

Aircastle LTD
Form 424B3
December 17, 2012
Table of Contents

Filed pursuant to Rule 424(b)(3)
Registration No. 333-185359

PROSPECTUS

AIRCASTLE LIMITED

Offer to Exchange

\$500 million aggregate principal amount of 6.25% Senior Notes Due 2019

(CUSIP Nos. 00928Q AH4 and G0129K AE4)

for

\$500 million aggregate principal amount of 6.25% Senior Notes Due 2019

(CUSIP No. 00928QAK7)

that have been registered under the Securities Act of 1933, as amended

We are offering to exchange \$500 million aggregate principal amount of 6.25% Senior Notes Due 2019 (which we refer to as the old notes) for \$500 million aggregate principal amount of 6.25% Senior Notes Due 2019 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended (the Securities Act). When we use the term notes in this prospectus, the term includes the old notes and the new notes.

The exchange offer will expire at 5:00 p.m., New York City time, on January 16, 2013, unless we extend the exchange offer.

Terms of the exchange offer:

We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer.

You may withdraw tenders of old notes at any time prior to the expiration or termination of the exchange offer.

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The terms of the new notes are substantially identical to those of the outstanding old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.

The exchange of old notes for new notes will not be a taxable transaction for U.S. federal income tax purposes. You should see the discussion under the caption "Material Federal Income Tax Considerations" for more information.

We will not receive any proceeds from the exchange offer.

We issued the old notes in a transaction not requiring registration under the Securities Act, and as a result, their transfer is restricted.

We are making the exchange offer to satisfy your registration rights, as a holder of the old notes.

There is no established trading market for the new notes or the old notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the completion of this exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

See Risk Factors beginning on page 8 for a discussion of risks you should consider prior to tendering your outstanding old notes for exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus will be filed with the Registrar of Companies in Bermuda in accordance with Bermuda law. In granting such consent and in accepting this prospectus for filing, 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.

The date of this prospectus is December 17, 2012.

Table of Contents

TABLE OF CONTENTS

<u>SUMMARY</u>	1
<u>SUMMARY DESCRIPTION OF THE EXCHANGE OFFER</u>	2
<u>SUMMARY DESCRIPTION OF THE NOTES</u>	6
<u>RISK FACTORS</u>	8
<u>USE OF PROCEEDS</u>	15
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	16
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	17
<u>THE EXCHANGE OFFER</u>	18
<u>DESCRIPTION OF THE NOTES</u>	25
<u>MATERIAL FEDERAL INCOME TAX CONSIDERATIONS</u>	70
<u>PLAN OF DISTRIBUTION</u>	71
<u>LEGAL MATTERS</u>	72
<u>EXPERTS</u>	72
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	72
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	72

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the Securities and Exchange Commission (the "SEC"). See "Where You Can Find More Information." Copies of these documents, except for certain exhibits and schedules, will be made available to you without charge upon written or oral request to:

Aircastle Limited

c/o Aircastle Advisor LLC

300 First Stamford Place, 5th Floor

Stamford, CT 06902

(203) 504-1020

In order to obtain timely delivery of such materials, you must request information from us no later than five business days prior to the expiration of the exchange offer.

No information in this prospectus constitutes legal, business or tax advice, and you should not consider it as such. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding the exchange offer.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. This prospectus is not an offer to sell or a solicitation of an offer to buy the notes in any jurisdiction or under any circumstances in which the offer or sale is unlawful. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

Table of Contents

SUMMARY

*This summary highlights the information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. You should read the entire prospectus carefully, including the matters discussed in the section entitled **Risk Factors** and the detailed information and financial statements included elsewhere in this prospectus.*

*Unless the context suggests otherwise, references in this prospectus to **Aircastle**, the **Company**, **we**, **us**, and **our** refer to **Aircastle Limited** and its consolidated subsidiaries. All amounts in this prospectus are expressed in U.S. dollars and the financial statements have been prepared in accordance with generally accepted accounting principles in the United States (**GAAP**).*

Our Company

We acquire, lease, and sell high-utility commercial jet aircraft. High-utility aircraft are generally modern and operationally efficient jets with many operators and have long useful lives. As of September 30, 2012, our portfolio consisted of 157 aircraft leased to 68 lessees located in 36 countries. 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 and income from continuing operations for the nine months ended September 30, 2012 were \$510.0 million and \$3.1 million, respectively, and for the year ended December 31, 2011 were \$605.2 million and \$124.3 million, respectively.

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 and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus.

Table of Contents

SUMMARY DESCRIPTION OF THE EXCHANGE OFFER

On November 30, 2012, Aircastle completed the private placement of \$500,000,000 aggregate principal amount of the old notes. As part of that offering, Aircastle entered into a registration rights agreement with the initial purchasers of the old notes, dated as of November 30, 2012, in which it agreed, among other things, to deliver this prospectus to you and to complete an exchange offer for the old notes. Below is a summary of the exchange offer.

Old Notes	\$500 million aggregate principal amount of 6.25% Senior Notes due 2019.
New Notes	Up to \$500 million aggregate principal amount of 6.25% Senior Notes due 2019, the issuance of which has been registered under the Securities Act of 1933. The form and terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
Exchange Offer	We are offering to issue up to \$500 million aggregate principal amount of the new notes in exchange for a like principal amount of the old notes to satisfy our obligations under the registration rights agreement that was executed when the old notes were issued in a transaction in reliance upon the exemption from registration provided by Rule 144A and Regulation S of the Securities Act. Old notes may be tendered in minimum denominations of principal amount of \$2,000 and integral multiples of \$1,000. We will issue the new notes promptly after expiration of the exchange offer. See The Exchange Offer Terms of the Exchange Offer. If all outstanding old notes are tendered for exchange, there will be \$500 million aggregate principal amount of 6.25% Senior Notes due 2019 (that have been registered under the Securities Act) outstanding after this exchange offer.
Expiration Date; Tenders	The exchange offer will expire at 5:00 p.m., New York City time, on January 16, 2013, unless extended by us. By tendering your old notes, you represent to us that: you are not our affiliate, as defined in Rule 405 under the Securities Act; any new notes you receive in the exchange offer are being acquired by you in the ordinary course of your business; neither you nor anyone receiving new notes from you, has any arrangement or understanding with any person to participate in a distribution of the new notes, as defined in the Securities Act; you are not holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering; if you are a broker-dealer that will receive new notes for your own account in exchange for old notes that were acquired by you as a result of your market-making or other trading activities, you will deliver a prospectus in connection with any resale of the new notes you receive. For further information regarding resales of the new notes by participating broker-dealers, see the discussion under the caption Plan of Distribution.

Table of Contents

Withdrawal; Non-Acceptance

You may withdraw any old notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on January 16, 2013. If we decide for any reason not to accept any old notes tendered for exchange, the old notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. In the case of the old notes tendered by book-entry transfer into the exchange agent's account at The Depository Trust Company, any withdrawn or unaccepted old notes will be credited to the tendering holder's account at DTC. For further information regarding the withdrawal of tendered old notes, see *The Exchange Offer Terms of the Exchange Offer; Period for Tendering Old Notes* and the *The Exchange Offer Withdrawal Rights*.

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, which we may waive. See the discussion below under the caption *The Exchange Offer Conditions to the Exchange Offer* for more information regarding the conditions to the exchange offer.

Consequences of Not Exchanging Your Old Notes

If you are eligible to participate in the exchange offer and you do not tender your old notes, you will not have any further registration or exchange rights and your old notes will continue to be subject to transfer restrictions. These transfer restrictions and the availability of the new notes may adversely affect the liquidity of your old notes. See *The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes*.

Procedures for Tendering the

You must do the following on or prior to the expiration or termination of the exchange offer to participate in the exchange offer:

Old Notes

tender your old notes by sending the certificates for your old notes, in proper form for transfer, a properly completed and duly executed letter of transmittal, with any required signature guarantees, and all other documents required by the letter of transmittal, to Wells Fargo Bank, National Association, as exchange agent, at one of the addresses listed below under the caption *The Exchange Offer Exchange Agent*, or

tender your old notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an agent's message instead of the letter of transmittal, to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your old notes in the exchange offer, Wells Fargo Bank, National Association, as exchange agent, must receive a confirmation of book-entry transfer of your old notes into the exchange agent's account at DTC prior to the expiration or termination of the exchange offer. For more information regarding the use of book-entry transfer procedures, including a description of the required agent's message, see the discussion below under the caption *The Exchange Offer Book-Entry Transfers*.

Table of Contents

Special Procedures

for Beneficial Owners

If you are a beneficial owner whose old notes are registered in the name of the broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name the old notes are registered and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, prior to completing and executing the letter of transmittal and delivering your old notes, you must either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name the old notes are registered.

Material Federal

The exchange of the old notes for new notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See the discussion under the caption **Material Federal Income Tax Considerations** for more information regarding the tax consequences to you of the exchange offer.

Income Tax Considerations

Use of Proceeds

We will not receive any proceeds from the exchange offer.

Exchange Agent

Wells Fargo Bank, National Association is the exchange agent for the exchange offer. You can find the address and telephone number of the exchange agent below under the caption **The Exchange Offer Exchange Agent**.

Resales

Based on interpretations by the staff of the Securities and Exchange Commission (**SEC**) as set forth in no-action letters issued to the third parties, we believe that the new notes you receive in the exchange offer may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the new notes if:

you are our affiliate, as defined in Rule 405 under the Securities Act;

you are not acquiring the new notes in the exchange offer in the ordinary course of your business;

you are participating or intend to participate, or have an arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes, you will receive in the exchange offer; or

you are holding old notes that have or are reasonably likely to have the status of an unsold allotment in the initial offering.

If you fall within one of the exceptions listed above, you cannot rely on the applicable interpretations of the staff of the SEC and you must comply with the applicable registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction involving the new notes. See the discussion below under the caption **The Exchange Offer Procedures for Tendering Old Notes** for more information.

Broker-Dealer

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of new notes. This prospectus, as it may be

Table of Contents

amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes which were acquired by such broker-dealer as a result of market making activities or other trading activities. We have agreed that, for a period of 180 days after the completion of this exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Furthermore, a broker-dealer that acquired any of its old notes directly from us:

may not rely on the applicable interpretations of the staff or the SEC's position contained in Exxon Capital Holdings Corp., SEC No-Action Letter (Apr. 13, 1988); Morgan Stanley & Co. Inc., SEC No-Action Letter (June 5, 1991); or Shearman & Sterling, SEC No-Action Letter (July 2, 1993); and

must also be named as a selling security holder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

Table of Contents

SUMMARY DESCRIPTION OF THE NOTES

The terms of the new notes and those of the outstanding old notes are substantially identical, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. When we use the term "notes" in this prospectus, the term includes the old notes and the new notes. For a more detailed description of the new notes, see "Description of the Notes."

Issuer	Aircastle Limited, a Bermuda exempted company.
Notes Offered	Up to \$500 million aggregate principal amount of 6.25% senior notes due 2019.
Maturity Date	December 1, 2019.
Interest Payment Dates	June 1 and December 1, commencing on June 1, 2013. Interest will accrue from November 30, 2012.
Ranking	<p>The notes will be our general unsecured senior indebtedness, respectively, and will:</p> <p style="padding-left: 40px;">rank senior in right of payment to any of our existing and future senior subordinated indebtedness and other obligations that are, by their terms, expressly subordinated in right of payment to the notes;</p> <p style="padding-left: 40px;">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 new 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 and \$300 million aggregate principal amount of 7.625% senior notes due 2020;</p> <p style="padding-left: 40px;">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;</p> <p style="padding-left: 40px;">be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries; and</p> <p style="padding-left: 40px;">not be guaranteed by any of our subsidiaries or any third party.</p>
Optional Redemption	<p>We may redeem the notes, in whole or in part, at any time at the applicable "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.</p> <p>In addition, at any time on or before December 1, 2015, 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 in the "Description of the Notes - Optional Redemption," plus accrued and unpaid interest, if any, to the applicable redemption date.</p>
Change of Control	<p>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."</p>

Table of Contents

Certain Covenants

The indenture governing the notes contains 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;

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 such notes are rated investment grade from both Moody's Investor Service, Inc. and Standard & Poor's.

No Established Trading Market

The new notes generally will be freely transferable but will also be new securities for which there is no established market. Accordingly, a liquid market for the notes may not develop or be maintained. We have not applied, and do not intend to apply, for the listing of the new notes

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on any exchange or automated dealer quotation system.

Risk Factors

Tendering your old notes in the exchange offer involves risks. You should carefully consider the information in the sections entitled **Risk Factors** beginning on page 8 and all the other information included in this prospectus before tendering any old notes.

Table of Contents

RISK FACTORS

You should carefully consider the following risk factors, as well as the risk factors discussed in Part I, Item 1A, Risk Factors, and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our Fiscal 2011 Form 10-K and subsequently filed Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus. See Where You Can Find More Information.

Risks Related to our Substantial Indebtedness

We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business, including our ability to incur additional indebtedness.

As of November 30, 2012, our total indebtedness was approximately \$3.6 billion, which represented approximately 72% of our total capitalization. Our substantial amount of indebtedness increases the possibility that we may be unable to generate sufficient cash to pay, when due, the principal of, interest on or other amounts due with respect to our indebtedness.

Our substantial indebtedness could have important consequences for you, including:

increasing our vulnerability to adverse economic, industry or competitive developments;

requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;

restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;

limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and

limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate, placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

The indenture governing the notes contains a number of restrictions and covenants that, among other things, limit our ability to incur additional indebtedness, make investments, pay dividends or make distributions to our shareholders, grant liens on our assets, sell assets, enter into a new or different line of business, enter into transactions with our affiliates, amalgamate, merge or consolidate with other entities or transfer all or substantially all of our assets, and enter into sale and leaseback transactions. The credit market turmoil could negatively impact our ability to obtain future financing or to refinance our outstanding indebtedness.

Our ability to comply with these restrictions and covenants in the future is uncertain and will be affected by the levels of cash flow from our operations and events or circumstances beyond our control. Our failure to comply with any of the restrictions and covenants under the indenture governing our senior notes could result in a default under the indenture, which could cause all of our existing indebtedness to be immediately due and payable. If our indebtedness is accelerated, we may not be able to repay our indebtedness or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our indebtedness is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected. In addition, complying with these restrictions and covenants may also cause us to take actions that are not favorable to our shareholders and may make it more difficult for us to successfully execute our business plan and compete against companies that are not subject to such restrictions and covenants.

Table of Contents

To service our debt and meet our other cash needs, we will require a significant amount of cash, which may not be available.

Our ability to make payments on, or repay or refinance, our debt, including the notes, and to fund planned capital expenditures, dividends and other cash needs will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in our securitizations and our agreements governing our other debt, including the indenture governing the notes, and other agreements we may enter into in the future. Specifically, we will need to maintain specified financial ratios and satisfy financial condition tests. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our term financing facilities or from other sources in an amount sufficient to pay our debt, including the notes, or to fund our dividends and other liquidity needs.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance the notes or our other indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of the indenture governing the notes and existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

We are dependent upon dividends from our subsidiaries to meet our debt service obligations.

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations will be dependent on receipt of dividends from our direct and indirect subsidiaries. Subject to the restrictions contained in the indenture governing the notes, future borrowings by our subsidiaries may contain restrictions or prohibitions on the payment of dividends by our subsidiaries to us. See Description of the Notes Certain Covenants. In addition, applicable state corporate law may limit the ability of our subsidiaries to pay dividends to us. We cannot assure you that the agreements governing the current and future indebtedness of our subsidiaries, applicable laws or state regulation will permit our subsidiaries to provide us with sufficient dividends, distributions or loans to fund payments on the new notes and existing notes when due.

Each of our securitization transactions provides that all cash flows available after expenses and interest are applied to debt amortization. While we receive modest servicing fees from these subsidiaries, we do not otherwise receive any excess cash flow from the aircraft financed thereunder.

The provisions of our export credit agency (ECA) and other financings require us to comply with minimum net worth tests in order to continue to have access to the cash flow generated by the aircraft subject to those financings. More specifically, our ECA term financings contain a \$500 million minimum net worth covenant and also contain, among other customary provisions, a material adverse change default and cross-default to other ECA- or EXIM-supported financings or our other recourse financings. Our compliance with these tests, and with other covenants in these financings and other aircraft-specific financings, depends upon, among other things, the timely receipt of lease payments from our lessees and upon our overall financial performance

Despite our substantial indebtedness, we or our subsidiaries may still be able to incur significantly more debt, which could exacerbate the risks associated with our substantial indebtedness.

We or our subsidiaries may be able to incur additional indebtedness in the future. The terms of our securitizations, term financing facilities and the indenture governing the notes allow us to incur substantial amounts of additional debt, subject to certain limitations. If additional indebtedness is added to our current debt levels, the related risks we could face would be magnified.

Table of Contents

The agreements governing our debt, including the notes and our securitizations and term financing facilities, contain various covenants that impose restrictions on us that may affect our ability to operate our business and to make payments on the notes.

The agreements governing our debt, including our securitizations and the indenture governing the notes, impose operating and financial restrictions on our activities. These restrictions include compliance with or maintenance of certain financial tests and ratios, including net worth covenants and the maintenance of loan to value and interest coverage ratios, and limit or prohibit our ability to, among other things:

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;

make certain investments;

guarantee other indebtedness without guaranteeing the notes offered hereby;

consolidate, amalgamate, merge, sell or otherwise dispose of certain assets; and

enter into transactions with our affiliates.

These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financing, amalgamation, merger and acquisition and other corporate opportunities.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in our existing or future financing agreements would result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit debt holders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt and to terminate any commitments to lend. Under these circumstances, we might have insufficient funds or other resources to satisfy all our obligations, including our obligations under the notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Risks Related to Our Notes

The notes are not guaranteed by any of our subsidiaries. As a result, the creditors of our subsidiaries have a prior claim, ahead of the notes, on all of our subsidiaries' assets.

Since none of our subsidiaries currently guarantee the notes, creditors of our subsidiaries have a prior claim, ahead of the holders of notes, on the assets of those subsidiaries. In addition, our subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payments. In the event of a bankruptcy,

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liquidation, reorganization or other winding up of any of our subsidiaries, holders of indebtedness and trade creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of our subsidiaries before any assets are made available for distribution to us. Accordingly, there may be insufficient funds to satisfy claims of noteholders.

Table of Contents

The repayment of the notes effectively will be subordinated to substantially all of our existing and future secured debt and the existing and future secured debt of our subsidiaries.

The notes are unsecured obligations. The notes, and any other unsecured debt securities issued by us, effectively will be junior in right of payment to all of our secured indebtedness. In the event of our bankruptcy, or the bankruptcy of our subsidiaries or special purpose vehicles, holders of any secured indebtedness of ours or our subsidiaries will have claims that are prior to the claims of any debt securities issued by us with respect to the value of the assets securing our other indebtedness. As of September 30, 2012, the aggregate carrying value of our and our subsidiaries' indebtedness was approximately \$3.1 billion, including \$1.8 billion of secured debt and the aggregate carrying value of our subsidiaries' indebtedness was approximately \$1.8 billion.

If we defaulted on our obligations under any of our secured debt, our secured lenders could proceed against the collateral granted to them to secure that indebtedness. If any secured indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness or our other indebtedness, including the notes. In addition, upon any distribution of assets pursuant to any liquidation, insolvency, dissolution, reorganization or similar proceeding, the holders of secured indebtedness will be entitled to receive payment in full from the proceeds of the collateral securing our secured indebtedness before the holders of the notes will be entitled to receive any payment with respect thereto. As a result, the holders of the notes may recover proportionally less than the holders of secured indebtedness.

We may be unable to repay or repurchase the notes at maturity.

At maturity, the entire outstanding principal amount of the notes, together with accrued and unpaid interest, will become due and payable. We may not have the funds to fulfill these obligations or the ability to renegotiate these obligations. If upon the maturity date other arrangements prohibit us from repaying the notes, we could try to obtain waivers of such prohibitions under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if we were not able to obtain such waivers or refinance these borrowings, we would be unable to repay the notes.

Unrestricted subsidiaries generally will not be subject to any of the covenants in the indenture and we may not be able to rely on the cash flow or assets of those unrestricted subsidiaries to pay our indebtedness.

Subject to compliance with the restrictive covenants contained in the indenture governing the notes, we will be permitted to designate certain of our subsidiaries as unrestricted subsidiaries. If we designate a subsidiary as an unrestricted subsidiary for purposes of the indenture governing the notes, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries. Unrestricted subsidiaries will generally not be subject to the covenants under the indenture governing the notes. Unrestricted subsidiaries may enter into financing arrangements that limit their ability to make loans or other payments to fund payments in respect of the notes. Accordingly, we may not be able to rely on the cash flow or assets of unrestricted subsidiaries to pay any of our indebtedness, including the notes.

Federal and state fraudulent transfer laws may permit a court to void the notes, subordinate claims in respect of the notes and require noteholders to return payments received and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes could be voided as a fraudulent transfer or conveyance if (1) we issued the notes with the intent of hindering, delaying or defrauding creditors or (2) we received less than reasonably equivalent value or fair consideration in return for issuing the notes and, in the case of (2) only, one of the following is also true at the time thereof:

we were insolvent or rendered insolvent by reason of the issuance of the notes;

Table of Contents

the issuance of the notes left us with an unreasonably small amount of capital to carry on business; or

we intended to, or believed that we would, incur debts beyond our ability to pay such debts as they mature.

Claims described under subparagraph (1) above are generally described as intentional fraudulent conveyances, while those under subparagraph (2) above are constructive fraudulent conveyances. A court would likely find that we did not receive reasonably equivalent value or fair consideration for the notes if we did not substantially benefit directly or indirectly from the issuance of the notes. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or now or antecedent debt is secured or satisfied. To the extent that the fraudulent conveyance analysis turns on insolvency, as with a constructive fraudulent conveyance, the insolvency determination is an intensely factual one, which is supposed to be conducted based on current conditions rather than with the benefit of hindsight. Generally an entity would be considered insolvent if, at the time it incurred indebtedness, insolvency was present based on one of three alternative tests described above. For purposes of evaluating solvency under the first of these tests, a court would evaluate whether the sum of an entity's debts, including contingent liabilities in light of the probabilities of their incurrence, was greater than the fair saleable value of all its assets.

If a court were to find that the issuance of the notes was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or subordinate the notes to presently existing and future indebtedness of us, or require the holders of the notes to repay any amounts received with respect to such notes. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes.

We may not be able to repurchase the notes upon a Change of Control.

Upon the occurrence of a Change of Control, as defined in Description of the Notes Certain Definitions, each holder of notes will have the right to require us to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase. If we experience a Change of Control, we cannot assure you that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could result in defaults under the instruments governing our other indebtedness, including the acceleration of the payment of any borrowings thereunder, and have material adverse consequences for us and the holders of the notes.

In addition, the change of control provisions in the indenture governing the notes may not protect you from certain important corporate events, such as a leveraged recapitalization (which would increase the level of our indebtedness), reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a Change of Control under the indenture governing the notes. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change that constitutes a Change of Control as defined in the indenture governing the notes that would trigger our obligation to repurchase the notes. Therefore, if an event occurs that does not constitute a Change of Control as defined in the indenture governing the notes, we are not required to make an offer to repurchase the notes and you may be required to continue to hold your notes despite the event. See Description of the Notes Repurchase at the Option of Holders Change of Control.

Risks Related to the Exchange Offer

Holders who fail to exchange their old notes will continue to be subject to restrictions on transfer.

If you do not exchange your old notes for new notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your old notes described in the legend on the certificates for your old notes. The

Table of Contents

restrictions on transfer of your old notes arise because we issued the old notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the old notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register the old notes under the Securities Act. In addition, if a large number of old notes are exchanged for new notes and there is only small amount of old notes outstanding, there may not be an active market in the old notes, which may adversely affect the market price and liquidity of the old notes. For further information regarding the consequences of tendering your old notes in the exchange offer, see the discussions below under the captions *The Exchange Offer*, *Consequences of Exchanging or Failing to Exchange Old Notes* and *Material Federal Income Tax Considerations*.

You must comply with the exchange offer procedures in order to receive new, freely tradable new notes.

Delivery of new notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

certificates for old notes or a book-entry confirmation of a book-entry transfer of old notes into the Exchange Agent's account at DTC, New York, New York as depository, including an agent's message (as defined herein) if the tendering holder does not deliver a letter of transmittal;

a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantees, or an agent's message in lieu of the letter of transmittal; and

any other documents required by the letter of transmittal.

Therefore, holders of old notes who would like to tender old notes in exchange for new notes should be sure to allow enough time for the old notes to be delivered on time. We are not required to notify you of defects or irregularities in tenders of old notes for exchange. Old notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. See *The Exchange Offer*, *Procedures for Tendering Old Notes* and *The Exchange Offer*, *Consequences of Exchanging or Failing to Exchange Old Notes*.

An active trading market for the new notes may not develop.

The new notes are a new issue of securities for which there is currently no trading market. We do not intend to apply for listing of the new notes on any securities exchange or to seek approval for quotation through any automated quotation system. Accordingly, there can be no assurance that an active market will develop upon completion of the exchange offer or, if it develops, that such market will be sustained as to the liquidity of any market. If an active market does not develop or is not maintained, the market price and liquidity of the new notes may be adversely affected. In addition, the liquidity of the trading market in the new notes, if it develops, and the market price quoted for the new notes, may be adversely affected by changes in interest rates in the market for high yield securities and by changes in our financial performance or prospects, or the prospects for companies in our industry.

You may not be able to resell notes you receive in the exchange offer without registering those notes or delivering a prospectus.

Based on interpretations by the staff of the SEC in no-action letters, we believe, with respect to notes issued in the exchange offer, that:

holders who are not affiliates of the Company within the meaning of Rule 405 of the Securities Act;

holders who acquire their notes in the ordinary course of business; and

Table of Contents

holders who do not engage in, intend to engage in, or have arrangements to participate in a distribution (within the meaning of the Securities Act) of the notes do not have to comply with the registration and prospectus delivery requirements of the Securities Act. Holders described in the preceding sentence must tell us in writing at our request that they meet these criteria. Holders that do not meet these criteria could not rely on interpretations of the staff of the SEC in no-action letters, and would have to register the notes they receive in the exchange offer and deliver a prospectus for them. In addition, holders that are broker-dealers may be deemed underwriters within the meaning of the Securities Act in connection with any resale of notes acquired in the exchange offer. Holders that are broker-dealers must acknowledge that they acquired their outstanding notes in market-making activities or other trading activities and must deliver a prospectus when they resell the notes they acquire in the exchange offer in order not to be deemed an underwriter.

Table of Contents

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. Any old notes that are properly tendered and exchanged pursuant to the exchange offer will be retired and cancelled.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth information regarding our ratio of earnings to fixed charges for each of the periods shown. For purposes of calculating this ratio, (i) earnings consist of income (loss) from continuing operations before provision (benefit) for income taxes and fixed charges and (ii) fixed charges consist of interest expense, which includes amortization of deferred finance charges, and imputed interest on our lease obligations. The interest component of rent was determined based on an estimate of a reasonable interest factor at the inception of the leases.

		Year Ended December 31,				Nine Months Ended September 30,	
	2007	2008	2009	2010	2011	2011	2012
Ratio of earnings to fixed charges	1.96x	1.53x	1.63x	1.37x	1.58x	1.56x	1.05x

