
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2021

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 001-35121

AIR LEASE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-1840403

(I.R.S. Employer
Identification No.)

2000 Avenue of the Stars, Suite 1000N Los Angeles, California

(Address of principal executive offices)

90067

(Zip Code)

Registrant's telephone number, including area code: **(310) 553-0555**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	AL	New York Stock Exchange
6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A	AL PRA	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
Emerging growth company <input type="checkbox"/>	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

At May 5, 2021, there were 114,124,428 shares of Air Lease Corporation's Class A common stock outstanding.

Form 10-Q
For the Quarterly Period Ended March 31, 2021

TABLE OF CONTENTS

<u>Note About Forward-Looking Statements</u>	<u>Page</u>
	3
<u>PART I—FINANCIAL INFORMATION</u>	
<u>Item 1</u> <u>Financial Statements</u>	4
<u>Consolidated Balance Sheets—March 31, 2021 and December 31, 2020 (unaudited)</u>	4
<u>Consolidated Statements of Income and Comprehensive Income—Three Months Ended March 31, 2021 and 2020 (unaudited)</u>	5
<u>Consolidated Statement of Shareholders’ Equity—Three Months Ended March 31, 2021 and 2020 (unaudited)</u>	6
<u>Consolidated Statements of Cash Flows—Three Months Ended March 31, 2021 and 2020 (unaudited)</u>	7
<u>Notes to Consolidated Financial Statements (unaudited)</u>	8
<u>Item 2</u> <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3</u> <u>Quantitative and Qualitative Disclosures About Market Risk</u>	32
<u>Item 4</u> <u>Controls and Procedures</u>	33
<u>PART II—OTHER INFORMATION</u>	
<u>Item 1</u> <u>Legal Proceedings</u>	33
<u>Item 1A</u> <u>Risk Factors</u>	33
<u>Item 2</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
<u>Item 3</u> <u>Defaults Upon Senior Securities</u>	34
<u>Item 4</u> <u>Mine Safety Disclosures</u>	34
<u>Item 5</u> <u>Other Information</u>	34
<u>Item 6</u> <u>Exhibits</u>	35
<u>Signatures</u>	37

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those statements appear in a number of places in this Form 10-Q and include statements regarding, among other matters, the state of the airline industry, the impact of the coronavirus (“COVID-19”) pandemic on us, our lessees and aircraft manufacturers, our anticipated capital expenditures and aircraft sales, our access to the capital markets, aircraft delivery delays and other factors affecting our financial condition or results of operations. Words such as “can,” “could,” “may,” “predicts,” “potential,” “will,” “projects,” “continuing,” “ongoing,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and “should,” and variations of these words and similar expressions, are used in many cases to identify these forward-looking statements. Any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and other factors that may cause our actual results, performance or achievements, or industry results to vary materially from our future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. Such factors include, among others:

- the extent to which the COVID-19 pandemic and measures taken to contain its spread ultimately impact our business, results of operation and financial condition;
- our inability to obtain additional capital on favorable terms, or at all, to acquire aircraft, service our debt obligations and refinance maturing debt obligations;
- increases in our cost of borrowing or changes in interest rates;
- our inability to generate sufficient returns on our aircraft investments through strategic acquisition and profitable leasing;
- the failure of an aircraft or engine manufacturers to meet its delivery obligations to us, including or as a result of technical or other difficulties with aircraft before or after delivery;
- obsolescence of, or changes in overall demand for, our aircraft;
- changes in the value of, and lease rates for, our aircraft, including as a result of aircraft oversupply, manufacturer production levels, our lessees’ failure to maintain our aircraft, and other factors outside of our control;
- impaired financial condition and liquidity of our lessees, including due to lessee defaults and reorganizations, bankruptcies or similar proceedings;
- increased competition from other aircraft lessors;
- the failure by our lessees to adequately insure our aircraft or fulfill their contractual indemnity obligations to us;
- increased tariffs and other restrictions on trade;
- changes in the regulatory environment, including changes in tax laws and environmental regulations;
- other events affecting our business or the business of our lessees and aircraft manufacturers or their suppliers that are beyond our or their control, such as the threat or realization of epidemic diseases in addition to COVID-19, natural disasters, terrorist attacks, war or armed hostilities between countries or non-state actors; and
- any additional factors discussed under “Part I — Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2020 and other SEC filings, including future SEC filings.

The factors noted above and the risks included in our other SEC filings may be increased or intensified as a result of the COVID-19 pandemic, including as a result of ongoing resurgences of the COVID-19 virus and its variants. The extent to which the COVID-19 pandemic ultimately impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations. You are therefore cautioned not to place undue reliance on such statements. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**Air Lease Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value amounts)**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	<u>(unaudited)</u>	
Assets		
Cash and cash equivalents	\$ 1,327,999	\$ 1,734,155
Restricted cash	24,194	23,612
Flight equipment subject to operating leases	24,331,511	23,729,742
Less accumulated depreciation	(3,557,552)	(3,349,392)
	<u>20,773,959</u>	<u>20,380,350</u>
Deposits on flight equipment purchases	1,767,489	1,800,119
Other assets	1,295,740	1,276,939
Total assets	<u>\$ 25,189,381</u>	<u>\$ 25,215,175</u>
Liabilities and Shareholders' Equity		
Accrued interest and other payables	\$ 451,094	\$ 492,473
Debt financing, net of discounts and issuance costs	16,166,904	16,518,338
Security deposits and maintenance reserves on flight equipment leases	1,075,845	1,072,704
Rentals received in advance	132,684	142,915
Deferred tax liability	934,642	916,404
Total liabilities	<u>\$ 18,761,169</u>	<u>\$ 19,142,834</u>
Shareholders' Equity		
Preferred Stock, \$0.01 par value; 50,000,000 shares authorized; 10,300,000 (aggregate liquidation preference of \$550,000) and 10,000,000 (aggregate liquidation preference of \$250,000) shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	\$ 103	\$ 100
Class A common stock, \$0.01 par value; 500,000,000 shares authorized; 114,120,862 and 113,852,896 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	1,141	1,139
Class B non-voting common stock, \$0.01 par value; authorized 10,000,000 shares; no shares issued or outstanding	—	—
Paid-in capital	3,088,302	2,793,178
Retained earnings	3,339,588	3,277,599
Accumulated other comprehensive (loss) / income	(922)	325
Total shareholders' equity	<u>\$ 6,428,212</u>	<u>\$ 6,072,341</u>
Total liabilities and shareholders' equity	<u>\$ 25,189,381</u>	<u>\$ 25,215,175</u>

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Revenues		
Rental of flight equipment	\$ 468,095	\$ 496,687
Aircraft sales, trading and other	6,732	14,700
Total revenues	<u>474,827</u>	<u>511,387</u>
Expenses		
Interest	117,986	107,541
Amortization of debt discounts and issuance costs	12,025	10,528
Interest expense	130,011	118,069
Depreciation of flight equipment	208,965	188,895
Selling, general and administrative	26,914	28,322
Stock-based compensation	5,408	4,429
Total expenses	<u>371,298</u>	<u>339,715</u>
Income before taxes	103,529	171,672
Income tax expense	(19,437)	(34,521)
Net income	<u>\$ 84,092</u>	<u>\$ 137,151</u>
Preferred stock dividends	(3,844)	(3,844)
Net income available to common stockholders	<u>\$ 80,248</u>	<u>\$ 133,307</u>
Other Comprehensive Income/(Loss):		
Foreign currency translation adjustment	(3,807)	23,477
Change in fair value of hedged transactions	2,221	(25,386)
Total tax benefit on other comprehensive income/loss	339	431
Other Comprehensive income/(loss), net of tax	<u>(1,247)</u>	<u>(1,478)</u>
Total comprehensive income available for common stockholders	<u>\$ 79,001</u>	<u>\$ 131,829</u>
Earnings per share of common stock:		
Basic	\$ 0.70	\$ 1.17
Diluted	\$ 0.70	\$ 1.17
Weighted-average shares outstanding		
Basic	113,958,403	113,471,945
Diluted	114,237,109	113,785,028
Dividends declared per share of common stock	\$ 0.16	\$ 0.15

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share and per share amounts)

(unaudited)	Preferred Stock		Class A Common Stock		Class B Non-Voting Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	10,000,000	\$ 100	113,852,896	\$ 1,139	—	\$ —	\$2,793,178	\$3,277,599	\$ 325	\$6,072,341
Issuance of preferred stock	300,000	3	—	—	—	—	295,446	—	—	295,449
Issuance of common stock upon exercise of options and vesting of restricted stock units	—	—	425,232	4	—	—	1,437	—	—	1,441
Stock-based compensation expense	—	—	—	—	—	—	5,408	—	—	5,408
Cash dividends (declared \$0.16 per share of Class A common stock)	—	—	—	—	—	—	—	(18,259)	—	(18,259)
Preferred dividends (declared on Series A preferred stock)	—	—	—	—	—	—	—	(3,844)	—	(3,844)
Change in foreign currency translation adjustment and in fair value of hedged transactions, net of tax	—	—	—	—	—	—	—	—	(1,247)	(1,247)
Tax withholdings on stock based compensation	—	—	(157,266)	(2)	—	—	(7,167)	—	—	(7,169)
Net income	—	—	—	—	—	—	—	84,092	—	84,092
Balance at March 31, 2021	<u>10,300,000</u>	<u>\$ 103</u>	<u>114,120,862</u>	<u>\$ 1,141</u>	<u>—</u>	<u>\$ —</u>	<u>\$3,088,302</u>	<u>\$3,339,588</u>	<u>\$ (922)</u>	<u>\$6,428,212</u>

(unaudited)	Preferred Stock		Class A Common Stock		Class B Non-Voting Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2019	10,000,000	\$ 100	113,350,267	\$ 1,134	—	\$ —	\$2,777,601	\$2,846,106	\$ (1,397)	\$5,623,544
Issuance of common stock upon vesting of restricted stock units and upon exercise of options	—	—	480,978	4	—	—	2,021	—	—	2,025
Stock-based compensation	—	—	—	—	—	—	4,429	—	—	4,429
Cash dividends (declared 0.15 per share of Class A common stock)	—	—	—	—	—	—	—	(17,045)	—	(17,045)
Preferred dividends (declared on Series A preferred stock)	—	—	—	—	—	—	—	(3,844)	—	(3,844)
Change in foreign currency translation adjustment and in fair value of hedged transactions, net of tax	—	—	—	—	—	—	—	—	(1,478)	(1,478)
Tax withholding related to vesting of restricted stock units and exercise of stock options	—	—	(191,334)	(2)	—	—	(8,411)	—	—	(8,413)
Net income	—	—	—	—	—	—	—	137,151	—	137,151
Balance at March 31, 2020	<u>10,000,000</u>	<u>\$ 100</u>	<u>113,639,911</u>	<u>\$ 1,136</u>	<u>—</u>	<u>\$ —</u>	<u>\$2,775,640</u>	<u>\$2,962,368</u>	<u>\$ (2,875)</u>	<u>\$5,736,369</u>

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Operating Activities		
Net income	\$ 84,092	\$ 137,151
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of flight equipment	208,965	188,895
Stock-based compensation	5,408	4,429
Deferred taxes	18,577	33,302
Amortization of debt discounts and issuance costs	12,025	10,528
Amortization of prepaid lease costs	10,790	10,454
Loss / (gain) on aircraft sales, trading and other activity	1,825	(5,554)
Changes in operating assets and liabilities:		
Other assets	(37,247)	(88,411)
Accrued interest and other payables	(59,914)	(47,858)
Rentals received in advance	(10,231)	(8,913)
Net cash provided by operating activities	234,290	234,023
Investing Activities		
Acquisition of flight equipment under operating lease	(404,379)	(511,232)
Payments for deposits on flight equipment purchases	(103,382)	(174,589)
Proceeds from aircraft sales, trading and other activity	—	65,070
Acquisition of aircraft furnishings, equipment and other assets	(41,923)	(51,576)
Net cash used in investing activities	(549,684)	(672,327)
Financing Activities		
Issuance of common stock upon exercise of options	1,441	2,025
Cash dividends paid on Class A common stock	(18,216)	(17,003)
Net proceeds from preferred stock issuance	295,449	—
Preferred dividends paid	(3,844)	(3,844)
Tax withholdings on stock-based compensation	(7,169)	(8,413)
Net change in unsecured revolving facility	—	495,000
Proceeds from debt financings	791,645	1,449,873
Payments in reduction of debt financings	(1,157,577)	(1,093,268)
Debt issuance costs	(1,335)	(2,902)
Security deposits and maintenance reserve receipts	21,278	50,083
Security deposits and maintenance reserve disbursements	(11,852)	(17,927)
Net cash (used)/provided by financing activities	(90,180)	853,624
Net (decrease)/increase in cash	(405,574)	415,320
Cash, cash equivalents and restricted cash at beginning of period	1,757,767	338,061
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,352,193</u>	<u>\$ 753,381</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest, including capitalized interest of \$13,543 and \$13,261 at March 31, 2021 and 2020, respectively	\$ 177,685	\$ 141,060
Cash paid for income taxes	\$ 1,101	\$ 2,149
Supplemental Disclosure of Noncash Activities		
Buyer furnished equipment, capitalized interest and deposits on flight equipment purchases applied to acquisition of flight equipment	\$ 176,618	\$ 191,318
Cash dividends declared on Class A common stock, not yet paid	\$ 18,259	\$ 17,046

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Company Background and Overview

Air Lease Corporation (the “Company”, “ALC”, “we”, “our” or “us”) is a leading aircraft leasing company that was founded by aircraft leasing industry pioneer, Steven F. Udvar-Házy. The Company is principally engaged in purchasing new commercial jet aircraft directly from manufacturers, such as The Boeing Company (“Boeing”) and Airbus S.A.S (“Airbus”). The Company leases these aircraft to airlines throughout the world with the intention to generate attractive returns on equity. As of March 31, 2021, the Company owned a fleet of 342 aircraft in its operating lease portfolio, managed 83 aircraft and had 349 aircraft on order with aircraft manufacturers and 25 aircraft purchase options. In addition to its leasing activities, the Company sells aircraft from its operating lease portfolio to third parties, including other leasing companies, financial services companies, airlines and other investors. The Company also provides fleet management services to investors and owners of aircraft portfolios for a management fee.

Note 2. Basis of Preparation and Critical Accounting Policies

The Company consolidates financial statements of all entities in which the Company has a controlling financial interest, including the accounts of any Variable Interest Entity in which the Company has a controlling financial interest and for which it is the primary beneficiary. All material intercompany balances are eliminated in consolidation. The accompanying Consolidated Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

The accompanying unaudited Consolidated Financial Statements include all adjustments, consisting only of normal, recurring adjustments, which are in the opinion of management necessary to present fairly the Company’s financial position, results of operations and cash flows at March 31, 2021, and for all periods presented. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results expected for the year ending December 31, 2021. These financial statements and related notes should be read in conjunction with the Consolidated Financial Statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Note 3. Debt Financing

The Company’s consolidated debt as of March 31, 2021 and December 31, 2020 is summarized below (in thousands):

	March 31, 2021	December 31, 2020
Unsecured		
Senior notes	\$ 15,287,351	\$ 15,583,544
Term financings	808,250	811,550
Total unsecured debt financing	16,095,601	16,395,094
Secured		
Term financings	223,418	276,032
Export credit financing	23,292	24,955
Total secured debt financing	246,710	300,987
Total debt financing	16,342,311	16,696,081
Less: Debt discounts and issuance costs	(175,407)	(177,743)
Debt financing, net of discounts and issuance costs	<u>\$ 16,166,904</u>	<u>\$ 16,518,338</u>

As of March 31, 2021, the Company had \$15.3 billion in senior unsecured notes outstanding. As of December 31, 2020, the Company had \$15.6 billion in senior unsecured notes outstanding.

In January 2021, the Company issued \$750.0 million in aggregate principal amount of 0.70% Medium-Term Notes due 2024.

Unsecured revolving credit facility

The Company has an unsecured revolving credit facility (the “Revolving Credit Facility”). As of March 31, 2021 and December 31, 2020, the Company did not have any amounts outstanding under its Revolving Credit Facility.

During the three months ended March 31, 2021, the Company increased the aggregate capacity of its Revolving Credit Facility by \$200.0 million. As of March 31, 2021, the aggregate capacity of the Revolving Credit Facility was approximately \$6.2 billion.

Borrowings under the Revolving Credit Facility accrue interest at either (a) LIBOR plus a margin of 1.05% per year or (b) an alternative base rate plus a margin of 0.05% per year, subject, in each case, to increases or decreases based on declines or improvements in the credit ratings for the Company’s debt. The Company is required to pay a facility fee of 0.20% per year (also subject to increases or decreases based on declines or improvements in the credit ratings for the Company’s debt) in respect of total commitments under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility are used to finance the Company’s working capital needs in the ordinary course of business and for other general corporate purposes.

In April 2021, the Company amended and extended its Revolving Credit Facility pursuant to which, among other things, extended the final maturity date from May 5, 2023 to May 5, 2025 and increased the total revolving commitments to approximately \$6.4 billion as of May 6, 2021, representing an increase of 6.7% from December 31, 2020. As of May 6, 2021, lenders held revolving commitments totaling approximately \$5.7 billion that mature on May 5, 2025, commitments totaling \$575.0 million that mature on May 5, 2023 and commitments totaling \$105.0 million that mature on May 5, 2022. The amended Revolving Credit Facility also added benchmark replacement language with respect to LIBOR based on Alternative Reference Rates Committee LIBOR fallback language and amended certain financial maintenance covenants, including removing the maximum consolidated leverage ratio covenant, increasing the required level for minimum consolidated shareholders equity and removing the mechanism for suspending the minimum interest coverage ratio if certain debt ratings are met.

Secured debt financing

As of March 31, 2021, the outstanding balance on the Company’s secured debt financings, including its secured warehouse facility and its export credit financing, was \$246.7 million and it had pledged 10 aircraft as collateral with a net book value of \$493.2 million. As of December 31, 2020, the outstanding balance on the Company’s secured debt financings, including its secured warehouse facility and its export credit financing, was \$301.0 million and it had pledged 12 aircraft as collateral with a net book value of \$628.7 million. As of March 31, 2021 and December 31, 2020, all of the Company’s secured obligations are recourse in nature.

Maturities of debt outstanding as of March 31, 2021 are as follows (in thousands):

Years ending December 31,	
2021	\$ 806,903
2022	2,763,882
2023	2,490,951
2024	2,293,665
2025	2,313,889
Thereafter	5,673,021
Total	<u>\$ 16,342,311</u>

Note 4. Commitments and Contingencies

As of March 31, 2021, the Company had commitments to acquire a total of 349 new aircraft for delivery through 2027 as follows:

Aircraft Type	Estimated Delivery Years						Total
	2021	2022	2023	2024	2025	Thereafter	
Airbus A220-300 ⁽¹⁾	—	3	10	15	12	10	50
Airbus A320/321neo ⁽²⁾	25	23	22	26	19	20	135
Airbus A330-900neo	3	7	4	—	—	—	14
Airbus A350-900/1000	4	3	4	5	1	—	17
Boeing 737-7/8/9 MAX	19	22	24	27	8	—	100
Boeing 787-9/10	13	8	7	5	—	—	33
Total	<u>64</u>	<u>66</u>	<u>71</u>	<u>78</u>	<u>40</u>	<u>30</u>	<u>349</u>

- (1) In addition to the Company's commitments, as of March 31, 2021, the Company had options to acquire up to 25 Airbus A220 aircraft. If exercised, deliveries of these aircraft are scheduled to commence in 2023 and continue through 2028.
- (2) The Company's Airbus A320/321neo aircraft orders include 36 long-range variants and 29 extra long-range variants.

Pursuant to the Company's purchase agreements with Boeing and Airbus for new aircraft, the Company and each manufacturer agree to contractual delivery dates for each aircraft ordered. These dates can change for a variety of reasons, and in the last several years manufacturing delays have significantly impacted the Company's actual delivery dates. The Company has experienced delivery delays for certain of its Airbus orderbook aircraft, including the A320neo family aircraft and the A330neo aircraft. The worldwide grounding of the Boeing 737 MAX aircraft ("737 MAX") beginning in March 2019 has also resulted in material delivery delays of those aircraft from our orderbook. The Federal Aviation Administration ("FAA") and the European Union Aviation Safety Agency ("EASA") lifted their grounding order on November 18, 2020 and January 27, 2021, respectively. Although many additional countries and regulatory entities have approved return to service of the aircraft, the 737 MAX still remains grounded in a number of jurisdictions. Deliveries resumed for markets where the aircraft had been approved to return to service until April 2021, when a specific group of 737 MAX aircraft were removed from service due to an electrical power system issue unrelated to the previous grounding order. On April 28, 2021, the FAA issued a new airworthiness directive detailing the modifications required before the impacted aircraft can return to service. Boeing expects the required modifications to take a few days per aircraft and has halted deliveries of 737 MAX aircraft until the airworthiness directive has been complied with, though the timeline to return to service remains uncertain at this time.

The ongoing COVID-19 pandemic has also caused delivery delays of aircraft in our orderbook. As discussed in further detail in Note 11, "Impact of COVID-19 Pandemic," the COVID-19 pandemic has resulted in numerous travel restrictions and business shutdowns or other operating limitations.

The aircraft purchase commitments discussed above also could be impacted by lease cancellations. The Company's leases typically provide that the Company and the airline customer each have a cancellation right related to certain aircraft delivery delays. The Company's purchase agreements with Boeing and Airbus also generally provide that the Company and the manufacturer each have cancellation rights that typically parallel the Company's cancellation rights in

its leases. The Company's leases and its purchase agreements with Boeing and Airbus generally provide for cancellation rights starting at one year after the original contractual delivery date, regardless of cause. As of May 6, 2021, the Company has canceled its orders for 22 737 MAX aircraft with Boeing.

The Company has commitments for the acquisition of 349 aircraft for delivery through 2027, calculated at an estimated aggregate purchase price (including adjustments for anticipated inflation) of approximately \$23.3 billion at March 31, 2021, which are due as follows (in thousands):

<u>Years ending December 31,</u>	
2021	\$ 5,203,345
2022	5,274,025
2023	4,856,491
2024	4,624,159
2025	1,973,066
Thereafter	1,341,255
Total	<u>\$ 23,272,341</u>

The Company has made non-refundable deposits on the aircraft for which the Company has commitments to purchase of approximately \$1.8 billion as of each of March 31, 2021 and December 31, 2020, which are subject to manufacturer performance commitments. If the Company is unable to satisfy its purchase commitments, the Company may be forced to forfeit its deposits. Further, the Company would be exposed to breach of contract claims by its lessees and manufacturers.

Note 5. Rental Income

At March 31, 2021, minimum future rentals on non-cancellable operating leases of flight equipment in the Company's fleet are as follows (in thousands):

<u>Years ending December 31,</u>	
2021 (excluding the three months ended March 31, 2021)	\$ 1,489,687
2022	1,873,920
2023	1,723,465
2024	1,616,901
2025	1,472,252
Thereafter	5,204,134
Total	<u>\$ 13,380,359</u>

Note 6. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock; however, potential common equivalent shares are excluded if the effect of including these shares would be anti-dilutive. The Company's two classes of common stock, Class A and Class B Non-Voting, have equal rights to dividends and income, and therefore, basic and diluted earnings per share are the same for each class of common stock. As of March 31, 2021, the Company did not have any Class B Non-Voting common stock outstanding.

Diluted earnings per share takes into account the potential conversion of stock options, restricted stock units, and warrants using the treasury stock method and convertible notes using the if-converted method. For the three months ended March 31, 2021, the Company did not exclude any potentially dilutive securities, whose effect would have been anti-dilutive, from the computation of diluted earnings per share. The Company excluded 1,085,311 and 990,100 shares related to restricted stock units for which the performance metric had yet to be achieved as of March 31, 2021 and 2020, respectively.

The following table sets forth the reconciliation of basic and diluted earnings per share (in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2021	2020
Basic earnings per share:		
Numerator		
Net income	\$ 84,092	\$ 137,151
Preferred stock dividends	(3,844)	(3,844)
Net income available to common stockholders	\$ 80,248	\$ 133,307
Denominator		
Weighted-average common shares outstanding	113,958,403	113,471,945
Basic earnings per share	\$ 0.70	\$ 1.17
Diluted earnings per share:		
Numerator		
Net income	\$ 84,092	\$ 137,151
Preferred stock dividends	(3,844)	(3,844)
Net income available to common stockholders	\$ 80,248	\$ 133,307
Denominator		
Number of shares used in basic computation	113,958,403	113,471,945
Weighted-average effect of dilutive securities	278,706	313,083
Number of shares used in per share computation	114,237,109	113,785,028
Diluted earnings per share	\$ 0.70	\$ 1.17

Note 7. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring and Non-recurring Basis

The Company has a cross-currency swap related to its Canadian dollar Medium-Term Notes which was issued in December 2019. The fair value of the swap as a foreign currency exchange derivative is categorized as a Level 2 measurement in the fair value hierarchy and is measured on a recurring basis. As of March 31, 2021, the estimated fair value of the foreign currency exchange derivative asset was \$16.7 million. As of December 31, 2020, the estimated fair value of the foreign currency exchange derivative asset was \$14.4 million.

Financial Instruments Not Measured at Fair Values

The fair value of debt financing is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities, which would be categorized as a Level 2 measurement in the fair value hierarchy. The estimated fair value of debt financing as of March 31, 2021 was approximately \$16.9 billion compared to a book value of \$16.3 billion. The estimated fair value of debt financing as of December 31, 2020 was \$17.6 billion compared to a book value of \$16.7 billion.

The following financial instruments are not measured at fair value on the Company's Consolidated Balance Sheets at March 31, 2021, but require disclosure of their fair values: cash and cash equivalents and restricted cash. The estimated fair value of such instruments at March 31, 2021 and December 31, 2020 approximates their carrying value as reported on the Consolidated Balance Sheets. The fair value of all these instruments would be categorized as Level 1 in the fair value hierarchy.

Note 8. Shareholders' Equity

The Company was authorized to issue 500,000,000 shares of Class A common stock, \$0.01 par value, at March 31, 2021 and December 31, 2020. As of March 31, 2021 and December 31, 2020, the Company had 114,120,862 and 113,852,896 Class A common shares issued and outstanding, respectively. The Company did not have any shares of Class B non-voting common stock, \$0.01 par value, issued or outstanding as of March 31, 2021 and December 31, 2020.

The Company was authorized to issue 50,000,000 shares of preferred stock, \$0.01 par value, at March 31, 2021 and December 31, 2020. As of March 31, 2021, the Company had 10,000,000 shares of 6.15% Fixed-to-Floating Rate Non-

Cumulative Perpetual Preferred Stock, Series A (the “Series A Preferred Stock”) issued and outstanding with an aggregate liquidation preference of \$250.0 million (\$25.00 per share) and 300,000 shares of 4.65% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B (the “Series B Preferred Stock”) with an aggregate liquidation preference of \$300.0 million (\$1,000 per share). As of December 31, 2020, the Company had 10,000,000 shares of Series A Preferred Stock issued and outstanding with an aggregate liquidation preference of \$250.0 million.

On March 2, 2021, the Company issued 300,000 shares of Series B Preferred Stock, \$0.01 par value, with a liquidation preference of \$1,000 per share. The Company will pay dividends on the Series B Preferred Stock only when, as and if declared by the board of directors. Dividends will accrue, on a non-cumulative basis, on the stated amount of \$1,000 per share at a rate per annum equal to: (i) 4.65% through June 15, 2026, and payable quarterly in arrears beginning on June 15, 2021, and (ii) the Five-year U.S. Treasury Rate as of the applicable reset dividend determination date plus a spread of 4.076% per reset period from June 15, 2026 and reset every five years and payable quarterly in arrears.

The Company may redeem shares of the Series B Preferred Stock at its option, in whole or in part, from time to time, on any dividend payment date on June 15, 2026, for cash at a redemption price equal to \$1,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. The Company may also redeem shares of the Series B Preferred Stock at the Company’s option under certain other limited conditions. The Series B Preferred Stock ranks on a parity with the Series A Preferred Stock.

The following table summarizes the Company’s preferred stock issued and outstanding as of March 31, 2021 (in thousands, except for share and per share amounts and percentages):

	Shares Issued and Outstanding as of March 31, 2021	Liquidation Preference as of March 31, 2021	Issue Date	Dividend Rate in Effect at March 31, 2021	Next dividend rate reset date	Dividend rate after reset date
Fixed-to-floating-rate:						
Series A	10,000,000	\$ 250,000	March 5, 2019	6.150 %	March 15, 2024	3M LIBOR plus 3.65%
Fixed-rate reset:						
Series B	300,000	300,000	March 2, 2021	4.650 %	June 15, 2026	US5Y + 4.076%
Total Preferred Stock	<u>10,300,000</u>	<u>\$ 550,000</u>				

Note 9. Stock-based Compensation

On May 7, 2014, the stockholders of the Company approved the Air Lease Corporation 2014 Equity Incentive Plan (the “2014 Plan”). Upon approval of the 2014 Plan, no new awards may be granted under the Amended and Restated 2010 Equity Incentive Plan (the “2010 Plan”). As of March 31, 2021, the number of stock options (“Stock Options”) and restricted stock units (“RSUs”) authorized under the 2014 Plan is approximately 4,505,773.

The Company recorded \$5.4 million and \$4.4 million of stock-based compensation expense for the three months ended March 31, 2021 and 2020, respectively.

Stock Options

A summary of stock option activity for the three months ended March 31, 2021 follows:

	Shares	Exercise Price	Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands) ⁽¹⁾
Balance at December 31, 2020	50,000	\$ 28.80	0.32	\$ 781
Granted	—	\$ —	—	\$ —
Exercised	(50,000)	\$ 28.80	—	\$ 993
Forfeited/canceled	—	\$ —	—	\$ —
Balance at March 31, 2021	—	\$ —	—	\$ —

- (1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing stock price of the Company’s Class A common stock as of the respective date.

As of March 31, 2021, there were no unrecognized compensation costs related to outstanding stock options. For the three months ended March 31, 2021 and 2020, there were no stock-based compensation expenses related to Stock Options.

Restricted Stock Units

Compensation cost for stock awards is measured at the grant date based on fair value and recognized over the vesting period. The fair value of book value and time based RSUs is determined based on the closing market price of the Company's Class A common stock on the date of grant, while the fair value of RSUs that vest based on the attainment of Total Shareholder Return ("TSR") goals is determined at the grant date using a Monte Carlo simulation model. Included in the Monte Carlo simulation model were certain assumptions regarding a number of highly complex and subjective variables, such as expected volatility, risk-free interest rate and expected dividends. To appropriately value the award, the risk-free interest rate is estimated for the time period from the valuation date until the vesting date and the historical volatilities were estimated based on a historical timeframe equal to the time from the valuation date until the end date of the performance period.

During the three months ended March 31, 2021, the Company granted 577,736 RSUs of which 116,599 are TSR RSUs. The following table summarizes the activities for the Company's unvested RSUs for the three months ended March 31, 2021:

	Unvested Restricted Stock Units	
	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2020	1,466,060	\$ 42.03
Granted	577,736	\$ 47.67
Vested	(375,180)	\$ 43.85
Forfeited/canceled	(65,373)	\$ 49.89
Unvested at March 31, 2021	1,603,243	\$ 43.31
Expected to vest after March 31, 2021	1,472,863	\$ 43.58

As of March 31, 2021, there was \$42.2 million of unrecognized compensation cost related to unvested stock-based payments granted to employees. Total unrecognized compensation cost will be recognized over a weighted-average remaining period of 2.28 years.

Note 10. Aircraft Under Management

As of March 31, 2021, the Company managed 83 aircraft across three aircraft management platforms. The Company managed 51 aircraft through three separate entities under its Thunderbolt platform, 28 aircraft through the Blackbird investment funds and four on behalf of a financial institution.

The Company managed 28 aircraft on behalf of third-party investors, through two investment funds, Blackbird Capital I, LLC and Blackbird Capital II, LLC ("Blackbird II"). These funds invest in commercial aircraft and lease them to airlines throughout the world. The Company provides management services to these funds for a fee. As of March 31, 2021, the Company's non-controlling interests in each fund are 9.5% and are accounted for under the equity method of accounting. The Company's investment in these funds aggregated \$52.7 million and \$52.6 million as of March 31, 2021 and December 31, 2020, respectively, and is included in Other assets on the Consolidated Balance Sheets. The Company continues to source aircraft investment opportunities for Blackbird II. As of March 31, 2021, Blackbird II has remaining equity capital commitments to acquire up to approximately \$1.0 billion in aircraft assets, for which the Company has committed to fund up to \$29.1 million related to these potential investments.

Additionally, the Company continues to manage aircraft that it sells through its Thunderbolt platform. As of March 31, 2021, the Company managed 51 aircraft through its Thunderbolt platform across three separate transactions. The Company has non-controlling interests in two of these entities of approximately 5.0%, which are accounted for under the cost method of accounting. The Company's total investment in aircraft sold through its Thunderbolt platform was \$9.3 million as of each of March 31, 2021 and December 31, 2020 and is included in Other assets on the Consolidated Balance Sheets.

Note 11. Impact of COVID-19 Pandemic

In response to the COVID-19 pandemic, governments around the world have implemented numerous measures to try to contain the virus, including travel restrictions. These measures, coupled with a significant decrease in spending on travel as a result of COVID-19, have materially impacted airline traffic and operations throughout the world, including the Company's airline customers.

While domestic and regional airline traffic have improved from the lows in 2020, air travel demand remains challenged, especially in the international and business travel segments of the market. Beginning in the fourth quarter of 2020, several COVID-19 vaccines were approved for use in a number of countries. The United States Centers for Disease Control and Prevention recently issued new guidance reducing travel restrictions for vaccinated travelers, though global health agencies such as the World Health Organization, among others, have yet to issue formal guidance, and travel restrictions remain in place in many parts of the world.

Since the pandemic began in the first quarter of 2020, the Company has received requests from its customers for accommodations such as deferrals of lease payments or other lease concessions. On a case-by-case basis, the Company has agreed to accommodations with approximately 63% of its lessees. Generally, these accommodations have been in the form of partial lease deferrals for payments that were due during 2020, typically with a short repayment period. The majority of these deferrals are to be repaid within 12 months from the date the deferrals were granted, and in many cases, include lease extensions. While the majority of the accommodations are in the form of lease deferrals, we have also entered into some lease restructurings, which typically included lease extensions, resulting in a decrease of \$37.0 million in revenue for the three months ended March 31, 2021. The Company remains in active discussions with its airline customers and may continue to provide accommodations on a case-by-case basis.

While lease deferrals may delay the Company's receipt of cash, the Company generally recognizes the lease revenue during the period even if a deferral is provided to the lessee, unless it determines collection is not reasonably assured. The Company monitors all lessees with past due lease payments and discusses relevant operational and financial issues facing those lessees in order to determine an appropriate course of action. In addition, if collection is not reasonably assured, the Company will not recognize rental income for amounts due under the Company's lease contracts and will recognize revenue for such lessees on a cash basis. The Company did not recognize rental revenue of \$48.7 million for the three months ended March 31, 2021 because lease receivables exceeded the lease security package held and collection was not reasonably assured for certain lessees. Aircraft on lease with these lessees represented approximately 15.3% of our fleet by net book value as of March 31, 2021.

Note 12. Subsequent Events

On May 5, 2021, the Company's board of directors approved quarterly dividends for the Company's Class A common stock, Series A Preferred Stock and Series B Preferred stock. The following table summarizes the details of the dividends that were declared:

Title of each class	Cash dividend per share	Record Date	Payment Date
Class A Common Stock	\$ 0.16	June 8, 2021	July 9, 2021
Series A Preferred Stock	\$ 0.384375	May 31, 2021	June 15, 2021
Series B Preferred Stock	\$ 13.304167	May 31, 2021	June 15, 2021

In addition, the Company's board of directors also approved a six-month extension on the Company's share repurchase program, which authorized repurchase of up to \$100.0 million of the Company's Class A common stock through December 31, 2021.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our Consolidated Financial Statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Overview

Air Lease Corporation (the “Company”, “ALC”, “we”, “our” or “us”) is a leading aircraft leasing company that was founded by aircraft leasing industry pioneer, Steven F. Udvar-Házy. We are principally engaged in purchasing new commercial jet aircraft directly from aircraft manufacturers, such as The Boeing Company (“Boeing”) and Airbus S.A.S. (“Airbus”), and leasing those aircraft to airlines throughout the world with the intention to generate attractive returns on equity. In addition to our leasing activities, we sell aircraft from our operating lease portfolio to third-parties, including other leasing companies, financial services companies, airlines and other investors. We also provide fleet management services to investors and owners of aircraft portfolios for a management fee. Our operating performance is driven by the growth of our fleet, the terms of our leases, the interest rates on our debt, and the aggregate amount of our indebtedness, supplemented by the gains from aircraft sales and our management fees.

Impact of the COVID-19 Pandemic

In response to the COVID-19 pandemic, governments around the world have implemented numerous measures to try to contain the virus, including travel restrictions. These measures, coupled with a significant decrease in spending on travel as a result of COVID-19, have materially impacted airline traffic and operations throughout the world, including our airline customers. It is unclear how long and to what extent these measures will remain in place and they may remain in place in some form for an extended period of time.

As the virus spread globally, its impact on the global economy increased significantly, resulting in a rapid decline in global air travel. While domestic and regional airline traffic have improved from the lows in 2020, air travel demand remains significantly challenged, especially in the international and business travel segments of the market. Beginning in the fourth quarter of 2020, several COVID-19 vaccines were approved for use in a number of countries. The United States Centers for Disease Control and Prevention (the “CDC”) recently issued new guidance reducing travel restrictions for vaccinated travelers, though global health agencies such as the World Health Organization (the “WHO”) among others have yet to issue formal guidance, and travel restrictions remain in place in many parts of the world. While widespread vaccination could reduce the impact of COVID-19 on the commercial airline industry, it is difficult to predict the pace of vaccinations and how long it will take the industry to recover.

We believe the long-term recovery of air travel worldwide will occur in phases and vary by region. While air travel in many countries and regions continues to be curtailed by rising cases of the virus and travel restrictions, there is evidence of strong air travel recovery in certain locations. For instance, in the United States where vaccination rates are rising and travel restrictions are easing, there has been a significant improvement in domestic travel. In addition, many countries are working on ways to further enable air travel despite the virus. For instance, in certain European countries, borders have been reopened to those fully vaccinated or those who can provide a negative test result with rapid testing prior to entry. Australia and New Zealand recently opened a quarantine-free travel bubble allowing passengers to move quarantine-free between both countries, subject to certain conditions. And finally, many countries are exploring ways to digitally certify proof of COVID-19 vaccination or negative test results for purposes of travel. We anticipate that the return of air travel domestically and internationally will be further driven by rising vaccination rates, easing travel restrictions and by the efforts of countries working independently and collectively in developing new ways to reduce travel restrictions.

Since the pandemic began in the first quarter of 2020, we have received requests from our customers for accommodations such as deferrals of lease payments or other lease concessions. On a case-by-case basis, we have agreed to accommodations with approximately 63% of our lessees. Generally, these accommodations have been in the form of partial lease deferrals for payments that were due during 2020, typically with a short repayment period. The majority of these deferrals are to be repaid within 12 months from the date the deferrals were granted, and in many cases, include lease extensions. As of May 6, 2021, our total deferrals, net of repayments, was \$131.0 million. To date, we have agreed to defer \$242.6 million in lease payments, of which \$111.6 million or 46% of the total deferral amount has been repaid.

While these lease deferrals negatively impacted our cash flow provided by operating activities, our net deferrals represented approximately 1.7% of our total available liquidity as of March 31, 2021. While the majority of the accommodations are in the form of lease deferrals, we have also entered into some lease restructurings, which typically included lease extensions. These restructurings decreased our total revenue by \$37.0 million for the three months ended March 31, 2021. We remain in active discussions with our airline customers and may continue to provide accommodations on a case-by-case basis.

Our collection rate for the three months ended March 31, 2021 was 84% compared to 88% for the three months ended December 31, 2020. We expect that our collection rate will remain under pressure due to the impact of COVID-19. Collection rate is defined as the sum of cash collected from lease rentals and maintenance reserves, and includes cash recovered from outstanding receivables from previous periods, as a percentage of the total contracted receivables due for the period. The collection rate is calculated after giving effect to lease deferral arrangements made as of March 31, 2021. In addition, we did not recognize rental revenue of \$48.7 million for the three months ended March 31, 2021 because lease receivables exceeded the lease security package held and collection was not reasonably assured for certain lessees, compared to \$21.2 million for the three months ended December 31, 2020. Aircraft on lease with these lessees represented approximately 15.3% of our fleet by net book value as of March 31, 2021 as compared to 7.8% as of December 31, 2020. The increase in rental revenue not recognized for the first quarter was primarily driven by a few customers with whom we are working towards resolution. The severity and the length of the impact of the COVID-19 pandemic on air travel and the adverse impact of the pandemic on our airline customers continues to be uncertain and could intensify. As a result, we could experience increased requests for lease deferrals or restructurings, a continuing decline in our collection rate and additional lease revenue that will not be recognized in future quarters because collection will not be reasonably assured for certain lessees.

Our lease utilization rate for the quarters ended March 31, 2021 and December 31, 2020 was 99.6% and 99.8%, respectively. The lease utilization rate is calculated based on the number of days each aircraft was subject to a lease or letter of intent during the period, weighted by the net book value of the aircraft. The severity and longevity of the COVID-19 pandemic on our airline customers could result in a decline in our lease utilization rate if our lessees return aircraft to us before the return date in their lease agreement or experience insolvency or initiate bankruptcy or similar proceedings that result in aircraft being returned to us. If this occurs, we may not be able to reposition the aircraft with other airlines as quickly as we have historically been able to do and we may incur increased costs in repositioning such aircraft. A decline in our lease utilization rate would adversely impact our financial results, including our revenue and profitability.

Due to travel restrictions and business limitations and shutdowns, we expect continuing challenges when transitioning, acquiring or selling aircraft during the COVID-19 pandemic.

We have experienced aircraft delivery delays related to COVID-19. While the commitment table in Note 4, "Commitments and Contingencies" above and the discussion of "Our Fleet" below reflect our current delivery expectations, we are in ongoing discussions with Boeing and Airbus to determine the extent and duration of delivery delays. The delays could result in a cancellation of leases for those aircraft. As of March 31, 2021, we have canceled our orders for 22 737 MAX aircraft with Boeing. While we have planned our capital expenditures for the remainder of 2021 and beyond based on currently expected delivery schedules, given the current industry circumstances, our aircraft delivery schedule could continue to be subject to material changes. In any case, our capital expenditures will be less than what we planned prior to the pandemic, which will slow our revenue growth, but will further improve our strong liquidity position.

Although we expect our aircraft sales activity to increase in 2021 compared to 2020, we do not anticipate that aircraft sales activity will return to pre-pandemic levels during 2021. However, if demand for used aircraft declines, we may decide to sell fewer aircraft than currently anticipated.

COVID-19 has also caused disruption in the financial markets. We finance the purchase of aircraft and our business with available cash balances, internally generated funds, including through aircraft sales and trading activity, and debt financings. As of March 31, 2021, we had an undrawn balance of \$6.2 billion under our unsecured revolving credit facility (the "Revolving Credit Facility"). During the COVID-19 pandemic, we have continued to access the unsecured debt capital markets issuing approximately \$3.8 billion in aggregate principal Medium-Term Notes with a weighted average interest rate of 2.6%. In addition, we issued 300,000 shares of 4.65% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B (the "Series B Preferred Stock") for \$300.0 million in proceeds. If desired, we

believe we have access to other financing alternatives, such as secured debt financings, including financings supported through the Export-Import Bank of the United States or other export credit agencies (“ECAs”) to fund future aircraft deliveries from our orderbook. Our liquidity is discussed below in more detail under “Liquidity and Capital Resources.”

We expect our business, results of operations and financial condition will continue to be negatively impacted in the near term, and the pandemic could have a larger impact on our results of operations in 2021 than during the prior year. In addition, given the dynamic nature of this situation, we cannot reasonably estimate the continued impacts of the COVID-19 pandemic on our business, results of operations and financial condition for the foreseeable future.

We believe, however, that the airline industry will eventually recover and aircraft travel will return to historical levels over the long term. See “Aircraft Industry and Sources of Revenues” below. Further, we believe we are well positioned to offer solutions for airlines, because we can offer the ability to lease younger, more fuel-efficient aircraft at a time when airlines will be focused on reducing capital requirements and managing costs.

First Quarter Overview

During the three months ended March 31, 2021, we purchased and took delivery of 10 aircraft from our new order pipeline ending the period with a total of 342 aircraft in our operating lease portfolio with a net book value of \$20.8 billion. The weighted average lease term remaining on our operating lease portfolio was 6.9 years and the weighted average age of our fleet was 4.3 years as of March 31, 2021. Our fleet grew by 1.9% based on net book value of \$20.8 billion as of March 31, 2021, compared to \$20.4 billion as of December 31, 2020. In addition, we had a managed fleet of 83 aircraft as of March 31, 2021, compared to a managed fleet of 81 aircraft as of December 31, 2020. We have a globally diversified customer base comprised of 113 airlines in 59 countries as of March 31, 2021. As of May 6, 2021, all aircraft in our operating lease portfolio, except for two aircraft, were subject to letters of intent or lease agreements.

As of March 31, 2021, we had commitments to purchase 349 aircraft from Airbus and Boeing for delivery through 2027, with an estimated aggregate commitment of \$23.3 billion. We ended the first quarter of 2021 with \$26.8 billion in committed minimum future rental payments and placed approximately 95% of our committed orderbook on long-term leases for aircraft delivering through 2022 and 80% through the end of 2023. This includes \$13.4 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$13.4 billion in minimum future rental payments related to aircraft which will be delivered during the remainder of 2021 through 2025.

During the three months ended March 31, 2021, we issued \$750.0 million in Medium-Term Notes due 2024 bearing interest at a fixed rate of 0.70%. In addition, we ended the first quarter of 2021 with an aggregate borrowing capacity under our Revolving Credit Facility of \$6.2 billion and total liquidity of \$7.5 billion. Also, in March 2021, we issued 300,000 shares of 4.65% Fixed-Rate Reset Non-Cumulative Perpetual Series B Preferred Stock, \$0.01 par value for \$300.0 million in proceeds. We ended the first quarter of 2021 with total debt outstanding of \$16.3 billion, of which 93.2% was at a fixed rate and 98.5% was unsecured. Our composite cost of funds decreased to 3.02% as of March 31, 2021 compared to 3.13% as of December 31, 2020.

Our total revenues for the quarter ended March 31, 2021 decreased by 7.1% to \$474.8 million, compared to the quarter ended March 31, 2020. Despite the continued growth of our fleet, our revenues decreased in the first three months of 2021 compared to the first three months of 2020 as a result of the full quarter impact of the COVID-19 pandemic, which only partially impacted the first three months of 2020 when the pandemic began. During the three months ended March 31, 2021, we were not able to recognize \$48.7 million of rental revenue because lease receivables exceeded the lease security package held and collection was not reasonably assured for certain leases. In addition, we entered into lease restructurings, which typically included lease extensions, that resulted in a decrease of approximately \$37.0 million in revenue for the quarter ended March 31, 2021. Our net income available to common stockholders for the quarter ended March 31, 2021 was \$80.2 million compared to \$133.3 million for the quarter ended March 31, 2020. Our diluted earnings per share for the quarter ended March 31, 2021 was \$0.70 compared to \$1.17 for the quarter ended March 31, 2020. The decrease in net income available to common stockholders in the first quarter of 2021 as compared to 2020 was primarily due to the decrease in rental revenues as discussed above and an increase in depreciation and interest expense from the growth of our fleet, partially offset by a decrease in selling, general and administrative expenses.

Our adjusted net income before income taxes excludes the effects of certain non-cash items, one-time or non-recurring items, that are not expected to continue in the future and certain other items. Our adjusted net income before

income taxes for the three months ended March 31, 2021 was \$117.1 million or \$1.03 per diluted share, compared to \$182.8 million or \$1.61 per diluted share for the three months ended March 31, 2020. As discussed above, the decrease in our adjusted net income before income taxes was principally driven by the decrease in revenues and an increase in depreciation and interest expense. Adjusted net income before income taxes, adjusted pre-tax profit margin and adjusted diluted earnings per share before income taxes are measures of financial and operational performance that are not defined by U.S. Generally Accepted Accounting Principles (“GAAP”). See Note 1 under the “Results of Operations” table for a discussion of adjusted net income before income taxes, adjusted pre-tax profit margin and adjusted diluted earnings per share before income taxes as non-GAAP measures and reconciliation of these measures to net income available to common stockholders.

Our Fleet

Portfolio metrics of our fleet as of March 31, 2021 and December 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Aggregate fleet net book value	\$20.8 billion	\$ 20.4 billion
Weighted-average fleet age ⁽¹⁾	4.3 years	4.1 years
Weighted-average remaining lease term ⁽¹⁾	6.9 years	6.9 years
 Owned fleet	 342	 332
Managed fleet	83	81
Aircraft on order	349	361
Aircraft purchase options ⁽²⁾	25	25
Total	799	799
 Current fleet contracted rentals	 \$13.4 billion	 \$ 13.6 billion
Committed fleet rentals	\$13.4 billion	\$ 13.2 billion
Total committed rentals	\$26.8 billion	\$ 26.8 billion

(1) Weighted-average fleet age and remaining lease term calculated based on net book value of our operating lease portfolio.

(2) As of March 31, 2021 and December 31, 2020, we had options to acquire up to 25 Airbus A220 aircraft.

The following table sets forth the net book value and percentage of the net book value of our flight equipment subject to operating lease in the indicated regions based on each airline’s principal place of business as of March 31, 2021 and December 31, 2020:

<u>Region</u>	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Net Book Value</u>	<u>% of Total</u>	<u>Net Book Value</u>	<u>% of Total</u>
	<u>(in thousands, except percentages)</u>			
Europe	\$ 6,678,600	32.1 %	\$ 6,413,557	31.4 %
Asia (excluding China)	5,627,021	27.1 %	5,513,498	27.1 %
China	2,737,471	13.2 %	2,766,543	13.5 %
The Middle East and Africa	2,332,400	11.2 %	2,356,418	11.6 %
U.S. and Canada	1,364,817	6.6 %	1,298,974	6.4 %
Central America, South America, and Mexico	1,086,398	5.2 %	1,074,792	5.3 %
Pacific, Australia, and New Zealand	947,252	4.6 %	956,568	4.7 %
Total	<u>\$ 20,773,959</u>	<u>100.0 %</u>	<u>\$ 20,380,350</u>	<u>100.0 %</u>

The following table sets forth the number of aircraft we owned by aircraft type as of March 31, 2021 and December 31, 2020:

Aircraft type	March 31, 2021		December 31, 2020	
	Number of Aircraft	% of Total	Number of Aircraft	% of Total
Airbus A319-100	1	0.3 %	1	0.3 %
Airbus A320-200	31	9.1 %	31	9.4 %
Airbus A320-200neo	20	5.8 %	19	5.7 %
Airbus A321-200	28	8.2 %	28	8.4 %
Airbus A321-200neo	53	15.5 %	49	14.8 %
Airbus A330-200	13	3.8 %	13	3.9 %
Airbus A330-300	8	2.3 %	8	2.4 %
Airbus A330-900neo	8	2.3 %	8	2.4 %
Airbus A350-900	11	3.2 %	11	3.3 %
Airbus A350-1000	2	0.6 %	2	0.6 %
Boeing 737-700	4	1.2 %	4	1.2 %
Boeing 737-800	88	25.7 %	88	26.5 %
Boeing 737-8 MAX	19	5.6 %	15	4.5 %
Boeing 777-200ER	1	0.3 %	1	0.3 %
Boeing 777-300ER	24	7.0 %	24	7.2 %
Boeing 787-9	24	7.0 %	23	7.0 %
Boeing 787-10	6	1.8 %	6	1.8 %
Embraer E190	1	0.3 %	1	0.3 %
Total	342	100.0 %	332	100.0 %

As of March 31, 2021, we had commitments to acquire a total of 349 new aircraft for delivery through 2027 as follows:

Aircraft Type	Estimated Delivery Years						Total
	2021	2022	2023	2024	2025	Thereafter	
Airbus A220-300 ⁽¹⁾	—	3	10	15	12	10	50
Airbus A320/321neo ⁽²⁾	25	23	22	26	19	20	135
Airbus A330-900neo	3	7	4	—	—	—	14
Airbus A350-900/1000	4	3	4	5	1	—	17
Boeing 737-7/8/9 MAX	19	22	24	27	8	—	100
Boeing 787-9/10	13	8	7	5	—	—	33
Total	64	66	71	78	40	30	349

(1) In addition to our commitments, as of March 31, 2021, we had options to acquire up to 25 Airbus A220 aircraft. If exercised, deliveries of these aircraft are scheduled to commence in 2023 and continue through 2028.

(2) Our Airbus A320/321neo aircraft orders include 36 long-range variants and 29 extra long-range variants.

Aircraft Delivery Delays

Pursuant to our purchase agreements with Boeing and Airbus for new aircraft, we and each manufacturer agree to contractual delivery dates for each aircraft ordered. These dates can change for a variety of reasons, and in the last several years manufacturing delays have significantly impacted our actual delivery dates.

The worldwide grounding of the 737 MAX beginning in March 2019 has resulted in material delivery delays of those aircraft from our orderbook. The FAA and EASA lifted their grounding order on November 18, 2020 and January 27, 2021, respectively. However, the 737 MAX still remains grounded in a number of jurisdictions. The grounding of the aircraft has caused airlines to adjust flight schedules, cancel flights, or keep older aircraft in service longer. We are unable to speculate as to when the grounding of the 737 MAX in the remaining countries and jurisdictions will be lifted.

In addition to the grounding issue noted above, in April 2021, a specific group of 737 MAX aircraft were removed from service due to an electrical power system issue unrelated to the previous grounding order. On April 28, 2021, the FAA issued a new airworthiness directive detailing the modifications required before the impacted aircraft can return to

service. Boeing expects the required modifications to take a few days per aircraft and has halted deliveries of 737 MAX aircraft until the airworthiness directive has been complied with, though the timeline to return to service remains uncertain at this time.

As of March 31, 2021, we owned and leased 19 737 MAX aircraft and we had 100 737 MAX aircraft on order. With respect to the 737 MAX aircraft we own and lease, our airline customers are obligated to continue to make payments under the lease, irrespective of any difficulties in which the lessees may encounter, including an aircraft fleet grounding. However, the lease payments for some of our 737 MAX airline customers are in arrears.

During the fourth quarter of 2020, Boeing identified manufacturing defects on its 787 aircraft. As a result, Boeing suspended deliveries of 787 aircraft between October 2020 and March 2021. Boeing has resumed the 787 aircraft deliveries, though it is not yet clear when all of our delayed aircraft will be delivered. As such, we are not yet able to determine the impact of delivery delays from these manufacturing defects.

As a result of the aforementioned items occurring with both the 737 MAX and 787 aircraft, as of May 6, 2021, we anticipate that Boeing may continue to experience challenges in delivering these aircraft resulting in delivery delays on both the 737 MAX and 787 throughout the remainder of 2021 and delivery delays could potentially extend well into 2022 and beyond.

We have also experienced delivery delays for certain of our Airbus orderbook aircraft, including the A320neo family aircraft and, to a lesser extent, the A330neo aircraft. Airbus has advised us to continue to expect several months of delivery delays relating to such aircraft scheduled to deliver through 2022. These delays also have impacted airline operations and the profitability of certain airlines.

As a result of the manufacturing delays and the delays related to the COVID-19 pandemic, discussed in further detail above in “Impact of COVID-19 Pandemic,” many of our aircraft deliveries have been delayed. We are in ongoing discussions with Boeing and Airbus to determine the impact and duration of delivery delays. However, we are not yet able to determine the impact of the delivery delays, and as such, our expected delivery dates could materially change. While we have planned our capital expenditures for the remainder of 2021 and beyond based on currently expected delivery schedules, given the current industry circumstances, our aircraft delivery schedule could continue to be subject to material changes.

We expect that if the grounding of the 737 MAX continues in certain countries and jurisdictions for an extended time, or if there are significant 737 MAX delivery delays in counties and jurisdictions where the grounding has been lifted, more of our customers may seek to cancel their lease contracts for the 737 MAX with us. Our leases typically provide that we and our airline customer each have a cancellation right related to certain aircraft delivery delays. Our purchase agreements with Boeing and Airbus also generally provide that we and the manufacturer each have cancellation rights that typically parallel our cancellation rights in our leases. Our leases and our purchase agreements with Boeing and Airbus generally provide for cancellation rights starting at one year after the original contractual delivery date, regardless of cause. As of May 6, 2021, we have canceled our orders for 22 737 MAX aircraft with Boeing. We believe that the majority of our 737 MAX aircraft and some of our 787 aircraft deliveries in our orderbook will be delayed more than 12 months, which would give us, our airline customers and Boeing the right to cancel these aircraft commitments. It is unclear at this point if we will cancel more of our 737 MAX delivery positions with Boeing or attempt to find replacement lessees. We are currently in discussions with Boeing regarding the mitigation of damages resulting from the grounding of and the delivery delays associated with the 737 MAX aircraft that we own and have on order.

The following table, which is subject to change based on Airbus and Boeing delivery delays, shows the number of new aircraft scheduled to be delivered as of March 31, 2021 along with the lease placements of such aircraft as of May 6, 2021. As noted above, we expect delivery delays for all aircraft deliveries in our orderbook. We remain in discussions

with Boeing and Airbus to determine the extent and duration of delivery delays, but given the dynamic nature of the ongoing COVID-19 pandemic, we are not yet able to determine the full impact of the delivery delays.

Delivery Year	Number of Aircraft	Number Leased	% Leased
2021	64	64	100.0 %
2022	66	59	89.4 %
2023	71	37	52.1 %
2024	78	16	20.5 %
2025	40	4	10.0 %
Thereafter	30	—	— %
Total	349	180	

Aircraft Industry and Sources of Revenues

Our revenues are principally derived from operating leases with scheduled and charter airlines throughout the world. As of March 31, 2021, we had a globally diversified customer base comprised of 113 airlines in 59 different countries, with over 95% of our business revenues from airlines domiciled outside of the U.S., and we anticipate that most of our revenues in the future will be generated from foreign customers.

Performance of the commercial airline industry is linked to global economic health and development, which may be negatively impacted by economic disruption, macroeconomic conditions and geopolitical and policy risks, among other factors. COVID-19 has caused significant disruption to the commercial airline industry resulting in a significant decline in air travel, negatively impacting airlines, aircraft manufacturers, and other related businesses. The International Air Transport Association (“IATA”) reported that passenger traffic fell 26% year-over-year for the first three months of 2021, and fell 67% for the month of March 2021 compared to the month of March 2019, primarily due to COVID-19. While domestic and regional airline traffic have improved since the industry low in April 2020, passenger traffic remains challenged, especially with respect to international and business air travel demand. Beginning in the fourth quarter of 2020, several COVID-19 vaccines had been approved for use in a number of countries. The CDC recently issued new guidance reducing travel restrictions for vaccinated travelers, though global health agencies such as the WHO, among others, have yet to issue formal guidance, and travel restrictions remain in place in many parts of the world. While widespread vaccination could reduce the impact of COVID-19 on the commercial airline industry, we cannot predict the pace of vaccinations or how long it will take the industry to recover.

We expect our airline customers to continue to experience financial difficulties through 2021 and potentially longer, which could result in additional requests for lease accommodations, requests to return aircraft early and lease defaults. We also expect more airline reorganizations, liquidations, or other forms of bankruptcies, which may include our aircraft customers and result in the early return of aircraft or changes in our lease terms. As of the date of this filing, we had 13 aircraft across four airlines which were subject to various forms of insolvency proceedings.

Approximately 73% of the net book value of our fleet are leased to flag carriers or airlines that have some form of governmental ownership; however, this does not guarantee our ability to collect contractual rent payments. We believe that having a large portion of the net book value of our fleet on lease with flag carriers or airlines with some form of governmental ownership, coupled with the overall quality of our aircraft and security deposits and maintenance reserves under our leases will help mitigate our customer default risk.

We expect the aviation industry to recover over time from the impact of COVID-19, and in the long-term we remain optimistic. While we believe some aircraft lessors may consolidate or cease operations as a result of the pandemic, we believe the aircraft leasing industry has remained resilient over time across a variety of global economic conditions and remain optimistic about the long-term fundamentals of our business. As a result of the COVID-19 pandemic, some airlines have accelerated their plans to retire older, less fuel-efficient aircraft that have higher maintenance costs in the current environment, and we anticipate that airlines will continue to accelerate the retirement of this type of aircraft, ultimately increasing demand for newer aircraft over time. We also anticipate that when airlines need to add new aircraft to their fleet, they will increasingly elect to lease aircraft instead of purchasing aircraft to reduce capital requirements and manage other operating expenses, and that we will benefit from that trend. We expect a number of these trends to continue in the remainder of 2021.

We and airlines around the world have continued to experience delivery delays from Boeing and Airbus and have been impacted by the 737 MAX grounding, as discussed above in “Our Fleet.” Aircraft manufacturer delays and the 737 MAX grounding have impacted the growth of our company as well as the growth of our airline customers, passenger growth and airline profitability and we expect this to continue. As a result of continued manufacturing delays and the impact of COVID-19, our aircraft delivery schedule could continue to be subject to material changes and delivery delays could potentially extend well into 2022 and beyond. Although we expect our aircraft sales activity to increase in 2021 compared to 2020, we do not anticipate that aircraft sales activity will return to pre-pandemic levels during 2021.

As a result of various impacts of COVID-19 including border restrictions and other travel limitations particularly on long-haul intercontinental travel, we have seen further reduced demand for certain widebody aircraft in our fleet. Due to the grounding of the 737 MAX and other narrow body delivery delays, our fleet currently has a greater concentration of widebody aircraft than we typically target.

In October 2019, the U.S. government imposed a 10% tariff on new aircraft imported from Europe, including Airbus aircraft. In March 2020, the tariff was raised to 15%. Effective November 10, 2020, the European Union (“E.U.”) imposed a 15% tariff on new aircraft imported into the E.U. from the U.S., including Boeing aircraft. In March 2021, the U.S. and the E.U. agreed to temporarily suspend all retaliatory tariffs on exports through July 2021, in order to negotiate a trade settlement. Our leases are primarily structured as triple net leases, whereby the lessee is responsible for all operating costs including taxes, insurance, aircraft maintenance and the costs associated with the importation of the aircraft. However, we are currently monitoring the impact of U.S. trade policies on our future Airbus deliveries to U.S. customers, and our Boeing deliveries to customers in the E.U and future demand for our orderbook aircraft.

We cannot predict what further actions may ultimately be taken with respect to tariffs or trade relations between the U.S. and U.S. trading partners. Accordingly, it is difficult to predict exactly how, and to what extent, such actions may impact our business, or the business of our lessees or aircraft manufacturers. Any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for aircraft, increase the cost of aircraft components, further delay production, impact the competitive position of certain aircraft manufacturers or prevent aircraft manufacturers from being able to sell aircraft in certain countries.

Given the impact of COVID-19 on our industry, it is unclear at this time how competition within the aircraft leasing industry will evolve or change in the coming months and what the corresponding impact on lease rates will be as a result of the change in the competitive landscape, COVID-19, trade matters, the aircraft delays from Airbus and Boeing or other items.

Liquidity and Capital Resources

Overview

We finance the purchase of aircraft and our business with available cash balances, internally generated funds, including through aircraft sales and trading activity, and an array of financing products. We have structured ourselves with the goal to maintain investment-grade credit metrics and our debt financing strategy has focused on funding our business on an unsecured basis with primarily fixed-rate debt. Unsecured financing provides us with operational flexibility when selling or transitioning aircraft from one airline to another and also reduces structural subordination in our capital structure. We also have the ability to seek debt financing secured by our assets, as well as financings supported through the Export-Import Bank of the United States and other export credit agencies for future aircraft deliveries. Our access to a variety of financing alternatives including unsecured public bonds, private capital, bank debt, preferred stock and secured markets provides us with a key advantage in managing our liquidity. Aircraft delivery delays as a product of the COVID-19 pandemic, the 737 MAX grounding and other manufacturer delays are expected to further reduce our capital requirements for the next six to twelve months and potentially beyond. We continue to monitor COVID-19 and its impact on our overall liquidity position and outlook.

We ended the first quarter of 2021 with total debt outstanding, net of discounts and issuance costs, of \$16.2 billion compared to \$16.5 billion as of December 31, 2020. Our unsecured debt decreased to \$16.1 billion as of March 31, 2021 from \$16.4 billion as of December 31, 2020. Our unsecured debt as a percentage of total debt increased to 98.5% as of March 31, 2021 from 98.2% as of December 31, 2020.

Our cash flows provided by operating activities increased by 0.1% or \$0.3 million, to \$234.3 million for the three months ended March 31, 2021 as compared to \$234.0 million for the three months ended March 31, 2020. Despite the decrease in our net income, our cash flow provided by operating activities was slightly higher primarily due to an increase in our cash collections during the three months ended March 31, 2021, as compared to the three months ended March 31, 2020. Our cash flow used in investing activities was \$549.7 million for the three months ended March 31, 2021, which resulted primarily from the purchase of aircraft. Our cash flow used in investing activities was \$672.3 million for the three months ended March 31, 2020, which resulted primarily from the purchase of aircraft, partially offset by proceeds from our sales and trading activity. Our cash flow used in financing activities was \$90.2 million for the three months ended March 31, 2021, which resulted primarily from the repayment of outstanding debt partially offset by the issuance of unsecured notes and the issuance of our Series B preferred stock. Our cash flow used in financing activities was \$853.6 million for the three months ended March 31, 2020, which resulted primarily from the issuance of unsecured notes partially offset by the repayment of outstanding debt. The continued impact of COVID-19, including as a result of rent deferrals and other lease concessions made or that we may make in the future to our customers, could continue to have a negative impact on cash flow from operating activities.

We ended the first quarter of 2021 with available liquidity of \$7.5 billion which is comprised of unrestricted cash of \$1.3 billion and an available borrowing capacity under our Revolving Credit Facility of \$6.2 billion. Our Revolving Credit Facility does not condition our ability to borrow on the lack of a material adverse effect to us or the general economy. A key component of the ongoing liquidity available to us is our Revolving Credit Facility, for which the substantial majority of the commitments mature in 2025. As of May 6, 2021, our Revolving Credit Facility is syndicated across 50 financial institutions from around various regions of the world, diversifying our reliance on any individual lending institution. We continue to utilize our Revolving Credit Facility in the normal course of business.

We have a balanced approach to capital allocation based on the following priorities, ranked in order of importance: first, investing in modern, in-demand aircraft to profitably grow our core aircraft leasing business while maintaining strong fleet metrics and creating sustainable long-term shareholder value; second, maintaining our investment grade balance sheet utilizing unsecured debt as our primary form of financing; and finally, in lockstep with the aforementioned priorities, returning excess cash to shareholders through our dividend policy as well as regular evaluation of share repurchases, as appropriate.

The ultimate impact the COVID-19 pandemic may have on our business, results of operations and financial condition over the next 12 months is currently uncertain and will depend on certain developments, including, among others, the impact of the COVID-19 pandemic on our airline customers and the magnitude and duration of the pandemic. We currently believe that our cash on hand, current debt arrangements and general ability to access the capital markets will be sufficient to finance our operations and fund our debt service requirements and capital expenditures, including aircraft acquisition over the next 12 months.

As of March 31, 2021, we were in compliance in all material respects with the covenants contained in our debt agreements. While a ratings downgrade would not result in a default under any of our debt agreements, it could adversely affect our ability to issue debt and obtain new financings, or renew existing financings, and it would increase the costs of certain financings. Our liquidity plans are subject to a number of risks and uncertainties, including those described in our Annual Report on Form 10-K for the year ended December 31, 2020.

Debt

Our debt financing was comprised of the following at March 31, 2021 and December 31, 2020 (in thousands, except percentages):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Unsecured		
Senior notes	\$ 15,287,351	\$ 15,583,544
Term financings	808,250	811,550
Total unsecured debt financing	16,095,601	16,395,094
Secured		
Term financings	223,418	276,032
Export credit financing	23,292	24,955
Total secured debt financing	246,710	300,987
Total debt financing	16,342,311	16,696,081
Less: Debt discounts and issuance costs	(175,407)	(177,743)
Debt financing, net of discounts and issuance costs	<u>\$ 16,166,904</u>	<u>\$ 16,518,338</u>
Selected interest rates and ratios:		
Composite interest rate ⁽¹⁾	3.02 %	3.13 %
Composite interest rate on fixed-rate debt ⁽¹⁾	3.15 %	3.26 %
Percentage of total debt at a fixed-rate	93.19 %	93.02 %

(1) This rate does not include the effect of upfront fees, facility fees, undrawn fees or amortization of debt discounts and issuance costs.

Senior unsecured notes (including Medium-Term Note Program)

As of March 31, 2021, we had \$15.3 billion in senior unsecured notes outstanding. As of December 31, 2020, we had \$15.6 billion in senior unsecured notes outstanding.

In January 2021, we issued \$750.0 million in aggregate principal amount of 0.70% Medium-Term Notes due 2024.

Unsecured revolving credit facility

As of March 31, 2021 and December 31, 2020, we did not have any amounts outstanding under our Revolving Credit Facility.

During the three months ended March 31, 2021, the Company increased the aggregate capacity of its Revolving Credit Facility by \$200.0 million. As of March 31, 2021, the aggregate capacity of the Revolving Credit Facility was approximately \$6.2 billion.

Borrowings under our Revolving Credit Facility accrue interest at either (a) LIBOR plus a margin of 1.05% per year or (b) an alternative base rate plus a margin of 0.05% per year, subject, in each case, to increases or decreases based on declines or improvements in the credit ratings for our debt. We are required to pay a facility fee of 0.20% per year (also subject to increases or decreases based on declines or improvements in the credit ratings for our debt) in respect of total commitments under our Revolving Credit Facility. Borrowings under our Revolving Credit Facility are used to finance our working capital needs in the ordinary course of business and for other general corporate purposes.

In April 2021, we amended and extended our Revolving Credit Facility pursuant to which, among other things, extended the final maturity date from May 5, 2023 to May 5, 2025 and increased the total revolving commitments to approximately \$6.4 billion as of May 6, 2021, representing an increase of 6.7% from December 31, 2020. As of May 6, 2021, lenders held revolving commitments totaling approximately \$5.7 billion that mature on May 5, 2025, commitments totaling \$575.0 million that mature on May 5, 2023 and commitments totaling \$105.0 million that mature on May 5, 2022. The amended Revolving Credit Facility also added benchmark replacement language with respect to LIBOR based on Alternative Reference Rates Committee LIBOR fallback language and amended certain financial maintenance covenants, including removing the maximum consolidated leverage ratio covenant, increasing the required

level for minimum consolidated shareholders equity and removing the mechanism for suspending the minimum interest coverage ratio if certain debt ratings are met.

Secured debt financing

As of March 31, 2021, the outstanding balance on our secured debt financings, including our secured warehouse facility and our export credit financing, was \$246.7 million and we had pledged 10 aircraft as collateral with a net book value of \$493.2 million. As of December 31, 2020, the outstanding balance on our secured debt financings, including our secured warehouse facility and our export credit financing, was \$301.0 million and we had pledged 12 aircraft as collateral with a net book value of \$628.7 million.

Preferred equity

On March 5, 2019, we issued 10,000,000 shares of 6.15% Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series A (the “Series A Preferred Stock”), \$0.01 par value, with a liquidation preference of \$25.00 per share. We will pay dividends on the Series A Preferred Stock only when, as and if declared by the board of directors. Dividends will accrue, on a non-cumulative basis, on the stated amount of \$25.00 per share at a rate per annum equal to: (i) 6.15% during the first five years and payable quarterly in arrears beginning on June 15, 2019, and (ii) three-month LIBOR plus a spread of 3.650% per annum from March 15, 2024, reset quarterly and payable quarterly in arrears beginning on June 15, 2024.

We may redeem shares of the Series A Preferred Stock at our option, in whole or in part, from time to time, on or after March 15, 2024, for cash at a redemption price equal to \$25.00 per share, plus any declared and unpaid dividends to, but excluding, the redemption date, without accumulation of any undeclared dividends. We may also redeem shares of the Series A Preferred Stock at our option under certain other limited conditions.

On March 2, 2021, we issued 300,000 shares of 4.65% Fixed-Rate Reset Non-Cumulative Perpetual Series B Preferred Stock, \$0.01 par value, with a liquidation preference of \$1,000 per share. We will pay dividends on the preferred stock only when, as and if declared by the board of directors. Dividends will accrue, on a non-cumulative basis, on the stated amount of \$1,000 per share at a rate per annum equal to: (i) 4.65% through June 15, 2026, and payable quarterly in arrears beginning on June 15, 2021, and (ii) the Five-year U.S. Treasury Rate as of the applicable reset dividend determination date plus a spread of 4.076% per reset period from June 15, 2026 and reset every five years and payable quarterly in arrears.

We may redeem shares of the Series B Preferred Stock at its option, in whole or in part, from time to time, on or after June 15, 2026, for cash at a redemption price equal to \$1,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. We may also redeem shares of the Series B Preferred Stock at our option under certain other limited conditions. The Series B Preferred Stock ranks on a parity with the Series A Preferred Stock.

On February 19, 2021, our board of directors approved a cash dividend of \$0.384375 per share on our outstanding Series A Preferred Stock, which was paid on March 15, 2021 to holders of record of our Series A Preferred Stock as of February 28, 2021. On May 5, 2021, our board of directors approved a cash dividend of \$0.384375 per share on our outstanding Series A Preferred Stock, which will be paid on June 15, 2021 to holders of record of our Series A Preferred Stock as of May 31, 2021. Additionally, on May 5, 2021, our board of directors approved a cash dividend of \$13.304167 per share on our outstanding Series B Preferred Stock, which will be paid on June 15, 2021 to holders of record of our Series B Preferred Stock as of May 31, 2021.

Potential Impact of LIBOR Transition

As of March 31, 2021, we had approximately \$1.1 billion of floating rate debt outstanding that used LIBOR as the applicable reference rate to calculate the interest on such debt. Additionally, our Series A Preferred Stock will in the future accrue dividends at a floating rate determined by reference to LIBOR, if available. The Chief Executive of the U.K. Financial Conduct Authority (the “FCA”), which regulates LIBOR, has announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. However, for U.S dollar LIBOR, it appears that the relevant date may be deferred to June 30, 2023 for certain tenors (including overnight and one, three, six and 12 months), at which time the LIBOR administrator has indicated that it intends to cease publication of U.S. dollar

LIBOR. Despite this potential deferral, the LIBOR administrator has advised that no new contracts using U.S. dollar LIBOR should be entered into after December 31, 2021. These actions indicate that the continuation of U.S. LIBOR on the current basis cannot and will not be guaranteed after June 30, 2023. Moreover, it is possible that U.S. LIBOR will be discontinued or modified prior to June 30, 2023. The U.S. Federal Reserve and the Bank of England have begun publishing a Secured Overnight Funding Rate and a reformed Sterling Overnight Index Average, respectively, which are intended to serve as alternative reference rates to LIBOR. At this time, however, it is not possible to predict the establishment of any market-accepted alternative reference rates or any other reforms to LIBOR and the effect of any such changes.

Furthermore, while fallback provisions governing the calculation of floating rate interest and dividends in the event LIBOR is unavailable have recently been established by the Alternative Reference Rate Committee, these provisions are not reflected in many agreements. The lack of a market practice and inconsistency in fallback provisions is reflected across our floating rate debt and Series A Preferred Stock and the discontinuation of LIBOR could lead to unexpected outcomes that may vary between our various debt and equity securities that reference LIBOR to determine the rate in which interest or dividends, as applicable, accrue. For example, if LIBOR is discontinued, the fallback provisions contained in our credit facility, outstanding floating rate notes and the certificate of designations applicable to our Series A Preferred Stock are not the same among the various instruments and could lead to such debt or preferred stock bearing interest or paying dividends, as applicable, at, among other things, a rate of interest equal to the interest rate last in effect for which LIBOR was determinable, a floating rate determined in reference to a predetermined fallback reference rate or an alternative reference rate to be agreed upon by the parties to such agreement or that has been selected by the central bank, reserve bank, monetary authority or any similar institution, and a rate of interest representative of the cost to applicable lenders of funding their participation in the debt.

If the rate used to calculate interest on our outstanding floating rate debt that currently uses LIBOR and our Series A Preferred Stock were to increase by 1.0% either as a result of an increase in LIBOR or the result of the use of an alternative reference rate determined under the fallback provisions in the applicable debt if LIBOR is discontinued, we would expect to incur additional interest expense on such indebtedness as of March 31, 2021 of approximately \$11.1 million on an annualized basis. Further, if LIBOR is discontinued and there is no acceptable alternative reference rate, some of our floating rate debt, including certain senior unsecured notes issued under our Medium-Term Note Program, and our Series A Preferred Stock may effectively become fixed rate debt. As a result, the cost of this debt and equity would increase to us if and as interest rates decreased.

While we do not expect the potential impact of any LIBOR transition to have a material effect on our financial results based on our currently outstanding floating rate debt and equity, uncertainty as to the nature of potential changes to LIBOR, fallback provisions, alternative reference rates or other reforms could adversely impact our interest expense on our floating rate debt that currently uses LIBOR as the applicable reference rate and our Series A Preferred Stock. In addition, any alternative reference rates to LIBOR may result in interest or dividend payments that do not correlate over time with the payments that would have been made on our indebtedness or Series A Preferred Stock, respectively, if LIBOR was available in its current form. Further, the discontinuance or modification of LIBOR and uncertainty of an alternative reference rate may result in the increase in the cost of future indebtedness, which could have a material adverse effect on our financial condition, cash flow and results of operations. We intend to closely monitor the financial markets and the use of fallback provisions and alternative reference rates in anticipation of the discontinuance or modification of LIBOR by June 30, 2023.

Credit Ratings

In April 2021, Standard and Poor's reaffirmed our long-term debt and corporate rating and upgraded our outlook to Stable. The following table summarizes our current credit ratings:

Rating Agency	Long-term Debt	Corporate Rating	Outlook	Date of Last Ratings Action
Kroll Bond Ratings	A-	A-	Negative	March 25, 2021
Standard and Poor's	BBB	BBB	Stable	April 7, 2021
Fitch Ratings	BBB	BBB	Negative	July 9, 2020

While a ratings downgrade would not result in a default under any of our debt agreements, it could adversely affect our ability to issue debt and obtain new financings, or renew existing financings, and it would increase the cost of our financings.

Results of Operations

The following table presents our historical operating results for the three month periods ended March 31, 2021 and 2020 (in thousands, except per share amounts and percentages):

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Revenues		
Rental of flight equipment	\$ 468,095	\$ 496,687
Aircraft sales, trading and other	6,732	14,700
Total revenues	474,827	511,387
Expenses		
Interest	117,986	107,541
Amortization of debt discounts and issuance costs	12,025	10,528
Interest expense	130,011	118,069
Depreciation of flight equipment	208,965	188,895
Selling, general and administrative	26,914	28,322
Stock-based compensation	5,408	4,429
Total expenses	371,298	339,715
Income before taxes	103,529	171,672
Income tax expense	(19,437)	(34,521)
Net income	\$ 84,092	\$ 137,151
Preferred stock dividends	(3,844)	(3,844)
Net income available to common stockholders	\$ 80,248	\$ 133,307
Earnings per share of common stock		
Basic	\$ 0.70	\$ 1.17
Diluted	\$ 0.70	\$ 1.17
Other financial data		
Pre-tax profit margin	21.8 %	33.6 %
Adjusted net income before income taxes ⁽¹⁾	\$ 117,118	\$ 182,785
Adjusted pre-tax profit margin ⁽¹⁾	24.7 %	35.7 %
Adjusted diluted earnings per share before income taxes ⁽¹⁾	\$ 1.03	\$ 1.61
Pre-tax return on common equity (trailing twelve months)	9.9 %	13.8 %
Adjusted pre-tax return on common equity (trailing twelve months) ⁽¹⁾	11.0 %	14.9 %

- (1) Adjusted net income before income taxes (defined as net income available to common stockholders excluding the effects of certain non-cash items, one-time or non-recurring items, that are not expected to continue in the future and certain other items), adjusted pre-tax profit margin (defined as adjusted net income before income taxes divided by total revenues), adjusted diluted earnings per share before income taxes (defined as adjusted net income before income taxes divided by the weighted average diluted common shares outstanding) and adjusted pre-tax return on common equity (defined as adjusted net income before income taxes divided by average common shareholders' equity) are measures of operating performance that are not defined by GAAP and should not be considered as an alternative to net income available to common stockholders, pre-tax profit margin, earnings per share, diluted earnings per share and pre-tax return on common equity, or any other performance measures derived in accordance with GAAP. Adjusted net income before income taxes, adjusted pre-tax profit margin, adjusted diluted earnings per share before income taxes and adjusted pre-tax return on common equity are presented as supplemental disclosure because management believes they provide useful information on our earnings from ongoing operations.

Management and our board of directors use adjusted net income before income taxes, adjusted pre-tax profit margin, adjusted diluted earnings per share before income taxes and adjusted pre-tax return on common equity to assess our consolidated financial and operating performance. Management believes these measures are helpful in evaluating the operating performance of our ongoing operations and identifying trends in our performance, because they remove the effects of certain non-cash items, one-time or non-recurring items that are not expected to continue in the future and certain other items from our operating results. Adjusted net income before income taxes, adjusted pre-tax profit margin, adjusted diluted earnings per share before income taxes and adjusted pre-tax return on common equity, however, should not be considered in isolation or as a substitute for analysis of our operating results or cash flows as reported under GAAP. Adjusted net income before income taxes, adjusted pre-tax profit margin, adjusted diluted earnings per share before income taxes and adjusted pre-tax return on common equity do not reflect our cash expenditures or changes in our cash requirements for our working capital needs. In addition, our calculation of adjusted net income before income taxes, adjusted pre-tax profit margin, adjusted diluted earnings per share before income taxes and adjusted pre-tax return on common equity may differ from the adjusted net income before income taxes, adjusted pre-tax profit margin, adjusted diluted earnings per share before income taxes and adjusted pre-tax return on common equity, or analogous calculations of other companies in our industry, limiting their usefulness as a comparative measure.

The following table shows the reconciliation of the numerator for adjusted pre-tax profit margin (in thousands, except percentages):

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Reconciliation of the numerator for adjusted pre-tax profit margin (net income available to common stockholders to adjusted net income before income taxes):		
Net income available to common stockholders	\$ 80,248	\$ 133,307
Amortization of debt discounts and issuance costs	12,025	10,528
Stock-based compensation	5,408	4,429
Provision for income taxes	19,437	34,521
Adjusted net income before income taxes	<u>\$ 117,118</u>	<u>\$ 182,785</u>
Denominator for adjusted pre-tax profit margin:		
Total revenues	\$ 474,827	\$ 511,387
Adjusted pre-tax profit margin ^(a)	24.7 %	35.7 %

(a) Adjusted pre-tax profit margin is adjusted net income before income taxes divided by total revenues

The following table shows the reconciliation of the numerator for adjusted diluted earnings per share before income taxes (in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2021	2020
	(unaudited)	
Reconciliation of the numerator for adjusted diluted earnings per share (net income available to common stockholders to adjusted net income before income taxes):		
Net income available to common stockholders	\$ 80,248	\$ 133,307
Amortization of debt discounts and issuance costs	12,025	10,528
Stock-based compensation	5,408	4,429
Provision for income taxes	19,437	34,521
Adjusted net income before income taxes	\$ 117,118	\$ 182,785
Denominator for adjusted diluted earnings per share:		
Weighted-average diluted common shares outstanding	114,237,109	113,785,028
Adjusted diluted earnings per share before income taxes ^(b)	\$ 1.03	\$ 1.61

(b) Adjusted diluted earnings per share before income taxes is adjusted net income before income taxes divided by weighted-average diluted common shares outstanding

The following table shows the reconciliation of pre-tax return on common equity to adjusted pre-tax return on common equity (in thousands, except percentages):

	Trailing Twelve Months March 31,	
	2021	2020
	(unaudited)	
Reconciliation of numerator for pre-tax return on common equity to adjusted pre-tax return on common equity:		
Net income available to common stockholders	\$ 447,830	\$ 570,376
Amortization of debt discounts and issuance costs	44,522	38,679
Stock-based compensation	18,607	21,000
Provision for income taxes	115,330	146,235
Adjusted net income before income taxes	\$ 626,289	\$ 776,290
Reconciliation of denominator for pre-tax return on common equity to adjusted pre-tax return on common equity:		
Common shareholders' equity as of beginning of the period	\$ 5,486,369	\$ 4,923,817
Common shareholders' equity as of end of the period	\$ 5,878,212	\$ 5,486,369
Average common shareholders' equity	\$ 5,682,291	\$ 5,205,093
Adjusted pre-tax return on common equity ^(c)	11.0 %	14.9 %

(c) Adjusted pre-tax return on common equity is adjusted net income before income taxes divided by average common shareholders' equity

Three months ended March 31, 2021, compared to the three months ended March 31, 2020

Rental revenue

As of March 31, 2021, we owned 342 aircraft with a net book value of \$20.8 billion and recorded \$468.1 million in rental revenue for the quarter then ended, which included \$2.4 million in amortization expense related to initial direct costs, net of overhaul revenue. In the prior year, as of March 31, 2020, we owned 300 aircraft with a net book value of \$19.2 billion and recorded \$496.7 million in rental revenue for the quarter ended March 31, 2020, which included \$5.5 million in amortization expense related to initial direct costs, net of overhaul revenue. Despite the growth in our fleet, our rental revenue for the quarter ended March 31, 2021 decreased as compared to the prior year due to \$48.7 million of rental revenue we were not able to recognize because lease receivables exceeded the lease security package held and collection was not reasonably assured for certain of our leases. Aircraft on lease with these lessees represented approximately 15.3% of our fleet by net book value as of March 31, 2021. In addition, we entered into lease restructurings, which typically included lease extensions, that resulted in a decrease of approximately \$37.0 million in revenue for the quarter ended March 31, 2021.

Aircraft sales, trading and other revenue

Aircraft sales, trading and other revenue totaled \$6.7 million for the three months ended March 31, 2021. Aircraft sales, trading and other revenue totaled \$14.7 million for the three months ended March 31, 2020, of which \$1.6 million in gains was related to the sale of three aircraft from our held for sale portfolio and \$5.9 million in other revenue from the forfeiture of security deposits.

Interest expense

Interest expense totaled \$130.0 million for the three months ended March 31, 2021 compared to \$118.1 million for the three months ended March 31, 2020. The increase was primarily due to an increase in our aggregate debt balance driven by the growth of our fleet and the increase in our liquidity position, partially offset by a decrease in our composite interest rate. We ended the quarter with \$7.5 billion in available liquidity. We expect that our interest expense will increase as our average debt balance outstanding continues to increase. Interest expense will also be impacted by changes in our composite cost of funds.

Depreciation expense

We recorded \$209.0 million in depreciation expense of flight equipment for the three months ended March 31, 2021 compared to \$188.9 million for the three months ended March 31, 2020. The increase in depreciation expense for the three months ended March 31, 2021, compared to the three months ended March 31, 2020, is primarily attributable to the acquisition of additional aircraft in our operating fleet during the last twelve months.

Selling, general and administrative expenses

We recorded selling, general and administrative expenses of \$26.9 million for the three months ended March 31, 2021 compared to \$28.3 million for the three months ended March 31, 2020. Selling, general and administrative expense as a percentage of total revenue increased to 5.7% for the three months ended March 31, 2021 compared to 5.5% for the three months ended March 31, 2020.

Taxes

The effective tax rate was 18.8% and 20.1% for the three months ended March 31, 2021 and 2020, respectively. Changes in the tax rate were primarily driven by variances in permanent items.

Net income available to common stockholders

For the three months ended March 31, 2021, we reported consolidated net income available to common stockholders of \$80.2 million, or \$0.70 per diluted share, compared to a consolidated net income available to common stockholders of \$133.3 million, or \$1.17 per diluted share, for the three months ended March 31, 2020. Despite the continued growth of our fleet, our net income available to common stockholders decreased for the first quarter of 2021 as compared to the first quarter of 2020, due to the decrease in our revenues as described above and an increase in depreciation and interest expense from the growth of our fleet, partially offset by a decrease in selling, general and administrative expenses.

Adjusted net income before income taxes

For the three months ended March 31, 2021, we recorded adjusted net income before income taxes of \$117.1 million, or \$1.03 per diluted share, compared to an adjusted net income before income taxes of \$182.8 million, or \$1.61 per diluted share, for the three months ended March 31, 2020. Adjusted net income before income taxes decreased for the first quarter 2021 as compared to the first quarter 2020, due to the decrease in our revenues as described above and an increase in depreciation and interest expense partially offset by a decrease in selling, general and administrative expenses.

Adjusted net income before income taxes and adjusted diluted earnings per share before income taxes are measures of financial and operational performance that are not defined by GAAP. See Note 1 under the "Results of Operations" table above for a discussion of adjusted net income before income taxes and adjusted diluted earnings per share before income taxes as non-GAAP measures and reconciliation of these measures to net income available to common stockholders.

Contractual Obligations

Our contractual obligations as of March 31, 2021, are as follows (in thousands):

	2021	2022	2023	2024	2025	Thereafter	Total
Long-term debt obligations	\$ 806,903	\$ 2,763,882	\$ 2,490,951	\$ 2,293,665	\$ 2,313,889	\$ 5,673,021	\$ 16,342,311
Interest payments on debt outstanding ⁽¹⁾	326,590	442,558	380,071	305,003	238,274	438,962	2,131,458
Purchase commitments ^{(2) (3)}	5,203,345	5,274,025	4,856,491	4,624,159	1,973,066	1,341,255	23,272,341
Operating leases	5,733	6,654	6,471	4,630	7,622	25,559	56,669
Total	<u>\$ 6,342,571</u>	<u>\$ 8,487,119</u>	<u>\$ 7,733,984</u>	<u>\$ 7,227,457</u>	<u>\$ 4,532,851</u>	<u>\$ 7,478,797</u>	<u>\$ 41,802,779</u>

(1) Future interest payments on floating rate debt are estimated using floating rates in effect at March 31, 2021.

(2) Purchase commitments reflect our estimate of future Boeing and Airbus aircraft deliveries based on information currently available to us. The actual delivery dates of such aircraft and expected time for payment of such aircraft may differ from our estimates and could be further impacted by ongoing COVID-19 pandemic and the pace at which Boeing can deliver aircraft following the lifting of the 737 MAX grounding, among other

- factors. Purchase commitments include only the costs of aircraft in our committed orderbook and do not include costs of aircraft that we have the option to purchase or have the right to purchase through memorandums of understanding or letters of intent.
- (3) Due to the expected aircraft delivery delays, we expect approximately \$4.9 billion of our purchase commitments will be subject to cancellation, at our option, by the time of delivery.

The above table does not include any dividends we may pay on our preferred stock or common stock.

Off-Balance Sheet Arrangements

We have not established any unconsolidated entities for the purpose of facilitating off-balance sheet arrangements or for other contractually narrow or limited purposes. We have, however, from time to time established subsidiaries and created partnership arrangements or trusts for the purpose of leasing aircraft or facilitating borrowing arrangements, all of which are consolidated.

We have non-controlling interests in two investment funds in which we own 9.5% of the equity of each fund. We account for our interest in these funds under the equity method of accounting due to our level of influence and involvement in the funds. Also, we manage aircraft that we have sold through our Thunderbolt platform. In connection with the sale of these aircraft portfolios through our Thunderbolt platform, we hold non-controlling interests of approximately 5.0% in two entities. These investments are accounted for under the cost method of accounting.

Critical Accounting Policies

Our critical accounting policies reflecting management's estimates and judgments are described in our Annual Report on Form 10-K for the year ended December 31, 2020. We have reviewed recently adopted accounting pronouncements and determined that the adoption of such pronouncements is not expected to have a material impact, if any, on our Consolidated Financial Statements. Accordingly, there have been no material changes to critical accounting policies in the three months ended March 31, 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of changes in value of a financial instrument, caused by fluctuations in interest rates and foreign exchange rates. Changes in these factors could cause fluctuations in our results of operations and cash flows. We are exposed to the market risks described below.

Interest Rate Risk

The nature of our business exposes us to market risk arising from changes in interest rates. Changes, both increases and decreases, in our cost of borrowing, as reflected in our composite interest rate, directly impact our net income. Our lease rental stream is generally fixed over the life of our leases, whereas we have used floating-rate debt to finance a significant portion of our aircraft acquisitions. As of March 31, 2021 and December 31, 2020, we had \$1.1 billion and \$1.2 billion in floating-rate debt outstanding, respectively. If interest rates increase, we would be obligated to make higher interest payments to our lenders. If we incur significant fixed-rate debt in the future, increased interest rates prevailing in the market at the time of the incurrence of such debt would also increase our interest expense. If our composite interest rate were to increase by 1.0%, we would expect to incur additional interest expense on our existing indebtedness of approximately \$11.1 million and \$11.7 million as of March 31, 2021 and December 31, 2020, respectively, each on an annualized basis, which would put downward pressure on our operating margins. Further, as of March 31, 2021, 93.2% of our total debt incurred interest at a fixed rate.

We also have interest rate risk on our forward lease placements. This is caused by us setting a fixed lease rate in advance of the delivery date of an aircraft. The delivery date is when a majority of the financing for an aircraft is arranged. We partially mitigate the risk of an increasing interest rate environment between the lease signing date and the delivery date of the aircraft by having interest rate adjusters in a majority of our forward lease contracts which would adjust the final lease rate upward if certain benchmark interest rates are higher at the time of delivery of the aircraft than at the lease signing date.

Foreign Exchange Rate Risk

We attempt to minimize currency and exchange risks by entering into aircraft purchase agreements and a majority of lease agreements and debt agreements with U.S. dollars as the designated payment currency. Thus, most of our revenue and expenses are denominated in U.S. dollars. Approximately 0.5% and 0.6% of our lease revenues were denominated in foreign currency as of March 31, 2021 and December 31, 2020, respectively. As our principal currency is the U.S. dollar, fluctuations in the U.S. dollar as compared to other major currencies should not have a significant impact on our future operating results.

In December 2019, we issued C\$400.0 million in aggregate principal amount of 2.625% notes due 2024. We effectively hedged our foreign currency exposure on this transaction through a cross-currency swap that converts the borrowing rate to a fixed 2.535% U.S. dollar denominated rate. See Note 7 of Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional details on the fair value of the swap.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission (“SEC”), and such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer (collectively, the “Certifying Officers”), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives as the Company’s controls are designed to do, and management necessarily was required to apply its judgment in evaluating the risk related to controls and procedures.

We have evaluated, under the supervision and with the participation of management, including the Certifying Officers, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, as of March 31, 2021. Based on that evaluation, our Certifying Officers have concluded that our disclosure controls and procedures were effective at March 31, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation and claims incidental to the conduct of our business in the ordinary course. Our industry is also subject to scrutiny by government regulators, which could result in enforcement proceedings or litigation related to regulatory compliance matters. We are not presently a party to any enforcement proceedings or litigation related to regulatory compliance matters or material legal proceedings. We maintain insurance policies in amounts and with the coverage and deductibles we believe are adequate, based on the nature and risks of our business, historical experience and industry standards.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those discussed under “Part I—Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation of Air Lease Corporation	S-1	333-171734	3.1	January 14, 2011
3.2	Fourth Amended and Restated Bylaws of Air Lease Corporation	8-K	001-35121	3.1	March 27, 2018
3.3	Certificate of Designations with respect to the 6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, of Air Lease Corporation, dated March 4, 2019, filed with the Secretary of State of Delaware and effective on March 4, 2019.	8-A	001-35121	3.2	March 4, 2019
3.4	Certificate of Designations with respect to the 4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B, dated February 26, 2021, filed with the Secretary of State of Delaware and effective on February 26, 2021.	8-K	001-35121	3.1	March 2, 2021
4.1	Description of Capital Stock				Filed herewith
10.1	New Lender Supplement, dated February 2, 2021, to the Second Amended and Restated Credit Agreement, dated as of May 5, 2014, among Air Lease Corporation, as Borrower, the several lenders from time to time parties thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	10-K	001-35121	10.31	February 22, 2021
10.2	Sixth Amendment and Extension Agreement, dated April 29, 2021, to the Second Amended and Restated Credit Agreement, dated as of May 5, 2014 among Air Lease Corporation, as Borrower, the several lenders from time to time parties thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	8-K	001-35121	10.1	April 30, 2021
31.1	Certification of the Chief Executive Officer and President Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed herewith
31.2	Certification of the Executive Vice President and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed herewith
32.1	Certification of the Chief Executive Officer and President Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).				Furnished herewith
32.2	Certification of the Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).				Furnished herewith

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH	XBRL Taxonomy Extension Schema				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase				
101.DEF	XBRL Taxonomy Extension Definition Linkbase				
101.LAB	XBRL Taxonomy Extension Label Linkbase				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				
104	The cover page from Air Lease Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL and contained in Exhibit 101				

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AIR LEASE CORPORATION

May 6, 2021

/s/ John L. Plueger

John L. Plueger
Chief Executive Officer and President
(Principal Executive Officer)

May 6, 2021

/s/ Gregory B. Willis

Gregory B. Willis
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of Air Lease Corporation's ("our" or "we") Class A Common Stock, Class B Non-Voting Common Stock, Series A Preferred Stock, Series B Preferred Stock and preferred stock (each as defined below) and of certain provisions of our restated certificate of incorporation and fourth amended and restated bylaws. This summary is subject to, and qualified in its entirety by reference to, the terms of our restated certificate of incorporation, the certificates of designations for our Series A Preferred Stock and Series B Preferred Stock, our fourth amended and restated bylaws and the provisions of applicable Delaware law. For more detailed information, please see our restated certificate of incorporation, the certificates of designations for our Series A Preferred Stock and Series B Preferred Stock and our fourth amended and restated bylaws, which are filed as exhibits to reports we file with the Securities and Exchange Commission ("SEC").

Authorized Capitalization

We are authorized to issue 500,000,000 shares of Class A Common Stock, \$0.01 par value per share ("Class A Common Stock"), 10,000,000 shares of Class B Non-Voting Common Stock, \$0.01 par value per share ("Class B Non-Voting Common Stock," and together with the Class A Common Stock, the "common stock"), and 50,000,000 shares of preferred stock, \$0.01 par value per share ("preferred stock"), the rights and preferences of which may be established from time to time by our board of directors.

As of May 5, 2021, 114,124,428 shares of Class A Common Stock were outstanding, no shares of Class B Non-Voting Common Stock were outstanding, 10,000,000 shares of 6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A (Liquidation Preference \$25.00 Per Share) (the "Series A Preferred Stock") were outstanding and 300,000 shares of 4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B (Liquidation Preference \$1,000.00 Per Share) (the "Series B Preferred Stock") were outstanding. We have reserved 4,505,773 shares of Class A Common Stock for issuance under the Air Lease Corporation 2014 Equity Incentive Plan.

Common Stock

Our restated certificate of incorporation provides that, except with respect to voting rights and conversion rights, the Class A Common Stock and Class B Non-Voting Common Stock will be treated equally and identically.

Holders of our Class A Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders, including the election of directors. Holders of Class B Non-Voting Common Stock are not entitled to any vote, other than with respect to amendments to the terms of the Class B Non-Voting Common Stock that would significantly and adversely affect the rights or preferences of the Class B Non-Voting Common Stock, including, without limitation, with respect to the convertibility thereof, or as otherwise required by law. The holders of Class A Common Stock possess all voting power for the election of our directors and all other matters requiring stockholder action, except (i) as described in this paragraph for our Class B Common Stock and below under "—6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A—Voting Rights" and "—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B—Voting Rights", (ii) with respect to any amendments to our restated certificate of incorporation, including any certificates of designation, that alter or change the powers, preferences, or special rights of any outstanding class of capital stock so as to affect that class adversely, (iii) as may be provided in our restated certificate of incorporation for any other series of capital stock we may issue in the future and (iv) as otherwise required by law.

Except as otherwise provided by law, our restated certificate of incorporation or our fourth amended and restated bylaws, all matters to be voted on by our stockholders require approval by a majority of the shares present in person or by proxy at a meeting of stockholders and entitled to vote on the subject matter. Except as provided in the following sentence, director nominees are elected to our board of directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election. Director nominees are elected by a plurality of the votes cast at any meeting of stockholders if (i) we have received notices that a stockholder has nominated a person for election to our board of directors in compliance with the advance notice requirements for stockholder nominees set forth in our fourth amended and restated bylaws and (ii) such nomination has not been withdrawn by the stockholder on or prior to the day next preceding the date we first mail our notice of meeting for such meeting to the stockholders. Holders of shares of Class A Common Stock do not have cumulative voting rights in connection with the election of directors, which means the holders of a majority of the shares of Class A Common Stock entitled to

vote in any election of directors are able to elect all of the directors standing for election, except as described below under “—6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A—Voting Rights—Right to Elect Two Directors on Nonpayment of Dividends” and “—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B—Voting Rights—Right to Elect Two Directors on Nonpayment of Dividends.”

Each share of Class B Non-Voting Common Stock is convertible into one share of Class A Common Stock at the option of the holder, and will automatically convert at the time it is transferred to a third party unaffiliated with such initial holder, subject to applicable transfer restrictions.

Any amendment to the terms of the Class A Common Stock will apply equally to the Class B Non-Voting Common Stock and the Class B Non-Voting Common Stock will have all of the same rights as the Class A Common Stock, except as to voting and convertibility, and will be treated equally in all respects with the Class A Common Stock, including, without limitation, with respect to dividends.

Subject to any preferential rights of any then outstanding preferred stock, including the Series A Preferred Stock and Series B Preferred Stock, holders of common stock are entitled to receive any dividends that may be declared by our board of directors out of legally available funds.

In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to receive proportionately any of our assets remaining after the payment of liabilities and any preferential rights of the holders of our then outstanding preferred stock, including the Series A Preferred Stock and Series B Preferred Stock.

Except as described in this summary, holders of common stock will have no preemptive, subscription, redemption or conversion rights. The outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of common stock will be subject to those of the holders of our Series A Preferred Stock, Series B Preferred Stock and any other shares of our preferred stock we may issue in the future.

Preferred Stock

Our restated certificate of incorporation authorizes our board of directors to issue and to designate the terms of one or more classes or series of preferred stock. The rights with respect to a class or series of preferred stock may be greater than the rights attached to our common stock. It is not possible to state the actual effect of the issuance of any future shares of our preferred stock on the rights of holders of our common stock until our board of directors determines the specific rights attached to that class or series of preferred stock.

6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A

General

The Series A Preferred Stock represents a single series of our authorized preferred stock. We have filed a certificate of designations with respect to the Series A Preferred Stock with the Secretary of State of the State of Delaware. The outstanding shares of the Series A Preferred Stock are fully paid and non-assessable.

The number of authorized shares of the Series A Preferred Stock is 10,000,000 and the “stated amount” per share is \$25.00. The number of authorized shares of the Series A Preferred Stock may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock, less all shares of any other series of preferred stock authorized at the time of such increase) or decreased (but not below the number of shares of Series A Preferred Stock then outstanding) by resolution of our board of directors (or a duly authorized committee of our board of directors), without the vote or consent of the holders of the Series A Preferred Stock. Shares of the Series A Preferred Stock that are redeemed, repurchased or otherwise acquired by us will be cancelled and shall revert to authorized but unissued shares of preferred stock undesignated as to series. We have the authority to issue fractional shares of the Series A Preferred Stock.

The Series A Preferred Stock is not convertible into, or exchangeable for, shares of our common stock or any other class or series of our other securities and is not subject to any sinking fund or any other obligation of us for their repurchase or retirement. The Series A Preferred Stock has no stated maturity.

We reserve the right to re-open the series of the Series A Preferred Stock and issue additional shares of the Series A Preferred Stock either through public or private sales at any time and from time to time without notice to or the consent of holders of Series A Preferred Stock. The additional shares of the Series A Preferred Stock would be deemed to form a single series with the outstanding Series A Preferred Stock. Each share of the Series A Preferred Stock shall be identical in all respects to every other share of Series A Preferred Stock, except that shares of Series

A Preferred Stock issued after March 5, 2019 shall accrue dividends from the date they are issued. References to the “accrual” of dividends refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

Additional preferred stock may be issued from time to time in one or more series, each with such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as our board of directors (or a duly authorized committee of our board of directors) may determine prior to the time of such issuance.

Ranking

The Series A Preferred Stock ranks, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up:

- senior to all classes or series of our common stock, and to any other class or series of our capital stock expressly designated as ranking junior to the Series A Preferred Stock;
- on parity with any other class or series of our capital stock expressly designated as ranking on parity with the Series A Preferred Stock, including our Series B Preferred Stock; and
- junior to any other class or series of our capital stock expressly designated as ranking senior to the Series A Preferred Stock.

The term “capital stock” does not include convertible or exchangeable debt securities, which, prior to conversion or exchange, rank senior in right of payment to the Series A Preferred Stock. As of the date of this summary, we did not have any junior stock other than the common stock and we did not have any parity stock other than the Series B Preferred Stock described below. As of the date of this summary, we had no senior capital stock or any convertible or exchangeable debt securities outstanding.

The Series A Preferred Stock also ranks junior in right of payment to our existing and future debt obligations, including any subordinated debt, and liabilities.

Dividends

Holders of Series A Preferred Stock are entitled to receive, when, as and if declared by our board of directors (or a duly authorized committee of our board of directors), only out of funds legally available therefor, non-cumulative cash dividends as follows:

- From March 5, 2019 (the date of original issue) to, but excluding, March 15, 2024 (such period, the “Fixed-Rate Period”), dividends will be payable on the stated amount of \$25.00 per share at a rate of 6.150% per annum, payable quarterly, in arrears, on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2019.
- From, and including, March 15, 2024 (such period, the “Floating-Rate Period”), dividends will be payable on the stated amount of \$25.00 per share at a rate equal to three-month LIBOR (as defined below) plus 3.650% per annum, reset quarterly, payable quarterly, in arrears, on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2024, subject to potential adjustment as provided in clause (iii) of the definition of three-month LIBOR.

Each date on which dividends are payable pursuant to the foregoing clauses, subject to adjustment as provided below, is a “dividend payment date,” and dividends for each dividend payment date are payable with respect to the dividend period (or portion thereof) ending on the day preceding such respective dividend payment date, in each case to holders of record on the 15th calendar day before such dividend payment date or such other record date not more than 30 nor less than 10 days preceding such dividend payment date fixed for that purpose by our board of directors (or a duly authorized committee of our board of directors) in advance of payment of each particular dividend.

If any such date on or before March 15, 2024 is not a business day, then such date will nevertheless be a dividend payment date, but dividends on the Series A Preferred Stock, when, as and if declared, will be paid on the next succeeding business day (without adjustment in the amount of the dividend per share of Series A Preferred Stock). If any such date after March 15, 2024 that would otherwise be a dividend payment date is not a business day, then the next succeeding business day will be the applicable dividend payment date and dividends on the Series A Preferred

Stock, when, as and if declared, will be paid on such next succeeding business day, unless such day falls in the next calendar month, in which case the dividend payment date will be brought forward to the immediately preceding day that is a business day.

The amount of the dividend per share of the Series A Preferred Stock is calculated (a) for each dividend period (or portion thereof) in the Fixed-Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and (b) for each dividend period (or portion thereof) in the Floating-Rate Period, based on the actual number of days in the dividend period and a 360-day year, subject to potential adjustment as provided in clause (iii) of the definition of three-month LIBOR.

Dividends on shares of the Series A Preferred Stock are not cumulative and are not mandatory. If our board of directors (or a duly authorized committee of our board of directors) does not declare a dividend on the Series A Preferred Stock in respect of a dividend period, then holders of the Series A Preferred Stock are not entitled to receive any dividends not declared by our board of directors (or a duly authorized committee of our board of directors) and no interest, or sum of money in lieu of interest or dividends, shall be payable in respect of any dividend not so declared, whether or not our board of directors (or a duly authorized committee of our board of directors) declares a dividend on the Series A Preferred Stock or any other series of our preferred stock or on our common stock for any future dividend period.

The establishment of three-month LIBOR for each dividend period in the Floating-Rate Period by the calculation agent (including, for the avoidance of doubt, at the direction of us in the case of clause (iii) of the definition of three-month LIBOR) or IFA (as defined below), as applicable, shall, in the absence of manifest error, be final and binding. For the avoidance of doubt, any adjustments made pursuant to clause (iii) of the definition of three-month LIBOR shall not be subject to the vote or consent of the holders of the Series A Preferred Stock.

As used in this section of the summary under the heading “—6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A”:

A “business day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

“dividend period” means each period from and including a dividend payment date (except that the initial dividend period shall commence on and include the date of original issue of the Series A Preferred Stock) and continuing to, but excluding, the next succeeding dividend payment date.

“dividend determination date” means, with respect to a dividend period during the Floating-Rate Period, the second London banking day prior to the beginning of such dividend period.

“London banking day” means a day that is a Monday, Tuesday, Wednesday, Thursday or Friday and any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

“three-month LIBOR” for each dividend determination date related to the Floating-Rate Period will be determined by the calculation agent as follows:

- (i) The rate (expressed as a percentage per annum) for deposits in U.S. dollars having a maturity of three months that appears on Reuters Page LIBOR01 (as defined herein) as of 11:00 a.m., London time, on that dividend determination date. If no such rate appears, then three-month LIBOR, in respect of that dividend determination date, will be determined in accordance with the provisions described in (ii) below.
- (ii) With respect to a dividend determination date on which no rate appears on Reuters Page LIBOR01, we will request the principal London offices of each of four major reference banks in the London interbank market (which may include affiliates of the underwriters), as selected by us, to provide its offered quotation (expressed as a percentage per annum) for deposits in U.S. dollars for the period of three months, commencing on the related dividend determination date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that dividend determination date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then three-month LIBOR on that dividend determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then three-month LIBOR on the dividend determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in The City of New York, on the dividend determination date by three major banks in The City of New York (which may include affiliates of the underwriters) selected by us for loans in U.S. dollars to leading European

banks, for a period of three months, commencing on the related dividend reset date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two such rates are so provided, three-month LIBOR on the dividend determination date will be the arithmetic mean of such rates.

- (iii) Notwithstanding clauses (i) and (ii) above, if we, in our sole discretion, determine that three-month LIBOR has been permanently discontinued or is no longer viewed as an acceptable benchmark for securities like the Series A Preferred Stock and we have notified the calculation agent of such determination (a “LIBOR Event”), the calculation agent will use, as directed by us, as a substitute for three-month LIBOR (the “Alternative Rate”) for each future dividend determination date, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with market practice regarding a substitute for three-month LIBOR. As part of such substitution, the calculation agent will, as directed by us, make such adjustments to the Alternative Rate or the spread thereon, as well as the business day convention, dividend determination dates and related provisions and definitions (“Adjustments”), in each case that are consistent with market practice for the use of such Alternative Rate. Notwithstanding the foregoing, if we determine that there is no alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with market practice regarding a substitute for three-month LIBOR, we may, in our sole discretion, appoint an independent financial advisor (“IFA”) to determine an appropriate Alternative Rate and any Adjustments, and the decision of the IFA will be binding on us, the calculation agent and the holders of Series A Preferred Stock. If on any dividend determination date during the Floating-Rate Period (which may be the first dividend determination date of the Floating-Rate Period) a LIBOR Event has occurred prior to such dividend determination date and for any reason an Alternative Rate has not been determined or there is no such market practice for the use of such Alternative Rate (and, in each case, an IFA has not determined an appropriate Alternative Rate and Adjustments or an IFA has not been appointed) as of such dividend determination date, then commencing on such dividend determination date the dividend rate, business day convention and manner of calculating dividends applicable during the Fixed-Rate Period will be in effect for the applicable dividend period and will remain in effect during the remainder of the Floating-Rate Period.

“Reuters Page LIBOR01” means the display that appears on Reuters Page LIBOR01 or any page as may replace such page on such service (or on any similar, successor or substitute page of such service, or any successor to or substitute for such service providing rate quotations comparable to those currently provided on such page of such service, as determined by us from time to time for purposes of providing quotations of interest rates applicable to U.S. dollar deposits in the London interbank market) for the purpose of displaying London interbank offered rates of major banks for U.S. dollars.

Restrictions on Dividends, Redemption and Repurchases

So long as any share of the Series A Preferred Stock remains outstanding, unless dividends on all outstanding shares of the Series A Preferred Stock for the most recently completed dividend period have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment,

- (i) no dividend may be declared or paid or set aside for payment, and no distribution may be made, on any share of our common stock or other junior stock (as defined below),
- (ii) no shares of common stock or other junior stock shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly, and
- (iii) no shares of any class or series of capital stock ranking, as to dividends, on parity with the Series A Preferred Stock shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly.

The foregoing sentence, however, does not apply to or prohibit:

- (i) repurchases, redemptions or other acquisitions of shares of junior stock as a result of (1) a reclassification of junior stock for or into other junior stock, (2) the exchange or conversion of one or more shares of junior stock for or into one or more shares of junior stock or (3) the purchase of fractional interests in shares of junior stock under the conversion or exchange provisions of junior stock or the security being converted or

exchanged;

- (ii) repurchases, redemptions or other acquisitions of shares of junior stock through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock;
- (iii) repurchases, redemptions or other acquisitions of shares of junior stock in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants or (2) a dividend reinvestment or stockholder stock purchase plan;
- (iv) any declaration of a dividend in connection with any stockholders' rights plan, or the issuance of rights, stock or other property under any stockholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;
- (v) any dividend paid on junior stock in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or is other junior stock; or
- (vi) any pro rata purchase or pro rata exchange of all or a pro rata portion of the Series A Preferred Stock and any class or series of capital stock ranking, as to dividends, on parity with the Series A Preferred Stock pursuant to an offer made on the same terms to holders of all shares of Series A Preferred Stock and to holders of all shares of any class or series of capital stock ranking, as to dividends, on parity with the Series A Preferred Stock.

As used in this section of the summary under the heading “—6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A”, “junior stock” means our common stock and any other class or series of our capital stock that ranks junior to the Series A Preferred Stock either as to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or as to the distribution of assets upon our liquidation, dissolution or winding up.

If our board of directors (or a duly authorized committee of our board of directors) elects to declare only partial instead of full dividends for a dividend payment date and related dividend period on the shares of Series A Preferred Stock or any class or series of our stock that ranks on a parity with Series A Preferred Stock in the payment of current dividends (“dividend parity stock”), then, to the extent permitted by the terms of the Series A Preferred Stock and each outstanding series of dividend parity stock, such partial dividends shall be declared on shares of the Series A Preferred Stock and dividend parity stock, and dividends so declared shall be paid, as to any such dividend payment date and related dividend period, in amounts such that the ratio of the partial dividends declared and paid on each such series to full dividends on each such series is the same. As used in this paragraph, “full dividends” means, as to any dividend parity stock that bears dividends on a cumulative basis, the amount of dividends that would need to be declared and paid to bring such dividend parity stock current in dividends, including undeclared dividends for past dividend periods. To the extent a dividend period with respect to the Series A Preferred Stock or any series of dividend parity stock (in either case, the “first series”) coincides with more than one dividend period with respect to another series as applicable (in either case, a “second series”), then, for purposes of this paragraph, our board of directors (or a duly authorized committee of our board of directors) may, to the extent permitted by the terms of each affected series, treat such dividend period for the first series as two or more consecutive dividend periods, none of which coincides with more than one dividend period with respect to the second series, or may treat such dividend period(s) with respect to any dividend parity stock and dividend period(s) with respect to the Series A Preferred Stock for purposes of this paragraph in any other manner that it deems to be fair and equitable in order to achieve ratable payments of dividends on such dividend parity stock and the Series A Preferred Stock.

Subject to the foregoing, dividends (payable in cash, stock or otherwise) as may be determined by our board of directors (or a duly authorized committee of our board of directors) may be declared and paid on any common stock or other junior stock from time to time out of any funds legally available therefor, and the shares of the Series A Preferred Stock shall not be entitled to participate in any such dividend.

Redemption

We may, at our option, redeem the Series A Preferred Stock (i) in whole or in part, from time to time, on or after March 15, 2024, for cash at a redemption price of \$25.00 per share, or (ii) in whole but not in part, at any time within 90 days following a Rating Agency Event (as defined herein), for cash at a redemption price of \$25.50 per share, in each of cases (i) and (ii), plus any declared and unpaid dividends to, but excluding, the date fixed for

redemption, without accumulation of any undeclared dividends.

As used in this section of the summary under the heading “—6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A”, a “Rating Agency Event” means that any “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act of 1934, as amended (the “Exchange Act”) that then publishes a rating for us amends, clarifies or changes the methodology or criteria that it employed for purposes of assigning equity credit to securities such as the Series A Preferred Stock on the original issue date of the Series A Preferred Stock (the “current methodology”), which amendment, clarification or change either (i) shortens the period of time during which equity credit pertaining to the Series A Preferred Stock would have been in effect had the current methodology not been changed or (ii) reduces the amount of equity credit assigned to the Series A Preferred Stock as compared with the amount of equity credit that such rating agency had assigned to the Series A Preferred Stock as of the original issue date.

The redemption price for any shares of Series A Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to us or our agent, if the shares of Series A Preferred Stock are issued in certificated form. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the applicable record date for a dividend period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such record date relating to the applicable dividend payment date.

In case of any redemption of only part of the shares of the Series A Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either on a pro rata basis (as nearly as practicable without creating fractional shares) or by lot. Subject to the provisions hereof, our board of directors (or a duly authorized committee of our board of directors) shall have full power and authority to prescribe the terms and conditions on which shares of the Series A Preferred Stock shall be redeemed from time to time. If we shall have issued certificates for the Series A Preferred Stock and fewer than all shares represented by any certificates are redeemed, new certificates shall be issued representing the unredeemed shares without charge to the holders thereof.

Notice of every redemption of shares of the Series A Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on our books. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of the Series A Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of the Series A Preferred Stock. Notwithstanding the foregoing, if the shares of the Series A Preferred Stock are issued in book-entry form through The Depository Trust Company (“DTC”) or any other similar facility, notice of redemption may be given to the holders of the Series A Preferred Stock at such time and in any manner permitted by such facility.

Each such notice given to a holder shall state:

- the redemption date;
- the number of shares of the Series A Preferred Stock to be redeemed;
- the redemption price;
- the place or places where certificates for such shares of the Series A Preferred Stock are to be surrendered for payment of the redemption price; and
- that dividends on such shares will cease to accrue on and after the redemption date.

If we redeem fewer than all of the shares of Series A Preferred Stock, the notice of redemption mailed (or sent in accordance with the procedures of the applicable facility) to each stockholder will also specify the number of shares of the Series A Preferred Stock that we will redeem from each stockholder or the method for determining such number.

If notice of redemption has been duly given, and if on or before the redemption date specified in the notice, all funds necessary for the redemption have been set aside by us, separate and apart from our other funds, in trust for the pro rata benefit of the holders of the shares called for redemption, so as to be and continue to be available for that purpose, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered

for cancellation in the case that the shares of the Series A Preferred Stock are issued in certificated form, dividends shall cease to accrue on and after the redemption date for all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption date, without interest. Any funds unclaimed at the end of two years from the redemption date, to the extent permitted by law, shall be released from the trust so established and may be commingled with our other funds, and after that time the holders of the shares so called for redemption shall look only to us for payment of the redemption price of such shares.

Liquidation Preference

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, before any distribution or payment out of our assets may be made to or set aside for the holders of shares of our common stock or any class or series of capital stock ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up, junior to the Series A Preferred Stock, holders of Series A Preferred Stock will be entitled to receive out of our assets legally available for distribution to our stockholders (*i.e.*, after satisfaction of all our liabilities to creditors, if any) an amount equal to the stated amount, plus any dividends that have been declared but not paid prior to the date of payment of distributions to stockholders, without regard to any undeclared dividends (the “liquidation preference”). If our assets are not sufficient to pay the liquidation preference in full to all holders of the Series A Preferred Stock and all holders of any class or series of our stock that ranks on a parity with the Series A Preferred Stock in the distribution of assets on our liquidation, dissolution or winding up (the “liquidation preference parity stock”), the amounts paid to the holders of Series A Preferred Stock and to the holders of all liquidation preference parity stock shall be pro rata in accordance with the respective aggregate liquidation preferences of the Series A Preferred Stock and all such liquidation preference parity stock. In any such distribution, the “liquidation preference” of any holder of our stock other than the Series A Preferred Stock means the amount otherwise payable to such holder in such distribution (assuming no limitation on our assets available for such distribution), including an amount equal to any declared but unpaid dividends in the case of any holder or stock on which dividends accrue on a non-cumulative basis and, in the case of any holder of stock on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued, cumulative dividends, whether or not earned or declared, as applicable. If the liquidation preference has been paid in full to all holders of the Series A Preferred Stock and all holders of any liquidation preference parity stock, holders of shares of the Series A Preferred Stock and all holders of any liquidation preference parity stock will have no right or claim to any of our remaining assets and the holders of shares of our common stock or any class or series of capital stock ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up, junior to the Series A Preferred Stock, will be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, the merger, consolidation or other business combination of us with or into any other corporation, including a transaction in which the holders of the Series A Preferred Stock receive cash or property for their shares, or the sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of our assets, shall not constitute a liquidation, dissolution or winding up of us.

No Maturity, Sinking Fund or Mandatory Redemption

The Series A Preferred Stock has no maturity date and we are not required to redeem the Series A Preferred Stock at any time. Accordingly, the Series A Preferred Stock will remain outstanding indefinitely, unless we decide, at our option, to exercise our redemption rights. The Series A Preferred Stock is not subject to any sinking fund.

Voting Rights

Except as indicated below or otherwise required by law, the holders of the Series A Preferred Stock do not have any voting rights.

Right to Elect Two Directors on Nonpayment of Dividends

Whenever dividends on any shares of the Series A Preferred Stock, or any other voting preferred stock (as defined below), shall have not been declared and paid for the equivalent of six full quarterly dividend payments, whether or not for consecutive dividend periods (a “nonpayment”), the holders of such shares, voting together as a class with holders of any and all other series of voting preferred stock then outstanding, will be entitled to vote for the election of a total of two additional members of our Board of Directors (the “preferred stock directors”), provided that the

election of any such directors shall not cause us to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors and provided further that our board of directors shall at no time include more than two preferred stock directors. In that event, the number of directors on our board of directors shall automatically increase by two, and the new directors shall be elected at a special meeting called at the request of the holders of record of at least 20% of the Series A Preferred Stock or of any other series of voting preferred stock (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), and at each subsequent annual meeting.

If and when dividends for at least four consecutive quarterly dividend periods following a nonpayment have been paid in full on the Series A Preferred Stock and any other class or series of voting preferred stock, the holders of the Series A Preferred Stock and all other holders of voting preferred stock shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent nonpayment), the term of office of each preferred stock director so elected shall automatically terminate and the number of directors on the board of directors shall automatically decrease by two. In determining whether dividends have been paid for at least four consecutive quarterly dividend periods following a nonpayment, we may take account of any dividend we elect to pay for any dividend period after the regular dividend payment date for that period has passed. Any preferred stock director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series A Preferred Stock together with all series of voting preferred stock then outstanding (voting together as a single class) to the extent such holders have the voting rights described above. So long as a nonpayment shall continue, any vacancy in the office of a preferred stock director (other than prior to the initial election after a nonpayment) may be filled by the written consent of the preferred stock director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of Series A Preferred Stock and all voting preferred stock when they have the voting rights described above (voting together as a single class); provided that the filling of any such vacancy shall not cause us to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors. Any such vote to remove, or to fill a vacancy in the office of, a preferred stock director may be taken only at a special meeting called at the request of the holders of record of at least 20% of the Series A Preferred Stock or of any other series of voting preferred stock (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders). The preferred stock directors shall each be entitled to one vote per director on any matter.

As used in this section of the summary under the heading “—6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A”, “voting preferred stock” means any other class or series of preferred stock of Air Lease Corporation ranking equally with the Series A Preferred Stock, including the Series B Preferred Stock, as to dividends (whether cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of Air Lease Corporation and upon which like voting rights to the Series A Preferred Stock have been conferred and are exercisable. Whether a plurality, majority or other portion of the shares of Series A Preferred Stock, Series B Preferred Stock, and any other voting preferred stock have been voted in favor of any matter shall be determined by reference to the liquidation preference of the shares voted.

Other Voting Rights

So long as any shares of the Series A Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by our restated certificate of incorporation, the vote or consent of the holders of at least two-thirds of the shares of the Series A Preferred Stock at the time outstanding, voting together as a single class with any other series of preferred stock entitled to vote thereon (to the exclusion of all other series of preferred stock), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, will be necessary for effecting or validating:

- *Amendment of Certificate of Incorporation or Certificate of Designations.* Any amendment, alteration or repeal of any provision of our restated certificate of incorporation or the certificate of designations for the Series A Preferred Stock that would materially and adversely alter or change the voting powers, preferences or special rights of the Series A Preferred Stock, taken as a whole; provided, however, that the amendment of the certificate of incorporation so as to authorize or create, or to increase the authorized amount of, any class or series of capital stock that does not rank senior to the Series A Preferred Stock in

either the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets on our liquidation, dissolution or winding up shall not be deemed to materially or adversely affect the voting powers, preferences or special rights of the Series A Preferred Stock;

- *Authorization of Senior Stock.* Any amendment or alteration of the restated certificate of incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series or any securities convertible into shares of any class or series of our capital stock ranking senior to Series A Preferred Stock in the payment of dividends or in the distribution of assets on our liquidation, dissolution or winding up; or
- *Share Exchanges, Reclassifications, Mergers and Consolidations and Other Transactions.* Any consummation of (x) a binding share exchange or reclassification involving the Series A Preferred Stock or (y) a merger or consolidation of us with another entity (whether or not a corporation), unless in each case (A) the shares of Series A Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, the shares of Series A Preferred Stock are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (B) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and restrictions and limitations thereof, of the Series A Preferred Stock, taken as a whole, immediately prior to such consummation.

If an amendment, alteration, repeal, share exchange, reclassification, merger or consolidation described above would materially and adversely affect the rights, preferences, privileges and voting powers, and restrictions and limitations, taken as a whole, of one or more but not all series of voting preferred stock (including the Series A Preferred Stock for this purpose), then only the series so affected and entitled to vote shall vote, together as a class, to the exclusion of all other series of preferred stock. If all series of preferred stock are not equally affected by the proposed amendment, alteration, repeal, share exchange, reclassification, merger or consolidation described above, then only a two-thirds approval of each such series that is materially and adversely affected shall be required.

Without the consent of the holders of the Series A Preferred Stock, we may amend, alter, supplement or repeal any terms of the Series A Preferred Stock:

- to cure any ambiguity, or to cure, correct or supplement any provision contained in the certificate of designations for the Series A Preferred Stock that may be defective or inconsistent, so long as such action does not materially and adversely affect the rights, preferences, privileges and voting powers of the Series A Preferred Stock, taken as a whole;
- to conform the certificate of designations to the description of the Series A Preferred Stock set forth in the summary supplement dated February 26, 2019; or
- to make any provision with respect to matters or questions arising with respect to the Series A Preferred Stock that is not inconsistent with the provisions of the certificate of designations, including, without limitation, to implement the terms of clause (iii) of the definition of three-month LIBOR following the occurrence of a LIBOR Event.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding shares of the Series A Preferred Stock have been redeemed or called for redemption on proper notice and sufficient funds have been set aside by us for the benefit of the holders of the Series A Preferred Stock to effect the redemption unless in the case of a vote or consent required to authorize senior stock if all outstanding shares of the Series A Preferred Stock are being redeemed with the proceeds from the sale of the stock to be authorized.

Holders of the Series A Preferred Stock will not have any voting rights with respect to, and the consent of the holders of Series A Preferred Stock is not required for, the taking of any corporate action, including any merger or consolidation involving us or a sale of all or substantially all of our assets, regardless of the effect that such merger, consolidation or sale may have upon the powers, preferences, voting power or other rights or privileges of the Series A Preferred Stock, except as set forth above.

In any matter in which Series A Preferred Stock may vote (as expressly provided in the certificate of designations setting forth the terms of the Series A Preferred Stock), each share of the Series A Preferred Stock shall be entitled

to one vote per \$25.00 of liquidation preference. As a result, each share of the Series A Preferred Stock will generally be entitled to one vote. If the Series A Preferred Stock and any other parity stock are entitled to vote together as a single class on any matter, the holders of each will vote in proportion to their respective liquidation preferences.

Under current provisions of the Delaware General Corporation Law, the holders of issued and outstanding preferred stock are entitled to vote as a class, with the consent of the majority of the class being required to approve an amendment to our restated certificate of incorporation if the amendment would increase or decrease the aggregate number of authorized shares of such class or increase or decrease the par value of the shares of such class.

No Preemptive and Conversion Rights

Holders of the Series A Preferred Stock do not have any preemptive rights. The Series A Preferred Stock is not convertible into or exchangeable for property or shares of any other series or class of our capital stock.

Additional Classes or Series of Stock

We have the right to create (including by increasing the total number of authorized shares of our capital stock) and issue additional classes or series of stock ranking equally with or junior to the Series A Preferred Stock as to dividends and distribution of assets upon our liquidation, dissolution, or winding up without the consent of the holders of the Series A Preferred Stock.

Calculation Agent

As used in this section of the summary under the heading “—6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A”, the “calculation agent” means, at any time, us, an entity affiliated with us, or the person or entity appointed by us pursuant to a calculation agent agreement between us and a calculation agent (the “calculation agency agreement”) and serving as such agent with respect to the Series A Preferred Stock at such time. Deutsche Bank Trust Company Americas is the calculation agent for the Series A Preferred Stock as of the date hereof. We may terminate any such appointment and may appoint a successor agent at any time and from time to time. We may appoint ourselves or an affiliate of ours as calculation agent. Notwithstanding anything to the contrary set forth herein, whenever the calculation agent is referred to as selecting, determining or otherwise exercising discretion hereunder, this shall mean the calculation agent acting in accordance with and under the terms of the calculation agency agreement. This summary describes certain terms for calculating or determining rates. The calculation agent will be required to make certain determinations and calculations in accordance with the calculation agency agreement and as summarized herein. Those determinations or calculations will be conclusive for all purposes and final and binding without any liability on the part of the calculation agent, except such as may result from gross negligence, willful misconduct or bad faith of the calculation agent or any of its direct or indirect shareholders, subsidiaries, affiliates, officers, directors or employees.

4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B

General

The Series B Preferred Stock represents a single series of our authorized preferred stock. We have filed a certificate of designations with respect to the Series B Preferred Stock with the Secretary of State of the State of Delaware. The outstanding shares of the Series B Preferred Stock are fully paid and non-assessable.

The number of authorized shares of the Series B Preferred Stock is 300,000 and the “stated amount” per share is \$1,000.00. The number of authorized shares of the Series B Preferred Stock may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock, less all shares of any other series of preferred stock authorized at the time of such increase) or decreased (but not below the number of shares of the Series B Preferred Stock then outstanding) by resolution of our board of directors (or a duly authorized committee of our board of directors), without the vote or consent of the holders of the Series B Preferred Stock. Shares of the Series B Preferred Stock that are redeemed, repurchased or otherwise acquired by us will be cancelled and shall revert to authorized but unissued shares of preferred stock undesignated as to series. We have the authority to issue fractional shares of the Series B Preferred Stock.

The Series B Preferred Stock is not convertible into, or exchangeable for, shares of our common stock or any other class or series of our other securities and is not subject to any sinking fund or any other obligation of us for their repurchase or retirement. The Series B Preferred Stock has no stated maturity.

We reserve the right to re-open the series of Series B Preferred Stock and issue additional shares of the Series B Preferred Stock either through public or private sales at any time and from time to time without notice to or the consent of holders of the Series B Preferred Stock. The additional shares of the Series B Preferred Stock would be deemed to form a single series with the Series B Preferred Stock. Each share of the Series B Preferred Stock shall be identical in all respects to every other share of the Series B Preferred Stock, except that shares of the Series B Preferred Stock issued after March 2, 2021 shall accrue dividends from the later of March 2, 2021 (the original issue date of the initial issuance of the Series B Preferred Stock) and the dividend payment date, if any, immediately prior to the original issue date of such additional shares.

In addition, subject to the limitations described herein, we may issue additional preferred stock time to time in one or more series, each with such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as our board of directors (or a duly authorized committee of our board of directors) may determine prior to the time of such issuance.

Ranking

The Series B Preferred Stock ranks, with respect to dividend rights and rights as to the distribution of assets upon our voluntary or involuntary liquidation, dissolution or winding up:

- senior to all junior stock;
- on a parity with our Series A Preferred Stock and any other class or series of our capital stock expressly designated as ranking on a parity with the Series B Preferred Stock; and
- junior to any class or series of our senior stock.

As used in this section of the summary under the heading “—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B”, “parity stock” means any other class or series of our capital stock that ranks on a parity with the Series B Preferred Stock as to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or as to the distribution of assets upon our liquidation, dissolution or winding up.

As of the date of this summary, we did not have any junior stock other than the common stock and we did not have any parity stock other than the Series A Preferred Stock described above. As of the date of this summary, we had no senior capital stock or any convertible or exchangeable debt securities outstanding.

Dividends

Holders of Series B Preferred Stock are entitled to receive, when, as and if declared by our board of directors (or a duly authorized committee of our board of directors), only out of funds legally available therefor, non-cumulative cash dividends for each dividend period payable on the stated amount per share of the Series B Preferred Stock at a rate per annum equal to (i) 4.650% from the original issue date of the Series B Preferred Stock to, but excluding, June 15, 2026 (the “First Reset Date”) and (ii) the Five-year U.S. Treasury Rate applicable to such reset period plus 4.076%, from and including the First Reset Date, in each of cases (i) and (ii), payable quarterly, in arrears, on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2021.

Each date on which dividends are payable pursuant to the foregoing clauses is a “dividend payment date”, and dividends for each dividend payment date are payable with respect to the dividend period (or portion thereof) ending on the day preceding such respective dividend payment date, in each case to holders of record on the 15th calendar day before such dividend payment date or such other record date not more than 30 nor less than 10 days preceding such dividend payment date fixed for that purpose by our board of directors (or a duly authorized committee of our board of directors) in advance of payment of each particular dividend.

If any dividend payment date is not a business day, then such date will nevertheless be a dividend payment date, but dividends on the Series B Preferred Stock, when, as and if declared, will be paid on the next succeeding business day (without adjustment in the amount of the dividend per share of Series B Preferred Stock).

The amount of the dividend per share of Series B Preferred Stock for each dividend period (or portion thereof) is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Dividends on shares of the Series B Preferred Stock are not cumulative and are not mandatory. If our board of directors (or a duly authorized committee of our board of directors) does not declare a dividend on the Series B

Preferred Stock in respect of a dividend period, then holders of the Series B Preferred Stock are not entitled to receive any dividends, and we will have no obligation to pay any dividend for that dividend period, whether or not dividends on the Series B Preferred Stock or any other series of our preferred stock or on our common stock are declared for any future dividend period. No interest or sum of money in lieu of interest or dividends will be payable in respect of any dividend not declared by our board of directors (or a duly authorized committee of our board of directors).

As used in this section of the summary under the heading “—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B”:

“accrual” (or similar terms) used with respect to a dividend or dividend period refers only to the determination of the amount of such dividend and does not imply that any right to a dividend in any dividend period that arises prior to the date on which such dividend is declared;

“business day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York;

“dividend period” means each period from and including a dividend payment date (except that the initial dividend period shall commence on and include the date of original issue of the Series B Preferred Stock) and continuing to, but excluding, the next succeeding dividend payment date;

“Five-year U.S. Treasury Rate” means, as of any reset dividend determination date, as applicable: (i) the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five business days appearing (or, if fewer than five business days appear, such number of business days appearing) under the caption “Treasury Constant Maturities” in the most recently published H.15 Daily Update (as defined below) as of 5:00 p.m. (Eastern Time) as of any date of determination; or (ii) if there are no such published yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, then the rate will be determined by interpolation between the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity for two series of actively traded U.S. treasury securities, (A) one maturing as close as possible to, but earlier than, the reset date following the next succeeding reset dividend determination date and (B) the other maturing as close as possible to, but later than, the reset date following the next succeeding reset dividend determination date, in each case for the five business days appearing (or, if fewer than five business days appear, such number of business days appearing) under the caption “Treasury Constant Maturities” in the H.15 Daily Update as of 5:00 p.m. (Eastern Time) as of any date of determination.

If we, in our sole discretion, determine that the Five-year U.S. Treasury Rate cannot be determined in the manner applicable for such rate (which, as of the original issue date of the Series B Preferred Stock, is pursuant to the methods described in clauses (i) or (ii) above) (a “Rate Substitution Event”), we may, in our sole discretion, designate an unaffiliated agent or advisor, which may include an unaffiliated underwriter for the offering of the shares of Series B Preferred Stock or any affiliate of any such underwriter (the “Designee”), to determine whether there is an industry-accepted successor rate to the then-applicable base rate (which, as of the original issue date of the Series B Preferred Stock, is the initial base rate). If the Designee determines that there is such an industry-accepted successor rate, then the “Five-year U.S. Treasury Rate” shall be such successor rate and, in that case, the Designee may adjust the spread and may determine and adjust the business day convention, the definition of business day and the reset dividend determination date to be used and any other relevant methodology for determining or otherwise calculating such successor rate, including any adjustment factor needed to make such successor rate comparable to the then-applicable base rate (which, as of the original issue date of the Preferred Stock, is the initial base rate) in each case, in a manner that is consistent with industry-accepted practices for the use of such successor rate (the “Adjustments”). If we, in our sole discretion, do not designate a Designee or if the Designee determines that there is no industry-accepted successor rate to then-applicable base rate, then the “Five-year U.S. Treasury Rate” will be the same interest rate (i.e., the same Five-year U.S. Treasury Rate) determined for the prior reset dividend determination date or, if this sentence is applicable with respect to the first reset dividend determination date, 0.574%;

“H.15 Daily Update” means the daily statistical release designated as such, or any successor publication, published by the Federal Reserve Bank of New York;

“reset date” means the First Reset Date and each date falling on the fifth anniversary of the preceding reset date. Reset dates, including the First Reset Date, will not be adjusted for business days;

“reset dividend determination date” means, in respect of any reset period, the day falling three business days prior to the beginning of such reset period; and

“reset period” means the period from and including the First Reset Date to, but excluding, the next following reset date and thereafter each period from and including each reset date to, but excluding, the next following reset date.

The applicable dividend rate for each dividend period during a reset period will be determined by the calculation agent, as of the applicable reset dividend determination date for such reset period. On each reset dividend determination date, the calculation agent will notify us of the dividend rate for each dividend period during the applicable reset period. The calculation agent’s determination of any dividend rate and its calculation of the amount of dividends for any dividend period, and a record maintained by us of any Rate Substitution Event and any Adjustments, will be on file at our principal offices, will be made available to any holder of the Series B Preferred Stock upon request and will be final and binding in the absence of manifest error.

Restrictions on Dividends, Redemption and Repurchases

So long as any share of the Series B Preferred Stock remains outstanding, unless dividends on all outstanding shares of the Series B Preferred Stock for the most recently completed dividend period have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment,

- (i) no dividend may be declared or paid or set aside for payment, and no distribution may be made, on any share of our common stock or other junior stock (as defined below),
- (ii) no shares of common stock or other junior stock shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly, and
- (iii) no shares of any class or series of capital stock ranking, as to dividends, on a parity with the Series B Preferred Stock shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly.

The foregoing sentence, however, does not apply to or prohibit:

- (i) repurchases, redemptions or other acquisitions of shares of junior stock as a result of (1) a reclassification of junior stock for or into other junior stock, (2) the exchange or conversion of one or more shares of junior stock for or into one or more shares of junior stock or (3) the purchase of fractional interests in shares of junior stock under the conversion or exchange provisions of junior stock or the security being converted or exchanged;
- (ii) repurchases, redemptions or other acquisitions of shares of junior stock through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock;
- (iii) repurchases, redemptions or other acquisitions of shares of junior stock in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants or (2) a dividend reinvestment or stockholder stock purchase plan;
- (iv) any declaration of a dividend in connection with any stockholders’ rights plan, or the issuance of rights, stock or other property under any stockholders’ rights plan, or the redemption or repurchase of rights pursuant to the plan;
- (v) any dividend paid on junior stock in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or is other junior stock;
- (vi) any pro rata purchase or pro rata exchange of all or a pro rata portion of the Series B Preferred Stock and any class or series of capital stock ranking, as to dividends, on a parity with the Series B Preferred Stock pursuant to an offer made on the same terms to holders of all shares of the Series B Preferred Stock and to holders of all shares of any class or series of capital stock ranking, as to dividends, on a parity with the Series B Preferred Stock;
- (vii) repurchases, redemptions or other acquisitions of shares of dividend parity stock (as defined below) as a result of (1) a reclassification of dividend parity stock for or into other dividend parity stock or junior stock, (2) the exchange or conversion of one or more shares of dividend parity stock for or into one or

more shares of other dividend parity stock or junior stock or (3) the purchase of fractional interests in shares of dividend parity stock under the conversion or exchange provisions of dividend parity stock or the security being converted or exchanged;

- (viii) repurchases, redemptions or other acquisitions of shares of dividend parity stock through the use of the proceeds of a substantially contemporaneous sale of other shares of dividend parity stock or junior stock; or
- (ix) purchases of shares of our common stock pursuant to a contractually binding stock repurchase plan existing prior to the preceding dividend period.

As used in this section of the summary under the heading “—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B”:

“capital stock” does not include convertible or exchangeable debt securities, which, prior to conversion or exchange, rank senior in right of payment to the Series B Preferred Stock;

“dividend parity stock” means any other class or series of our capital stock that ranks on a parity with the Series B Preferred Stock as to the payment of dividends (whether such dividends are cumulative or non-cumulative).

“junior stock” means our common stock and any other class or series of our capital stock that ranks junior to the Series B Preferred Stock either as to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or as to the distribution of assets upon our liquidation, dissolution or winding up;

“senior stock” means any other class or series of our capital stock ranking senior to the Series B Preferred Stock either as to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or as to the distribution of assets upon our liquidation, dissolution or winding up.

If our board of directors (or a duly authorized committee of our board of directors) elects to declare only partial instead of full dividends for a dividend payment date and related dividend period on the shares of the Series B Preferred Stock or dividend parity stock (which terms include, in the case of the Series B Preferred Stock, the dividend payment dates and dividend periods provided for herein), then, to the extent permitted by the terms of the Series B Preferred Stock and each outstanding series of dividend parity stock, such partial dividends shall be declared on shares of the Series B Preferred Stock and dividend parity stock, and dividends so declared shall be paid, as to any such dividend payment date and related dividend period, in amounts such that the ratio of the partial dividends declared and paid on each such series to full dividends on each such series is the same. As used in this paragraph, “full dividends” means, as to any dividend parity stock that bears dividends on a cumulative basis, the amount of dividends that would need to be declared and paid to bring such dividend parity stock current in dividends, including undeclared dividends for past dividend periods. To the extent a dividend period with respect to the Series B Preferred Stock or any series of dividend parity stock (in either case, the “first series”) coincides with more than one dividend period with respect to another series as applicable (in either case, a “second series”), then, for purposes of this paragraph, our board of directors (or a duly authorized committee of our board of directors) may, to the extent permitted by the terms of each affected series, treat such dividend period for the first series as two or more consecutive dividend periods, none of which coincides with more than one dividend period with respect to the second series, or may treat such dividend period(s) with respect to any dividend parity stock and dividend period(s) with respect to the Series B Preferred Stock for purposes of this paragraph in any other manner that it deems to be fair and equitable in order to achieve ratable payments of dividends on such dividend parity stock and the Series B Preferred Stock.

Subject to the foregoing, dividends (payable in cash, stock or otherwise) as may be determined by our board of directors (or a duly authorized committee of our board of directors) may be declared and paid on any common stock or other junior stock from time to time out of any funds legally available therefor, and the shares of the Series B Preferred Stock shall not be entitled to participate in any such dividend.

Dividends on the Series B Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause us to fail to comply with applicable laws and regulations.

Redemption

We may, at our option, redeem the Series B Preferred Stock, in whole or in part, from time to time, on any dividend payment date on or after June 15, 2026 for cash at a redemption price equal to \$1,000.00 per share, plus any declared and unpaid dividends to, but excluding, the date fixed for redemption, without accumulation of any

undeclared dividends.

We may also, at our option, redeem the Series B Preferred Stock in whole but not in part, at any time within 120 days after the conclusion of any review or appeal process instituted by us following the occurrence of a rating agency event (as defined herein), or, if no review or appeal process is available or sought with respect to such rating agency event, at any time within 120 days after the occurrence of such rating agency event, at a redemption price in cash equal to \$1,020.00 per share, plus any declared and unpaid dividends to, but excluding, the date fixed for redemption, without accumulation of any undeclared dividends.

As used in this section of the summary under the heading “—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B”, a “rating agency event” means that any “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act that then publishes a rating for us amends, clarifies or changes the methodology or criteria that it employed for purposes of assigning equity credit to securities such as the Series B Preferred Stock on the original issue date of the Series B Preferred Stock (the “current methodology”), which amendment, clarification or change either (i) shortens the period of time during which equity credit pertaining to the Series B Preferred Stock would have been in effect had the current methodology not been changed or (ii) reduces the amount of equity credit assigned to the Series B Preferred Stock as compared with the amount of equity credit that such rating agency had assigned to the Series B Preferred Stock as of the original issue date.

The redemption price for any shares of the Series B Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to us or our agent, if the shares of the Series B Preferred Stock are issued in certificated form. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the applicable record date for a dividend period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such record date relating to the applicable dividend payment date.

On and after the redemption date, dividends will cease to accrue on shares of the Series B Preferred Stock, and such shares of the Series B Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price plus any declared and unpaid dividends, without regard to any undeclared dividends, on such shares to, but excluding, the redemption date.

In case of any redemption of only part of the shares of the Series B Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either on a pro rata basis (as nearly as practicable without creating fractional shares) or by lot or in such other manner as our board of directors (or a duly authorized committee of our board of directors) may determine to be fair and equitable. Subject to the provisions hereof, our board of directors (or a duly authorized committee of our board of directors) shall have full power and authority to prescribe the terms and conditions on which shares of the Series B Preferred Stock shall be redeemed from time to time. If we shall have issued certificates for the Series B Preferred Stock and fewer than all shares represented by any certificates are redeemed, new certificates shall be issued representing the unredeemed shares without charge to the holders thereof.

Notice of every redemption of shares of the Series B Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on our books. Such mailing shall be at least 10 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of the Series B Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of the Series B Preferred Stock. Notwithstanding the foregoing, if the shares of the Series B Preferred Stock are issued in book-entry form through The Depository Trust Company (“DTC”) or any other similar facility, notice of redemption may be given to the holders of the Series B Preferred Stock at such time and in any manner permitted by such facility.

Each such notice given to a holder shall state:

- the redemption date;
- the number of shares of the Series B Preferred Stock to be redeemed and, if less than all shares of the Series B Preferred Stock held by the holder are to be redeemed, the number of shares to be redeemed from such holder or the method for determining such number;

- the redemption price;
- if the Series B Preferred Stock is evidenced by definitive certificates, the place or places where certificates for such shares of the Series B Preferred Stock are to be surrendered for payment of the redemption price; and
- that dividends on such shares will cease to accrue on and after the redemption date.

If notice of redemption has been duly given, and if on or before the redemption date specified in the notice, all funds necessary for the redemption have been set aside by us, separate and apart from our other funds, in trust for the pro rata benefit of the holders of the shares called for redemption, so as to be and continue to be available for that purpose, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation in the case that the shares of the Series B Preferred Stock are issued in certificated form, dividends shall cease to accrue on and after the redemption date for all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights of the holders with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption date, without interest. Any funds unclaimed at the end of two years from the redemption date, to the extent permitted by law, shall be released from the trust so established and may be commingled with our other funds, and after that time the holders of the shares so called for redemption shall look only to us for payment of the redemption price of such shares.

Liquidation Preference

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, before any distribution or payment out of our assets may be made to or set aside for the holders of shares of our common stock or any class or series of capital stock ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up, junior to the Series B Preferred Stock, holders of the Series B Preferred Stock will be entitled to receive out of our assets legally available for distribution to our stockholders (*i.e.*, after satisfaction of all our liabilities to creditors, if any) an amount equal to the stated amount, plus any dividends that have been declared but not paid prior to the date of payment of distributions to stockholders, without regard to any undeclared dividends (the “liquidation preference”).

If our assets are not sufficient to pay the liquidation preference in full to all holders of the Series B Preferred Stock and all holders of any class or series of our stock that ranks on a parity with the Series B Preferred Stock, including the Series A Preferred Stock, in the distribution of assets on our liquidation, dissolution or winding up (the “liquidation preference parity stock”), the amounts paid to the holders of the Series B Preferred Stock and to the holders of all liquidation preference parity stock shall be pro rata in accordance with the respective aggregate liquidation preferences of the Series B Preferred Stock and all such liquidation preference parity stock. In any such distribution, the “liquidation preference” of any holder of our stock other than the Series B Preferred Stock means the amount otherwise payable to such holder in such distribution (assuming no limitation on our assets available for such distribution), including an amount equal to any declared but unpaid dividends in the case of any holder or stock on which dividends accrue on a non-cumulative basis and, in the case of any holder of stock on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued, cumulative dividends, whether or not earned or declared, as applicable. If the liquidation preference has been paid in full to all holders of the Series B Preferred Stock and all holders of any liquidation preference parity stock, holders of shares of the Series B Preferred Stock and all holders of any liquidation preference parity stock will have no right or claim to any of our remaining assets and the holders of shares of our common stock or any class or series of capital stock ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up, junior to the Series B Preferred Stock, will be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, the merger, consolidation or other business combination of us with or into any other entity, including a transaction in which the holders of the Series B Preferred Stock receive cash or property for their shares, or the sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of our assets, shall not constitute a liquidation, dissolution or winding up of us.

Because we are a holding company, our rights and the rights of our creditors and our shareholders, including the holders of the Series B Preferred Stock, to participate in the assets of any of our subsidiaries upon that subsidiary’s liquidation or recapitalization may be subject to the prior claims of that subsidiary’s creditors, except to the extent

that we are a creditor with recognized claims against the subsidiary.

No Maturity, Sinking Fund or Mandatory Redemption

The Series B Preferred Stock has no maturity date and we are not required to redeem the Series B Preferred Stock at any time. Accordingly, the Series B Preferred Stock will remain outstanding indefinitely, unless we decide, at our option, to exercise our redemption rights. The Series B Preferred Stock is not subject to any sinking fund.

Voting Rights

Except as provided below or otherwise required by law, the holders of the Series B Preferred Stock do not have any voting rights.

Right to Elect Two Directors on Nonpayment of Dividends

Whenever dividends on any shares of the Series B Preferred Stock, or any other voting preferred stock (as defined below), shall have not been declared and paid for six full quarterly dividend payments, whether or not for consecutive dividend periods (a “nonpayment”), the holders of such shares, voting together as a class with holders of any and all other series of voting preferred stock then outstanding, will be entitled to vote for the election of a total of two additional members of our board of directors (the “preferred stock directors”), provided that the election of any such directors shall not cause us to violate the corporate governance requirements of the New York Stock Exchange (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors and provided further that our board of directors shall at no time include more than two preferred stock directors. In that event, the number of directors on our board of directors shall automatically increase by two, and the new directors shall be elected at a special meeting called at the request of the holders of record of at least 20% of the Series B Preferred Stock or of any other series of voting preferred stock (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), and at each subsequent annual meeting. Such request to call a special meeting for the initial election of the preferred stock directors after a nonpayment shall be made by written notice, signed by the requisite holders of the Series B Preferred Stock or other voting preferred stock, and delivered to our Secretary in such manner as provided for in the certificate of designations for the Series B Preferred Stock, or as may otherwise be required by law.

Any preferred stock director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series B Preferred Stock together with all series of voting preferred stock then outstanding (voting together as a single class) to the extent such holders have the voting rights described above. So long as a nonpayment shall continue, any vacancy in the office of a preferred stock director (other than prior to the initial election after a nonpayment) may be filled by the written consent of the preferred stock director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series B Preferred Stock and all voting preferred stock when they have the voting rights described above (voting together as a single class); provided that the filling of any such vacancy shall not cause us to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors. Any such vote to remove, or to fill a vacancy in the office of, a preferred stock director may be taken only at a special meeting called at the request of the holders of record of at least 20% of the Series B Preferred Stock or of any other series of voting preferred stock (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders). The preferred stock directors shall each be entitled to one vote per director on any matter.

If and when dividends for at least four consecutive quarterly dividend periods following a nonpayment have been paid in full on the Series B Preferred Stock and any other class or series of voting preferred stock, the holders of the Series B Preferred Stock and all other holders of voting preferred stock shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent nonpayment), the term of office of each preferred stock director so elected shall automatically terminate and the number of directors on the board of directors shall automatically decrease by two. In determining whether dividends have been paid for at least four consecutive quarterly dividend periods following a nonpayment, we may take account of any dividend we elect to pay for any dividend period after the regular dividend payment date for that period has passed.

As used in this section of the summary under the heading “—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B”, “voting preferred stock” means any other class or series of preferred stock of Air Lease

Corporation ranking equally with the Series B Preferred Stock, including the Series A Preferred Stock, as to dividends (whether cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of Air Lease Corporation and upon which like voting rights to the Series B Preferred Stock have been conferred and are exercisable. Whether a plurality, majority or other portion of the shares of the Series B Preferred Stock, Series A Preferred Stock and any other voting preferred stock have been voted in favor of any matter shall be determined by reference to the liquidation preference of the shares voted.

Other Voting Rights

So long as any shares of the Series B Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by our restated certificate of incorporation, the vote or consent of the holders of at least two-thirds of the shares of the Series B Preferred Stock at the time outstanding, voting together as a single class with any other series of preferred stock entitled to vote thereon (to the exclusion of all other series of preferred stock), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, will be necessary for effecting or validating:

- *Amendment of Certificate of Incorporation or Certificate of Designations.* Any amendment, alteration or repeal of any provision of our restated certificate of incorporation or the certificate of designations for the Series B Preferred Stock that would materially and adversely alter or change the voting powers, preferences or special rights of the Series B Preferred Stock, taken as a whole; provided, however, that the amendment of the certificate of incorporation so as to authorize or create, or to increase the authorized amount of, any class or series of capital stock that does not rank senior to the Series B Preferred Stock in either the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets on our liquidation, dissolution or winding up shall not be deemed to materially or adversely affect the voting powers, preferences or special rights of the Series B Preferred Stock;
- *Authorization of Senior Stock.* Any amendment or alteration of the restated certificate of incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series or any securities convertible into shares of any class or series of our capital stock ranking senior to the Series B Preferred Stock in the payment of dividends or in the distribution of assets upon our liquidation, dissolution or winding up; or
- *Share Exchanges, Reclassifications, Mergers and Consolidations and Other Transactions.* Any consummation of (x) a binding share exchange or reclassification involving the Series B Preferred Stock or (y) a merger or consolidation of us with another entity (whether or not a corporation), unless in each case (A) the shares of the Series B Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, the shares of Series B Preferred Stock are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (B) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and restrictions and limitations thereof, of the Series B Preferred Stock, taken as a whole, immediately prior to such consummation.

If an amendment, alteration, repeal, share exchange, reclassification, merger or consolidation described above would materially and adversely affect the rights, preferences, privileges and voting powers, and restrictions and limitations, taken as a whole, of one or more but not all series of voting preferred stock (including the Series B Preferred Stock for this purpose), then only the series so affected and entitled to vote shall vote, together as a class, to the exclusion of all other series of preferred stock. If all series of preferred stock are not equally affected by the proposed amendment, alteration, repeal, share exchange, reclassification, merger or consolidation described above, then only a two-thirds approval of each such series that is materially and adversely affected shall be required.

Without the consent of the holders of the Series B Preferred Stock, we may amend, alter, supplement or repeal any terms of the Series B Preferred Stock:

- to cure any ambiguity, or to cure, correct or supplement any provision contained in the certificate of designations for the Series B Preferred Stock that may be defective or inconsistent, so long as such action does not materially and adversely affect the rights, preferences, privileges and voting powers of the Series B Preferred Stock, taken as a whole;

- to conform the certificate of designations to the description of the Series B Preferred Stock set forth in the summary supplement dated February 23, 2021; or
- to make any provision with respect to matters or questions arising with respect to the Series B Preferred Stock that is not inconsistent with the provisions of the certificate of designations.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding shares of the Series B Preferred Stock have been redeemed or called for redemption on proper notice and sufficient funds have been set aside by us for the benefit of the holders of the Series B Preferred Stock to effect the redemption unless in the case of a vote or consent required to authorize senior stock if all outstanding shares of the Series B Preferred Stock are being redeemed with the proceeds from the sale of the stock to be authorized.

Holders of the Series B Preferred Stock do not have any voting rights with respect to, and the consent of the holders of the Series B Preferred Stock is not required for, the taking of any corporate action, including any merger or consolidation involving us or a sale of all or substantially all of our assets, regardless of the effect that such merger, consolidation or sale may have upon the powers, preferences, voting power or other rights or privileges of the Series B Preferred Stock, except as set forth above.

In any matter in which the Series B Preferred Stock may vote (as expressly provided in the certificate of designations setting forth the terms of the Series B Preferred Stock), each share of the Series B Preferred Stock is entitled to one vote per \$1,000.00 of liquidation preference. As a result, each share of the Series B Preferred Stock is generally entitled to one vote. If the Series B Preferred Stock, Series A Preferred Stock and any other liquidation preference parity stock are entitled to vote together as a single class on any matter, the holders of each will vote in proportion to their respective liquidation preferences.

Voting Rights Under Delaware Law

Under current provisions of the Delaware General Corporation Law, the holders of issued and outstanding preferred stock are entitled to vote as a class, with the consent of the majority of the class being required to approve an amendment to our restated certificate of incorporation if the amendment would increase or decrease the aggregate number of authorized shares of such class or increase or decrease the par value of the shares of such class or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. If any such proposed amendment would alter or change the powers, preferences or special rights of one or more series of preferred stock so as to affect them adversely, but would not so affect the entire class of preferred stock, only the shares of the series so affected shall be considered a separate class for purposes of this vote on the amendment.

No Preemptive and Conversion Rights

Holders of the Series B Preferred Stock do not have any preemptive rights. The Series B Preferred Stock is not convertible into or exchangeable for property or shares of any other series or class of our capital stock.

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC is the transfer agent and registrar for the Series B Preferred Stock as of the date hereof. We may terminate such appointment and may appoint a successor transfer agent and/or registrar at any time and from time to time. The transfer agent and/or registrar may be a person or entity affiliated with us.

Calculation Agent

As used in this section of the summary under the heading “—4.650% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B”, the “calculation agent” means, at any time, us, an entity affiliated with us, or the person or entity appointed by us pursuant to a calculation agent agreement between us and a calculation agent (the “calculation agency agreement”) and serving as such agent with respect to the Series B Preferred Stock at such time (including any successor to such person or entity). Deutsche Bank Trust Company Americas is the calculation agent for the Series B Preferred Stock as of the original issue date. We may terminate any such appointment and may appoint a successor agent at any time and from time to time. We may appoint ourselves or an affiliate of ours as calculation agent. Notwithstanding anything to the contrary set forth herein, whenever the calculation agent is referred to as selecting, determining or otherwise exercising discretion hereunder, this shall mean the calculation agent acting in accordance with and under the terms of the calculation agency agreement. This summary describes

certain terms for calculating or determining rates. The calculation agent will be required to make certain determinations and calculations in accordance with the calculation agency agreement and as summarized herein. Those determinations or calculations will be conclusive for all purposes and final and binding without any liability on the part of the calculation agent, except such as may result from gross negligence, willful misconduct or bad faith of the calculation agent or any of its direct or indirect shareholders, subsidiaries, affiliates, officers, directors or employees.

Registration Rights

Pursuant to the Registration Rights Agreement, dated June 4, 2010, by and between us and FBR Capital Markets & Co. (the “Registration Rights Agreement”), the holders of 4,667,808 shares of Class A Common Stock currently outstanding have the following rights:

On or before April 30, 2011, we were required to file with the SEC, at our expense, a shelf registration statement providing for the resale of any registrable shares from time to time by the holders of such shares. We filed such a registration statement on April 29, 2011. We are also required to maintain, at our expense, a shelf registration statement providing for the resale of any registrable shares, from time to time in one or more offerings, by holders of such shares. We have filed an automatic shelf registration statement and related prospectus supplement in accordance with our obligations under the Registration Rights Agreement and we intend to use our commercially reasonable efforts to renew such registration statement prior to its expiration and otherwise cause an applicable shelf registration statement to remain effective until the earliest to occur of:

- such time as all of the registrable shares covered by such shelf registration statement have been sold in accordance with such shelf registration statement; and
- such time as all registrable shares are eligible for sale without any volume or manner of sale restrictions or compliance by us with any current public information requirements pursuant to Rule 144 (or any successor or analogous rule) under the Securities Act of 1933, as amended (the “Securities Act”) and are listed for trading on a national securities exchange.

If a registration statement required to be filed by the Registration Rights Agreement ceases to be effective and is not declared effective by the SEC again by the 30th day after such registration statement ceases to be effective or if a registration statement registering the resale of any registrable shares has not been declared effective by the SEC by the 180th day after the filing of such registration statement, a special meeting of stockholders must be called and held within 45 days of such date in accordance with our fourth amended and restated bylaws. At the special meeting, stockholders will vote upon the removal of each of our then-serving directors and will elect such number of directors as there are then vacancies (including any vacancies created by removal of any director). The removal of any director under this remedy provided by the Registration Rights Agreement requires the affirmative vote of the holders of a majority of all outstanding shares of common stock.

Certain Anti-Takeover Matters

Special meeting of stockholders

Our restated certificate of incorporation and our fourth amended and restated bylaws provide that special meetings of our stockholders may be called only by the Chairman of the board of directors, by our Chief Executive Officer or by a majority vote of our entire board of directors.

No stockholder action by written consent

Our restated certificate of incorporation and our fourth amended and restated bylaws prohibit stockholder action by written consent.

Advance notice requirements for stockholder proposals and director nominations

Our fourth amended and restated bylaws provide that stockholders seeking to bring business before our annual meeting of stockholders, or to nominate candidates for election as directors at our annual meeting of stockholders, must provide timely notice of their intent in writing. To be timely, a stockholder’s notice must be delivered to our corporate secretary at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year’s annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, for notice by the stockholder to be considered timely, it must be so delivered not earlier than the close of business on the 120th day prior to such

annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which we publicly announce the date of the annual meeting. Our fourth amended and restated bylaws also specify certain requirements as to the form and content of a stockholder's notice. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders.

Stockholder-initiated bylaw amendments

Our fourth amended and restated bylaws may be adopted, amended or repealed by stockholders only upon approval of at least two-thirds of the voting power of all the then outstanding shares of the common stock entitled to vote in the election of directors. Additionally, our restated certificate of incorporation provides that our fourth amended and restated bylaws may be adopted, amended or repealed by the board of directors by a majority vote.

Authorized but unissued shares

Our authorized but unissued shares of common stock are available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Supermajority voting

The vote of the holders of not less than two-thirds of the shares of common stock entitled to vote in the election of directors is required to adopt any amendment to our restated certificate of incorporation or fourth amended and restated bylaws. Further, unless otherwise restricted by law, any director or our entire board of directors may be removed, with or without cause, only by the holders of two-thirds of the voting power of all issued and outstanding stock entitled to vote at an election of directors, except that the affirmative vote of the holders of only a majority of the voting power of all of our issued and outstanding common stock is required to remove a director or directors if such vote occurs at a special meeting of the stockholders called specifically to consider the removal of members of the board of directors in connection with the remedies provided under our Registration Rights Agreement. See “—Registration Rights” above.

The foregoing provisions may discourage attempts by others to acquire control of us without negotiation with our board of directors. This enhances our board of directors' ability to attempt to promote the interests of all of our stockholders. However, to the extent that these provisions make us a less attractive takeover candidate, they may not always be in our best interests or in the best interests of our stockholders.

Section 203 of the Delaware General Corporation Law

Our restated certificate of incorporation does not opt out of Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 of the Delaware General Corporation Law prohibits a public Delaware corporation from engaging in a “business combination” (as defined in such section) with an “interested stockholder” (defined generally as any person who beneficially owns 15% or more of the outstanding voting stock of such corporation or any person affiliated with such person) for a period of three years following the time that such stockholder became an interested stockholder, unless:

- (i) prior to such time, the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation outstanding at the time the transaction commenced (excluding for purposes of determining the voting stock of such corporation outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (A) by persons who are directors and also officers of such corporation and (B) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or
- (iii) on or subsequent to such time the stockholder became interested, the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock of such corporation not owned by the interested stockholder.

Forum selection clause in our bylaws

Our fourth amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers or other employees or stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or our restated certificate of incorporation or our fourth amended and restated bylaws, or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine. Our fourth amended and restated bylaws further provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to the provisions described above. This exclusive forum provision is intended to apply to claims arising under Delaware state law and would not apply to claims brought pursuant to the Exchange Act or the Securities Act, or any other claim for which the federal courts have exclusive jurisdiction. The exclusive forum provision in our fourth amended and restated bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees or stockholders, which may discourage lawsuits against us and our directors, officers and other employees and stockholders. In addition, stockholders who do bring a claim in the Court of Chancery of the State of Delaware could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery of the State of Delaware may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. However, the enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find this type of provision to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings. If a court were to find the exclusive forum provision contained in our fourth amended and restated bylaws to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions.

Limitation on liability and indemnification of directors and officers

Our restated certificate of incorporation and fourth amended and restated bylaws provide that our directors and officers will be indemnified by us to the fullest extent authorized by Delaware law as it currently exists or may in the future be amended, against all expenses and liabilities reasonably incurred in connection with their service for or on our behalf. In addition, our restated certificate of incorporation provides that our directors will not be personally liable for monetary damages to us or our stockholders for breaches of their fiduciary duty as directors.

In addition to the indemnification provided by our restated certificate of incorporation and fourth amended and restated bylaws, we have entered into agreements to indemnify our directors and certain executive officers. These agreements, among other things and subject to certain standards to be met, require us to indemnify these directors and officers for certain expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in our right, arising out of that person's services as a director or officer of us or any of our subsidiaries or any other company or enterprise to which the person provides services at our request. These agreements also require us to advance expenses to these officers and directors for defending any such action or proceeding, subject to an undertaking to repay such amounts if it is ultimately determined that such director or officer was not entitled to be indemnified for such expenses.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Stock exchange listing symbol

Our Class A Common Stock is listed on the NYSE under the symbol "AL" and our Series A Preferred Stock is listed on the NYSE under the symbol "AL PRA". Our Class B Non-Voting Common Stock and Series B Preferred Stock are not currently listed on any national securities exchange or market system.

Transfer agent and registrar

American Stock Transfer and Trust Company is the transfer agent and registrar for our common stock. We may terminate such appointment and may appoint a successor transfer agent and/or registrar at any time and from time to time. The transfer agent and/or registrar may be a person or entity affiliated with us.

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND PRESIDENT
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John L. Plueger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Air Lease Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ John L. Plueger
John L. Plueger
Chief Executive Officer and President
(Principal Executive Officer)

**CERTIFICATION OF THE EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gregory B. Willis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Air Lease Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ Gregory B. Willis

Gregory B. Willis

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND PRESIDENT PURSUANT TO 18 U.S.C.
SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Air Lease Corporation (the "Company") on Form 10-Q for the period ended March 31, 2021 (the "Report"), I, John L. Plueger, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2021

/s/ John L. Plueger

John L. Plueger
Chief Executive Officer and President
(Principal Executive Officer)

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

**CERTIFICATION OF THE EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER PURSUANT
TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Air Lease Corporation (the "Company") on Form 10-Q for the period ended March 31, 2021 (the "Report"), I, Gregory B. Willis, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2021

/s/ Gregory B. Willis

Gregory B. Willis

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.
