

Allegiant Travel CO
Form 10-Q
July 31, 2015

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, 2015

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

For the transition period from _____ to _____

Commission File Number 001-33166
Allegiant Travel Company
(Exact Name of Registrant as Specified in Its Charter)
Nevada
(State or Other Jurisdiction of Incorporation or
Organization)

20-4745737
(IRS Employer Identification No.)

1201 North Town Center Drive
Las Vegas, Nevada
(Address of Principal Executive Offices)

89144
(Zip Code)

Registrant's Telephone Number, Including Area Code: (702) 851-7300

(Former name, former address and former fiscal year if changed since last report)

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 has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Edgar Filing: Allegiant Travel CO - Form 10-Q

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

Smaller reporting company o

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No y

The number of shares of the registrant’s common stock outstanding as of the close of business on July 15, 2015 was 16,980,329.

Allegiant Travel Company

Form 10-Q
June 30, 2015

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements	<u>4</u>
• Consolidated Balance Sheets as of June 30, 2015 (unaudited) and December 31, 2014	<u>4</u>
• Consolidated Statements of Income for the three and six months ended June 30, 2015 and 2014 (unaudited)	<u>5</u>
• Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014 (unaudited)	<u>6</u>
• Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014 (unaudited)	<u>7</u>
• Notes to Consolidated Financial Statements (unaudited)	<u>8</u>
ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>16</u>
ITEM 3. Quantitative and Qualitative Disclosures About Market Risk	<u>28</u>
ITEM 4. Controls and Procedures	<u>29</u>
PART II. OTHER INFORMATION	<u>29</u>
ITEM 1. Legal Proceedings	<u>29</u>
ITEM 1A. Risk Factors	<u>30</u>
ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>30</u>
ITEM 3. Defaults Upon Senior Securities	<u>30</u>
ITEM 4. Mine Safety Disclosures	<u>30</u>
ITEM 5. Other Information	<u>30</u>
ITEM 6. Exhibits	<u>31</u>
Signatures	<u>32</u>

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	June 30, 2015 (unaudited)	December 31, 2014
Current assets:		
Cash and cash equivalents	\$93,471	\$89,610
Restricted cash	8,884	12,021
Short-term investments	286,897	269,817
Accounts receivable	14,004	14,216
Expendable parts, supplies and fuel, net of allowance for obsolescence of \$3,783 and \$3,003 at June 30, 2015 and December 31, 2014, respectively	15,139	16,980
Prepaid expenses	24,937	24,306
Deferred income taxes	6,271	6,271
Other current assets	3,292	406
Total current assets	452,895	433,627
Property and equipment, net	818,961	738,783
Long-term investments	34,575	57,390
Investment in and advances to unconsolidated affiliates, net	2,779	1,811
Deposits and other assets	8,271	7,774
Total assets	\$1,317,481	\$1,239,385
Current liabilities:		
Current maturities of long-term debt	\$65,234	\$53,819
Accounts payable	12,120	13,232
Accrued liabilities	84,389	110,802
Air traffic liability	222,584	185,315
Total current liabilities	384,327	363,168
Long-term debt and other long-term liabilities:		
Long-term debt, net of current maturities	562,382	539,280
Deferred income taxes	44,591	42,872
Total liabilities	991,300	945,320
Stockholders' equity:		
Common stock, par value \$.001, 100,000,000 shares authorized; 22,218,567 and 22,174,241 shares issued; 16,980,329 and 17,413,307 shares outstanding, as of June 30, 2015 and December 31, 2014, respectively	22	22
Treasury stock, at cost, 5,238,238 and 4,760,934 shares at June 30, 2015 and December 31, 2014, respectively	(408,183)	(325,396)
Additional paid in capital	222,319	221,257
Accumulated other comprehensive income, net	1,669	1,211
Retained earnings	510,354	395,783
Total Allegiant Travel Company stockholders' equity	326,181	292,877
Noncontrolling interest	—	1,188
Total equity	326,181	294,065
Total liabilities and stockholders' equity	\$1,317,481	\$1,239,385

The accompanying notes are an integral part of these consolidated financial statements.

4

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
OPERATING REVENUE:				
Scheduled service revenue	\$ 186,311	\$ 189,172	\$ 386,840	\$ 392,693
Ancillary revenue:				
Air-related charges	113,432	85,781	218,501	171,235
Third party products	10,976	9,657	21,773	20,287
Total ancillary revenue	124,408	95,438	240,274	191,522
Fixed fee contract revenue	2,986	2,963	7,353	5,610
Other revenue	8,397	2,968	16,874	3,241
Total operating revenue	322,102	290,541	651,341	593,066
OPERATING EXPENSES:				
Aircraft fuel	79,087	104,495	148,713	213,444
Salary and benefits	53,598	47,297	112,151	93,736
Station operations	24,462	20,157	48,314	42,390
Maintenance and repairs	23,727	21,427	45,119	42,028
Sales and marketing	5,753	6,653	12,854	14,461
Aircraft lease rentals	680	1,903	1,398	11,332
Depreciation and amortization	24,904	19,750	49,251	38,181
Other	17,135	12,446	32,687	23,808
Total operating expenses	229,346	234,128	450,487	479,380
OPERATING INCOME	92,756	56,413	200,854	113,686
OTHER (INCOME) EXPENSE:				
Earnings from unconsolidated affiliates, net	(55	) (75	) (51	) (71
Interest income	(542	) (234	) (647	) (439
Interest expense	7,017	3,591	13,843	6,720
Total other expense	6,420	3,282	13,145	6,210
INCOME BEFORE INCOME TAXES	86,336	53,131	187,709	107,476
PROVISION FOR INCOME TAXES	31,997	19,764	68,548	40,034
NET INCOME	54,339	33,367	119,161	67,442
Net loss attributable to noncontrolling interest	—	(132	) (44	) (278
NET INCOME ATTRIBUTABLE TO ALLEGIANT TRAVEL COMPANY	\$ 54,339	\$ 33,499	\$ 119,205	\$ 67,720
Earnings per share to common stockholders:				
Basic	\$ 3.19	\$ 1.87	\$ 6.95	\$ 3.74
Diluted	\$ 3.18	\$ 1.86	\$ 6.93	\$ 3.72
Weighted average shares outstanding used in computing earnings per share to common stockholders:				
Basic	16,954	17,777	17,073	17,971
Diluted	16,992	17,865	17,114	18,055
Cash dividend declared per share:	\$ 0.25	\$ —	\$ 0.50	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$54,339	\$33,367	\$119,161	\$67,442
Other comprehensive income:				
Net change in available-for-sale securities, net of tax	95	32	398	40
Foreign currency translation adjustment, net of tax	263	—	263	—
Net change in derivatives, net of tax	(454	) 165	540	165
Reclassification of derivative gains into Other revenue	(266	) —	(743) —
Total other comprehensive (loss) income	(362	) 197	458	205
Total comprehensive income	53,977	33,564	119,619	67,647
Comprehensive loss attributable to noncontrolling interest	—	(132	) (44	) (278
Comprehensive income attributable to Allegiant Travel Company	\$53,977	\$33,696	\$119,663	\$67,925

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2015	2014
OPERATING ACTIVITIES:		
Net income	\$ 119,161	\$ 67,442
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,251	38,181
Loss on aircraft and other equipment disposals	1,636	2,775
Provision for obsolescence of expendable parts, supplies and fuel	780	613
Amortization of deferred financing costs and original issue discount	697	2,679
Stock-based compensation expense	6,282	4,486
Deferred income taxes	1,719	8,010
Excess tax benefits from stock-based compensation	(1,970)	(1,411)
Changes in certain assets and liabilities:		
Accounts receivable	212	(3,599)
Prepaid expenses	(631)	(2,892)
Accounts payable	1,121	4,023
Accrued liabilities	13,909	5,868
Air traffic liability	37,269	25,206
Other, net	1,309	(4,173)
Net cash provided by operating activities	230,745	147,208
INVESTING ACTIVITIES:		
Purchase of investment securities	(162,090)	(69,376)
Proceeds from maturities of investment securities	168,023	146,001
Purchase of property and equipment, including pre-delivery deposits	(132,489)	(114,991)
Other investing activities	(271)	1,833
Net cash used in investing activities	(126,827)	(36,533)
FINANCING ACTIVITIES:		
Cash dividends paid to shareholders	(52,315)	(41,787)
Proceeds from the issuance of long-term debt	64,000	385,300
Repurchase of common stock	(82,787)	(73,490)
Principal payments on long-term debt	(29,483)	(142,478)
Other financing activities	528	(668)
Net cash (used in) provided by financing activities	(100,057)	126,877
Net change in cash and cash equivalents	3,861	237,552
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	89,610	97,711
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 93,471	\$ 335,263
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Long-term debt assumed for aircraft	\$—	\$ 141,960

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

Note 1 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Allegiant Travel Company (the "Company") and its majority-owned operating subsidiaries. Investments in affiliates in which the Company's ownership interest ranges from 20 to 50 percent and in which the Company has the ability to exercise significant influence over operating and financial policies are accounted for under the equity method. All intercompany balances and transactions have been eliminated.

These unaudited consolidated financial statements reflect all normal recurring adjustments, which management believes are necessary to present fairly the financial position, results of operations, and cash flows of the Company for the respective periods presented. Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto included in the annual report of the Company on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The interim results reflected in the unaudited condensed consolidated financial statements are not necessarily indicative of the results that may be expected for other interim periods, or for the full year.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, intended to create a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB decided to defer the effective date by one year, to December 15, 2017, for annual and interim periods beginning after that date. The FASB has also proposed permitting early adoption of the standard, but not before the original effective date of December 15, 2016. The Company is evaluating the impact on its financial statements of adopting this new accounting standard.

In April 2015, the FASB issued ASU 2015-03, which amends existing guidance and requires the presentation of debt issuance costs on the balance sheet as a reduction of the carrying amount of the related debt liability rather than a deferred charge. This ASU is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2015, and early adoption is permitted. The Company is evaluating the impact on its financial statements of adopting this new accounting standard.

Note 2 — Investment Securities

The Company's investments in marketable securities are classified as available-for-sale and are reported at fair market value with the net unrealized gain or loss reported as a component of accumulated other comprehensive income ("AOCI") in stockholders' equity. Excluded from the table below is the change in fair value attributable to the foreign currency risk being hedged. Refer to Note 6 - Derivative Instruments for additional information related to the Company's foreign currency hedge. Investment securities are classified as cash equivalents, short-term investments, and long-term investments based on maturity date. Cash equivalents have maturities of three months or less, short-term investments have maturities of greater than three months but equal to or less than one year, and long-term investments are those with a maturity date greater than one year.

Investment securities consisted of the following:

	As of June 30, 2015				As of December 31, 2014			
	Cost	Net Unrealized		Market Value	Cost	Net Unrealized		Market Value
		Gains	(Losses)			Gains	(Losses)	
Money market funds	\$9,857	\$—	\$—	\$9,857	\$8,377	\$—	\$—	\$8,377
Certificates of deposit	—	—	—	—	10,049	2	—	10,051
Commercial paper	91,283	7	(7)	91,283	47,941	3	(4)	47,940
Municipal debt securities	68,411	5	(6)	68,410	105,933	14	(2)	105,945
Government debt securities	35,316	9	(6)	35,319	24,028	—	(31)	23,997
Corporate debt securities	124,875	5	(28)	124,852	134,770	1	(106)	134,665
Federal agency debt securities	6,710	1	—	6,711	4,711	—	(1)	4,710
Total	\$336,452	\$27	\$(47)	\$336,432	\$335,809	\$20	\$(144)	\$335,685

Note 3 — Property and Equipment

As of June 30, 2015, the Company owned 53 MD-80 aircraft, six Boeing 757-200 aircraft, 13 Airbus A320 aircraft and 19 Airbus A319 aircraft, including 12 Airbus A319 aircraft on lease to a third party. The Airbus A320 aircraft and Airbus A319 aircraft are frequently referred to collectively as Airbus A320 series aircraft.

Property and equipment consisted of the following:

	As of June 30, 2015	As of December 31, 2014
Flight equipment	\$1,047,985	\$947,082
Ground property and equipment	125,026	100,916
Total property and equipment	1,173,011	1,047,998
Less accumulated depreciation and amortization	354,050	309,215
Property and equipment, net	\$818,961	\$738,783

The following table summarizes the Company's total in service aircraft fleet as of June 30, 2015:

Aircraft Type	Owned (1)	Seating Capacity (per aircraft)	Average Age in Years
MD-88/83	53	166	25.6
B757-200	6	215	22.3
A319 (2)	7	156	10.6
A320 (3)	9	177	14.6
Total aircraft	75		

(1) Refer to Note 4 - Long-Term Debt for further information on the Company's notes payable secured by aircraft.

(2) Excludes 12 Airbus A319 aircraft currently on lease to a European carrier until 2018.

(3) Excludes four Airbus A320 aircraft owned on June 30, 2015 but not yet in service.

Note 4 — Long-Term Debt

Long-term debt consisted of the following:

	As of June 30, 2015	As of December 31, 2014
5.50% Senior Notes, due July 2019	\$300,000	\$300,000
Notes payable, secured by aircraft, interest at LIBOR plus 3.08%, due May 2018	122,234	131,454
Notes payable, secured by aircraft, interest at LIBOR plus 2.46%, due November 2019	38,455	41,703
Note payable, secured by aircraft, interest at LIBOR plus 2.95%, due April 2018	32,148	38,505
Notes payable, secured by aircraft, interest at 3.99%, due October 2018	32,244	36,844
Notes payable, secured by aircraft, interest at LIBOR plus 2.95%, due May 2018	30,479	34,915
Notes payable, secured by aircraft, interest at LIBOR plus 1.70%, due March 2020	28,569	—
Notes payable, secured by aircraft, interest at LIBOR plus 1.70%, due June 2020	26,500	—
Note payable, secured by real estate, interest at 2.86%, due October 2018	9,537	9,678
Note payable, secured by real estate, interest at 2.86%, due March 2020	7,450	—
Total long-term debt	627,616	593,099
Less current maturities	65,234	53,819
Long-term debt, net of current maturities	\$562,382	\$539,280

Maturities of long-term debt for the remainder of 2015 and for the next four years and thereafter, in aggregate, are:

	As of June 30, 2015
Remaining in 2015	\$32,402
2016	66,289
2017	68,340
2018	123,991
2019	325,727
Thereafter	10,867
Total	\$627,616

Secured Debt

In June 2015, the Company borrowed \$26.5 million secured by two A319 aircraft. The notes bear interest at a floating rate based on LIBOR plus 1.70 percent and will be payable in quarterly installments through June 2020.

In March 2015, the Company borrowed \$30.0 million secured by two A319 aircraft. The notes bear interest at a floating rate based on LIBOR plus 1.70 percent, and are payable in quarterly installments through March 2020, beginning in June 2015.

In March 2015, the Company borrowed \$7.5 million secured by the real estate purchased by the Company in October 2014. The note bears a fixed interest rate of 2.86 percent per annum, and provides for a 25-year amortization and a five-year term.

Note 5 — Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards pertaining to fair value measurements establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - Defined as observable inputs such as quoted prices in active markets for identical assets or liabilities

Level 2 - Defined as inputs other than Level 1 inputs that are either directly or indirectly observable

Level 3 - Defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions

The Company uses the market approach valuation technique to determine fair value for investment securities. The assets classified as Level 1 consist of money market funds for which original cost approximates fair value. The assets classified as Level 2 consist of certificates of deposit, commercial paper, municipal debt securities, federal agency debt securities, government debt securities, and corporate debt securities, which are valued using quoted market prices or alternative pricing sources including transactions involving identical or comparable assets and models utilizing market observable inputs.

For those assets classified as Level 2 that are not in active markets, the Company obtained fair value from pricing sources using quoted market prices for identical or comparable instruments and based on pricing models which include all significant observable inputs, including maturity dates, issue dates, settlement dates, benchmark yields, reported trades, broker-dealer quotes, issue spreads, benchmark securities, bids, offers and other market related data. These inputs are observable or can be derived from, or corroborated by, observable market data for substantially the full term of the asset.

The fair value of the Company's derivative instrument is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and therefore have been classified as Level 2. Inputs used in these standard valuation models for derivative instruments include the applicable exchange and interest rates.

Edgar Filing: Allegiant Travel CO - Form 10-Q

Financial instruments measured at fair value on a recurring basis at June 30, 2015 and December 31, 2014 were as follows:

Description	June 30, 2015	Fair Value Measurements at Reporting Date Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents			
Money market funds	\$9,857	\$9,857	\$—
Commercial paper	4,949	—	4,949
Municipal debt securities	154	—	154
Total cash equivalents	14,960	9,857	5,103
Short-term investments			
Corporate debt securities	124,852	—	124,852
Municipal debt securities	65,999	—	65,999
Commercial paper	86,334	—	86,334
Government debt securities	3,001	—	3,001
Federal agency debt securities	6,711	—	6,711
Total short-term investments	286,897	—	286,897
Long-term investments			
Government debt securities	32,318	—	32,318
Municipal debt securities	2,257	—	2,257
Derivative instruments	2,718	—	2,718
Total long-term investments	37,293	—	37,293
Total investment securities	\$339,150	\$9,857	\$329,293

Description	December 31, 2014	Fair Value Measurements at Reporting Date Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents			
Money market funds	\$8,377	\$8,377	\$—
Municipal debt securities	101	—	101
Total cash equivalents	8,478	8,377	101
Short-term investments			
Corporate debt securities	103,961	—	103,961
Municipal debt securities	103,155	—	103,155
Commercial paper	47,940	—	47,940
Certificates of deposit	10,051	—	10,051
Federal agency debt securities	4,710	—	4,710
Total short-term investments	269,817	—	269,817
Long-term investments			
Corporate debt securities	30,704	—	30,704
Government debt securities	23,997	—	23,997
Municipal debt securities	2,689	—	2,689
Derivative instruments	1,858	—	1,858

Edgar Filing: Allegiant Travel CO - Form 10-Q

Total long-term investments	59,248	—	59,248
Total investment securities	\$337,543	\$8,377	\$329,166

12

The carrying amounts and estimated fair value of the Company's long-term debt (including current maturities), as well as the applicable fair value hierarchy tier, at June 30, 2015, are presented in the following table. The fair value of the Company's publicly held long-term debt is determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets; therefore, the Company has categorized its publicly held debt as Level 2. The remaining debt agreements are not publicly held. The Company has determined the estimated fair value of these notes to be Level 3, as certain inputs used to determine the fair value of these agreements are unobservable and, therefore, are sensitive to changes in inputs. The Company utilizes indicative pricing from counterparties and the discounted cash flow method to estimate the fair value of the Level 3 items.

	As of June 30, 2015		As of December 31, 2014		Hierarchy Level
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	
5.50% Senior Notes, due July 2019	\$300,000	\$307,500	\$300,000	\$304,875	Level 2
Notes payable, secured by aircraft, interest at LIBOR plus 3.08%, due May 2018	122,234	112,608	131,454	119,809	Level 3
Notes payable, secured by aircraft, interest at LIBOR plus 2.46%, due November 2019	38,455	35,955	41,703	38,735	Level 3
Note payable, secured by aircraft, interest at LIBOR plus 2.95%, due April 2018	32,148	30,555	38,505	36,330	Level 3
Notes payable, secured by aircraft, interest at 3.99%, due October 2018	32,244				