

ATLAS AIR WORLDWIDE HOLDINGS INC

Form 10-Q

May 01, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2014

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: 001-16545

Atlas Air Worldwide Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

13-4146982
(IRS Employer

incorporation)

Identification No.)

2000 Westchester Avenue, Purchase, New York
(Address of principal executive offices)

10577
(Zip Code)

(914) 701-8000

(Registrant's telephone number, including area code)

Not Applicable

(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 Web site, 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

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 "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 No

As of April 30, 2014, there were 25,231,879 shares of the registrant's Common Stock outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Atlas Air Worldwide Holdings, Inc.****Consolidated Balance Sheets***(in thousands, except share data)**(Unaudited)*

	March 31, 2014	December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 279,652	\$ 321,816
Short-term investments	9,572	10,904
Restricted cash	12,537	6,491
Accounts receivable, net of allowance of \$1,327 and \$1,402, respectively	147,299	132,159
Prepaid maintenance	25,698	31,620
Deferred taxes	28,600	54,001
Prepaid expenses and other current assets	36,317	36,962
Total current assets	539,675	593,953
Property and Equipment		
Flight equipment	3,452,605	2,969,379
Ground equipment	48,198	46,951
Less: accumulated depreciation	(280,965)	(256,685)
Purchase deposits for flight equipment	43,577	69,320
Property and equipment, net	3,263,415	2,828,965
Other Assets		
Long-term investments and accrued interest	130,430	130,267
Deposits and other assets	133,326	131,216
Intangible assets, net	74,251	33,858
Total Assets	\$ 4,141,097	\$ 3,718,259
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 49,724	\$ 65,367
Accrued liabilities	231,412	194,292
Current portion of long-term debt	195,092	157,486
Total current liabilities	476,228	417,145

Other Liabilities

Long-term debt	1,923,694	1,539,139
Deferred taxes	349,448	371,655
Other liabilities	66,720	68,195

Total other liabilities	2,339,862	1,978,989
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Commitments and contingencies**Equity****Stockholders' Equity**

Preferred stock, \$1 par value; 10,000,000 shares authorized; no shares issued

Common stock, \$0.01 par value; 50,000,000 shares authorized; 28,395,768 and 28,200,213 shares issued, 25,159,601 and 25,038,629, shares outstanding (net of treasury stock), as of March 31, 2014 and December 31, 2013, respectively

	284	282
Additional paid-in-capital	562,404	561,481
Treasury stock, at cost; 3,236,167 and 3,161,584 shares, respectively	(128,246)	(125,826)
Accumulated other comprehensive loss	(10,407)	(10,677)
Retained earnings	900,457	892,513

Total stockholders' equity	1,324,492	1,317,773
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Noncontrolling interest	515	4,352
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Total equity	1,325,007	1,322,125
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Total Liabilities and Equity	\$ 4,141,097	\$ 3,718,259
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See accompanying Notes to Unaudited Consolidated Financial Statements

Table of Contents**Atlas Air Worldwide Holdings, Inc.****Consolidated Statements of Operations***(in thousands, except per share data)**(Unaudited)*

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Operating Revenue		
ACMI	\$ 198,141	\$ 181,170
AMC charter	62,874	98,037
Commercial charter	114,499	91,100
Dry leasing	24,676	3,747
Other	3,173	3,282
Total Operating Revenue	\$ 403,363	\$ 377,336
Operating Expenses		
Aircraft fuel	81,744	93,358
Salaries, wages and benefits	72,855	72,531
Maintenance, materials and repairs	59,046	58,369
Aircraft rent	35,410	38,494
Depreciation and amortization	28,155	17,808
Navigation fees, landing fees and other rent	27,126	15,626
Passenger and ground handling services	19,371	16,772
Travel	17,282	15,179
Special charge	8,029	
Gain on disposal of aircraft		(23)
Other	26,215	26,625
Total Operating Expenses	375,233	354,739
Operating Income	28,130	22,597
Non-operating Expenses / (Income)		
Interest income	(4,727)	(5,176)
Interest expense	26,452	18,440
Capitalized interest	(312)	(1,402)
Other expense (income), net	152	552
Total Non-operating Expenses (Income)	21,565	12,414
Income before income taxes	6,565	10,183
Income tax expense (benefit)	2,539	(9,920)

Net Income	4,026	20,103
Less: Net income (loss) attributable to noncontrolling interests	(3,918)	25
Net Income Attributable to Common Stockholders	\$ 7,944	\$ 20,078
Earnings per share:		
Basic	\$ 0.32	\$ 0.76
Diluted	\$ 0.32	\$ 0.76
Weighted average shares:		
Basic	25,096	26,330
Diluted	25,151	26,439

See accompanying Notes to Unaudited Consolidated Financial Statements

Table of Contents**Atlas Air Worldwide Holdings, Inc.****Consolidated Statements of Comprehensive Income***(in thousands)**(Unaudited)*

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Net Income	\$ 4,026	\$ 20,103
Other comprehensive income (loss):		
Interest rate derivatives:		
Net change in fair value	(251)	
Reclassification into earnings	690	770
Income tax benefit (expense)	(246)	(279)
Foreign currency translation:		
Translation adjustment	158	(314)
Other comprehensive income (loss)	351	177
Comprehensive Income	4,377	20,280
Less: Comprehensive income (loss) attributable to noncontrolling interests	(3,837)	(135)
Comprehensive Income Attributable to Common Stockholders	\$ 8,214	\$ 20,415

See accompanying Notes to Unaudited Consolidated Financial Statements

Table of Contents**Atlas Air Worldwide Holdings, Inc.****Consolidated Statements of Cash Flows***(in thousands)**(Unaudited)*

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Operating Activities:		
Net Income Attributable to Common Stockholders	\$ 7,944	\$ 20,078
Net income (loss) attributable to noncontrolling interests	(3,918)	25
Net Income	4,026	20,103
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	32,401	21,063
Accretion of debt securities discount	(2,073)	(2,327)
Provision for allowance for doubtful accounts	83	(67)
Special charge	8,029	
Gain on disposal of aircraft		(23)
Deferred taxes	2,554	(9,848)
Stock-based compensation expense	1,907	3,644
Changes in:		
Accounts receivable	(14,585)	(6,584)
Prepaid expenses and other current assets	7,050	7,227
Deposits and other assets	6,724	815
Accounts payable and accrued liabilities	(672)	20,386
Net cash provided by operating activities	45,444	54,389
Investing Activities:		
Capital expenditures	(4,095)	(10,548)
Purchase deposits and delivery payments for flight equipment	(478,739)	(235,492)
Changes in restricted cash	(6,046)	
Proceeds from short-term investments	783	2,426
Proceeds from insurance		9,109
Proceeds from disposal of aircraft		400
Net cash used for investing activities	(488,097)	(234,105)
Financing Activities:		
Proceeds from debt issuance	572,552	224,848
Prepayment of accelerated share repurchase		(30,000)
Purchase of treasury stock	(2,420)	(24,233)
Excess tax benefit from stock-based compensation expense	(982)	581
Payment of debt issuance costs	(16,974)	(357)

Payments of debt	(151,687)	(70,575)
Net cash provided by financing activities	400,489	100,264
Net (decrease) increase in cash and cash equivalents	(42,164)	(79,452)
Cash and cash equivalents at the beginning of period	321,816	409,763
Cash and cash equivalents at the end of period	\$ 279,652	\$ 330,311

Non-cash Investing and Financing Activities:

Acquisition of flight and ground equipment included in Accounts payable and accrued liabilities	\$ 41,581	\$
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See accompanying Notes to Unaudited Consolidated Financial Statements

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Atlas Air Worldwide Holdings, Inc.

Consolidated Statements of Stockholders Equity

*(in thousands, except share data)**(Unaudited)*

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholder Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2012	\$ 277	\$ (44,850)	\$ 544,421	\$ (14,263)	\$ 798,676	\$ 1,284,261	\$ 3,843	\$ 1,288,104
Net Income (loss)					20,078	20,078	25	20,103
Other comprehensive income (loss)				337		337	(160)	177
Stock-based compensation			3,644			3,644		3,644
Purchase of 519,185 shares of treasury stock		(24,233)				(24,233)		(24,233)
Issuance of 232,603 shares of restricted stock	2		(2)					
Prepayment of accelerated share repurchase			(30,000)			(30,000)		(30,000)
Tax benefit on restricted stock and stock options			581			581		581
Balance at March 31, 2013	\$ 279	\$ (69,083)	\$ 518,644	\$ (13,926)	\$ 818,754	\$ 1,254,668	\$ 3,708	\$ 1,258,376

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholder Equity	Noncontrolling Interest	Total Equity
Balance at December 31,	\$ 282	\$ (125,826)	\$ 561,481	\$ (10,677)	\$ 892,513	\$ 1,317,773	\$ 4,352	\$ 1,322,125

2013								
Net Income (loss)				7,944	7,944	(3,918)		4,026
Other comprehensive income (loss)			270		270	81		351
Stock-based compensation			1,907		1,907			1,907
Purchase of 74,583 shares of treasury stock			(2,420)		(2,420)			(2,420)
Issuance of 195,555 shares of restricted stock	2		(2)					
Tax benefit on restricted stock and stock options			(982)		(982)			(982)
Balance at								
March 31, 2014	\$ 284	\$ (128,246)	\$ 562,404	\$ (10,407)	\$ 900,457	\$ 1,324,492	\$ 515	\$ 1,325,007

See accompanying Notes to Unaudited Consolidated Financial Statements

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Atlas Air Worldwide Holdings, Inc.

Notes to Unaudited Consolidated Financial Statements

March 31, 2014

1. Basis of Presentation

Our consolidated financial statements include the accounts of the holding company, Atlas Air Worldwide Holdings, Inc. (AAWW) and its consolidated subsidiaries. AAWW is the parent company of its principal operating subsidiary, Atlas Air, Inc. (Atlas), and of Polar Air Cargo LLC (Old Polar). AAWW is also the parent company of several subsidiaries related to our dry leasing services (collectively referred to as Titan). In addition, we are the primary beneficiary of Global Supply Systems Limited (GSS), a consolidated subsidiary. AAWW has a 51% equity interest and 75% voting interest in Polar Air Cargo Worldwide, Inc. (Polar). We record our share of Polar s results under the equity method of accounting.

The terms we, us, our, and the Company mean AAWW and all entities included in its consolidated financial statements.

We provide outsourced aircraft and aviation operating services throughout the world, serving Africa, Asia, Australia, Europe, the Middle East, North America and South America through: (i) contractual service arrangements, including those through which we provide aircraft to customers and value-added services, including crew, maintenance and insurance (ACMI), as well as those through which we provide crew, maintenance and insurance services, with the customer providing the aircraft (CMI); (ii) military charter services provided to the U.S. Military Air Mobility Command (the AMC) (AMC Charter); (iii) seasonal, commercial and ad hoc charter services (Commercial Charter); and (iv) dry leasing of aircraft and engines (Dry Leasing or Dry Lease).

The accompanying unaudited consolidated financial statements and related notes (the Financial Statements) have been prepared in accordance with the U.S. Securities and Exchange Commission (the SEC) requirements for quarterly reports on Form 10-Q, and consequently exclude certain disclosures normally included in audited consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany accounts and transactions have been eliminated. The Financial Statements should be read in conjunction with the audited consolidated financial statements and the notes included in the AAWW Annual Report on Form 10-K for the year ended December 31, 2013, which includes additional disclosures and a summary of our significant accounting policies. In our opinion, the Financial Statements contain all adjustments, consisting of normal recurring items, necessary to fairly state the financial position of AAWW and its consolidated subsidiaries as of March 31, 2014, the results of operations for the three months ended March 31, 2014 and 2013, comprehensive income for the three months ended March 31, 2014 and 2013, cash flows for the three months ended March 31, 2014 and 2013, and shareholders equity as of and for the three months ended March 31, 2014 and 2013.

Our quarterly results are subject to seasonal and other fluctuations, and the operating results for any quarter are therefore not necessarily indicative of results that may be otherwise expected for the entire year.

Except for per share data, all dollar amounts are in thousands unless otherwise noted.

Certain reclassifications have been made to prior periods unaudited consolidated financial statement amounts and related note disclosures to conform to the current period s presentation.

Table of Contents**2. Related Parties*****DHL Investment and Polar***

DHL Network Operations (USA), Inc. (*DHL*), a subsidiary of Deutsche Post AG (*DP*), holds a 49% equity interest and a 25% voting interest in Polar. Polar is a variable interest entity and we do not consolidate Polar because we are not the primary beneficiary as the risks associated with the direct costs of operation are with DHL. Under a 20-year blocked space agreement (the *BSA*), Polar provides air cargo capacity to DHL. Atlas has several agreements with Polar to provide ACMI, CMI, administrative, sales and ground support services to one another. We do not have any financial exposure to fund debt obligations or operating losses of Polar, except for any liquidated damages that we could incur under these agreements. The following table summarizes our transactions with Polar:

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Revenue and Expenses:		
ACMI segment revenue from Polar	\$ 69,695	\$ 70,847
Other revenue from Polar	\$ 2,842	\$ 2,837
Ground handling and airport fees paid to Polar	\$ 324	\$ 327
	March	December 31, 2013
	31, 2014	
Accounts receivable/payable as of:		
Receivables from Polar	\$ 2,685	\$ 4,249
Payables to Polar	\$ 2,780	\$ 3,464
	March	December 31,
	31, 2014	2013
Aggregate Carrying Value of Polar Investment as of:		
	\$ 4,870	\$ 4,870

GATS

We hold a 50% interest in Global Aviation Technical Solutions Co. Ltd. (*GATS*), a joint venture with an unrelated third party. The purpose of the joint venture is to purchase rotatable parts and provide repair services for those parts, primarily for our 747-8F aircraft. The joint venture is a variable interest entity and we have not consolidated GATS because we are not the primary beneficiary as we do not exercise financial control. As of March 31, 2014 and December 31, 2013, our investment in GATS was \$13.1 million and \$13.2 million, respectively, and our maximum exposure to losses from the entity is limited to our investment, which is comprised primarily of rotatable parts. GATS does not have any third-party debt obligations.

3. Special Charge

We hold a 49% interest in GSS, a private company. GSS is a variable interest entity and we are the primary beneficiary of GSS for financial reporting purposes. Atlas dry leases three 747-8F owned aircraft to GSS. The leases provide for payment of rent and a provision for maintenance costs associated with the aircraft. GSS provides ACMI services to British Airways Plc (*British Airways*) using these three aircraft. In January 2014, British Airways notified

us that they would be terminating the ACMI agreement and returning three 747-8F aircraft in April 2014. As a result, we recognized \$2.3 million of employee termination benefits during the three months ended March 31, 2014, after management determined that such costs were probable and estimable. The employee termination benefits are expected to be paid in the second quarter of 2014. We may recognize additional termination benefit costs in future periods. In addition, we recognized a reserve of \$5.1 million related to a loan from GSS to its 51% U.K. shareholder.

During the three months ended March 31, 2014, we recorded an adjustment of \$0.6 million to the Special charge related to the early termination of operating leases for two 747-400BCF aircraft that we permanently parked in December 2013. The adjustment was related to additional costs to satisfy return conditions. Substantially all cash payments related to the lease termination costs are expected to be paid by 2015.

A summary of the Special charge liabilities is as follows (in thousands):

	Lease Termination Costs	GSS Employee Termination Benefits	Total
Liability as of December 31, 2013	\$ 12,773	\$	\$ 12,773
Special charge items	637	2,306	2,943
Cash payments	(4,529)		(4,529)
Liability as of March 31, 2014	\$ 8,881	\$ 2,306	\$ 11,187

Table of Contents**4. Accrued Liabilities**

Accrued liabilities consisted of the following as of:

	March 31, 2014	December 31, 2013
Maintenance	\$ 102,223	\$ 43,813
Deferred revenue	24,132	26,279
Salaries, wages and benefits	23,018	36,450
Aircraft fuel	16,688	14,905
Other	65,351	72,845
Accrued liabilities	\$ 231,412	\$ 194,292

5. Debt***Ex-Im Bank Guaranteed Notes***

In January 2014, we refinanced a bridge loan with a note guaranteed by the Export-Import Bank of the United States (Ex-Im Bank) in the amount of \$140.6 million secured by a mortgage on a 747-8F aircraft (aircraft tail number N854GT) for a period of 134 months (the 2014 Ex-Im Guaranteed Note). In connection with entry into this guaranteed note, we paid usual and customary fees. This guaranteed note accrues interest at a fixed rate of 2.67% with principal and interest payable quarterly and contains customary covenants and event of default provisions.

Term Loans

In January 2014, we purchased three 777-200LRF aircraft that are leased to a customer on a long-term basis. We accounted for the purchase as an asset acquisition and recognized a lease intangible of \$42.7 million related to the long-term Dry Leases, which will be amortized on a straight-line basis over the life of the leases. As part of the transaction, we entered into six separate term loans in the aggregate amount of \$432.0 million each secured by a mortgage on the aircraft and the attached leases (the 2014 Term Loans). In connection with entry into these term loans, we paid usual and customary fees. The term loans accrue interest with principal and interest payable quarterly and contain customary covenants and event of default provisions.

The following table summarizes the terms and amounts for each term loan (in millions):

	Issue	Face	Collateral	Original	Interest	Interest
	Date	Value	Aircraft	Term	Rate	Rate
			Tail Number		Type	
First 2014 Term Loan	2014	\$ 115.0	MSN 38969	114 months	Fixed	4.48%
Second 2014 Term Loan	2014	30.8	MSN 38969	114 months	Fixed	7.30%
Third 2014 Term Loan	2014	115.0	MSN 37138	118 months	Fixed	4.57%
Fourth 2014 Term Loan	2014	29.0	MSN 37138	118 months	Fixed	7.38%
Fifth 2014 Term Loan	2014	115.0	MSN 39286	116 months	Fixed	4.51%
Sixth 2014 Term Loan	2014	27.2	MSN 39286	116 months	Fixed	7.35%

\$ 432.0

6. Income Taxes

Our effective income tax rates were an expense of 38.7% for the three months ended March 31, 2014 and a benefit of 97.4% for the three months ended March 31, 2013. The effective rate for the three months ended March 31, 2014 differed from the U.S. federal statutory rate primarily due to losses associated with GSS for which we have recognized a valuation allowance due to the uncertainty that the benefit of the losses will be realized. The effective rate for the three months ended March 31, 2013 differed from the U.S. federal statutory rate primarily due to an income tax benefit of \$14.2 million related to extraterritorial income (ETI) from certain of our aircraft. The effective rates in both periods also differed from the U.S. federal statutory rate due to the income tax impact of foreign operations taxed at different rates, U.S. state income taxes, the nondeductibility of certain expenses for tax purposes, adjustments to our liability for uncertain tax positions, and the relationship of these items to our projected operating results for the year. For interim accounting purposes, we recognize income taxes using an estimated annual effective tax rate.

As a result of current and expected future growth in our Dry Leasing business, we determined that the net earnings of certain foreign subsidiaries engaged in this business will be indefinitely reinvested outside of the U.S. Our effective rate for the three months ended March 31, 2014 was favorably impacted by our assertion to indefinitely reinvest these net earnings. As of March 31, 2014, our undistributed net earnings of foreign subsidiaries for which deferred taxes have not been provided were \$18.1 million, and the unrecognized deferred tax liability associated with these earnings was \$6.3 million.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Inputs used to measure fair value are classified in the following hierarchy:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Other inputs that are observable directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, or inactive quoted prices for identical assets or liabilities in inactive markets;
- Level 3 Unobservable inputs reflecting assumptions about the inputs used in pricing the asset or liability.

We endeavor to utilize the best available information to measure fair value.

We maintain Cash and cash equivalents, Short-term investments and Restricted cash, which include cash on hand, demand deposits, other cash investments that are highly liquid in nature and have original maturities of three months or less at acquisition, money market funds, certificates of deposit and the current portion of debt securities. The carrying value of Cash and cash equivalents, Short-term investments and Restricted cash is based on cost, which approximates fair value.

Long-term investments consist of debt securities for which we have both the ability and the intent to hold until maturity. These investments are classified as held-to-maturity and reported at amortized cost. The fair value of our Long-term investments is based on a discounted cash flow analysis using the contractual cash flows of the investments and a discount rate derived from unadjusted quoted interest rates for debt securities of comparable risk. Such debt securities represent investments in Pass-Through Trust Certificates related to enhanced equipment trust certificates (EETCs) issued by Atlas in 1998, 1999 and 2000. Interest on debt securities and accretion of discounts using the effective interest method are included in Interest income.

The fair value of our EETCs is measured based on Level 3 inputs. Fair value is based on a discounted cash flow analysis using current borrowing rates for instruments with similar terms.

The fair values of our term loans and the Ex-Im Bank guaranteed notes are based on a discounted cash flow analysis using current borrowing rates for instruments with similar terms.

The fair value of our interest rate derivatives was based on Level 2 inputs utilized in expected cash flow models. The market inputs used included the implied forward LIBOR yield curve for the same period as the future interest rate swap settlements. These derivatives were designated as hedging instruments.

The following table summarizes the carrying amount, estimated fair value and classification of our financial instruments as of:

	March 31, 2014			
Carrying Value	Fair Value	Level 1	Level 2	Level 3

Assets					
Cash and cash equivalents	\$ 279,652	\$ 279,652	\$ 279,652	\$	\$
Short-term investments	9,572	9,572			9,572
Restricted cash	12,537	12,537	12,537		
Long-term investments and accrued interest	130,430	175,027			175,027
	\$ 432,191	\$ 476,788	\$ 292,189	\$	\$ 184,599
Liabilities					
Term loans	\$ 1,013,670	\$ 1,027,847	\$	\$	\$ 1,027,847
Ex-Im Bank guaranteed notes	861,250	838,295			838,295
EETCs	243,866	318,744			318,744
	\$ 2,118,786	\$ 2,184,886	\$	\$	\$ 2,184,886

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	December 31, 2013				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 321,816	\$ 321,816	\$ 321,816	\$	\$
Short-term investments	10,904	10,904			10,904
Restricted cash	6,491	6,491	6,491		
Interest rate derivatives	9,182	9,182		9,182	
Long-term investments and accrued interest	130,267	174,795			174,795
	\$ 478,660	\$ 523,188	\$ 328,307	\$ 9,182	\$ 185,699
Liabilities					
Interest rate derivatives	\$ 7,796	\$ 7,796		\$ 7,796	\$
Term loans	702,668	701,421			701,421
Ex-Im Bank guaranteed notes	739,741	718,703			718,703
EETCs	254,216	329,973			329,973
	\$ 1,704,421	\$ 1,757,893		\$ 7,796	\$ 1,750,097

The following table presents the carrying value, gross unrealized gain (loss) and fair value of our long-term investments by contractual maturity as of:

	March 31, 2014			December 31, 2013		
	Carrying Value	Gross Unrealized Gain (Loss)	Fair Value	Carrying Value	Gross Unrealized Gain (Loss)	Fair Value
Debt securities						
Due after one but within five years	\$	\$	\$	\$	\$	\$
Due after five but within ten years	130,430	44,597	175,027	130,267	44,528	174,795
Total	\$ 130,430	\$ 44,597	\$ 175,027			