

WILLIS LEASE FINANCE CORP
Form 10-Q
May 15, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2007

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 0-28774

WILLIS LEASE FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

68-0070656
(IRS Employer Identification No.)

2320 Marinship Way, Suite 300 Sausalito, CA
(Address of principal executive offices)

94965
(Zip Code)

Registrant's telephone number, including area code **(415) 275-5100**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

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Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Title of Each Class	Outstanding at May 11, 2007
Common Stock, \$0.01 Par Value	8,133,918

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES

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Item 1. Consolidated Financial Statements (Unaudited)**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES****Consolidated Balance Sheets
(In thousands, except share data, unaudited)**

	March 31, 2007	As Adjusted December 31, 2006
ASSETS		
Cash and cash equivalents	\$ 1,610	\$ 387
Restricted cash	66,194	72,759
Equipment held for operating lease, less accumulated depreciation of \$117,003 and \$110,410 at March 31, 2007 and December 31, 2006, respectively	628,783	602,278
Equipment held for sale	9,002	9,802
Operating lease related receivable, net of allowances of \$75 and \$86 at March 31, 2007 and December 31, 2006, respectively	4,352	5,002
Notes receivable		12
Investments	10,310	10,602
Assets under derivative instruments	728	1,508
Property, equipment & furnishings, less accumulated depreciation of \$2,135 and \$2,013 at March 31, 2007 and December 31, 2006, respectively	7,156	7,272
Other assets	19,753	20,397
Total assets	\$ 747,888	\$ 730,019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,913	\$ 14,755
Liabilities under derivative instruments	947	96
Deferred income taxes	42,410	40,480
Notes payable, net of discount of \$2,289 and \$2,391 at March 31, 2007 and December 31, 2006, respectively	473,310	465,249
Maintenance reserves	39,870	36,628
Security deposits	5,468	4,848
Unearned lease revenue	4,956	3,961
Total liabilities	580,874	566,017
Shareholders' equity:		
Preferred stock (\$0.01 par value, 5,000,000 shares authorized; 3,475,000 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively)	31,915	31,915
Common stock, (\$0.01 par value, 20,000,000 shares authorized; 8,054,732 and 8,010,299 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively)	81	80
Paid-in capital in excess of par	54,242	53,820
Accumulated other comprehensive loss, net of income tax benefit of \$1,155 and \$558 at March 31, 2007 and December 31, 2006, respectively	(2,001)	(967)
Retained earnings	82,777	79,154
Total shareholders' equity	167,014	164,002
Total liabilities and shareholders' equity	\$ 747,888	\$ 730,019

See accompanying notes to the unaudited consolidated financial statements

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**

Consolidated Statements of Income
(In thousands, except per share data, unaudited)

	Three Months Ended March 31, 2007	As Adjusted 2006
REVENUE		
Lease revenue	\$ 26,674	\$ 32,366
Gain on sale of equipment	61	1,476
Other income	381	4
Total revenue	27,116	33,846
EXPENSES		
Depreciation expense	6,443	6,761
General and administrative	5,897	4,333
Net finance costs:		
Interest expense	8,781	7,096
Interest income	(850)	(629)
Realized and unrealized (gains) and losses on derivative instruments		(153)
Total net finance costs	7,931	6,314
Total expenses	20,271	17,408