SEC. Under this shelf registration process, we and the Selling Shareholder may sell the securities described in the accompanying prospectus at our or its 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 this prospectus supplement, 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 common shares. 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.**

**This prospectus supplement, the accompanying prospectus and any free writing prospectus that we prepare or authorize, contain and incorporate by reference information that you should consider when making your investment decision. We, the Selling Shareholder, the underwriters and their respective affiliates and agents have not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Selling Shareholder, the underwriters and their respective affiliates and agents are offering to sell, and seeking offers to buy, these securities only in jurisdictions where the offers and sales are permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus or any 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 us and the terms of this offering and our common shares, including the merits and risks involved.**

**We, the Selling Shareholder, the underwriters and their respective affiliates and agents are not making any representation to any purchaser of our common shares regarding the legality of the purchaser s investment in our common shares. 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 our common shares.**

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## FORWARD-LOOKING STATEMENTS

All statements included or incorporated by reference in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, other than characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not necessarily limited to, statements relating to our ability to acquire, sell, lease or finance aircraft, raise capital, pay dividends, and increase revenues, earnings, EBITDA, Adjusted EBITDA and Adjusted Net Income and the global aviation industry and aircraft leasing sector. Words such as anticipates, expects, intends, plans, projects, believes, may, will, should, seeks, estimates and variations on these words and similar expressions are intended to identify such forward-looking statements. These statements are based on our historical performance and that of our subsidiaries and on our current plans, estimates and expectations and are subject to a number of factors that could lead to actual results to be materially different from those described in the forward-looking statements; we can give no assurance that our expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein or therein which are subject to certain risks and uncertainties that could cause actual results to differ materially from our expectations. These risks or uncertainties include, but are not limited to, those described under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 that is incorporated by reference in this prospectus supplement and the accompanying prospectus. In addition, new risks and uncertainties emerge from time to time, and it is not possible for us to predict or assess the impact of every factor that may cause our actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of the document in which the statements are contained. We expressly disclaim any obligation to revise or update publicly any forward-looking statement contained herein, in the accompanying prospectus or in the documents incorporated by reference herein or therein to reflect future events or circumstances.

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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 to airlines throughout the world. As of March 31, 2018, we owned and managed on behalf of our joint ventures 234 aircraft leased to 81 lessees located in 44 countries. Our aircraft are managed by an experienced team based in the United States, Ireland and Singapore. Our aircraft are subject to net leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs. In many cases, however, we are obligated to pay a portion of specified maintenance or modification costs. As of March 31, 2018, the net book value (including flight equipment held for lease and net investment in finance and sales-type leases, or net book value ) was $6.68 billion compared to $6.73 billion at the end of 2017. Our revenues and net income were $796.6 million and $147.9 million, respectively, for the year ended December 31, 2017 and $202.7 million and $57.5 million, respectively, for the three months ended March 31, 2018.

### Our Industry

Growth in commercial air traffic is broadly correlated with world economic activity. In recent years, commercial air traffic growth has expanded at a rate 1.5 to 2 times that of global GDP growth. The expansion of air travel has driven an increase in the world aircraft fleet. There are approximately 21,000 commercial mainline passenger and freighter aircraft in current operation worldwide. This fleet is expected to continue expanding at three to four percent average annual rate over the next twenty years. Aircraft leasing companies own approximately 42% of the world s commercial jet aircraft.

Notwithstanding the sector s long-term growth, the aviation market has been, and is expected to remain, subject to economic variability due to changes in macroeconomic variables, such as fuel price levels and foreign exchange rates. The aviation industry is also susceptible to external shocks, such as regional conflicts and terrorist events. Mitigating this risk is the portability of the assets, allowing aircraft to be redeployed to locations where demand is higher.

Air traffic data for the past several years has shown strong passenger market growth. According to the International Air Transport Association, global passenger traffic increased 7.6% during 2017 compared to 2016 and 7.2% during the first three months of 2018 compared to the same period in 2017. Air cargo traffic increased 9.0% during 2017 compared to 2016 and 5.4% during the first three months of 2018 compared to the same period in 2017.

Demand for air travel varies considerably by region. Emerging market economies have generally been experiencing greater increases in air traffic, driven by rising levels of per capita income. Air traffic growth is also

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being driven by the proliferation of low cost carriers, which have stimulated demand through lower prices. Mature markets, such as North America and Western Europe, are likely to grow more slowly in tandem with their economies. Airlines operating in areas with political instability or weakening economies are under pressure, and their near-term outlook is more uncertain. On balance, we believe air travel will increase over time and, as a result, we expect demand for modern aircraft will continue to remain strong over the long-term.

Fuel prices and interest rates have had a substantial effect on our industry. The price of oil dropped from $103 to $36 per barrel in the four years prior to December 2015. This allowed airlines to reduce ticket prices and stimulate aircraft traffic while retaining enough of this benefit to achieve record profit levels. A low interest rate environment and the strong overall performance of the aircraft financing sector attracted significant new capital, increasing competition for new investments. The downward trend in fuel prices and interest rates appears to have ended as fuel prices started rising in 2016. In 2018, the price of fuel has averaged approximately $65 per barrel. Likewise, interest rates have started to rise in the U.S., with Federal Reserve guidance suggesting multiple future rate hikes in the Federal Funds rate in 2018.

Capital availability for aircraft has varied over time, and we consider this variability to be a basic characteristic of our business. If pursued properly, this represents an important source of opportunity. Strong U.S. debt capital market conditions benefit borrowers by permitting access to financing at historic lows while export credit agency availability has been curtailed, both in the U.S. and in Europe, due to political issues. Commercial bank debt also continues to play a critical role for aircraft finance.

While financial market conditions remain attractive, geopolitical issues may increase capital costs and limit availability going forward. We believe these market forces should generate attractive additional investment and trading opportunities for which we are well placed to capitalize given our access to different financing sources, our limited capital commitments and our reputation as a reliable trading partner. Over the longer term, our strategy is to achieve an investment grade credit rating, which we believe will reduce our borrowing costs and enable more reliable access to debt capital throughout the business cycle.

## Our Business

We originate acquisitions and sales through well-established relationships with airlines, other aircraft lessors, financial institutions and brokers, as well as other sources. We believe that sourcing such transactions globally through multiple channels provides for a broad and relatively consistent set of opportunities.

Our objective is to develop and maintain a diverse operating lease portfolio. We review our operating lease portfolio to sell aircraft opportunistically, to manage our portfolio diversification and to exit from aircraft investments when we believe selling will achieve better expected risk-adjusted cash flows than reinvesting in and re-leasing the aircraft.

We have an experienced acquisition and sales team based in Stamford, Connecticut; Dublin, Ireland; and Singapore that maintains strong relationships with a wide variety of market participants throughout the world. We believe that our seasoned personnel and extensive industry contacts facilitate our access to acquisition and sales opportunities and that our strong operating track record facilitates our access to debt and equity capital markets.

Potential investments and sales are evaluated by teams comprised of marketing, technical, risk management, finance and legal professionals. These teams consider a variety of aspects before we commit to purchase or sell an aircraft, including price, specification/configuration, age, condition and maintenance history, operating efficiency, lease terms, financial condition and liquidity of the lessee, jurisdiction, industry trends and future

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redeployment potential and values. We believe that utilizing a cross-functional team of experts to consider investment parameters helps us assess more completely the overall risk and return profile of potential acquisitions and helps us move forward expeditiously on letters of intent and acquisition documentation.

Nearly all of our aircraft are contracted on operating leases. Under an operating lease, we retain the benefit, and bear the risk, of re-leasing and of the residual value of the aircraft at the end of the lease. Operating leasing can be an attractive alternative to ownership for an airline because leasing increases an airline s fleet flexibility, requires lower capital commitments, and significantly reduces aircraft residual value risks for the airline. Under an operating lease, the lessee agrees to lease an 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, terminate the lease prior to its expiration. As a percentage of lease rental revenue, our four largest customers, Lion Air, Avianca Brazil, LATAM Airlines Group and South African Airways, accounted for 7%, 7%, 6% and 5%, respectively, for the year ended December 31, 2017.

Each of our leases requires the lessee to pay periodic rentals during the lease term. As of March 31, 2018, rentals on approximately 94% 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. For the remaining leases, rentals are payable on a floating interest-rate basis. Virtually all lease rentals are payable monthly in advance, and all lease rentals are payable in U.S. dollars.

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 deployment, sale or part-out, and to allow for reconfiguration or maintenance lead times where needed. We also take a proactive approach to monitoring the credit quality of our customers, and may seek early return and redeployment of aircraft if we feel that a lessee is unlikely to perform its obligations under a lease. We have invested significant resources in developing and implementing what we consider to be state-of-the-art lease management information systems and processes to enable efficient management of aircraft in our portfolio.

We believe our business approach is differentiated from those of other large leasing companies. Our investment strategy is to seek out the best risk-adjusted return opportunities across the commercial jet market, so our acquisition targets and growth rates will vary with market conditions. We prefer to have capital resources available to capture investment opportunities that arise in the context of changing market circumstances. As such, we limit large, long-term capital commitments and are therefore less reliant on orders for new aircraft from aircraft manufacturers as a source of new investments than many of our competitors.

## Our Strengths

We believe that the following competitive strengths will allow us to capitalize on future growth opportunities in the global aviation industry:

*Diversified Portfolio of Modern Aircraft:* We have a portfolio of modern aircraft that is diversified with respect to lessees, geographic markets, lease maturities and aircraft types. As of March 31, 2018, our aircraft portfolio consisted of 234 aircraft, comprising a variety of aircraft types leased to 81 lessees located in 44 countries and lease expirations for our owned aircraft are well dispersed, with a weighted-average remaining lease term of 4.8 years. This provides 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.

*Flexible, Disciplined Acquisition Approach and Broad Investment Sourcing Network:* Since our formation, we have acquired 434 aircraft for approximately $14.1 billion. Our investment strategy is to seek out the best

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risk-adjusted return opportunities across the commercial jet market, so our acquisition targets vary with market opportunities. We source our acquisitions through well-established relationships with airlines, other aircraft lessors, manufacturers, financial institutions and other aircraft owners. Since our formation in 2004, we built our aircraft portfolio through more than 156 transactions with 89 counterparties.

*Significant Experience in Successfully Selling Aircraft Throughout Their Life Cycle:* Since our formation, we have sold 210 aircraft for approximately $4.9 billion. These sales produced net gains of approximately $291.9 million and involved a wide range of aircraft types and buyers. Our team is adept at managing and executing the sale of aircraft. We sold 142 aircraft that were over fourteen years old at the time of sale; many of these being sold on a part-out disposition basis, where the airframe and engines may be sold to various buyers. We believe our competence in selling older aircraft is an essential portfolio management skill and one of the capabilities that sets us apart from many of our larger competitors.

*Strong Capital Raising Track Record and Access to a Wide Range of Financing Sources:* Aircastle is a publicly listed company, and our shares have traded on the NYSE since 2006. Since our inception in late 2004, we have raised approximately $1.7 billion in equity capital from private and public investors. Our largest shareholder is Marubeni Corporation ( Marubeni ) with whom we maintain a strong, strategic relationship. We have also obtained approximately $13.4 billion in debt capital from a variety of sources including the unsecured bond market, commercial banks, export credit agency-backed debt, and the aircraft securitization market. The diversity and global nature of our financing sources demonstrates our ability to adapt to changing market conditions and seize new opportunities.

*Our Capital Structure is Long-Dated and Provides Investment Flexibility:* Our business is currently financed under debt financings with a weighted-average debt maturity of 3.4 years. We also have $710 million available from unsecured revolving credit facilities that expire in 2019 and 2020, thereby limiting our near-term financial markets exposure. Given our relatively limited future capital commitments, we have the resources to take advantage of future investment opportunities. Our access to the unsecured bond market and our unsecured revolving lines of credit, due to our large unencumbered asset base, allow us to pursue a flexible and opportunistic investment strategy.

*Experienced Management Team with Significant Expertise:* Each member of our management team has more than 20 years of industry experience and we have expertise in the acquisition, leasing, financing, technical management, restructuring/repossession and/or sale of aviation assets. This experience spans several industry cycles and a wide range of business conditions and is global in nature. We believe our management team is highly qualified to manage and grow our aircraft portfolio and to address our long-term capital needs.

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

## Our Strategy

Aircraft owners have benefited from the low interest rate environment in recent years. Particularly strong conditions in the debt capital markets have provided select borrowers, including Aircastle, access to attractively priced, flexible financing. This provides us a competitive advantage over many airlines and lessors that lack similar access. Geopolitical and macroeconomic events may increase the cost of capital and limit its availability in the future, which may provide more attractive investment opportunities for Aircastle.

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We plan to grow our business and profits over the long-term while maintaining a countercyclical orientation, a bias towards limiting long-dated capital commitments and maintaining a conservative and flexible capital structure. Our business strategy entails the following elements:

*Pursuing a Disciplined and Differentiated Investment Strategy.* In our view, values of different aircraft change in different ways over time. We carefully evaluate investments across different aircraft models, ages, lessees and acquisition sources and re-evaluate these choices as market conditions and relative investment values change. We believe the financing flexibility offered through unsecured debt and our team s experience with a wide range of asset types provides us with a competitive advantage. We view orders from equipment manufacturers to be part of our investment opportunity set, but choose to keep our long term capital commitments limited.

*Originating Investments from Many Different Sources Across the Globe.* Our strategy is to seek out worthwhile investments by leveraging our team s wide range of contacts. We utilize a multi-channel approach to sourcing acquisitions and have purchased aircraft from a large number of airlines, lessors, original equipment manufacturers, lenders and other aircraft owners. Since our formation in 2004, we have acquired aircraft from 89 different sellers.

*Selling Assets when Attractive Opportunities Arise.* We sell assets with the aim of realizing profits and reinvesting proceeds when a sale generates the greatest expected cash flow or when 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. Since our formation, we have sold 210 aircraft to 61 buyers.

*Maintaining Efficient Access to Capital from a Wide Set of Sources While Targeting an Investment Grade Credit Rating.* We believe the aircraft investment market is influenced by the business cycle. Our strategy is to increase our purchase activity when prices are low and to emphasize asset sales when competition for assets is high. To implement this approach, we believe it is important to maintain access to a wide variety of financing sources. Our objective is to improve our corporate credit ratings to an investment grade level by maintaining strong portfolio and capital structure metrics while achieving a critical size through accretive growth. We believe improving our credit rating will not only reduce our borrowing costs but also facilitate more reliable access to both unsecured and secured debt capital throughout the business cycle.

*Leveraging our Strategic Relationships.* We intend to capture the benefits provided through the extensive global contacts and relationships maintained by Marubeni, which is our biggest shareholder and one of the largest Japanese trading companies. Marubeni has enabled greater access to Japanese-based financing and helped source and develop our joint venture with the leasing arm of the Industrial Bank of Japan, Limited. We also have a joint venture with the Selling Shareholder, currently our second largest shareholder as of the date of this prospectus supplement.

*Capturing the Value of our Efficient Operating Platform and Strong Operating Track Record.* We believe our team s capabilities in the global aircraft leasing market places 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.* Aircastle has paid dividends each quarter since our initial public offering in 2006. On May 1, 2018, our Board of Directors ( Board ) declared a regular quarterly dividend of $0.28 per common share to be paid on June 15, 2018 to holders of record on May 31, 2018. These dividends may not be indicative of the amount of any future dividends. See Dividend Policy.

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## Company Information

We are a Bermuda exempted company and were incorporated on October 29, 2004. Our principal executive offices are located at c/o Aircastle Advisor LLC, 201 Tresser Boulevard, Suite 400, Stamford, CT 06901. 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, other than documents that we file with the SEC that are expressly incorporated by reference into this prospectus supplement and 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, 2017, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 and our Current Reports on Form 8-K. See Where You Can Find More Information.

## Recent Developments

Our annual meeting of shareholders will be held on May 18, 2018. As disclosed in our definitive proxy statement, filed with the SEC on April 3, 2018, shareholders will vote at the annual meeting on, among other things, the approval of amendments to the bye-laws of Aircastle Limited to (i) adopt a majority voting standard in the elections of directors, (ii) amend the advance notice provisions relating to shareholder proposals and director nominations and (iii) modify certain additional provisions to reflect changes in Bermuda law. See Where You Can Find More Information.

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## The Offering

| | |
|---|---|
| Issuer | Aircastle Limited |
| Common Shares Offered by the Selling Shareholder | 7,887,029 shares. |
| Common Shares to be Issued and Outstanding After the Offering | 78,244,038 shares. |
| NYSE Symbol for Common Shares | AYR . |
| Use of Proceeds | The Selling Shareholder will receive all of the net proceeds from the sale of the common shares in this offering. We will not receive any of the proceeds from the sale of the common shares by the Selling Shareholder. See Use of Proceeds. |
| Dividend Policy | On May 1, 2018, our Board declared a regular quarterly dividend of \$0.28 per common share to be paid on June 15, 2018 to holders of record on May 31, 2018. These dividends may not be indicative of the amount of any future dividends. Our ability to pay, maintain or increase cash dividends to our shareholders is subject to the discretion of our Board and will depend on many factors, including our results of operations, financial condition and liquidity; legal restrictions on the payment of dividends, including a statutory dividend test and other limitations under Bermuda law; and general business conditions and other factors that our Board deems relevant. See Dividend Policy. |
| Risk Factors | You should carefully consider the information set forth in the section entitled Risk Factors in our most recent Annual Report on Form 10-K, and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus in deciding whether to purchase our common shares. |

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## Summary Consolidated Financial and Operating Data

Our summary historical consolidated financial and operating data set forth below as of December 31, 2017 and 2016 and for each of the years ended December 31, 2017, 2016 and 2015 is derived from our audited consolidated financial statements incorporated by reference herein. Our summary historical consolidated financial and operating data set forth below as of December 31, 2015, 2014 and 2013 and for each of the years ended December 31, 2014 and 2013 is derived from our audited consolidated financial statements not included or incorporated by reference herein.

Our summary historical consolidated financial and operating data set forth below for the three months ended March 31, 2018 and 2017 is derived from our unaudited consolidated financial statements incorporated by reference herein. Our summary historical consolidated balance sheet data as of March 31, 2017 has been derived from our unaudited consolidated financial statements for the three months then ended, which are not incorporated by reference herein. Our unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, including normal recurring items, which are necessary to present fairly the results for interim periods. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the entire year.

You should also read Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2017 and Management s Discussion and Analysis of Financial Condition and Results of Operations and our unaudited consolidated financial statements and related notes in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, each of which is incorporated by reference herein.

| | Three Months Ended March 31, | | Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2017** | **2016** | **2015** | **2014** | **2013** |
| | (dollars in thousands, except per share amounts) | | | | | | |
| **Consolidated Statements of Operation:** | | | | | | | |
| Lease rental revenue | $ 177,483 | $ 190,586 | $ 721,302 | $ 725,220 | $ 733,417 | $ 714,654 | $ 644,929 |
| Total revenues | 202,680 | 205,032 | 796,620 | 772,958 | 819,202 | 818,602 | 708,645 |
| Selling, general and administrative expenses | 17,835 | 16,167 | 73,604 | 61,872 | 56,198 | 55,773 | 53,436 |
| Depreciation | 75,002 | 79,174 | 298,664 | 305,216 | 318,783 | 299,365 | 284,924 |
| Interest, net | 57,108 | 63,068 | 241,231 | 255,660 | 243,577 | 238,378 | 243,757 |
| Net income | 57,547 | 42,439 | 147,874 | 151,453 | 121,729 | 100,828 | 29,781 |
| Earnings per common share Basic: Net income | $ 0.73 | $ 0.54 | $ 1.88 | $ 1.92 | $ 1.50 | $ 1.25 | $ 0.40 |
| Earnings per common share Diluted: Net income | $ 0.73 | $ 0.54 | $ 1.87 | $ 1.92 | $ 1.50 | $ 1.25 | $ 0.40 |
| Cash dividends declared per share | $ 0.28 | $ 0.26 | $ 1.06 | $ 0.98 | $ 0.90 | $ 0.82 | $ 0.695 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Other Operating Data:** | | | | | | | |
| EBITDA(1)(3) | $ 191,941 | $ 189,639 | $ 705,525 | $ 734,989 | $ 707,524 | $ 658,606 | $ 600,088 |
| Adjusted EBITDA(1)(3) | 191,145 | 193,391 | 801,584 | 767,953 | 832,105 | 792,283 | 717,209 |
| Adjusted net income(2)(3) | 56,751 | 45,691 | 169,566 | 168,527 | 142,271 | 167,642 | 59,260 |
| **Consolidated Statements of Cash Flows:** | | | | | | | |
| Cash flows provided by operations | $ 142,412 | $ 131,576 | $ 490,871 | $ 468,092 | $ 526,285 | $ 458,786 | $ 424,037 |
| Cash flows used in investing activities | (44,119) | (157,252) | (517,107) | (663,155) | (847,662) | (861,602) | (682,933) |
| Cash flows provided by (used in) financing activities | (99,811) | 439,471 | (248,724) | 449,839 | 306,878 | (106,030) | 306,123 |

| | Three Months Ended March 31, | | Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | (dollars in thousands, except per share amounts) | | | | | | |
| **Consolidated Balance Sheet Data (end of period):** | | | | | | | |
| Cash and cash equivalents | $ 210,815 | $ 871,858 | $ 211,922 | $ 455,579 | $ 155,904 | $ 169,656 | $ 654,613 |
| Flight equipment held for lease, net of accumulated depreciation | 6,143,695 | 6,295,690 | 6,188,469 | 6,247,585 | 5,867,062 | 5,579,718 | 5,044,410 |
| Net investment in finance and sales-type leases | 533,373 | 299,969 | 545,750 | 260,853 | 201,211 | 106,651 | 145,173 |
| Total assets | 7,169,099 | 7,740,910 | 7,199,083 | 7,244,665 | 6,569,964 | 6,175,146 | 6,199,429 |
| Borrowings from secured and unsecured financings, net of debt issuance costs | 4,215,413 | 4,971,184 | 4,313,606 | 4,506,245 | 4,041,156 | 3,744,587 | 3,684,897 |
| Shareholders equity | 1,937,454 | 1,856,084 | 1,907,564 | 1,834,314 | 1,779,500 | 1,720,335 | 1,645,407 |
| **Other Data:** | | | | | | | |
| Number of aircraft owned and managed on behalf of our joint ventures (at the end of period) | 234 | 213 | 236 | 206 | 167 | 152 | 162 |
| Total debt to total capitalization | 68.5% | 72.8% | 69.3% | 71.1% | 69.4% | 68.5% | 69.1% |
| Total unencumbered assets | $ 5,515,203 | $ 5,597,196 | $ 5,558,294 | $ 5,069,955 | $ 4,084,134 | $ 3,510,588 | $ 3,309,821 |

(1) EBITDA and Adjusted EBITDA are measures of operating performance that are not calculated in accordance with U.S. generally accepted accounting principles ( U.S. 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 U.S. 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-U.S. GAAP measure is helpful in identifying trends in our performance. This measure provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieving 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. Accordingly, this metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure, or expenses, of the organization. EBITDA is one of the metrics used by senior management and the Board to review the consolidated financial performance of our business.

We define Adjusted EBITDA as EBITDA (as defined above) further adjusted to give effect to adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes. Adjusted EBITDA is a material component of these covenants.

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The table below shows the reconciliation of net income to EBITDA and Adjusted EBITDA for the three months ended March 31, 2018 and 2017 and the years ended December 31, 2017, 2016, 2015, 2014 and 2013.

| | Three Months Ended March 31, | | Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | (Dollars in thousands) | | | | | | |
| Net income | 57,547 | 42,439 | $ 147,874 | $ 151,453 | $ 121,729 | $ 100,828 | |