

WILLIS LEASE FINANCE CORP
Form 10-Q
August 13, 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 June 30, 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.)

Yes No

Edgar Filing: WILLIS LEASE FINANCE CORP - Form 10-Q

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 August 9, 2007
Common Stock, \$0.01 Par Value	8,171,772

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES

INDEX

PART I FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

Consolidated Balance Sheets as of June 30, 2007 and December 31, 2006

Consolidated Statements of Income for the Three and Six months ended June 30, 2007 and 2006

Consolidated Statements of Shareholders' Equity and Comprehensive Income for the Six months ended June 30, 2007 and 2006

Consolidated Statements of Cash Flows for the Six months ended June 30, 2007 and 2006

Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

PART II. OTHER INFORMATION

Item 5. Exhibits

Item 1. Consolidated Financial Statements (Unaudited)

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Consolidated Balance Sheets**

(In thousands, except share data, unaudited)

	June 30, 2007	As Adjusted December 31, 2006
ASSETS		
Cash and cash equivalents	\$ 2,974	\$ 387
Restricted cash	77,425	72,759
Equipment held for operating lease, less accumulated depreciation of \$122,326 and \$110,410 at June 30, 2007 and December 31, 2006, respectively	643,748	602,278
Equipment held for sale	11,576	9,802
Operating lease related receivable, net of allowances of \$67 and \$86 at June 30, 2007 and December 31, 2006, respectively	3,849	5,002
Notes receivable		12
Investments	10,299	10,602
Assets under derivative instruments	3,368	1,508
Property, equipment & furnishings, less accumulated depreciation of \$2,253 and \$2,013 at June 30, 2007 and December 31, 2006, respectively	7,048	7,272
Other assets	18,578	20,397
Total assets	\$ 778,865	\$ 730,019
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,345	\$ 14,755
Liabilities under derivative instruments		96
Deferred income taxes	46,232	40,480
Notes payable, net of discount of \$2,189 and \$2,391 at June 30, 2007 and December 31, 2006, respectively	495,165	465,249
Maintenance reserves	40,315	36,628
Security deposits	5,149	4,848
Unearned lease revenue	6,032	3,961
Total liabilities	605,238	566,017
Shareholders equity:		
Preferred stock (\$0.01 par value, 5,000,000 shares authorized; 3,475,000 shares issued and outstanding at June 30, 2007 and December 31, 2006, respectively)	31,915	31,915
Common stock, (\$0.01 par value, 22,000,000 shares authorized; 8,142,445 and 8,010,299 shares issued and outstanding at June 30, 2007 and December 31, 2006, respectively)	81	80
Paid-in capital in excess of par	54,969	53,820
Accumulated other comprehensive income/(loss), net of income tax expense/(benefit) of \$158 and (\$558) at June 30, 2007 and December 31, 2006, respectively	273	(967)
Retained earnings	86,389	79,154
Total shareholders equity	173,627	164,002
Total liabilities and shareholders equity	\$ 778,865	\$ 730,019

See accompanying notes to the unaudited consolidated financial statements

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Income**

(In thousands, except share data, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	As Adjusted 2006	2007	As Adjusted 2006
REVENUE				
Lease revenue	\$ 29,604	\$ 22,559	\$ 56,278	\$ 54,925
Gain/(Loss) on sale of leased equipment	1,239	(1,634)	1,300	(158)
Other income	124	2	505	6
Total revenue	30,967	20,927	58,083	54,773
EXPENSES				
Depreciation expense	7,946	7,071	14,389	13,832
Write-down of equipment	2,142		2,142	
General and administrative	5,872	4,628	11,769	8,961
Net finance costs:				