

AIR LEASE CORP
Form 424B5
April 04, 2016

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Subject to Completion
Preliminary Prospectus Supplement dated April 4, 2016**

PROSPECTUS SUPPLEMENT
(To prospectus dated October 6, 2015)

\$

Air Lease Corporation

% Senior Notes due

We are offering \$ aggregate principal amount of % Senior Notes due , or the notes. We will pay interest on the notes semi annually in arrears on and of each year, beginning on , 2016. The notes will mature on , . We may redeem the notes at our option, in whole or in part, at any time and from time to time, at the redemption price described in this prospectus supplement under "*Description of Notes Optional Redemption.*" If a Change of Control Repurchase Event, as defined herein, occurs, unless we have exercised our option to redeem all of the notes, holders of the notes may require us to repurchase the notes at the price described in this prospectus supplement under "*Description of Notes Repurchase Upon Change of Control Repurchase Event.*"

The notes will be general unsecured senior obligations and rank equally in right of payment with our existing and future unsecured senior indebtedness. The notes will be issued only in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The notes are a new issue of securities with no established trading market. We do not intend to apply to list the notes on any securities exchange or include the notes in any automated quotation system.

Investing in the notes involves risks. See "*Risk Factors*" beginning on page S-6 of this prospectus supplement and those incorporated by reference herein to read about certain factors you should consider before buying the notes.

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

(1) Plus accrued interest from _____, 2016 if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any other regulatory body 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.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on or about _____, 2016 which is the fifth business day following the date of this prospectus supplement.

Joint Book-Running Managers

BofA Merrill Lynch	J.P. Morgan	RBC Capital Markets	SunTrust Robinson Humphrey
BMO Capital Markets	BNP PARIBAS	Citigroup	Deutsche Bank Securities
Lloyds Securities	Mizuho Securities	Morgan Stanley	MUFG
Natixis	Santander	Wells Fargo Securities	

Prospectus Supplement dated _____, 2016.

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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 have not, and the underwriters and their affiliates and agents have not, authorized anyone to provide you with any information or represent anything about us other than what is contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We are not, and the underwriters and their affiliates and agents are not, making any offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by us or on our behalf is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering, the notes and matters relating to us and our financial performance and condition. The second part is the accompanying prospectus, which provides a more general description of the terms and conditions of the various securities we may, from time to time, offer under our registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process, some of which may not apply to this offering. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You also should read and consider the information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and the additional information described under "*Where You Can Find More Information*" on page S-44 of this prospectus supplement and page 2 of the accompanying prospectus.

When this prospectus supplement uses the terms "Company," "ALC," "we," "our" and "us," they refer to Air Lease Corporation and its consolidated subsidiaries unless otherwise stated or the context otherwise requires.

FORWARD-LOOKING STATEMENTS

Statements in this prospectus supplement and the accompanying prospectus, including the documents that are incorporated by reference, that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are based on our current intent, belief and expectations. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends," "seeks" and similar words or phrases. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed in such statements. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of the factors discussed in the section titled "*Risk Factors*" beginning on page S-6 of this prospectus supplement and in our most recent Annual Report on Form 10-K, as revised or supplemented by any subsequent Quarterly Report on Form 10-Q filed with the SEC, and elsewhere in this prospectus supplement, the accompanying prospectus and the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, including the following factors, among others:

our inability to make acquisitions of, or lease, aircraft on favorable terms;

our inability to sell aircraft on favorable terms;

our inability to obtain additional financing on favorable terms, if required, to complete the acquisition of sufficient aircraft as currently contemplated or to fund the operations and growth of our business;

our inability to obtain refinancing prior to the time our debt matures;

impaired financial condition and liquidity of our lessees;

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deterioration of economic conditions in the commercial aviation industry generally;

increased maintenance, operating or other expenses or changes in the timing thereof;

changes in the regulatory environment;

our inability to effectively deploy the net proceeds from our capital raising activities, including from the issue of the notes;
and

potential natural disasters and terrorist attacks and the amount of our insurance coverage, if any, relating thereto.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from our expectations. You are therefore cautioned not to place undue reliance on such statements. Any forward-looking statements are qualified in their entirety by reference to the risk factors discussed throughout this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

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SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary sets forth the material terms of this offering but does not contain all of the information that you should consider before deciding to invest in the notes. You should read the entire prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, carefully before making an investment decision, including the section titled "Risk Factors" beginning on page S-6 of this prospectus supplement and in our Annual Report on Form 10-K incorporated herein by reference.

Air Lease Corporation

Air Lease Corporation is a leading aircraft leasing company that was founded by aircraft leasing industry pioneer, Steven F. Udvar-Házy. We are principally engaged in purchasing new commercial jet transport aircraft directly from aircraft manufacturers, such as The Boeing Company ("Boeing") and Airbus S.A.S. ("Airbus"), and leasing those aircraft to airlines throughout the world. In addition to our leasing activities, we sell aircraft from our operating lease portfolio to third parties, including other leasing companies, financial services companies and airlines. We also provide fleet management services to investors and owners of aircraft portfolios for a management fee. Our operating performance is driven by the growth of our fleet, the terms of our leases, the interest rates on our debt, and the aggregate amount of our indebtedness, supplemented by the gains from our aircraft sales and trading activities and our management fees.

We currently have relationships with over 200 airlines across 70 countries. We operate our business on a global basis, providing aircraft to airline customers in every major geographical region, including markets such as Asia, the Pacific Rim, Latin America, the Middle East, Europe, Africa and North America. Many of these markets are experiencing increased demand for passenger airline travel and have lower market saturation than more mature markets such as the United States and Western Europe. We expect that these markets will also present significant replacement opportunities in upcoming years as many airlines look to replace aging aircraft with new, modern technology, fuel efficient jet aircraft. An important focus of our strategy is meeting the needs of this replacement market. Airlines in some of these markets have fewer financing alternatives, enabling us to command relatively higher lease rates compared to those in more mature markets.

We mitigate the risks of owning and leasing aircraft through careful management and diversification of our leases and lessees by geography, lease term, and aircraft age and type. We believe that diversification of our operating lease portfolio reduces the risks associated with individual lessee defaults and adverse geopolitical and regional economic events. We mitigate the risks associated with cyclical variations in the airline industry by managing customer concentrations and lease maturities in our operating lease portfolio to minimize periods of concentrated lease expirations. In order to maximize residual values and minimize the risk of obsolescence, our strategy is to own an aircraft during the first third of its expected 25 year useful life.

During the year ended December 31, 2015, we purchased and took delivery of 51 aircraft and sold 24 aircraft, ending the year with a total of 240 owned aircraft, all of which were leased, with a net book value of \$10.8 billion. During 2015, we increased our managed fleet by 12 aircraft, ending the year with 29 aircraft in our managed fleet portfolio. We leased and managed aircraft to a globally diversified customer base comprised of 90 airlines in 50 countries. As of December 31, 2015, the weighted average lease term remaining in our operating lease portfolio was 7.2 years and the weighted average age of our fleet was 3.6 years.

All of the aircraft in our fleet were leased as of December 31, 2015. During 2015, we signed lease agreements, letters of intent, and lease extension agreements for 120 aircraft with 46 customers across

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35 countries. As a result, the minimum future rental payments that our airline customers have committed to us have increased to \$20.9 billion from \$16.5 billion in the prior year. This includes \$8.9 billion in contracted minimum rental payments on the 240 aircraft in our existing fleet and \$12.0 billion in minimum future rental payments on the 127 aircraft that we have ordered from the manufacturers for delivery between 2016 and 2021.

During 2015, we entered into definitive agreements and amendments to existing agreements with Airbus and Boeing to purchase 70 additional aircraft. From Airbus, we agreed to purchase 25 A330neo aircraft, 30 A321neo LR aircraft, three A350-900 aircraft, two A320-200 aircraft, one A330-200 aircraft and one A321-200 aircraft. From Boeing, we agreed to purchase eight additional 737-8MAX aircraft. Deliveries of the aircraft are scheduled to commence in 2016 and continue through 2023. As of December 31, 2015, we had, in the aggregate, 389 aircraft on order with Boeing and Airbus for delivery through 2023, with an estimated aggregate purchase price of \$30.7 billion, making us one of the world's largest customers for new commercial jet aircraft.

We finance the purchase of aircraft and our business with available cash balances, internally generated funds, including aircraft sales and trading activities, and debt financings. Our debt financing strategy is focused on raising unsecured debt in the global bank and debt capital markets, with a limited utilization of export credit or secured financing. As of December 31, 2015, we had total debt outstanding of \$7.7 billion, of which 78.7% was at a fixed rate and 88.4% of which was unsecured, with a composite cost of funds of 3.59%.

In 2015, we had total revenues of \$1.22 billion, representing an increase of \$172.3 million, or 16.4%, compared to \$1.05 billion in 2014. Our 2015 revenues are comprised of rental revenues on our operating lease portfolio of \$1.17 billion and aircraft sales, trading and other revenue of \$48.3 million.

Air Lease Corporation is incorporated in Delaware. Our principal executive office is located at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067. Our telephone number is (310) 553-0555 and our website is www.airleasecorp.com. Information included or referred to on, or otherwise accessible through, our website is not intended to form a part of or be incorporated by reference into this prospectus supplement or the accompanying prospectus.

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THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes. As used in this section "Summary The Offering," "the Company," "we," "our," and "us" refer to Air Lease Corporation only and not to its subsidiaries.

Issuer	Air Lease Corporation, a Delaware corporation.
Securities	\$ aggregate principal amount of % Senior Notes due (the "notes").
Maturity	The notes will mature on , .
Offering Price	% of principal amount plus accrued interest, if any, from , 2016.
Interest Rate	% per annum.
Interest Payment Dates	and , commencing , 2016.
Record Payment Dates	Every and preceding each interest payment date.
Optional Redemption	We may redeem the notes at our option, in whole or in part at any time and from time to time, on not less than 30 nor more than 60 days' notice, at the redemption price described in this prospectus supplement under " <i>Description of Notes Optional Redemption.</i> "
Change of Control	If a Change of Control Repurchase Event occurs, unless we have exercised our option to redeem all of the notes (as described in this prospectus supplement under " <i>Description of Notes Optional Redemption</i> "), holders of the notes may require us to repurchase the notes at a specified price. See " <i>Description of Notes Repurchase Upon Change of Control Repurchase Event.</i> "
Ranking	The notes will be our senior unsecured obligations and will: rank senior in right of payment to all of our future subordinated indebtedness; rank equally in right of payment with all of our existing and future senior indebtedness; be effectively subordinated to any of our existing and future secured debt, to the extent of the value of the assets securing such debt; and be structurally subordinated to all of the existing and future indebtedness and other liabilities (including trade payables) of each of our subsidiaries. As of December 31, 2015, we and our subsidiaries had \$7.7 billion of total indebtedness, and we (excluding our subsidiaries) had \$6.9 billion of unsecured indebtedness.

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As of December 31, 2015, assuming the notes had been issued (but without giving effect to the application of the net proceeds we receive from the offering in the manner described under "Use of Proceeds"):

we and our subsidiaries would have had approximately \$ billion of total indebtedness (including the notes) on a consolidated basis;

we (excluding our subsidiaries) would have had approximately \$ billion of unsecured indebtedness (including the notes);

our subsidiaries would have had approximately \$907.9 million of total indebtedness, all of which would have been structurally senior to the notes;

we (excluding our subsidiaries) would have had guaranties of subsidiary indebtedness of approximately \$535.5 million that were secured by pledges of our equity in such subsidiaries, and no other secured indebtedness, and a limited unsecured (10%) guarantee of approximately \$372.4 million of subsidiary indebtedness; and

our subsidiaries would have had commitments of approximately \$377.6 million available to borrow under such subsidiaries' various credit facilities.

Covenants

The supplemental indenture governing the notes will include certain restrictions on liens and mergers, consolidations and transfers of substantially all of our assets. These covenants are subject to important qualifications and exceptions. See "*Description of Notes Certain Covenants*" in this prospectus supplement.

Absence of Public Market for the Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply to list the notes on any securities exchange or include the notes in any automated quotation system. Accordingly, a liquid market for the notes may not develop. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market making with respect to the notes may be discontinued without notice.

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Use of Proceeds	We estimate that the net proceeds from this offering will be approximately \$, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, which may include, among other things, the purchase of commercial aircraft and the repayment of existing indebtedness. Affiliates of the underwriters may receive a portion of the net proceeds to the extent we use net proceeds to repay indebtedness under which certain of the underwriters or their affiliates are lenders. See " <i>Use of Proceeds</i> ."
Form and Denomination	The notes will be issued in fully registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Book-Entry Form	The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee; and these interests may not be exchanged for certificated notes, except in limited circumstances. See " <i>Book-Entry, Delivery and Form</i> ."
Trustee	Deutsche Bank Trust Company Americas.
Governing Law	New York.
Risk Factors	In evaluating an investment in the notes, you should carefully consider, along with the other information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, the specific factors set forth under " <i>Risk Factors</i> " beginning on page S-6 of this prospectus supplement and in our Annual Report on Form 10-K incorporated herein by reference for risks involved with an investment in the notes.

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RISK FACTORS

An investment in the notes involves certain risks. You should carefully consider the risks described below and in the accompanying prospectus, as well as the risk factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially and adversely affect our business, financial condition or results of operations. The trading price of the notes could decline due to any of these risks, and you may lose all or a substantial part of your investment. This prospectus supplement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Unless the context otherwise requires, as used in this "Risk Factors" section, "we," "our," and "us" refer to Air Lease Corporation only and not to its subsidiaries. For purposes of this section, the term "indenture" refers to the indenture, dated October 11, 2012, between us and Deutsche Bank Trust Company Americas, as trustee, together with the supplemental indenture that will establish and govern the terms of the notes offered hereby.

Risks Relating to Our Indebtedness and the Notes

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes.

We and our subsidiaries have, and after the offering of the notes will continue to have, a significant amount of indebtedness. As of December 31, 2015, our total consolidated indebtedness, net of discounts and issuance costs, was approximately \$7.7 billion and we expect this amount to grow as we acquire more aircraft.

Subject to the limits contained in the agreements governing our existing and future indebtedness and the indenture, we may be able to incur substantial additional debt from time to time to finance aircraft, working capital, capital expenditures, investments or acquisitions, and for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our level of debt could have important consequences to the holders of the notes, including the following:

making it more difficult for us to satisfy our obligations with respect to the notes and our other debt;

limiting our ability to obtain additional financing to fund the acquisition of aircraft or for other corporate requirements;

requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for aircraft acquisitions and other general corporate purposes;

increasing our vulnerability to general adverse economic and industry conditions;

exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our various credit facilities, are at variable rates of interest;

limiting our flexibility in planning for and reacting to changes in the aircraft industry;

placing us at a disadvantage compared to other competitors; and

increasing our cost of borrowing.

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In addition, certain agreements governing our existing indebtedness contain financial maintenance covenants that require us to satisfy certain ratios and maintain minimum net worth, and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, may result in the acceleration of some or all our debt, including the notes.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal of, premium, if any, or interest on our indebtedness, including the notes.

As of December 31, 2015, after giving effect to this offering, we would have had approximately \$ billion in consolidated debt outstanding, and we expect this amount to grow as we acquire more aircraft. Unless extended or refinanced, a substantial amount of our outstanding indebtedness may mature or fully amortize before the maturity of the notes offered hereby. If our cash flows and capital resources are insufficient to fund our debt service obligations, and if we are unable to refinance our maturity debt on acceptable terms, we could face substantial liquidity problems and could be forced to reduce or delay aircraft purchases or to dispose of material assets or leases, or seek additional debt or equity capital or to restructure our indebtedness, including the notes. We may not be able to effect timely any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. Certain agreements governing our existing indebtedness restrict our ability to dispose of assets and use the proceeds from those dispositions. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Debt" and " Contractual Obligations" and Note 2 to our Consolidated Financial Statements, each in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated herein by reference.

In addition, we conduct substantially all of our operations through our subsidiaries. None of our subsidiaries will guarantee or otherwise be obligated to pay any of our obligations under the notes. In 2015, our subsidiaries generated substantially all of our consolidated revenue and operating cash flow. As of December 31, 2015, our subsidiaries held 100% of our aircraft assets and had approximately \$907.9 million of total indebtedness, all of which is structurally senior to the notes, and we have provided a limited (10%) unsecured guarantee of approximately \$372.4 million of our subsidiary warehouse facility. Our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose; however, our subsidiaries have covenanted to become guarantors of certain of our other outstanding indebtedness in certain circumstances and may in the future guarantee other indebtedness of ours. Repayment of our indebtedness, including the notes, is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividends, distributions or otherwise. Our subsidiaries may not be able to, or may not be permitted to, make distributions to us sufficient to enable us to make payments in respect of our indebtedness, and to the extent our subsidiaries have provided guarantees of our other indebtedness, the notes will be structurally subordinated to such guaranteed indebtedness. Each subsidiary is a distinct legal entity, and legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the

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notes. For additional risks related to our subsidiaries' ability to make payments and distributions to us, see the risk factor titled "*Certain of our subsidiaries may be restricted in their ability to make distributions to us which would negatively affect our financial condition and cash flow*" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated herein by reference. Also, as of December 31, 2015, we had pledged our interests in our subsidiaries to secure our guarantees of approximately \$535.5 million of subsidiary indebtedness. Any foreclosure on these interests by our lenders could reduce our cash available to pay our obligations under the notes.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under the notes.

If we cannot make scheduled payments on our indebtedness, we will be in default and holders of our debt securities or our lenders, as applicable, may be able to declare such indebtedness to be due and payable, terminate commitments to lend money, foreclose against the assets, if any, securing such indebtedness or pursue other remedies, including potentially forcing us into bankruptcy or liquidation. All of these events could result in you losing your entire investment in the notes.

The limited covenants applicable to the notes may not provide protection against some events or developments that may affect our ability to repay the notes or the trading prices for the notes.

The indenture governing the notes, among other things, does not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

limit our ability to incur indebtedness, including secured indebtedness (subject to compliance with the lien covenant), that is senior to or equal in right of payment to the notes;

limit our subsidiaries' ability to incur secured (subject to compliance with the lien covenant) or unsecured indebtedness, which would be structurally senior to the notes;

restrict our ability to repurchase or prepay our securities; or

restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

For these reasons, you should not consider the lien or merger and consolidation covenants in the indenture as significant factors in evaluating whether to invest in the notes.

Negative changes in our credit ratings may limit our ability to secure financing, increase our borrowing costs and adversely affect the market value and liquidity of your notes.

We are currently subject to periodic review by independent credit rating agencies Standard & Poor's Rating Services ("S&P") and Kroll Bond Ratings ("Kroll"), each of which currently maintains investment grade credit ratings with respect to our company and certain of our debt securities, and we may become subject to periodic review by other independent credit rating agencies in the future. An increase in the level of our outstanding indebtedness, or other events that could have an adverse impact on our business, properties, financial condition, results of operations or prospects, may cause S&P or Kroll, or, in the future, other rating agencies, to downgrade or withdraw our debt credit rating generally, and/or the ratings on the notes, which could adversely impact the trading prices for, and/or the liquidity of, the notes.

The credit ratings assigned to the notes are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of the applicable rating agency at

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the time the rating is issued. We cannot assure you that these credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agency, if, in such rating agency's sole judgment, circumstances so warrant. Ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the trading prices for, or liquidity of, the notes, increase our corporate borrowing costs and limit our access to the capital markets and result in more restrictive covenants in future debt agreements.

The credit ratings assigned to the notes may not reflect all risks of an investment in the notes.

The credit ratings assigned to the notes will reflect the rating agencies' assessments of our ability to make payments on the notes when due. Consequently, real or anticipated changes in these credit ratings will generally affect the market value of the notes. These credit ratings, however, may not reflect the potential impact of risks related to structure, market or other factors related to the value of the notes.

The notes will be effectively subordinated to our secured indebtedness to the extent of the value of the property securing that indebtedness.

The notes will not be secured by any of our or our subsidiaries' assets. As a result, the notes will be effectively subordinated to our and such subsidiary's indebtedness with respect to the assets that secure such indebtedness. As of December 31, 2015, we had guarantees of subsidiary indebtedness of approximately \$535.5 million secured by pledges of the equity of our subsidiaries, and our subsidiaries had approximately \$907.9 million of secured indebtedness outstanding. In addition, we and our subsidiaries may incur additional secured debt in the future. As a result of this effective subordination, upon a default in payment on, or the acceleration of, any of this secured indebtedness, or in the event of bankruptcy, insolvency, liquidation, dissolution or reorganization of our company or any subsidiary or subsidiaries, the proceeds from the sale of assets securing our or our subsidiaries' secured indebtedness or guarantees will only be available to pay obligations on the notes and other senior unsecured obligations after such secured debt has been paid in full. Consequently, the holders of the notes may receive less, ratably, than the holders of secured or guaranteed debt in the event of our or our subsidiaries' bankruptcy, insolvency, liquidation, dissolution or reorganization.

The notes will be structurally subordinated to all obligations of our existing and future subsidiaries.

The notes will not be guaranteed by any of our subsidiaries and our subsidiaries will 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 payment. However, our subsidiaries have covenanted to become guarantors of certain of our other indebtedness in certain circumstances and may in the future guarantee other indebtedness of ours. Accordingly, the notes will be structurally subordinated to all indebtedness and other obligations of any subsidiary, including any guarantees issued by such subsidiaries, such that in the event of bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up of any such subsidiary, all of that subsidiary's creditors (including secured creditors and trade creditors) would be entitled to payment in full out of that subsidiary's assets before we would be entitled to any payment. The indenture does not contain any limitations on the ability of our subsidiaries to incur or guarantee additional indebtedness or the amount of other liabilities, such as trade payables, that may be incurred or guaranteed by these subsidiaries.

In 2015, our subsidiaries generated substantially all of our consolidated revenue and operating cash flow. As of December 31, 2015, our subsidiaries held 100% of our aircraft assets and had approximately \$907.9 million of total indebtedness, all of which is structurally senior to the notes.

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We may not be able to repurchase the notes upon a Change of Control Repurchase Event, and not every change of control or other significant transaction will constitute a Change of Control Repurchase Event.

Upon the occurrence of a Change of Control Repurchase Event, unless we have exercised our right to redeem the notes, each holder of the 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 the date of repurchase. If we experience a Change of Control Repurchase Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes and any other indebtedness that may be required to be repaid or repurchased as a result of such event. Our failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. A default under the indenture could also lead to a default under the agreements governing our existing or future indebtedness. See "*Description of Notes Repurchase Upon Change of Control Repurchase Event.*"

Additionally, under certain of the agreements governing our other indebtedness, a change of control (as defined therein) may constitute an event of default thereunder, but not constitute a Change of Control Repurchase Event with respect to the notes, and may permit the lenders to accelerate the maturity of such indebtedness or may require us to offer to purchase such other indebtedness, often at a premium. In addition, certain important corporate events, such as leveraged recapitalizations, may not, under the indenture, constitute a Change of Control Repurchase Event that would require us to repurchase the notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the notes.

Holders of the notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased has occurred following a sale of "substantially all" of our assets.

One of the circumstances under which a change of control may occur is upon the sale, lease or other transfer of "all or substantially all" of our consolidated assets. There is no precise, established definition of the phrase "substantially all" under applicable law and the interpretation of that phrase will likely depend upon particular facts and circumstances. Accordingly, the ability of a holder of notes to determine that such holder may require us to repurchase its notes as a result of a sale of all or substantially all of our consolidated assets to another person may be uncertain.

An active trading market may not develop for the notes.

The notes will be new issues of securities for which there is no established trading market. We do not intend to apply to list the notes on any securities exchange or include the notes in any automated quotation system. Certain underwriters may make a market in the notes as permitted by applicable laws and regulations. The underwriters have advised us that they intend to make a market in the notes as permitted by applicable laws and regulations. However, the underwriters are not obligated to make a market in the notes and, if commenced, they may discontinue their market-making activities at any time without notice.

Therefore, an active market for the notes may not develop or be maintained, which could adversely affect the market price and liquidity of the notes. In that case, the holders of the notes may not be able to sell their notes at a particular time or at a favorable price. The liquidity of any market for the notes will depend on a number of factors, including but not limited to:

the amount of notes issued;

the number of holders of the notes and their intent to hold notes to maturity or for shorter periods;

our operating performance and financial condition;

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the prospects for companies in our industry generally;

the markets for the notes and similar securities and the state of credit markets generally;

the interest of securities dealers in making a market in the notes; and

prevailing interest rates and yields on alternative investments.

We cannot assure you that an active market for the notes will develop or will continue, if developed.

The market value of the notes may be subject to substantial volatility.

Historically, the debt market has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for the notes may not be free from similar disruptions and any such disruptions could adversely affect the prices at which the holders of notes may sell their notes. As has been evident in connection with the recent turmoil in global financial markets, the debt market can experience sudden and sharp price swings, which can be exacerbated by factors such as (i) large or sustained sales by major investors in debt, (ii) a default by a high-profile issuer or (iii) simply a change in investors' psychology regarding debt.

A real or perceived economic downturn could cause a decline in the market value of the notes. Moreover, if one of the major rating agencies lowers its credit rating on us or the notes, the market value of the notes will likely decline.

Therefore, holders of the notes may be unable to sell their notes at a particular time or, in the event they are able to sell their notes, the price that they receive when they sell may not be favorable.

An increase in interest rates could result in a decrease in the relative value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase the notes and market interest rates increase, the market values of your notes may decline. We cannot predict the future level of market interest rates.

Redemption may adversely affect your return on the notes, and you will have reinvestment risks.

As described under "*Description of Notes - Optional Redemption*," we may redeem the notes at our option, in whole or in part at any time and from time to time, at the redemption price described therein. Consequently, we may choose to redeem your notes at times when prevailing interest rates are lower than the interest rate paid on your notes. As a result, you may not be able to reinvest the redemption proceeds in a comparable debt instrument at an effective interest rate or yield as high as the interest rates or yield on your notes being redeemed.

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USE OF PROCEEDS

We estimate that our net proceeds from this offering will be approximately \$ _____, after deducting the underwriting discount and estimated offering expenses payable by us.

We currently intend to use the net proceeds of this offering for general corporate purposes, which may include, among other things, the purchase of commercial aircraft and the repayment of existing indebtedness. Affiliates of the underwriters may receive a portion of the net proceeds to the extent we use net proceeds to repay indebtedness under which certain of the underwriters or their affiliates are lenders. Pending any specific application, we may temporarily invest funds in short-term investments, including marketable securities.

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CAPITALIZATION

The following table sets forth our unaudited cash and cash equivalents and capitalization as of December 31, 2015:

on an actual basis; and

on an as adjusted basis to reflect the sale of the notes, after deducting the underwriting discount and estimated offering expenses payable by us, but not the application of the net proceeds therefrom. See "*Use of Proceeds*."

You should read the information set forth below in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated herein by reference.

(in thousands, except share amounts)	As of December 31, 2015	
	Actual	As adjusted
Cash and cash equivalents	\$ 156,675	\$
Restricted cash	16,528	16,528
