Aircastle LTD
Form 4
April 15, 2014

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
MARUBENI CORP /FI

(Last) (First) (Middle)

4-2 OHTEMACHI 1-CHOME

(Street)

CHIYODA-KU, TOKYO, M0 100-8088

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Aircastle LTD [AYR]

3. Date of Earliest Transaction (Month/Day/Year)
04/11/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
__X__ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
_X_ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares	04/11/2014		P		30,000	A	$ 18.7233 (1)	16,584,333	I	See Footnote (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MARUBENI CORP /FI 4-2 OHTEMACHI 1-CHOME CHIYODA-KU, TOKYO, M0 100-8088	X	X		
Marubeni Aviation Corp 4-2 OHTEMACHI 1-CHOME, CHIYODA-KU, TOKYO, M0 100-8088	X	X		
Marubeni Aviation Holding Cooperatief U.A. HERIKERBERGWEG 238, 1101 CM AMSTERDAM, ZUIDOOST, P7	X	X		

Signatures

/s/ Tadaaki Kurakake, General Manager, Aerospace & Defense Systems Dept., Marubeni Corporation	04/14/2014
**Signature of Reporting Person	Date
/s/ Tadaaki Kurakake, Managing Director, Marubeni Aviation Holding Cooperatief U.A.	04/14/2014
**Signature of Reporting Person	Date
/s/ Tadaaki Kurakake, Director, Marubeni Aviation Corporation	04/14/2014
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	The reported purchases were executed in multiple trades on the open market at a range of prices. The price reported above reflects the average purchase price. Upon request, full information regarding the number of shares and prices at which the transactions were affected can be provided.
(2)	Shares owned directly by Marubeni Aviation Holding Cooperatief U.A.

Remarks:

On August 2, 2013, Ryusuke Konto, Chairman of Marubeni Aerospace Corporation, and Gentaro Toya, Assistant Advisor to t

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Benefit obligation at end of year	$ 52.5	$ 53.2
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 13.2	$ 13.7
Actual return on plan assets	1.3	0.5
Employer contributions	2.8	2.9
Plan participant contributions	0.4	0.5
Benefits paid	(4.3)	(4.4)

Fair value of plan assets at end of year

$ 13.4	$ 13.2

Unfunded status at end of year

$ (39.1)	$ (40.0)

Amounts recognized in the Consolidated Balance Sheets as of 2017 and 2016 year end are as follows:

(Amounts in millions)	2017	2016
Accrued benefits	$ (3.1)	$ (3.3)
Retiree health care benefits	(36.0)	(36.7)

Explanation of Responses:

Net liability	$ (39.1)	$ (40.0)

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Amounts included in Accumulated OCI on the accompanying Consolidated Balance Sheets as of 2017 and 2016 year end are as follows:

(Amounts in millions)	2017	2016
Net gain, net of tax of $2.6 million and $2.9 million, respectively	$ 4.2	$ 4.8

The components of net periodic benefit cost and changes recognized in OCI are as follows:

(Amounts in millions)	2017	2016	2015
Net periodic benefit cost:			
Service cost	$	$ 0.1	$ 0.1
Interest cost	2.1	2.2	2.2
Expected return on plan assets	(0.8)	(0.9)	(1.0)
Amortization of unrecognized (gain) loss	(0.3)	(0.1)	0.3
Net periodic benefit cost	$ 1.0	$ 1.3	$ 1.6
Changes in benefit obligations recognized in OCI, net of tax:			
Net (gain) loss	$ 0.6	$ (0.3)	$ (2.1)

Snap-on expects to recognize $0.3 million of prior unrecognized gains, included in Accumulated OCI on the accompanying 2017 Consolidated Balance Sheet, in net periodic benefit cost during 2018.

The weighted-average discount rate used to determine Snap-on s postretirement health care expense is as follows:

	2017	2016	2015
Discount rate	4.1%	4.1%	3.6%

The weighted-average discount rate used to determine Snap-on s accumulated benefit obligation is as follows:

	2017	2016
Discount rate	3.6%	4.1%

The methodology for selecting the year-end 2017 and 2016 weighted-average discount rate for the company s domestic postretirement plans was to match the plans yearly projected cash flows for benefits and service costs to those of hypothetical bond portfolios using high-quality, AA rated or better, corporate bonds from either Moody s Investors Service or Standard & Poor s credit rating agencies available at the measurement date. As a practical expedient, Snap-on uses the calendar year end as the measurement date for its plans.

For 2018, the actuarial calculations assume a pre-65 health care cost trend rate of 5.8% and a post-65 health care cost trend rate of 6.5%, both decreasing gradually to 4.5% in 2038 and thereafter. As of 2017 year end, a one-percentage-point increase in the health care cost trend rate for future years would increase the accumulated postretirement benefit obligation by approximately $0.6 million and the aggregate of the service cost and interest cost components by less than $0.1 million. Conversely, a one-percentage-point decrease in the health care cost trend rate for future years would decrease the accumulated postretirement benefit obligation by $0.6 million and the aggregate of the service cost and interest rate components by less than $0.1 million.

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Notes to Consolidated Financial Statements (continued)

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

(Amounts in millions)	Amount
Year:	
2018	$ 4.1
2019	4.2
2020	4.3
2021	4.4
2022	4.5
2023-2027	23.0

The objective of the VEBA trust is to achieve net of expense returns that meet or exceed the 6.3% long-term return on plan assets assumption used for reporting purposes. Investments are diversified to attempt to minimize the risk of large losses. Since asset allocation is a key determinant of expected investment returns, assets are periodically rebalanced to the targeted allocation to correct significant deviations from the asset allocation policy that are caused by market fluctuations and cash flow.

The basis for determining the overall expected long-term return on plan assets assumption is a nominal returns forecasting method. For each asset class, future returns are estimated by identifying the premium of riskier asset classes over lower risk alternatives. The methodology constructs expected returns using a building block approach to the individual components of total return. These forecasts are stated in both nominal and real (after inflation) terms. This process first considers the long-term historical return premium based on the longest set of data available for each asset class. These premiums, which are calculated using the geometric mean, are then adjusted based on current relative valuation levels and macro-economic conditions. The asset return assumption is also adjusted by an implicit expense load for estimated administrative and investment-related expenses.

Snap-on s VEBA plan target allocation and actual weighted-average asset allocation by asset category and fair value of plan assets as of 2017 and 2016 year end are as follows:

	Target	2017	2016
Asset category:			
Debt securities and cash and cash equivalents	46%	42%	45%
Equity securities	29%	29%	28%
Hedge funds	25%	29%	27%
Total	100%	100%	100%
Fair value of plan assets *(Amounts in millions)*		$ 13.4	$ 13.2

The fair value measurement hierarchy prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority (Level 1) to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority (Level 3) to unobservable inputs. Fair value measurements primarily based on observable market information are given a Level 2 priority.

Debt securities are valued at quoted per share or unit market prices for which an official close or last trade pricing on an active exchange is available and are categorized as Level 1 in the fair value hierarchy.

Equity securities are valued at the NAV per share or unit multiplied by the number of shares or units held as of the measurement date, as reported by the fund managers. The share or unit price is quoted on a private market and is based on the value of the underlying investments, which are primarily based on observable inputs; such investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

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Hedge funds are stated at the NAV per share or unit (based on the estimated fair market value of the underlying investments) multiplied by the number of shares or units held as of the measurement date, as reported by the fund managers. These investments are measured at fair value using the NAV per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy.

The company regularly reviews fund performance directly with its investment advisor and the fund managers, and performs qualitative analysis to corroborate the reasonableness of the reported NAVs. For funds for which the company did not receive a year-end NAV, the company recorded an estimate of the change in fair value for the latest period based on return estimates and other fund activity obtained from the fund managers.

The columns labeled Investments Measured at NAV in the following tables are measured at fair value using the NAV per share (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit a reconciliation of the fair value hierarchy to the VEBA plan assets.

The following is a summary, by asset category, of the fair value and the level within the fair value hierarchy of the VEBA plan assets as of 2017 year end:

(Amounts in millions)	Quoted Prices for Identical Assets (Level 1)	Investments Measured at NAV	Total
Asset category:			
Cash and cash equivalents	$ 0.2	$	$ 0.2
Debt securities	5.5		5.5
Equity securities		3.8	3.8
Hedge fund		3.9	3.9
Total	$ 5.7	$ 7.7	$ 13.4

The following is a summary, by asset category, of the fair value and the level within the fair value hierarchy of the VEBA plan assets as of 2016 year end:

(Amounts in millions)	Quoted Prices for Identical Assets (Level 1)	Investments Measured at NAV	Total
Asset category:			
Cash and cash equivalents	$ 0.7	$	$ 0.7
Debt securities	5.3		5.3
Equity securities		3.6	3.6
Hedge fund		3.6	3.6

Total	$ 6.0	$ 7.2	$ 13.2

Note 13: Stock-based Compensation and Other Stock Plans

The 2011 Incentive Stock and Awards Plan (the 2011 Plan) provides for the grant of stock options, performance awards, stock appreciation rights (SARs) and restricted stock awards (which may be designated as restricted stock units or RSUs). No further grants are being made under its predecessor, the 2001 Incentive Stock and Awards Plan (the 2001 Plan), although outstanding awards under the 2001 Plan will continue in accordance with their terms. As of 2017 year end, the 2011 Plan had 3,296,859 shares available for future grants. The company uses treasury stock to deliver shares under both the 2001 and 2011 Plans.

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Notes to Consolidated Financial Statements (continued)

Net stock-based compensation expense was $30.3 million in 2017, $31.0 million in 2016 and $39.8 million in 2015. Cash received from stock purchase and option plan exercises was $46.2 million in 2017, $41.8 million in 2016 and $41.6 million in 2015. The tax benefit realized from both the exercise and vesting of share-based payment arrangements was $20.9 million in 2017, $24.8 million in 2016 and $26.4 million in 2015.

Stock Options

Stock options are granted with an exercise price equal to the market value of a share of Snap-on s common stock on the date of grant and have a contractual term of ten years. Stock option grants vest ratably on the first, second and third anniversaries of the date of grant.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes valuation model. The company uses historical data regarding stock option exercise and forfeiture behaviors for different participating groups to estimate the period of time that options granted are expected to be outstanding. Expected volatility is based on the historical volatility of the company s stock for the length of time corresponding to the expected term of the option. The expected dividend yield is based on the company s historical dividend payments. The risk-free interest rate is based on the U.S. treasury yield curve on the grant date for the expected term of the option.

The following weighted-average assumptions were used in calculating the fair value of stock options granted during 2017, 2016 and 2015, using the Black-Scholes valuation model:

	2017	2016	2015
Expected term of option *(in years)*	5.15	5.05	4.76
Expected volatility factor	22.01%	22.17%	24.13%
Expected dividend yield	1.63%	1.77%	2.04%
Risk-free interest rate	1.78%	1.04%	1.38%

A summary of stock option activity during 2017 is presented below:

	Shares *(in thousands)*	Exercise Price per Share*	Remaining Contractual Term* *(in years)*	Aggregate Intrinsic Value *(in millions)*
Outstanding at beginning of year	3,011	$ 100.78		
Granted	655	168.71		
Exercised	(396)	86.29		
Forfeited or expired	(72)	153.53		
Outstanding at end of year	3,198	115.30	6.4	$ 188.7
Exercisable at end of year	1,990	91.27	5.1	165.2

* Weighted-average

The weighted-average grant date fair value of options granted was $31.13 in 2017, $22.99 in 2016 and $25.64 in 2015. The intrinsic value of options exercised was $33.3 million in 2017, $35.2 million in 2016 and $37.6 million in 2015. The fair value of stock options vested was $14.0 million in 2017, $12.7 million in 2016 and $9.9 million in 2015.

As of 2017 year end, there was $19.3 million of unrecognized compensation cost related to non-vested stock options that is expected to be recognized as a charge to earnings over a weighted-average period of 1.5 years.

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Performance Awards

Performance awards, which are granted as performance share units (PSUs) and performance-based RSUs, are earned and expensed using the fair value of the award over a contractual term of three years based on the company s performance. Vesting of the performance awards is dependent upon performance relative to pre-defined goals for revenue growth and return on net assets for the applicable performance period. For performance achieved above specified levels, the recipient may earn additional shares of stock, not to exceed 100% of the number of performance awards initially granted.

The PSUs have a three-year performance period based on the results of the consolidated financial metrics of the company. The performance-based RSUs have a one-year performance period based on the results of the consolidated financial metrics of the company followed by a two-year cliff vesting schedule, assuming continued employment.

The fair value of performance awards is calculated using the market value of a share of Snap-on s common stock on the date of grant and assumed forfeitures based on recent historical experience; in recent years, forfeitures have not been significant. The weighted-average grant date fair value of performance awards granted during 2017, 2016 and 2015 was $168.70, $138.83 and $139.30, respectively. Vested PSUs totaled 50,316 shares as of 2017 year end, 61,149 shares as of 2016 year end and 94,186 shares as of 2015 year end. PSUs related to 60,980 shares, 94,186 shares and 130,764 shares were paid out in 2017, 2016 and 2015, respectively. Earned PSUs are generally paid out following the conclusion of the applicable performance period upon approval by the Organization and Executive Compensation Committee of the company s Board of Directors (the Board).

Based on the company s 2017 performance, 13,648 RSUs granted in 2017 were earned; assuming continued employment, these RSUs will vest at the end of fiscal 2019. Based on the company s 2016 performance, 45,502 RSUs granted in 2016 were earned; assuming continued employment, these RSUs will vest at the end of fiscal 2018. Based on the company s 2015 performance, 64,327 RSUs granted in 2015 were earned; these RSUs vested as of fiscal 2017 year end and were paid out shortly thereafter.

Changes to the company s non-vested performance awards in 2017 are as follows:

	Shares *(in thousands)*	Fair Value Price per Share*
Non-vested performance awards at beginning of year	207	$ 141.94
Granted	77	168.70
Vested	(114)	144.61
Cancellations and other	(38)	159.80
Non-vested performance awards at end of year	132	149.93

* Weighted-average

As of 2017 year end, there was $9.5 million of unrecognized compensation cost related to non-vested performance awards that is expected to be recognized as a charge to earnings over a weighted-average period of 1.6 years.

Stock Appreciation Rights (SARs)

The company also issues stock-settled and cash-settled SARs to certain key non-U.S. employees. SARs have a contractual term of ten years and vest ratably on the first, second and third anniversaries of the date of grant. SARs are granted with an exercise price equal to the market value of a share of Snap-on s common stock on the date of grant.

Stock-settled SARs are accounted for as equity instruments and provide for the issuance of Snap-on common stock equal to the amount by which the company s stock has appreciated over the exercise price. Stock-settled SARs have an effect on dilutive shares and shares outstanding as any appreciation of Snap-on s common stock value over the exercise price will be settled in shares of common stock. Cash-settled SARs provide for the cash payment of the excess of the fair market value of Snap-on s common stock price on the date of exercise over the grant price. Cash-settled SARs have no effect on dilutive shares or shares outstanding as any appreciation of Snap-on s common stock over the grant price is paid in cash and not in common stock.

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Notes to Consolidated Financial Statements (continued)

The fair value of stock-settled SARs is estimated on the date of grant using the Black-Scholes valuation model. The fair value of cash-settled SARs is revalued (mark-to-market) each reporting period using the Black-Scholes valuation model based on Snap-on s period-end stock price. The company uses historical data regarding SARs exercise and forfeiture behaviors for different participating groups to estimate the expected term of the SARs granted based on the period of time that similar instruments granted are expected to be outstanding. Expected volatility is based on the historical volatility of the company s stock for the length of time corresponding to the expected term of the SARs. The expected dividend yield is based on the company s historical dividend payments. The risk-free interest rate is based on the U.S. treasury yield curve in effect as of the grant date (for stock-settled SARs) or reporting date (for cash-settled SARs) for the length of time corresponding to the expected term of the SARs.

The following weighted-average assumptions were used in calculating the fair value of stock-settled SARs granted during 2017, 2016 and 2015, using the Black-Scholes valuation model:

	2017	2016	2015
Expected term of stock-settled SARs *(in years)*	3.99	4.03	4.72
Expected volatility factor	19.39%	20.09%	23.66%
Expected dividend yield	1.46%	1.66%	2.04%
Risk-free interest rate	1.55%	1.11%	1.50%

Changes to the company s stock-settled SARs in 2017 are as follows:

	Stock-settled SARs *(in thousands)*	Exercise Price per Share*	Remaining Contractual Term* *(in years)*	Aggregate Intrinsic Value *(in millions)*
Outstanding at beginning of year	303	$ 125.38		
Granted	100	168.73		
Exercised	(13)	103.16		
Forfeited or expired	(30)	121.53		
Outstanding at end of year	360	138.63	7.6	$ 12.8
Exercisable at end of year	165	119.46	6.6	9.1

* Weighted-average

The weighted-average grant date fair value of stock-settled SARs granted was $24.13 in 2017, $19.47 in 2016 and $25.37 in 2015. The intrinsic value of stock-settled SARs exercised was $0.9 million in 2017, $1.9 million in 2016 and $1.0 million in 2015. The fair value of stock-settled SARs vested was $2.1 million in both 2017 and 2016 and $1.4 million in 2015.

As of 2017 year end there was $2.5 million of unrecognized compensation cost related to non-vested stock-settled SARs that is expected to be recognized as a charge to earnings over a weighted-average period of 1.5 years.

The following weighted-average assumptions were used in calculating the fair value of cash-settled SARs granted during 2017, 2016 and 2015, using the Black-Scholes valuation model:

	2017	2016	2015
Expected term of cash-settled SARs *(in years)*	3.09	3.11	3.10
Expected volatility factor	19.93%	19.53%	18.14%
Expected dividend yield	1.59%	1.56%	1.69%
Risk-free interest rate	1.98%	1.47%	1.31%

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The intrinsic value of cash-settled SARs exercised was $1.6 million in 2017, $3.3 million in 2016 and $11.0 million in 2015. The fair value of cash-settled SARs vested during both 2017 and 2016 was $0.2 million and was $4.6 million in 2015.

Changes to the company s non-vested cash-settled SARs in 2017 are as follows:

	Cash-settled SARs (*in thousands*)	Fair Value Price per Share*
Non-vested cash-settled SARs at beginning of year	7	$ 40.83
Granted	1	26.36
Vested	(3)	46.16
Non-vested cash-settled SARs at end of year	5	35.41

* Weighted-average

As of 2017 year end there was $0.2 million of unrecognized compensation cost related to non-vested cash-settled SARs that is expected to be recognized as a charge to earnings over a weighted-average period of 1.1 years.

Restricted Stock Awards Non-employee Directors

The company awarded 6,966 shares, 7,145 shares and 8,640 shares of restricted stock to non-employee directors in 2017, 2016 and 2015, respectively. The fair value of the restricted stock awards is expensed over a one-year vesting period based on the fair value on the date of grant. All restrictions for the restricted stock generally lapse upon the earlier of the first anniversary of the grant date, the recipient s death or disability or in the event of a change in control, as defined in the 2011 Plan. If termination of the recipient s service occurs prior to the first anniversary of the grant date for any reason other than death or disability, the shares of restricted stock would be forfeited, unless otherwise determined by the Board.

Directors Fee Plan

Under the Directors 1993 Fee Plan, as amended, non-employee directors may elect to receive up to 100% of their fees and retainer in shares of Snap-on s common stock. Directors may elect to defer receipt of all or part of these shares. For 2017, 2016 and 2015, issuances under the Directors Fee Plan totaled 1,800 shares, 2,579 shares and 2,747 shares, respectively, of which 1,312 shares, 2,019 shares and 1,969 shares, respectively, were deferred. As of 2017 year end, shares reserved for issuance to directors under this plan totaled 169,080 shares.

Employee Stock Purchase Plan

Substantially all Snap-on employees in the United States and Canada are eligible to participate in an employee stock purchase plan. The purchase price of the company s common stock to participants is the lesser of the mean of the high and low price of the stock on the beginning date (May 15) or ending date (the following May 14) of each plan year. For 2017, 2016 and 2015, issuances under this plan totaled 26,963 shares, 27,156 shares and 57,324 shares, respectively. As of 2017 year end, shares reserved for issuance under this plan totaled 753,600 shares and Snap-on held participant contributions of approximately $2.5 million. Participants are able to withdraw from the plan at any time prior to the ending date and receive back all contributions made during the plan year. Compensation expense for plan participants was $0.1 million in 2017, zero in 2016 and $2.3 million in 2015.

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Notes to Consolidated Financial Statements (continued)

Franchisee Stock Purchase Plan

All franchisees in the United States and Canada are eligible to participate in a franchisee stock purchase plan. The purchase price of the company s common stock to participants is the lesser of the mean of the high and low price of the stock on the beginning date (May 15) or ending date (the following May 14) of each plan year. For 2017, 2016 and 2015, issuances under this plan totaled 47,314 shares, 42,867 shares and 74,001 shares, respectively. As of 2017 year end, shares reserved for issuance under this plan totaled 566,155 shares and Snap-on held participant contributions of approximately $4.8 million. Participants are able to withdraw from the plan at any time prior to the ending date and receive back all contributions made during the plan year. The company recognized mark-to-market expense of $0.2 million in 2017, a mark-to-market benefit of $0.2 million in 2016, and mark-to-market expense of $2.9 million in 2015.

Note 14: Capital Stock

Snap-on has undertaken repurchases of Snap-on common stock from time to time to offset dilution created by shares issued for employee and franchisee stock purchase plans, stock awards and other corporate purposes. Snap-on repurchased 1,820,000 shares, 758,000 shares and 723,000 shares in 2017, 2016 and 2015, respectively. As of 2017 year end, Snap-on has remaining availability to repurchase up to an additional $390.7 million in common stock pursuant to Board authorizations. The purchase of Snap-on common stock is at the company s discretion, subject to prevailing financial and market conditions.

Cash dividends paid in 2017, 2016 and 2015 totaled $169.4 million, $147.5 million and $127.9 million, respectively. Cash dividends per share in 2017, 2016 and 2015 were $2.95, $2.54 and $2.20, respectively. On February 15, 2018, the company s Board declared a quarterly dividend of $0.82 per share, payable on March 10, 2018, to shareholders of record on February 24, 2018.

Note 15: Commitments and Contingencies

Snap-on leases facilities, office equipment and vehicles under non-cancelable operating and capital leases that extend for varying amounts of time. Snap-on s future minimum lease commitments under these leases, net of sub-lease rental income, are as follows:

(Amounts in millions)	Operating Leases	Capital Leases
Year:		
2018	$ 25.5	$ 3.6
2019	19.6	3.2
2020	14.1	3.0
2021	10.5	2.6
2022	7.2	2.2
2023 and thereafter	7.9	3.5
Total minimum lease payments	$ 84.8	$ 18.1
Less: amount representing interest		(1.2)

Total present value of minimum capital lease payments	$ 16.9

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Amounts included in the accompanying Consolidated Balance Sheets for the present value of minimum capital lease payments as of 2017 year end are as follows:

(Amounts in millions)	2017
Other accrued liabilities	$ 3.2
Other long-term liabilities	13.7
Total present value of minimum capital lease payments	$ 16.9

Rent expense for worldwide facilities, office equipment and vehicles, net of sub-lease rental income, was $35.2 million, $31.2 million and $29.4 million in 2017, 2016 and 2015, respectively.

Snap-on provides product warranties for specific product lines and accrues for estimated future warranty cost in the period in which the sale is recorded. Snap-on calculates its accrual requirements based on historic warranty loss experience that is periodically adjusted for recent actual experience, including the timing of claims during the warranty period and actual costs incurred. Snap-on s product warranty accrual activity for 2017, 2016 and 2015 is as follows:

(Amounts in millions)	2017	2016	2015
Warranty accrual:			
Beginning of year	$ 16.0	$ 16.4	$ 17.3
Additions	15.2	12.8	13.3
Usage	(14.0)	(13.2)	(14.2)
End of year	$ 17.2	$ 16.0	$ 16.4

Approximately 2,700 employees, or 21% of Snap-on s worldwide workforce, are represented by unions and/or covered under collective bargaining agreements. The number of covered union employees whose contracts expire over the next five years approximates 1,450 employees in 2018, 225 employees in 2019, 825 employees in 2020, 125 employees in 2021, and 25 employees in 2022. In recent years, Snap-on has not experienced any significant work slowdowns, stoppages or other labor disruptions.

Snap-on is involved in various legal matters that are being litigated and/or settled in the ordinary course of business. The year ended December 30, 2017, included accruals for $30.9 million related to a judgment in a patent-related litigation matter, as well as $15.0 million related to a judgment in an employment-related litigation matter brought by an individual; both judgments are being appealed.

Although it is not possible to predict the outcome of these and other legal matters, management believes that the results of all legal matters will not have a material impact on Snap-on s consolidated financial position, results of operations or cash flows.

Note 16: Other Income (Expense) Net

Other income (expense) net on the accompanying Consolidated Statements of Earnings consists of the following:

(Amounts in millions)	2017	2016	2015
Interest income	$ 0.3	$ 0.6	$ 0.5
Net foreign exchange loss	(7.0)	(1.3)	(2.7)
Other	(0.5)	0.1	(0.2)
Total other income (expense) net	$ (7.2)	$ (0.6)	$ (2.4)

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Notes to Consolidated Financial Statements (continued)

Note 17: Accumulated Other Comprehensive Income (Loss)

The following is a summary of net changes in Accumulated OCI by component and net of tax for 2017 and 2016:

(Amounts in millions)	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Pension and Postretirement Plans	Total
Balance as of 2015 year end	$ (118.5)	$ 0.7	$ (246.4)	$ (364.2)
Other comprehensive income (loss) before reclassifications	(99.2)	8.8	(62.6)	(153.0)
Amounts reclassified from Accumulated OCI		(0.3)	19.0	18.7
Net other comprehensive income (loss)	(99.2)	8.5	(43.6)	(134.3)
Balance as of 2016 year end	$ (217.7)	$ 9.2	$ (290.0)	$ (498.5)
Other comprehensive income before reclassifications	135.2	6.9	11.8	153.9
Amounts reclassified from Accumulated OCI		(1.6)	17.2	15.6
Net other comprehensive income	135.2	5.3	29.0	169.5
Balance as of 2017 year end	$ (82.5)	$ 14.5	$ (261.0)	$ (329.0)

The reclassifications out of Accumulated OCI in 2017 and 2016 are as follows:

(Amounts in millions)	Amounts Reclassified from Accumulated OCI 2017	2016	Statement of Earnings Presentation
Gains on cash flow hedges:			
Treasury locks	$ 1.6	$ 0.3	Interest expense
Income tax expense			Income tax expense
Net of tax	1.6	0.3	
Amortization of net unrecognized losses and prior service credits	(26.6)	(30.1)	See footnote below*
Income tax benefit	9.4	11.1	Income tax expense
Net of tax	(17.2)	(19.0)	

Total reclassifications for the period, net of tax	$ (15.6)	$ (18.7)

* These Accumulated OCI components are included in the computation of net periodic pension and postretirement health care costs; see Note 11 and Note 12 for further information.

Note 18: Segments

Snap-on s business segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. Snap-on s reportable business segments are: (i) the Commercial & Industrial Group; (ii) the Snap-on Tools Group; (iii) the Repair Systems & Information Group; and (iv) Financial Services. The Commercial & Industrial Group consists of business operations serving a broad range of industrial and commercial customers worldwide, including customers in the aerospace, natural resources, government, power generation, transportation and technical education market segments (collectively, critical industries), primarily through direct and distributor channels. The Snap-on Tools Group consists of business operations primarily serving vehicle service and repair technicians through the company s worldwide mobile tool distribution channel. The Repair Systems & Information Group consists of business operations serving other professional vehicle repair customers worldwide, primarily owners and managers of independent repair shops and OEM dealership service and repair shops (OEM dealerships), through direct and distributor channels. Financial Services consists of the business operations of Snap-on s finance subsidiaries.

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Snap-on evaluates the performance of its operating segments based on segment revenues, including both external and intersegment net sales, and segment operating earnings. Snap-on accounts for intersegment sales and transfers based primarily on standard costs with reasonable mark-ups established between the segments. Identifiable assets by segment are those assets used in the respective reportable segment s operations. Corporate assets consist of cash and cash equivalents (excluding cash held at Financial Services), deferred income taxes and certain other assets. All significant intersegment amounts are eliminated to arrive at Snap-on s consolidated financial results.

Neither Snap-on nor any of its segments depend on any single customer, small group of customers or government for more than 10% of its revenues.

Financial Data by Segment:

(Amounts in millions)	2017	2016	2015
Net sales:			
Commercial & Industrial Group	$ 1,265.0	$ 1,148.3	$ 1,163.6
Snap-on Tools Group	1,625.1	1,633.9	1,568.7
Repair Systems & Information Group	1,347.2	1,179.9	1,113.2
Segment net sales	4,237.3	3,962.1	3,845.5
Intersegment eliminations	(550.4)	(531.7)	(492.7)
Total net sales	$ 3,686.9	$ 3,430.4	$ 3,352.8
Financial Services revenue	313.4	281.4	240.3
Total revenues	$ 4,000.3	$ 3,711.8	$ 3,593.1
Operating earnings:			
Commercial & Industrial Group	$ 185.3	$ 168.0	$ 169.4
Snap-on Tools Group	274.5	281.1	256.0
Repair Systems & Information Group	333.8	297.8	273.4
Financial Services	217.5	198.7	170.2
Segment operating earnings	1,011.1	945.6	869.0
Corporate	(129.6)	(91.4)	(104.2)
Operating earnings	881.5	854.2	764.8
Interest expense	(52.4)	(52.2)	(51.9)
Other income (expense) net	(7.2)	(0.6)	(2.4)
Earnings before income taxes and equity earnings	$ 821.9	$ 801.4	$ 710.5

(Amounts in millions)	2017	2016
Assets:		

Commercial & Industrial Group	$ 1,113.9	$ 907.1
Snap-on Tools Group	714.3	668.1
Repair Systems & Information Group	1,314.3	1,211.0
Financial Services	1,971.8	1,789.7
Total assets from reportable segments	5,114.3	4,575.9
Corporate	200.6	212.3
Elimination of intersegment receivables	(65.8)	(65.0)
Total assets	$ 5,249.1	$ 4,723.2

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Notes to Consolidated Financial Statements (continued)

Financial Data by Segment (continued):

(Amounts in millions)	2017	2016	2015
Capital expenditures:			
Commercial & Industrial Group	$ 22.6	$ 19.3	$ 31.0
Snap-on Tools Group	40.1	38.3	38.1
Repair Systems & Information Group	13.4	13.1	9.0
Financial Services	1.2	0.6	1.0
Total from reportable segments	77.3	71.3	79.1
Corporate	4.7	3.0	1.3
Total capital expenditures	$ 82.0	$ 74.3	$ 80.4
Depreciation and amortization:			
Commercial & Industrial Group	$ 22.8	$ 20.7	$ 20.1
Snap-on Tools Group	29.1	27.6	24.9
Repair Systems & Information Group	37.8	33.9	34.0
Financial Services	0.6	0.6	0.7
Total from reportable segments	90.3	82.8	79.7
Corporate	2.9	2.8	2.8
Total depreciation and amortization	$ 93.2	$ 85.6	$ 82.5
Revenues by geographic region:*			
United States	$ 2,703.3	$ 2,588.8	$ 2,483.9
Europe	748.8	654.4	635.0
All other	548.2	468.6	474.2
Total revenues	$ 4,000.3	$ 3,711.8	$ 3,593.1

(Amounts in millions)	2017	2016
Long-lived assets:**		
United States	$ 1,081.2	$ 1,048.6
Sweden	252.6	218.8
All other	328.4	237.9
Total long-lived assets	$ 1,662.2	$ 1,505.3

* Revenues are attributed to countries based on the origin of the sale.

** Long-lived assets consist of Property and equipment net, Goodwill, and Other intangibles net.

Products and Services: Snap-on derives net sales from a broad line of products and complementary services that are grouped into three categories: (i) tools; (ii) diagnostics, information and management systems; and (iii) equipment. The tools product category includes hand tools, power tools, tool storage products and other similar products. The diagnostics, information and management systems product category includes handheld and PC-based diagnostic products, service and repair information products, diagnostic software solutions, electronic parts catalogs, business management systems and services, point-of-sale systems, integrated systems for vehicle service shops, OEM purchasing facilitation services, and warranty management systems and analytics to help OEM dealerships manage and track performance. The equipment product category includes solutions for the service of vehicles and industrial equipment. Snap-on supports the sale of its diagnostics and vehicle service shop equipment by offering training programs as well as after-sales service support to its customers. Through its financial services businesses, Snap-on also derives revenue from various financing programs designed to facilitate the sales of its products and support its franchise business. Further product line information is not presented as it is not practicable to do so.

The following table shows the consolidated net sales and revenues of these product groups in the last three years:

(Amounts in millions)	2017	2016	2015
Net sales:			
Tools	$ 1,946.7	$ 1,899.2	$ 1,910.1
Diagnostics, information and management systems	800.4	748.2	689.6
Equipment	939.8	783.0	753.1
Total net sales	$ 3,686.9	$ 3,430.4	$ 3,352.8
Financial services revenue	313.4	281.4	240.3
Total revenues	$ 4,000.3	$ 3,711.8	$ 3,593.1

Note 19: Quarterly Data (unaudited)

(Amounts in millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2017					
Net sales	$ 887.1	$ 921.4	$ 903.8	$ 974.6	$ 3,686.9
Gross profit	448.0	463.0	448.6	465.3	1,824.9
Financial services revenue	76.8	77.7	79.0	79.9	313.4
Financial services expenses	(24.3)	(23.1)	(23.0)	(25.5)	(95.9)
Net earnings	145.1	156.8	137.1	133.2	572.2
Net earnings attributable to Snap-on Incorporated	141.6	153.2	133.4	129.5	557.7
Earnings per share basic	2.45	2.65	2.33	2.28	9.72
Earnings per share diluted	2.39	2.60	2.29	2.24	9.52
Cash dividends paid per share	0.71	0.71	0.71	0.82	2.95

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2016					
Net sales	$ 834.2	$ 872.3	$ 834.1	$ 889.8	$ 3,430.4
Gross profit	415.3	431.3	419.1	443.9	1,709.6
Financial services revenue	66.3	69.3	71.6	74.2	281.4
Financial services expenses	(19.3)	(19.8)	(21.0)	(22.6)	(82.7)
Net earnings	131.3	143.4	135.2	149.7	559.6
Net earnings attributable to Snap-on Incorporated	128.3	140.1	131.7	146.3	546.4
Earnings per share basic	2.21	2.41	2.27	2.52	9.40
Earnings per share diluted	2.16	2.36	2.22	2.47	9.20
Cash dividends paid per share	0.61	0.61	0.61	0.71	2.54

Note 20: Subsequent Event

On January 16, 2018, Snap-on repaid the 2018 Notes upon maturity with an aggregate of $250 million of available cash and cash generated from issuances of commercial paper.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Snap-on has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SNAP-ON INCORPORATED

By: /s/ Nicholas T. Pinchuk — Date: February 15, 2018
Nicholas T. Pinchuk, Chairman, President

and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Snap-on and in the capacities and on the date indicated.

/s/ Nicholas T. Pinchuk — Date: February 15, 2018
Nicholas T. Pinchuk, Chairman, President

and Chief Executive Officer

/s/ Aldo J. Pagliari — Date: February 15, 2018
Aldo J. Pagliari, Principal Financial Officer, Senior

Vice President Finance and Chief Financial Officer

/s/ Richard K. Strege — Date: February 15, 2018
Richard K. Strege, Principal Accounting Officer,

Vice President and Controller

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Snap-on and in the capacities and on the date indicated.

By: /s/ David C. Adams — Date: February 15, 2018
David C. Adams, Director

By: /s/ Karen L. Daniel — Date: February 15, 2018
Karen L. Daniel, Director

By: /s/ Ruth Ann M. Gillis — Date: February 15, 2018
Ruth Ann M. Gillis, Director

By: /s/ James P. Holden — Date: February 15, 2018
James P. Holden, Director

By: /s/ Nathan J. Jones — Date: February 15, 2018
Nathan J. Jones, Director

By: /s/ Henry W. Knueppel — Date: February 15, 2018
Henry W. Knueppel, Director

By: /s/ W. Dudley Lehman — Date: February 15, 2018
W. Dudley Lehman, Director

By: /s/ Nicholas T. Pinchuk — Date: February 15, 2018
Nicholas T. Pinchuk, Director

By: /s/ Gregg M. Sherrill — Date: February 15, 2018
Gregg M. Sherrill, Director

By: /s/ Donald J. Stebbins — Date: February 15, 2018
Donald J. Stebbins, Director