

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

☐ **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)
2000 Avenue of the Stars, Suite 1000N
Los Angeles, California
(Address of principal executive offices)

27-1840403
(I.R.S. Employer
Identification No.)

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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 the 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 ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

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 ☒

The aggregate market value of registrant's voting stock held by non-affiliates was approximately \$4.3 billion on June 28, 2019, based upon the last reported sales price on the New York Stock Exchange. As of February 13, 2020, there were 113,350,267 shares of Class A common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Designated portions of the Proxy Statement relating to registrant's 2020 Annual Meeting of Shareholders have been incorporated by reference into Part III of this report.

Form 10-K
For the Fiscal Year Ended December 31, 2019
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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K and other publicly available documents may contain or incorporate 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-K and include statements regarding, among other matters, the state of the airline industry, our access to the capital markets, our ability to restructure leases and repossess aircraft, the structure of our leases, regulatory matters pertaining to compliance with governmental regulations, 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, general commercial aviation industry, economic, and business conditions, which will, among other things, affect demand for aircraft, availability, and creditworthiness of current and prospective lessees, lease rates, availability and cost of financing and operating expenses, governmental actions and initiatives, and environmental and safety requirements, as well as the factors discussed under “Item 1A. Risk Factors,” in this Annual Report on Form 10-K. 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 do not intend and undertake no obligation to update any forward-looking information to reflect actual results or future events or circumstances.

PART I

ITEM 1. BUSINESS

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 transport 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 our aircraft sales, trading and other activities and our management fees.

We currently have relationships with over 200 airlines across 70 countries. We operate our business on a global basis, providing aircraft to airline customers in every major geographical region, including markets such as Asia, the Pacific Rim, Latin America, the Middle East, Europe, Africa, and North America. Many of these markets are experiencing increased demand for passenger airline travel and have lower market saturation than more mature markets such as the United States and Western Europe. We expect that these markets will also present significant replacement opportunities in upcoming years as many airlines look to replace aging aircraft with new, modern technology, fuel efficient jet aircraft. An important focus of our strategy is meeting the needs of this replacement market. Airlines in some of these markets have fewer financing alternatives, enabling us to command relatively higher lease rates compared to those in more mature markets.

We mitigate the risks of owning and leasing aircraft through careful management and diversification of our leases and lessees by geography, lease term, and aircraft age and type. We believe that diversification of our operating lease portfolio reduces the risks associated with individual lessee defaults and adverse geopolitical and regional economic events. We mitigate the risks associated with cyclical variations in the airline industry by managing customer concentrations and lease maturities in our operating lease portfolio to minimize periods of concentrated lease expirations. In order to maximize residual values and minimize the risk of obsolescence, our strategy is to own an aircraft during the first third of its expected 25-year useful life.

During the year ended December 31, 2019, we purchased and took delivery of 53 aircraft from our new order pipeline, purchased two incremental aircraft in the secondary market, sold 30 aircraft and transferred eight aircraft from our operating lease portfolio to flight equipment held for sale, which is included in Other assets on the Consolidated Balance Sheet, ending the period with a total of 292 aircraft in our operating lease portfolio with a net book value of \$18.7 billion. The weighted average lease term remaining on our operating lease portfolio was 7.2 years and the weighted average age of our fleet was 3.5 years as of December 31, 2019. Our fleet grew by 19.1% based on net book value of \$18.7 billion as of December 31, 2019 compared to \$15.7 billion as of December 31, 2018. In addition, we had a managed fleet of 83 aircraft as of December 31, 2019, compared to a managed fleet of 61 aircraft as of December 31, 2018. We have a globally diversified customer base comprised of 106 airlines in 59 countries. As of February 14, 2020, all aircraft in our operating lease portfolio, except for two aircraft, were subject to lease agreements.

During 2019, we increased our total commitments with Boeing and Airbus by a net 94 aircraft. As of December 31, 2019, we had commitments to purchase 413 aircraft from Boeing and Airbus for delivery through 2026, with an estimated aggregate commitment of \$27.4 billion. We ended 2019 with \$29.1 billion in committed minimum future rental payments and placed 79% of our order book on long-term leases for aircraft delivering through 2022. This includes \$14.1 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$15.0 billion in minimum future rental payments related to aircraft which will deliver between 2020 and 2024.

We finance the purchase of aircraft and our business with available cash balances, internally generated funds, including through aircraft sales and trading activities and debt financings. Our debt financing strategy is focused on raising unsecured debt in the global bank and debt capital markets, with a limited utilization of government guaranteed export credit or other forms of secured financing. In 2019, we issued approximately \$3.2 billion in aggregate principal amount of senior unsecured notes with maturities ranging from 2021 to 2029 and bearing interest at fixed rates ranging from 2.25% to 4.25% and one note bearing interest at a floating rate of three-month LIBOR plus 0.67%. In addition, we increased our unsecured revolving credit facility capacity to approximately \$5.8 billion, representing an increase of 27.9% from December 31, 2018. We ended 2019 with total debt outstanding, net of discounts and issuance costs, of \$13.6 billion, of which 88.4% was at a fixed rate and 96.6% of which was unsecured. As of December 31, 2019, our composite cost of funds was 3.34%.

In 2019, total revenues increased by 20.1% to \$2.0 billion, compared to 2018. The increase in our total revenues is primarily due to the \$3.0 billion increase in the net book value of our operating lease portfolio and an increase in our aircraft sales, trading and other activity. During the year ended December 31, 2019, our net income available to common stockholders was \$575.2 million compared to \$510.8 million for the year ended December 31, 2018. Our diluted earnings per share for the full year 2019 was \$5.09 compared to \$4.60 for the full year 2018. The increase in net income available to common stockholders and diluted earnings per share in 2019 compared to 2018 was primarily due to the continued growth of our fleet and an increase in our aircraft sales, trading and other activity, partially offset by increases in our interest expense and 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 year ended December 31, 2019 was \$781.2 million or \$6.91 per diluted share, compared to \$690.3 million, or \$6.20 per diluted share for the year ended December 31, 2018. The increase in our net income before income taxes and our adjusted net income before income taxes was principally driven by the continued growth of our fleet and an increase in our aircraft sales and trading activity, partially offset by increases in our interest expense and 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 U.S. Generally Accepted Accounting Principles ("GAAP"). See Note 3 in "Item 6. Selected Financial Data" of this Annual Report on Form 10-K for a discussion of adjusted net income before income taxes and adjusted diluted earnings per share before income taxes as non-GAAP measures and a reconciliation of these measures to net income available to common stockholders.

Operations to Date

Current Fleet

Our fleet, based on net book value, increased by 19.1% to \$18.7 billion as of December 31, 2019 compared to \$15.7 billion as of December 31, 2018. As of December 31, 2019, we owned 292 aircraft in our flight equipment subject to operating leases portfolio, comprised of 203 narrowbody aircraft and 89 widebody aircraft, with a weighted average age of 3.5 years. Also, we had eight aircraft classified as flight equipment held for sale included in Other assets on the Consolidated Balance Sheet as of December 31, 2019. As of December 31, 2018, we owned 275 aircraft, comprised of 207 narrowbody aircraft and 68 widebody aircraft, with a weighted average age of 3.8 years. In addition, we also managed 83 aircraft as of December 31, 2019 compared to 61 aircraft as of December 31, 2018.

Geographic Diversification

Over 95% of our aircraft are operated internationally. The following table sets forth the dollar amount and percentage of our Rental of flight equipment revenues attributable to the respective geographical regions based on each airline's principal place of business:

Region	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	Amount of Rental Revenue	% of Total	Amount of Rental Revenue	% of Total	Amount of Rental Revenue	% of Total
(in thousands, except percentages)						
Europe	\$ 531,778	27.7 %	\$ 476,515	29.2 %	\$ 450,628	31.1 %
Asia (excluding China)	484,017	25.3 %	412,465	25.3 %	332,284	22.9 %
China	357,278	18.6 %	329,977	20.2 %	324,147	22.3 %
The Middle East and Africa	226,932	11.8 %	179,497	11.0 %	116,799	8.1 %
Central America, South America, and Mexico	124,850	6.6 %	108,736	6.7 %	102,205	7.0 %
U.S. and Canada	98,627	5.1 %	77,678	4.8 %	76,685	5.3 %
Pacific, Australia, and New Zealand	93,387	4.9 %	46,332	2.8 %	47,987	3.3 %
Total	<u>\$ 1,916,869</u>	<u>100.0 %</u>	<u>\$ 1,631,200</u>	<u>100.0 %</u>	<u>\$ 1,450,735</u>	<u>100.0 %</u>

The following table sets forth the regional concentration based on each airline's principal place of business of our flight equipment subject to operating leases based on net book value as of December 31, 2019 and 2018:

Region	December 31, 2019		December 31, 2018	
	Net Book Value	% of Total	Net Book Value ⁽¹⁾	% of Total
(in thousands, except percentages)				
Europe	\$ 5,438,775	29.0 %	\$ 4,692,341	29.9 %
Asia (excluding China)	4,985,525	26.7 %	3,846,785	24.5 %
China	2,930,752	15.7 %	2,663,903	17.0 %
The Middle East and Africa	2,242,215	12.0 %	1,952,900	12.4 %
Central America, South America, and Mexico	1,116,814	6.0 %	1,078,900	6.9 %
U.S. and Canada	996,398	5.3 %	757,884	4.8 %
Pacific, Australia, and New Zealand	993,858	5.3 %	714,397	4.5 %
Total	<u>\$ 18,704,337</u>	<u>100.0 %</u>	<u>\$ 15,707,110</u>	<u>100.0 %</u>

(1) As of December 31, 2018, we had six aircraft held for sale with a carrying value of \$241.6 million included in the table above.

At December 31, 2019 and 2018, we owned and managed leased aircraft to customers in the following regions based on each airline's principal place of business:

Region	December 31, 2019		December 31, 2018	
	Number of Customers ⁽¹⁾	% of Total	Number of Customers ⁽¹⁾	% of Total
Europe	43	40.6 %	33	35.1 %
Asia (excluding China)	19	17.9 %	18	19.1 %
The Middle East and Africa	13	12.3 %	11	11.8 %
U.S. and Canada	10	9.4 %	10	10.6 %
Central America, South America, and Mexico	9	8.5 %	10	10.6 %
China	9	8.5 %	9	9.6 %
Pacific, Australia, and New Zealand	3	2.8 %	3	3.2 %
Total	<u>106</u>	<u>100.0 %</u>	<u>94</u>	<u>100.0 %</u>

(1) A customer is an airline with its own operating certificate.

For the years ended December 31, 2019, 2018, and 2017, China was the only individual country that represented at least 10% of our rental revenue based on each airline's principal place of business. In 2019, 2018, and 2017, no rental revenue from any individual airline represented 10% or more of our rental revenue.

Aircraft Acquisition Strategy

We seek to acquire the most highly in demand and widely distributed, modern technology, fuel efficient narrowbody and widebody commercial jet transport aircraft. Our strategy is to order new aircraft directly from the manufacturers. When placing new aircraft orders with the manufacturers, we strategically target the replacement of aging aircraft with modern technology aircraft. Additionally, we look to supplement our order pipeline with opportunistic purchases of aircraft in the secondary market and participate in sale-leaseback transactions with airlines.

Prior to ordering aircraft, we evaluate the market for specific types of aircraft. We consider the overall demand for the aircraft type in the marketplace based on our deep knowledge of the aviation industry and our customer relationships. It is important to assess the airplane's economic viability, the operating performance characteristics, engine variant options, intended utilization by our customers, and which aircraft types it will replace or compete with in the global market. Additionally, we study the effects of global airline passenger traffic growth in order to determine the likely demand for our new aircraft upon delivery.

For new aircraft deliveries, we source many components separately, which include seats, safety equipment, avionics, galleys, cabin finishes, engines, and other equipment. Oftentimes, we are able to achieve lower pricing through direct bulk purchase contracts with the component manufacturers than would be achievable if we relied on the airframe manufacturers to source the components for the aircraft themselves. Airframe manufacturers such as Boeing and Airbus install this buyer furnished equipment in our aircraft during the final assembly process at their facilities. With this purchasing strategy, we are able to both meet specific customer configuration requirements and lower our total acquisition cost of the aircraft.

Aircraft Leasing Strategy

The airline industry is a complex industry with constantly evolving competition, code shares (where two or more airlines share the same flight), alliances, and passenger traffic patterns. This requires frequent updating and flexibility within an airline's fleet. The operating lease allows airlines to effectively adapt and manage their fleets through varying market conditions without bearing the full financial risk associated with these capital intensive assets which have an expected useful life of 25 years. This fleet flexibility enables airlines to more effectively operate and compete in their respective markets. We work closely with our airline customers throughout the world to help optimize their long-term aircraft fleet strategies. We may also, from time to time, work with our airline customers to assist them in obtaining financing for aircraft.

We work to mitigate the risks associated with owning and leasing aircraft and cyclical variations in the airline industry through careful management of our fleet, including managing customer concentrations by geography and region, entering into long-term leases, staggering lease maturities, balancing aircraft type exposures, and maintaining a young fleet age. We believe that diversification of our operating lease portfolio reduces the risks associated with individual customer defaults and the impact of adverse geopolitical and regional economic events. In order to maximize residual values and minimize the risk of obsolescence, our strategy is generally to own an aircraft for approximately the first third of its expected 25 year useful life.

Our management team identifies prospective airline customers based upon industry knowledge and long-standing relationships. Prior to leasing an aircraft, we evaluate the competitive positioning of the airline, the strength and quality of the management team, and the financial performance of the airline. Management obtains and reviews relevant business materials from all prospective customers before entering into a lease agreement. Under certain circumstances, the customer may be required to obtain guarantees or other financial support from a sovereign entity or a financial institution. We work closely with our existing customers and potential lessees to develop customized lease structures that address their specific needs. We typically enter into a lease agreement 18 to 36 months in advance of the delivery of a new aircraft from our order book. Once the aircraft has been delivered and operated by the airline, we look

to remarket the aircraft and sign a follow-on lease six to 12 months ahead of the scheduled expiry of the initial lease term. Our leases typically contain the following key provisions:

- primarily structured as operating leases, whereby we retain the residual rights to the aircraft;
- primarily structured as triple net leases, whereby the lessee is responsible for all operating costs including taxes, insurance, and aircraft maintenance;
- require all payments be made in U.S. dollars;
- are for fixed rates and terms;
- require cash security deposits and maintenance reserve payments; and
- contain provisions which require payment whether or not the aircraft is operated, irrespective of the circumstances.

In addition, our leases require the lessee to be responsible for compliance with applicable laws and regulations with respect to the aircraft. We require our lessees to comply with the standards of either the U.S. Federal Aviation Administration (“FAA”) or its equivalent in foreign jurisdictions. As a function of these laws and the provisions in our lease contracts, the lessees are responsible for performing all maintenance of the aircraft and returning of the aircraft and its components in a specified return condition. Generally, we receive a cash deposit and maintenance reserves as security for the lessee’s performance of its obligations under the lease and the condition of the aircraft upon return. In addition, most leases contain extensive provisions regarding our remedies and rights in the event of a default by a lessee. The lessee generally is required to continue to make lease payments under all circumstances, including periods during which the aircraft is not in operation due to maintenance or grounding.

Some foreign countries have currency and exchange laws regulating the international transfer of currencies. When necessary, we may require, as a condition to any foreign transaction, that the lessee or purchaser in a foreign country obtain the necessary approvals of the appropriate government agency, finance ministry, or central bank for the remittance of all funds contractually owed in U.S. dollars. We attempt to minimize our currency and exchange risks by negotiating the designated payment currency in our leases to be U.S. dollars. To meet the needs of certain of our airline customers, we have agreed to accept certain lease payments in a foreign currency. After we agree to the rental payment currency with an airline, the negotiated currency typically remains for the term of the lease. We may enter into contracts to mitigate our foreign currency risk, but we expect that the economic risk arising from foreign currency denominated leases will be immaterial to us.

We may, in connection with the lease of used aircraft, agree to contribute specific additional amounts to the cost of certain first major maintenance events or modifications, which usually reflect the usage of the aircraft prior to the commencement of the lease. We may be obligated under the leases to make reimbursements of maintenance reserves previously received to lessees for expenses incurred for certain planned major maintenance. We also, on occasion, may contribute towards aircraft modifications and recover any such costs over the life of the lease.

Monitoring

During the lease term, we closely follow the operating and financial performance of our lessees. We maintain a high level of communication with the lessee and frequently evaluate the state of the market in which the lessee operates, including the impact of changes in passenger air travel and preferences, the impact of delivery delays, changes in general economic conditions, emerging competition, new government regulations, regional catastrophes, and other unforeseen shocks that are relevant to the airline’s market. This enables us to identify lessees that may be experiencing operating and financial difficulties. This identification assists us in assessing the lessee’s ability to fulfill its obligations under the lease. This monitoring also identifies candidates, where appropriate, to restructure the lease prior to the lessee’s insolvency or the initiation of bankruptcy or similar proceedings. Once an insolvency or bankruptcy occurs, we typically have less

control over, and would most likely incur greater costs in connection with, the restructuring of the lease or the repossession of the aircraft.

During the life of the lease, situations may lead us to restructure leases with our lessees. When we repossess an aircraft leased in a foreign country, we generally expect to export the aircraft from the lessee's jurisdiction. In some very limited situations, the lessees may not fully cooperate in returning the aircraft. In those cases, we will take appropriate legal action, a process that could ultimately delay the return and export of the aircraft. In addition, in connection with the repossession of an aircraft, we may be required to pay outstanding mechanics' liens, airport charges, navigation fees and other amounts secured by liens on the repossessed aircraft. These charges could relate to other aircraft that we do not own but were operated by the lessee.

Remarketing

Our lease agreements are generally structured to require lessees to notify us nine to 12 months in advance of the lease's expiration if a lessee desires to renew or extend the lease. Requiring lessees to provide us with such advance notice provides our management team with an extended period of time to consider a broad set of alternatives with respect to the aircraft, including assessing general market and competitive conditions and preparing to remarket or sell the aircraft. If a lessee fails to provide us with notice, the lease will automatically expire at the end of the term, and the lessee will be required to return the aircraft pursuant to the conditions in the lease. As discussed above, our leases contain detailed provisions regarding the required condition of the aircraft and its components upon return at the end of the lease term.

Aircraft Sales & Trading Strategy

Our strategy is to maintain a portfolio of young aircraft with a widely diversified customer base. In order to achieve this profile, we primarily order new planes directly from the manufacturers, place them on long-term leases, and sell the aircraft when they near the end of the first third of their expected 25-year economic useful lives. We typically sell aircraft that are currently operated by an airline with multiple years of lease term remaining on the contract, in order to achieve the maximum disposition value of the aircraft. Buyers of the aircraft may include other leasing companies, financial institutions, airlines and other investors. We also, from time to time, buy and sell aircraft on an opportunistic basis for trading profits. In the past three years ended December 31, 2019, we sold 76 aircraft. Additionally, as discussed below, we may provide management services to buyers of our aircraft assets for a fee.

Aircraft Management Strategy

We supplement our core business model by providing fleet management services to third-party investors and owners of aircraft portfolios for a management fee. This allows us to better serve our airline customers and expand our existing airline customer base by providing additional leasing opportunities beyond our own aircraft portfolio, new order pipeline, and customer or regional concentration limits. As of December 31, 2019, we had a managed fleet of 83 aircraft.

Financing Strategy

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. We have structured the Company to have investment-grade credit metrics and our debt financing strategy has focused on funding our business on an unsecured basis. Unsecured financing provides us with operational flexibility when selling or transitioning aircraft from one airline to another. We have in the past, and we may in the future, utilize government guaranteed export credit or other forms of secured financing.

Insurance

We require our lessees to carry those types of insurance that are customary in the air transportation industry, including comprehensive liability insurance, aircraft all-risk hull insurance, and war-risk insurance covering risks such as hijacking, terrorism (but excluding coverage for weapons of mass destruction and nuclear events), confiscation, expropriation, seizure, and nationalization. We generally require a certificate of insurance from the lessee's insurance broker prior to delivery of an aircraft. Generally, all certificates of insurance contain a breach of warranty endorsement so that our interests are not prejudiced by any act or omission of the lessee. Lease agreements generally require hull and liability limits to be in U.S. dollars, which are shown on the certificate of insurance.

Insurance premiums are to be paid by the lessee, with coverage acknowledged by the broker or carrier. The territorial coverage, in each case, should be suitable for the lessee's area of operations. We generally require that the certificates of insurance contain, among other provisions, a provision prohibiting cancellation or material change without at least 30 days' advance written notice to the insurance broker (who would be obligated to give us prompt notice), except in the case of hull war insurance policies, which customarily only provide seven days' advance written notice for cancellation and may be subject to shorter notice under certain market conditions. Furthermore, the insurance is primary and not contributory, and we require that all insurance carriers be required to waive rights of subrogation against us.

The stipulated loss value schedule under aircraft hull insurance policies is on an agreed-value basis acceptable to us and usually exceeds the book value of the aircraft. In cases where we believe that the agreed value stated in the lease is not sufficient, we make arrangements to cover such deficiency, which would include the purchase of additional "Total Loss Only" coverage for the deficiency.

Aircraft hull policies generally contain standard clauses covering aircraft engines. The lessee is required to pay all deductibles. Furthermore, the hull war policies generally contain full war risk endorsements, including, but not limited to, confiscation (where available), seizure, hijacking and similar forms of retention or terrorist acts.

The comprehensive liability insurance listed on certificates of insurance generally include provisions for bodily injury, property damage, passenger liability, cargo liability, and such other provisions reasonably necessary in commercial passenger and cargo airline operations. We expect that such certificates of insurance list combined comprehensive single liability limits of not less than \$500.0 million for Airbus and Boeing aircraft. As a standard in the industry, airline operator's policies contain a sublimit for third-party war risk liability generally in the amount of at least \$150.0 million. We require each lessee to purchase higher limits of third-party war risk liability or obtain an indemnity from its respective government.

The international aviation insurance market has exclusions for physical damage to aircraft hulls caused by dirty bombs, bio-hazardous materials, and electromagnetic pulsing. Exclusions for the same type of perils could be introduced into liability policies in the future.

We cannot assure you that our lessees will be adequately insured against all risks, that lessees will at all times comply with their obligations to maintain insurance, that any particular claim will be paid, or that lessees will be able to obtain adequate insurance coverage at commercially reasonable rates in the future.

Separately, we purchase contingent liability insurance and contingent hull insurance on all aircraft in our fleet and maintain other insurance covering the specific needs of our business operations. While we believe our insurance is adequate both as to coverages and amounts, we cannot assure you that we are adequately insured against all risks.

Competition

The leasing, remarketing, and sale of aircraft is highly competitive. We are one of the largest aircraft lessors operating on a global scale. We face competition from aircraft manufacturers, banks, financial institutions, other leasing companies, aircraft brokers and airlines. Some of our competitors may have greater operating and financial resources and access to lower capital costs than we have. Competition for leasing transactions is based on a number of factors, including delivery dates, lease rates, lease terms, other lease provisions, aircraft condition, and the availability in the marketplace of the types of aircraft required to meet the needs of airline customers. Competition in the purchase and sale of used aircraft is based principally on the availability of used aircraft, price, the terms of the lease to which an aircraft is subject, and the creditworthiness of the lessee, if any. Some of our larger competitors include GE Capital Aviation Services Ltd., AerCap Holdings N.V., SMBC Aviation Capital Ltd. and Avolon Holdings Ltd.

Government Regulation

The air transportation industry is highly regulated. We do not operate commercial aircraft, and thus may not be directly subject to many industry laws and regulations, such as regulations of the U.S. Department of State (the "DOS"), the U.S. Department of Transportation, or their counterpart organizations in foreign countries regarding the operation of aircraft for public transportation of passengers and property. As discussed below, however, we are subject to government regulation in a number of respects. In addition, our lessees are subject to extensive regulation under the laws of the jurisdictions in which they are registered or operate. These laws govern, among other things, the registration, operation, maintenance, and condition of the aircraft.

We are required to register our aircraft with an aviation authority mutually agreed upon with our lessee. Each aircraft registered to fly must have a Certificate of Airworthiness, which is a certificate demonstrating the aircraft's compliance with applicable government rules and regulations and that the aircraft is considered airworthy. Each airline we lease to must have a valid operation certificate to operate our aircraft. Our lessees are obligated to maintain the Certificates of Airworthiness for the aircraft they lease.

Our involvement with the civil aviation authorities of foreign jurisdictions consists largely of requests to register and deregister our aircraft on those countries' registries.

We are also subject to the regulatory authority of the DOS and the U.S. Department of Commerce (the "DOC") to the extent such authority relates to the export of aircraft for lease and sale to foreign entities and the export of parts to be installed on our aircraft. We may be required to obtain export licenses for parts installed in aircraft exported to foreign countries. The DOC and the U.S. Department of the Treasury (through its Office of Foreign Assets Control, or "OFAC") impose restrictions on the operation of U.S.-made goods, such as aircraft and engines, in sanctioned countries, as well as on the ability of U.S. companies to conduct business with entities in those countries and with other entities or individuals subject to blocking orders. The U.S. Patriot Act of 2001 (the "Patriot Act") prohibits financial transactions by U.S. persons, including U.S. individuals, entities, and charitable organizations, with individuals and organizations designated as terrorists and terrorist supporters by the U.S. Secretary of State or the U.S. Secretary of the Treasury. The U.S. Customs and Border Protection, a law enforcement agency of the U.S. Department of Homeland Security, enforces regulations related to the import of aircraft into the United States for maintenance or lease and the importation of parts into the U.S. for installation.

Jurisdictions in which aircraft are registered as well as jurisdictions in which they operate may impose regulations relating to noise and emission standards. In addition, most countries' aviation laws require aircraft to be maintained under an approved maintenance program with defined procedures and intervals for inspection, maintenance and repair. To the extent that aircraft are not subject to a lease or a lessee is not in compliance, we are required to comply with such requirements, possibly at our own expense.

Employees

As of December 31, 2019, we had 117 full-time employees. On average, our senior management team has approximately 29 years of experience in the commercial aviation industry. None of our employees are represented by a union or collective bargaining agreements.

Access to Our Information

We file annual, quarterly, current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). We make our public SEC filings available, at no cost, through our website at www.airleasecorp.com as soon as reasonably practicable after the report is electronically filed with, or furnished to, the SEC. The information contained on or connected to our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the SEC. We will also provide these reports in electronic or paper format free of charge upon written request made to Investor Relations at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067. In addition, our SEC filings are also available free of charge on the SEC's website at www.sec.gov.

Corporate Information

Air Lease Corporation incorporated in Delaware and launched in February 2010. Our website is www.airleasecorp.com. We may post information that is important to investors on our website. Information included or referred to on, or otherwise accessible through, our website is not intended to form a part of or be incorporated by reference into this report.

Information about our Executive Officers

Set forth below is certain information concerning each of our executive officers as of February 14, 2020, including his/her age, current position with the Company and business experience during the past five years.

Name	Age	Company Position	Prior Positions
Steven F. Udvar-Házy	73	Executive Chairman of the Board of Directors (since July 2016)	Chairman and Chief Executive Officer, February 2010-June 2016
John L. Plueger	65	Chief Executive Officer, President and Director (since July 2016)	President, Chief Operating Officer and Director, March 2010-June 2016
Carol H. Forsyte	57	Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer (since September 2012)	
Gregory B. Willis	41	Executive Vice President and Chief Financial Officer (since July 2016)	Senior Vice President and Chief Financial Officer, March 2012-June 2016
Marc H. Baer	55	Executive Vice President, Marketing (since April 2010)	
Jie Chen	56	Executive Vice President and Managing Director of Asia (since August 2010)	
Alex A. Khatibi	59	Executive Vice President (since April 2010)	
Kishore Korde	46	Executive Vice President, Marketing (since May 2015)	Senior Vice President, Marketing, June 2010-May 2015
Grant A. Levy	57	Executive Vice President, Marketing and Commercial Affairs (since September 2012)	
John D. Poerschke	58	Executive Vice President of Aircraft Procurement and Specifications (since February 2017)	Senior Vice President of Aircraft Procurement and Specifications, March 2010-February 2017

ITEM 1A. RISK FACTORS

The following important risk factors, and those risk factors described elsewhere in this report or in our other filings with the Securities and Exchange Commission, could cause our actual results to differ materially from those stated in forward-looking statements contained in this document and elsewhere. These risks are not presented in order of importance or probability of occurrence. Further, the risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also impair our business operations. Any of these risks may have a material adverse effect on our business, reputation, financial condition, results of operations, profitability, cash flows or liquidity.

Risks Relating to Our Business

Our success depends in large part on our ability to obtain capital on favorable terms to finance our growth through the purchase of aircraft and to repay or refinance our outstanding debt obligations as they mature. If we are not able to obtain capital on terms acceptable to us, or at all, it would significantly impact our ability to compete effectively in the commercial aircraft leasing market and would negatively affect our financial condition, cash flow and results of operations.

Growing our fleet will require substantial additional capital. Accordingly, we will need to obtain additional financing, which may not be available to us on favorable terms or at all. Further, we must continue to have access to the capital markets and other sources of financing in order to repay or refinance our outstanding obligations as they mature. Our access to sources of financing will depend upon a number of factors over which we have limited control, including:

- general market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- the market's assessment of our credit risk;
- interest rate fluctuations;
- our historical, current and potential future earnings and cash distributions;
- the relative attractiveness of alternative investments; and
- the trading prices of our debt securities and preferred and common equity securities.

Weaknesses in the capital and credit markets could negatively affect our ability to obtain financing or could increase the costs of financing. For instance, during the 2008 financial crisis, many companies experienced downward pressure on their share prices and had limited or no access to the credit markets, often without regard to their underlying financial strength. If financial market disruption and volatility were to occur again, we cannot assure you that we will be able to access capital, which would negatively affect our financial condition, cash flow and results of operations.

In addition, if there are new regulatory capital requirements imposed on our private lenders, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or price.

If we are unable to raise additional funds or obtain capital on terms acceptable to us, we may not be able to satisfy funding requirements for any aircraft acquisition commitments then in place. If we are unable to satisfy our purchase commitments, we may be forced to forfeit our deposits. Further, we would be exposed to potential breach of contract claims by our lessees and manufacturers. These risks may also be increased by the volatility and disruption in

the capital and credit markets. Depending on market conditions at the time, we may have to rely more heavily on additional equity issuances, which may be dilutive to our stockholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities and other purposes. Further, because our charter permits the issuance of preferred stock, if our board of directors approves the issuance of additional shares of Series A Preferred Stock or any other preferred stock in a future financing transaction, such stockholders of Series A Preferred Stock will, and such preferred stockholders may have rights, preferences or privileges senior to existing stockholders, and you will not have the ability to approve such a transaction. These risks would negatively affect our financial condition, cash flow and results of operations.

Our substantial indebtedness incurred to acquire our aircraft requires significant debt service payments which could negatively affect our financial condition, cash flow and results of operations.

We and our subsidiaries have a significant amount of indebtedness. As of December 31, 2019, our total consolidated indebtedness, net of discounts and issuance costs, was approximately \$13.6 billion and our interest payments were \$442.1 million for the year ended December 31, 2019. Furthermore, we expect these amounts to grow as we acquire more aircraft. Our level of debt could have important consequences, including the following:

- making it more difficult for us to satisfy our payment obligations with respect to our debt;
- limiting our ability to obtain additional financing to fund the acquisition of aircraft or for other corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for dividends, aircraft acquisitions and other general corporate purposes;
- increasing our vulnerability to general negative economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our various credit facilities, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the aircraft industry;
- placing us at a disadvantage compared to other competitors; and
- increasing our cost of borrowing.

In addition, certain agreements governing our existing indebtedness contain financial maintenance covenants that require us to satisfy certain ratios and maintain minimum net worth, and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in additional interest being due and/or an event of default which, if not cured or waived, may allow holders of our debt securities or our lenders, as applicable, to accelerate some or all our debt, terminate commitments to lend money, foreclose against the aircraft, if any, securing such debt or pursue other remedies, all of which would negatively affect our financial condition, cash flow and results of operations.

An increase in our borrowing costs would negatively affect our financial condition, cash flow and results of operations.

We finance many of the aircraft in our fleet through a combination of short-term and long-term debt financings. As these debt financings mature, we may have to refinance these existing commitments by entering into new financings, which could result in higher borrowing costs, or repay them by using cash on hand or cash from the sale of our assets. Moreover, an increase in interest rates under the various debt financing facilities we have in place would have a negative effect on our earnings and could make our aircraft leasing contracts unprofitable.

Some of our debt financings bear interest at a floating rate, such that our interest expense will vary with changes in the applicable reference rate. As a result, our inability to sufficiently protect ourselves from changes in our cost of borrowing, as reflected in our composite interest rate, may have a direct, negative impact on 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 some of our aircraft acquisitions. As of December 31, 2019, we had \$1.6 billion in floating-rate debt. If interest rates increase, we would be obligated to make higher interest payments to the lenders of our floating-rate debt. If our composite interest rate were to increase by 1.0%, we would expect to incur additional interest expense on our existing indebtedness as of December 31, 2019, of approximately \$15.9 million on an annualized basis, which would negatively affect our financial condition, cash flow and results of operations. Further, as we continue to incur fixed-rate debt, increased interest rates prevailing in the market at the time of the incurrence of such debt would also increase our interest expense.

As such, if interest rates were to rise sharply, we would not be able to fully offset immediately the negative impact on our net income by increasing lease rates, even if the market were able to bear such increases in lease rates. Our leases are generally for multiple years with fixed lease rates over the life of the lease and, therefore, lags will exist because our lease rates with respect to a particular aircraft cannot generally be increased until the expiration of the lease.

The interest rates that we obtain on our debt financings have several components, including credit spreads, swap spreads, duration, and new issue premiums. These are all incremental to the underlying risk-free rates, as applicable. Volatility in our perceived risk of default or in our market sector's risk of default will negatively impact our cost of funds.

We currently are not involved in any interest rate hedging activities. Any such hedging activities will require us to incur additional costs, and there can be no assurance that we will be able to successfully protect ourselves from any or all negative interest rate fluctuations at a reasonable cost.

Negative changes in our credit ratings or being put on negative watch may limit our ability to obtain financing or increase our borrowing costs which would negatively affect our financial condition, cash flow and results of operations.

We are currently subject to periodic review by independent credit rating agencies S&P, Fitch and Kroll, each of which currently maintains investment-grade credit ratings with respect to us and certain of our debt financings, and we may become subject to periodic review by other independent credit rating agencies in the future. An increase in the level of our outstanding indebtedness, or other events that could have a negative impact on our business, properties, financial condition, results of operations or prospects, may cause S&P, Fitch or Kroll, or, in the future, other rating agencies, to downgrade or withdraw their respective credit rating with respect to us or our debt financings, which could negatively impact our ability to secure financing and increase our borrowing costs.

We cannot assure you that these credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agency, if, in such rating agency's sole judgment, circumstances so warrant. Ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could increase our corporate borrowing costs and limit our access to the capital markets which would negatively affect our financial condition, cash flow and results of operations.

Failure to close our aircraft acquisition commitments could negatively affect our financial condition, cash flow and results of operations.

As of December 31, 2019, we had entered into binding purchase commitments to acquire a total of 413 new aircraft for delivery through 2026. If we are unable to maintain our financing sources or find new sources of financing or if the various conditions to our existing commitments are not satisfied, we may be unable to close the purchase of some

or all of the aircraft which we have commitments to acquire. If our aircraft acquisition commitments are not closed for these or other reasons, we will be subject to several risks, including the following:

- forfeiting deposits and progress payments and having to pay and expense certain significant costs relating to these commitments, such as contractual damages, and legal, accounting and financial advisory expenses, not realizing any of the benefits of completing the transactions and damage to our reputation and relationship with aircraft manufacturers;
- defaulting on our lease commitments, which could result in monetary damages and damage to our reputation and relationships with lessees; and
- failing to capitalize on other aircraft acquisition opportunities that were not pursued due to our management's focus on these commitments.

If we determine that the capital we require to satisfy these commitments may not be available to us, either at all or on terms we deem attractive, we may eliminate or reduce any dividend program that may be in place at that time in order to preserve capital to apply to these commitments. These risks would negatively affect our financial condition, cash flow and results of operations.

Certain of the agreements governing our indebtedness may limit our operational flexibility, our ability to effectively compete and our ability to grow our business as currently planned, which would negatively affect our financial condition, cash flow and results of operations.

Certain of the agreements governing our indebtedness, including our credit facilities, contain financial and non-financial covenants, such as requirements that we comply with one or more of the following covenants: maximum debt-to-equity ratios, minimum interest coverage ratios, minimum net worth, minimum unencumbered assets, dividend and investment restrictions, limitations on the ability of our subsidiaries to incur debt, limitations on engaging in certain mergers and consolidations, change of control provisions, and prohibitions against creating certain liens on our assets and disposing of our aircraft or other aviation assets without a lender's prior consent. Complying with such covenants may at times necessitate that we forego other opportunities, such as using available cash to grow our aircraft fleet or promptly disposing of less profitable aircraft or other aviation assets. Moreover, our failure to comply with any of these covenants would likely constitute a default under such agreements and could give rise to an acceleration of some, if not all, of our then outstanding indebtedness, which would have a negative effect on our business and our ability to continue as a going concern. If we were unable to repay the indebtedness when due and payable, secured lenders could proceed against, among other things, the aircraft securing such indebtedness, if any.

In addition, we cannot assure you that our business will generate cash flow from operations in an amount sufficient to enable us to service our debt and grow our operations as planned. We cannot assure you that we will be able to refinance any of our debt on favorable terms, if at all. In addition, we cannot assure you that in the future we will be able to access long-term financing or credit support on attractive terms, if at all, or qualify for guarantees, or obtain attractive terms for such guarantees, from the export credit agencies. Any inability to generate sufficient cash flow, maintain our existing fleet and facilities, or access long-term financing or credit support would negatively affect our financial condition, cash flow and results of operations.

The value of our aircraft and the market rates for leases could decline, which could have a negative effect on our financial condition, cash flow and results of operations.

Aircraft values and market rates for leases have from time to time experienced sharp decreases due to a number of factors including, but not limited to, oversupply of a specific type of aircraft, decreases in passenger and air cargo demand, increases in fuel costs, inflation, government regulation and increases in interest rates. For example, recent concerns around the 737 MAX aircraft and its grounding have impacted and may continue to impact our ability to lease such aircraft and may result in lower lease rates. We currently have 15 737 MAX aircraft in our owned fleet and 135 of such aircraft in our orderbook to be delivered between 2020 and 2024. Operating leases place the risk of realization of

residual values on aircraft lessors because only a portion of the equipment's value is covered by contractual cash flows at lease inception.

In addition to factors linked to the aviation industry generally, many other factors may affect the value of the aircraft that we acquire and market rates for leases, including:

- the particular maintenance, damage, operating history and documentary records of the aircraft;
- technical problems associated with that particular aircraft model;
- the geographical area where the aircraft is based and operates;
- the number of operators using that type of aircraft;
- aircraft age;
- the regulatory authority under which the aircraft is operated;
- whether an aircraft is subject to a lease and, if so, whether the lease terms are favorable to the lessor and the creditworthiness of the lessee;
- any renegotiation of an existing lease on less favorable terms;
- the negotiability of clear title free from mechanics' liens and encumbrances;
- any tax, customs, regulatory and other legal requirements that must be satisfied before the aircraft can be purchased, sold or remarketed;
- grounding orders or other regulatory action that could prevent or limit utilization of our aircraft;
- applicable airworthiness directives and service bulletins;
- compatibility of aircraft configurations or specifications with other aircraft owned by operators of that type;
- comparative value based on newly manufactured competitive aircraft; and
- the availability of spare parts.

Any decrease in the value of aircraft that we acquire or market rates for leases, which may result from the above factors or other unanticipated factors, would have a negative effect on our financial condition, cash flow and results of operations.

The failure of any manufacturer to meet its delivery obligations to us would negatively affect our cash flow and results of operations.

The supply of commercial aircraft is dominated by a few airframe manufacturers and a limited number of engine manufacturers. As a result, we are dependent on the success of these manufacturers in remaining financially stable, producing products and related components which meet the airlines' demands and fulfilling any contractual obligations they may have to us.

When the manufacturers fail to respond appropriately to changes in the market environment, bring aircraft to market that do not meet customers' expectations or fail to fulfill any contractual obligations they might have to us, we may experience:

- missed or late delivery of aircraft and a potential inability to meet our contractual obligations owed to any of our then lessees, resulting in potential lost or delayed revenues, lower growth rates and strained customer relationships;
- an inability to acquire aircraft and related components on terms which will allow us to lease those aircraft to airline customers at a profit, resulting in lower growth rates or a contraction in our aircraft fleet;
- a market environment with too many aircraft available, potentially creating downward pressure on demand for the anticipated aircraft in our fleet and reduced market lease rates and sale prices;
- reduced demand for a particular manufacturer's product as a result of poor customer support or reputational damage to such manufacturer, creating downward pressure on demand for those aircraft or engines in our fleet and reduced market lease rates and sale prices for those aircraft and engines;
- a reduction in our competitiveness due to deep discounting by the aircraft or engine manufacturers, which may lead to reduced market lease rates and aircraft values and may affect our ability to remarket or sell at a profit, or at all, some of the aircraft in our fleet; and
- technical or other difficulties with aircraft or engines after delivery that subject aircraft to operating restrictions or groundings, resulting in a decline in value and lease rates of such aircraft and impairing our ability to lease or dispose of such aircraft on favorable terms or at all.

There have been recent well-publicized delays by airframe and engine manufacturers in meeting stated deadlines in bringing new aircraft to market. The recent concerns surrounding the 737 MAX aircraft and its grounding have resulted in unexpected delays in delivery from Boeing. We have 135 of such aircraft in our orderbook. In December 2019, Boeing announced the temporary suspension of its production of 737 MAX aircraft effective in January 2020. Over the past two years, we have experienced delays relating to certain aircraft scheduled for delivery in 2020 and 2021 and anticipate additional delivery delays. Our leases contain lessee cancellation clauses related to aircraft delivery delays, typically for aircraft delays greater than one year and our purchase agreements contain similar clauses. If there are manufacturing delays for aircraft for which we have made future lease commitments, some or all of our affected lessees could elect to terminate their lease arrangements with respect to such delayed aircraft. Any such termination could strain our relations with those lessees going forward and would negatively affect our cash flow and results of operations.

Our aircraft require routine maintenance, and if they are not properly maintained, their value may decline and we may not be able to lease or remarket such aircraft at favorable rates, if at all, which would negatively affect our financial condition, cash flow and results of operations.

We may be exposed to increased maintenance costs for our aircraft associated with a lessee's failure to properly maintain the aircraft, pay supplemental maintenance rent or comply with end of lease return conditions. If an aircraft is not properly maintained, its market value may decline, which would result in lower revenues from its lease or sale. Under our leases, the relevant lessee is primarily responsible for, among other things, maintaining the aircraft and complying with all governmental requirements applicable to the lessee and the aircraft, including operational, maintenance, government agency oversight, registration requirements, service bulletins issued by aircraft manufacturers and airworthiness directives issued by aviation authorities. We also require some of our lessees to pay us supplemental maintenance rents. Failure of a lessee to perform required maintenance, or comply with the applicable service bulletins and airworthiness directives during the term of a lease could result in a decrease in value of an aircraft, an inability to remarket an aircraft at favorable rates, if at all, or a potential grounding of an aircraft. Maintenance failures by a lessee would also likely require us to incur maintenance and modification costs upon the termination of the applicable lease, which could be substantial, to restore the aircraft to an acceptable condition prior to remarketing or sale. In general, the

costs of operating an aircraft, including maintenance and modification expenses, increase with the age of the aircraft. Even if we are entitled to receive supplemental maintenance rents, these rents may not cover the entire cost of actual maintenance required. If any of our aircraft are not subject to a lease, we may be required to bear the entire cost of maintaining that aircraft and performing any required airworthiness directives and service bulletins. Failure by our lessees to meet their obligations to perform significant required scheduled maintenance, pay supplemental maintenance rents or comply with end of lease return conditions or our inability to maintain our aircraft would negatively affect our financial condition, cash flow and results of operations.

If we experience events that result in a significant number of our aircraft becoming obsolete, such as through changes in technology, increases in fuel efficiency, and changes in customer preferences, it could negatively impact our ability to lease and remarket those aircraft, result in impairment charges and have a negative effect on our financial condition, cash flow and results of operations.

Aircraft are long-lived assets, requiring long lead times to develop and manufacture, with particular types and models becoming obsolete or less in demand over time when newer, more advanced aircraft are manufactured. Our existing fleet, as well as the aircraft that we have ordered, have exposure to obsolescence, particularly if unanticipated events occur which shorten the life cycle of such aircraft types.

These events include, but are not limited to:

- the introduction of superior aircraft technology;
- the introduction of a new line of aircraft or engines, in particular more fuel efficient aircraft;
- changes in our airline customers' preferences;
- government regulations, including regulations governing noise and emissions and limiting the age of aircraft operating in a jurisdiction;
- the costs of operating an aircraft, including maintenance which increases with the age of the aircraft; and
- compliance with airworthiness directives.

These events may cause the aircraft we own to become outdated or obsolete or oversupplied and therefore less desirable, which could shorten the life cycle for aircraft types in our fleet. As a result, these events could negatively impact our ability to remarket the aircraft, the rates at which we can lease the aircraft, the cost of remarketing such aircraft, and our ability to sell such aircraft on favorable terms, if at all. They may also trigger impairment charges, increase depreciation expense or result in losses related to aircraft asset value guarantees, if we provide such guarantees. Accordingly, obsolescence of aircraft would negatively affect our financial condition, cash flow and results of operations.

Aircraft have limited economic useful lives and depreciate over time and we may be required to record an impairment charge or sell aircraft for a price less than its depreciated book value if market conditions worsen or our customers default on their leases.

We depreciate our aircraft for accounting purposes on a straight-line basis to the aircraft's residual value over its estimated useful life. Our management team also evaluates on a quarterly basis the need to perform an impairment test whenever facts or circumstances indicate a potential impairment has occurred. An assessment is performed whenever events or changes in circumstances indicate that the carrying amount of an aircraft may not be recoverable from their expected future undiscounted net cash flow. We develop the assumptions used in the recoverability assessment based on management's knowledge of, and historical experience in, the aircraft leasing market and aviation industry, as well as from information received from third-party industry sources. Factors considered in developing estimates for this assessment include changes in contracted lease rates, economic conditions, technology, and airline

demand for a particular aircraft type. Any of our assumptions and estimates may prove to be inaccurate, which could adversely impact forecasted cash flow. In the event that an aircraft does not meet the recoverability test, the aircraft will be recorded at fair value, resulting in an impairment charge. Deterioration of future lease rates and the residual values of our aircraft could result in impairment charges which could have a significant impact on our results of operations and financial condition. For a description of our impairment policy, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Flight equipment.”

If we record an impairment charge on aircraft, or if we dispose of aircraft for a price that is less than its depreciated book value on our balance sheet, it will reduce our total assets and shareholders' equity. A reduction in our shareholders' equity may negatively impact our ability to comply with covenants in certain of our agreements governing our indebtedness requiring us to maintain a minimum net worth and maximum debt-to-equity ratio, and could result in an event of default under such agreements. For these reasons, our financial condition, cash flow and results of operations would be negatively affected.

Because our leases are concentrated in certain geographical regions, we have concentrated exposure to the political, legal and economic risks associated with those regions which could negatively affect our business interests, cash flow and results of operations.

Through our lessees and the countries in which they operate, we are exposed to the specific economic and political conditions and associated risks of those jurisdictions. For example, we have large concentrations of lessees in China, and therefore have increased exposure to the economic and political conditions in that country, including the impact of trade disputes and trade barriers. These risks can include regional economic recessions, financial and political emergencies, burdensome local regulations and increased risks of requisition of our aircraft. An adverse political or economic event in any region or country in which our lessees are concentrated or where we have a large number of aircraft could affect the ability of our lessees in that region or country to meet their obligations to us, or expose us to various legal or political risks associated with the affected jurisdictions, all of which could have an adverse effect on our financial condition, cash flow and results of operations.

We are indirectly subject to many of the economic and political risks associated with emerging markets, including China, which could negatively affect our financial condition, cash flow and results of operations.

Our business strategy emphasizes leasing aircraft to lessees outside of the United States, including to airlines in emerging market countries. Emerging market countries have less developed economies and infrastructure and are often more vulnerable to economic and geopolitical challenges and may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of unexpected taxes or other charges by government authorities. The occurrence of any of these events in markets served by our lessees and the resulting economic instability that may arise, particularly if combined with high fuel prices, could negatively affect the value of our aircraft subject to lease in such countries, or the ability of our lessees, which operate in these markets, to meet their lease obligations. As a result, lessees that operate in emerging market countries may be more likely to default than lessees that operate in developed countries. In addition, legal systems in emerging market countries may have different liability standards and be less developed and less predictable than those in advanced economies, which could make it more difficult for us to enforce our legal rights in such countries.

Further, demand for aircraft is dependent on passenger and cargo traffic, which in turn is dependent on general business and economic conditions. A decrease in passenger or cargo traffic may have a negative effect on our financial condition, cash flow and results of operations. Weak or negative economic growth in emerging markets may have an indirect effect on the value of the assets that we acquire if airlines and other potential lessees are negatively affected. Economic downturns can affect the values of the assets we purchase, which may have a negative effect on our financial condition, cash flow and results of operations.

Changes in fuel costs could negatively affect our lessees and by extension the demand for our aircraft which would negatively affect our financial condition, cash flow and results of operations.

Fuel costs represent a major expense to airlines that is not within their control, and fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental events, regulatory changes (including those related to greenhouse gas emissions) and currency exchange rates. If airlines are unable to increase ticket prices to offset fuel price increases, their cash flows will suffer. Political unrest in the Middle East and North Africa has historically generated uncertainty regarding the predictability of the world's future oil supply, which has led to increased volatility. Fuel costs may rise in the future. Other events can also significantly affect fuel availability and prices, including natural disasters, decisions by the Organization of the Petroleum Exporting Countries regarding their members' oil output, and the increase in global demand for fuel from countries such as China.

High fuel costs would likely have a material negative impact on airline profitability. Due to the competitive nature of the airline industry, airlines may not be able to pass on increases in fuel prices to their passengers by increasing fares. If airlines are successful in increasing fares, demand for air travel may be negatively affected. Higher and more volatile fuel prices may also have an impact on consumer confidence and spending, and thus may adversely impact demand for air transportation. In addition, airlines may not be able to manage fuel cost risk by appropriately hedging their exposure to fuel price fluctuations. The profitability and liquidity of those airlines that do hedge their fuel costs can also be adversely affected by swift movements in fuel prices, if such airlines are required to post cash collateral under their hedge agreements. If fuel prices increase, they are likely to cause our lessees to incur higher costs. A sustained period of lower fuel costs may adversely affect regional economies that depend on oil revenue, including those in which certain of our lessees operate. Consequently, these conditions may:

- affect our lessees' ability to make rental and other lease payments;
- result in lease restructurings and aircraft repossessions;
- increase our costs of maintaining and marketing aircraft;
- impair our ability to remarket aircraft or otherwise sell our aircraft on a timely basis at favorable rates; or
- reduce the sale proceeds received in the event of an aircraft sale.

Such effects would negatively affect demand for our aircraft, which would negatively affect our financial condition, cash flow and results of operations.

The appreciation of the U.S. dollar could negatively impact many of our lessees' ability to honor the terms of their leases and could therefore adversely affect our business, financial condition and results of operations.

Many of our lessees are exposed to currency risk due to the fact that they earn revenues in their local currencies while a significant portion of their liabilities and expenses are denominated in U.S. dollars, including their lease payments to us, as well as fuel, debt service, and other expenses. For the year ended December 31, 2019, less than 3% of our revenues were derived from customers who have their principal place of business in the U.S. While we attempt to minimize our currency and exchange risks by negotiating the designated payment currency in our leases to be U.S. dollars, the ability of our lessees to make lease payments to us in U.S. dollars may be adversely impacted in the event of an appreciating U.S. dollar.

Our lessees may not be able to increase their revenues sufficiently to offset the impact of exchange rates on their lease payments and other expenses denominated in U.S. dollars. This is particularly true for non-U.S. airlines whose operations are primarily domestic. Currency volatility, particularly as witnessed recently in certain emerging market countries, could impact the ability of some of our customers to meet their contractual obligations in a timely manner. Shifts in foreign exchange rates can be significant, are difficult to predict, and can occur quickly.

Economic conditions and regulatory changes in the United Kingdom and Europe could have an adverse effect on our business and results of operations.

Following a referendum in June 2016 in which voters in the United Kingdom, or U.K., approved an exit from the European Union (“E.U.”), the U.K. government initiated a process, often referred to as Brexit, to leave the E.U. On January 31, 2020, the U.K. withdrew from the E.U. The future relationship between the U.K. and the E.U. remains uncertain as the U.K. and the E.U. work through the transition period that provides time for them to negotiate the details of their future relationship. The transition period maintains all existing trading arrangements. The transition period is currently expected to end on December 31, 2020, and, if no agreement is reached, the default scenario would be a “no-deal” Brexit. In the event of a no-deal Brexit, the U.K. will leave the E.U. with no agreements in place beyond any temporary arrangements that have or may be put in place by the E.U. or individual E.U. member states, and the U.K. as part of no-deal contingency efforts and those conferred by mutual membership of the World Trade Organization.

Airlines whose principal place of business is Europe, including the U.K., represented 27.7% and 29.2% of our total revenue for the years ending December 31, 2019 and 2018, respectively. The impact of Brexit on us will likely depend on the resulting agreements made by the U.K. and E.U. regarding trade and travel, either during a transitional period or more permanently. These impacts may include increased costs of financing; downward pressure on demand for our aircraft and reduced market lease rates and lease margins; and a higher incidence, in the U.K. in particular and the E.U. generally, of lessee defaults or other events resulting in our lessees’ failing to perform under our lease agreements. Further, many of the structural issues facing the E.U. following the 2008 financial crisis and Brexit remain, and problems could resurface that could affect market conditions, and, possibly, our business, financial results and liquidity, particularly if they lead to the exit of one or more countries from the European Monetary Union, or E.M.U., or the exit of additional countries from the E.U. If one or more countries exits the E.M.U., there would be significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and it would likely lead to complex and lengthy disputes and litigation. Additionally, it is possible that political events in Europe could lead to complete dissolution of the E.M.U. or E.U. The partial or full breakup of the E.M.U. or E.U. would be unprecedented and its impact highly uncertain, including with respect to our business.

Any of the above effects of Brexit, and others that we may not be able to anticipate, could negatively impact our financial condition, cash flow and results of operations.

Terrorist attacks, war or armed hostilities between countries or non-state actors, or the fear of such attacks, even if not made directly on the airline industry, could negatively affect lessees and the airline industry, which would negatively affect our cash flow and results of operations.

Terrorist attacks, war or armed hostilities between countries or non-state actors, or the fear of such events, have historically had a negative impact on the aviation industry and could result in:

- higher costs to the airlines due to the increased security measures;
- decreased passenger demand and revenue due to the inconvenience of additional security measures or concerns about the safety of flying;
- the imposition of “no-fly zone” or other restrictions on commercial airline traffic in certain regions;
- uncertainty of the price and availability of jet fuel and the cost and practicability of obtaining fuel hedges;
- higher financing costs and difficulty in raising the desired amount of proceeds on favorable terms, if at all;
- significantly higher costs of aviation insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, or the unavailability of certain types of insurance;

- inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of such events;
- special charges recognized by some operators, such as those related to the impairment of aircraft and engines and other long-lived assets stemming from the grounding of aircraft as a result of terrorist attacks, economic conditions and airline reorganizations; and
- an airline becoming insolvent and/or ceasing operations.

For example, as a result of the September 11, 2001 terrorist attacks in the United States and subsequent terrorist attacks abroad, notably in the Middle East, Southeast Asia and Europe, increased security restrictions were implemented on air travel, costs for aircraft insurance and security measures increased, passenger and cargo demand for air travel decreased, and operators faced difficulties in acquiring war risk and other insurance at reasonable costs. Further, international sanctions against Russia and other countries, uncertainty regarding tensions between the United States and North Korea, the United States and Russia and the United States and Iran, the situations in Iraq, Iran, Afghanistan, Egypt and Syria, the Israeli/Palestinian conflict, political instability in the Middle East and North Africa, the territorial disputes between Japan and China, the recent tensions in the South China Sea and additional international hostilities could lead to further instability in these regions.

Terrorist attacks, war or armed hostilities between countries or non-state actors, large protests or government instability, or the fear of such events, could adversely affect the aviation industry and the financial condition and liquidity of our lessees, as well as aircraft values and rental rates. In addition, such events may cause certain aviation insurance to become available only at significantly increased premiums or with reduced amounts of coverage insufficient to comply with the current requirements of aircraft lenders and lessors or by applicable government regulations, or not to be available at all. Although some governments provide for limited coverage under government programs for specified types of aviation insurance, these programs may not be available at the relevant time or governments may not pay under these programs in a timely fashion.

Such events are likely to cause our lessees to incur higher costs and to generate lower revenues, which could result in a material adverse effect on their financial condition and liquidity, including their ability to make rental and other lease payments to us or to obtain the types and amounts of insurance we require. This in turn could lead to aircraft groundings or additional lease restructurings and reposessions, increase our cost of remarketing or selling aircraft, impair our ability to remarket or otherwise dispose of aircraft on favorable terms or at all, or reduce the proceeds we receive for our aircraft in a disposition.

Epidemic diseases have hindered airline travel in the past and the current concern surrounding the coronavirus may continue to hinder travel, primarily affecting China and the surrounding region. The threat or realization of epidemic diseases, such as the coronavirus, and the resulting decreased demand for aircraft travel could negatively affect our financial condition, cash flow and results of operations.

Epidemic diseases, such as severe acute respiratory syndrome, bird flu, swine flu, the Zika virus, Ebola or other pandemic diseases have on occasion negatively affected passenger demand for air travel in recent years. The current concerns surrounding the coronavirus may continue to have an adverse effect on travel, primarily affecting China and the surrounding region. These epidemic diseases and other pandemic diseases, or the fear of such events, could provoke responses, including government-imposed travel restrictions, which could negatively affect passenger demand for air travel and the financial condition of the aviation industry. For example, we cannot currently predict the impact that the current coronavirus epidemic will have on air travel and how that may impact the ability of our lessees to satisfy their payment obligations to us. The consequences of these events may reduce the demand for aircraft and/or impair our lessees' ability to satisfy their lease payment obligations to us, which in turn would negatively affect our financial condition, cash flow and results of operations.

Natural disasters and other natural phenomena may disrupt air travel and reduce the demand for aircraft which would negatively affect our financial condition, cash flow and results of operations.

Air travel can be disrupted, sometimes severely, by the occurrence of natural disasters and other natural phenomena. A natural disaster or other natural phenomena could cause disruption to air travel and could result in a reduced demand for aircraft and/or impair our lessees' ability to satisfy their lease payment obligations to us, which in turn would negatively affect our financial condition, cash flow and results of operations.

Competition from other aircraft lessors, including lessors with greater resources or a lower cost of capital than ours, could negatively affect our financial condition, cash flow and results of operations.

The aircraft leasing industry is highly competitive. Some of our competitors may have greater resources or a lower cost of capital than ours or may provide certain financial services, maintenance services or other inducements to potential lessees or buyers that we cannot provide; accordingly, they may be able to compete more effectively in one or more of the markets we conduct business in. In addition, some of our competitors may have higher risk tolerances, lower investment return expectations or different risk or residual value assessments, which could allow them to consider a wider variety of investments, establish more relationships, bid more aggressively on aviation assets available for sale and offer lower lease rates or sale prices than we can.

Our competition is primarily comprised of major aircraft leasing companies, but we may also encounter competition from other entities in the acquisition, leasing and selling of aircraft such as:

- airlines;
- private equity and other investment funds;
- aircraft manufacturers;
- financial institutions;
- special purpose vehicles formed for the purpose of acquiring, leasing and selling aircraft;
- aircraft brokers;
- public and private partnerships, investors and funds; and
- other aircraft leasing companies that we do not currently consider our major competitors.

Additionally, the barriers to entry in the aircraft acquisition and leasing market are comparatively low, and new entrants with private equity, hedge fund, Asian bank or other funding sources appear from time to time.

Competition for a leasing transaction is based principally upon lease rates, delivery dates, lease terms, reputation, management expertise, aircraft condition, specifications and configuration and the availability of the types of aircraft necessary to meet the needs of the customer. Competition when purchasing or selling used aircraft is based principally on the price, and where applicable the terms of the lease to which an aircraft is subject and the creditworthiness of the lessee. We will not always be able to compete successfully with our competitors, which could negatively affect our financial condition, cash flow and results of operations.

We cannot assure you that we will be able to enter into profitable leases for any aircraft acquired, which failure to do so would negatively affect our financial condition, cash flow and results of operations.

We cannot assure you that we will be able to enter into profitable leases upon the acquisition of the aircraft we purchase in the future. Our financial condition, cash flow and results of operations depend upon our management team's

judgment and ability to evaluate the ability of lessees and other counterparties to perform their obligations to us and to negotiate transaction documents. We cannot assure you that our management team will be able to perform such functions in a manner that will achieve our investment objectives, which would negatively affect our financial condition, cash flow and results of operations.

Our business model depends on our ability to continually lease and remarket our aircraft, in particular within the passenger airline industry, and finally sell our aircraft, and we may not be able to do so on favorable terms, which would negatively affect our financial condition, cash flow and results of operations.

Our business model depends on our ability to continually lease and remarket our aircraft, in particular within the passenger airline industry, and finally sell our aircraft in order to generate sufficient revenues to finance our growth and operations, pay our debt service obligations and meet our other corporate and contractual obligations. Our ability to lease and remarket our aircraft will depend on general market and competitive conditions at the time the leases are entered into and expire. The financial condition of the passenger airline industry is of particular importance to us because our aircraft are primarily leased to passenger airlines and we plan to continue to lease our aircraft to passenger airlines. If we are not able to lease or remarket an aircraft or to do so on favorable terms, we may be required to attempt to sell the aircraft to provide funds for our debt service obligations or operating expenses. Our ability to lease, remarket or sell the aircraft on favorable terms or without significant off-lease time and costs could be negatively affected by depressed conditions in the aviation industry, negative airline passenger traffic trends, government and environmental regulations, increased operating costs including the price and availability of jet fuel, credit deterioration of a lessee, the effects of terrorism, war, natural disasters and/or epidemic diseases on the aviation industry, declines in the values of aircraft, and various other general market and competitive conditions and factors, including those described in these “Risk Factors” and elsewhere in this report, many of which are outside of our control. If we are unable to lease and remarket our aircraft on favorable terms, or at all, our financial condition, cash flow and results of operations would be negatively impacted.

From time to time, the aircraft industry has experienced periods of oversupply during which lease rates and aircraft values have declined, and any future oversupply could negatively affect our financial condition, cash flow and results of operations.

The aircraft leasing business has experienced periods of aircraft oversupply following the September 11, 2001 terrorist attacks and the 2008 financial crisis. The oversupply of a specific type of aircraft is likely to depress the lease rates for, and the value of, that type of aircraft, including upon sale. Further, over recent years, the airline industry has committed to a significant number of aircraft deliveries through order placements with manufacturers, and in response, aircraft manufacturers have generally raised their production output. Increases in the production levels could result in an oversupply of relatively new aircraft if growth in airline traffic does not meet airline industry expectations. Additionally, if overall lending capacity to purchasers of aircraft does not increase in line with the increased aircraft production levels, the cost of lending or ability to obtain debt to finance aircraft purchases could be negatively affected.

The supply and demand for aircraft is affected by various cyclical and non-cyclical factors that are outside of our control, including:

- passenger and air cargo demand;
- airline operating costs, including fuel costs;
- general economic conditions;
- technical problems associated with particular aircraft models;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- outbreaks of communicable diseases and natural disasters;

- governmental regulation, including new airworthiness directives, statutory limits on the age of aircraft, and restrictions in certain jurisdictions on the age of aircraft for import, climate change initiatives and environmental regulation, aircraft noise regulations and other factors leading to reduced demand for, or obsolescence of, aircraft models;
- interest and foreign exchange rates;
- tariffs and other restrictions on trade;
- the availability of credit;
- airline restructurings and bankruptcies;
- airline fleet planning that reduces capacity or changes the type of aircraft in demand;
- accuracy of estimates relating to future supply and demand made by manufacturers and lessees;
- manufacturer production levels and technological innovation;
- discounting by manufacturers on aircraft types nearing end of production;
- manufacturers merging or exiting the industry or ceasing to produce aircraft types;
- new-entrant manufacturers producing additional aircraft models, or existing manufacturers producing new engine models or new aircraft models, in competition with existing aircraft models;
- retirement and obsolescence of aircraft models;
- reintroduction into service of aircraft previously in storage; and
- airport and air traffic control infrastructure constraints.

In addition, operating lessors may be sold or merged with other entities or restructured. These types of transactions may call for a reduction in the fleet of the new entity, which could increase supply levels of used and older aircraft in the market. Furthermore, recent and future political developments, including the current trade disputes between the U.S. and China and other developments as a result of the policies of the current U.S. presidential administration or policies pursued in Europe, could result in increased regulation of trade, which could adversely impact demand for aircraft.

Any of these factors may produce sharp and prolonged decreases in aircraft lease rates and values. They may have a negative effect on our ability to lease or remarket the aircraft in our fleet or in our order book on favorable terms or at all. Any of these factors could negatively affect our financial condition, cash flow and results of operations.

Lessee defaults or reorganizations could result in significant costs to us and could negatively affect our financial condition, cash flow and results of operations.

From time to time, an airline may seek to reorganize and seek protection from creditors under their local laws or may go into liquidation. Based on historical rates of airline defaults and bankruptcies, we expect some of our lessees may default on their lease obligations or file for bankruptcy or otherwise seek protection from creditors under local laws. We have experienced, and may in the future experience, lessee defaults and reorganizations. Lessee defaults and reorganizations may result in us incurring significant additional costs, including legal and other expenses associated with court or other governmental proceedings, such as the cost of posting security bonds or letters of credit necessary to effect repossession of the aircraft, particularly if the lessee is contesting the proceedings or is in bankruptcy. In addition, during

any such proceedings the relevant aircraft may not be generating revenue. We could also incur substantial maintenance, refurbishment or repair costs if a defaulting lessee fails to pay such costs and where such maintenance, refurbishment or repairs are necessary to put the aircraft in suitable condition for remarketing or sale. We may also incur storage costs associated with any aircraft that we repossess and are unable to place immediately with another lessee. Even if we are able to immediately place a repossessed aircraft with another lessee, we may not be able to do so at a similar or favorable lease rate. It may also be necessary to pay off liens, taxes and other governmental charges on the aircraft to obtain clear possession and to remarket the aircraft effectively, including, in some cases, liens that the lessee might have incurred in connection with the operation of its other aircraft. We could also incur other costs in connection with the physical possession of the aircraft.

We may suffer other negative consequences as a result of a lessee default, the related termination of the lease and the repossession of the related aircraft. Reorganizations or liquidations by airlines or abandonment of aircraft by airlines in bankruptcy proceedings may depress aircraft values and aircraft lease rates, and additional grounded aircraft and lower market values would adversely affect our ability to sell our aircraft or lease or remarket our aircraft at favorable rates or at all. It is likely that our rights upon a lessee default will vary significantly depending upon the jurisdiction and the applicable law, including the need to obtain a court order for repossession of the aircraft and/or consents for deregistration or export of the aircraft. We anticipate that when a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft without paying lease rentals or performing all or some of the obligations under the relevant lease. There can be no assurance that jurisdictions that have adopted the Cape Town Convention, which provides for uniformity and certainty for repossession of aircraft, will enforce it as written. In addition, certain of our lessees are owned, in whole or in part, by government-related entities, which could complicate our efforts to repossess our aircraft in that government's jurisdiction. Accordingly, we may be delayed in, or prevented from, enforcing certain of our rights under a lease and in remarketing the affected aircraft.

If we repossess an aircraft, we may not necessarily be able to export or deregister and profitably redeploy the aircraft. An aircraft cannot be registered in two countries at the same time. Before an aviation authority will register an aircraft that has previously been registered in another country, it must receive confirmation that the aircraft has been deregistered by that country's aviation authority. In order to deregister an aircraft, the lessee must comply with applicable laws and regulations, and the relevant governmental authority must enforce these laws and regulations. For instance, where a lessee or other operator flies only domestic routes in the jurisdiction in which the aircraft is registered, repossession may be more difficult, especially if the jurisdiction permits the lessee or the other operator to resist deregistration. We may also incur significant costs in retrieving or recreating aircraft records required for registration of the aircraft, and in obtaining a certificate of airworthiness for an aircraft. If, upon a lessee default, we incur significant costs in connection with repossessing our aircraft, are delayed in repossessing our aircraft or are unable to obtain possession of our aircraft as a result of lessee defaults, our financial condition, cash flow and results of operations could be negatively affected.

If our lessees fail to discharge aircraft liens, we may be obligated to pay the aircraft liens, which would negatively affect our financial condition, cash flow and results of operations.

In the normal course of their business, our lessees are likely to incur aircraft liens that secure the payment of airport fees and taxes, customs duties, air navigation charges, including charges imposed by Eurocontrol, the European Organization for the Safety of Air Navigation, landing charges, crew wages, salvage or other liens that may attach to our aircraft. These liens may secure substantial sums that may, in certain jurisdictions or for certain types of liens, particularly liens on entire fleets of aircraft, exceed the value of the particular aircraft to which the liens have attached. Aircraft may also be subject to mechanics' liens as a result of routine maintenance performed by third parties on behalf of our lessees. Although we anticipate that the financial obligations relating to these liens are the responsibility of our lessees, if they fail to fulfill such obligations, the liens may attach to our aircraft and ultimately become our responsibility. In some jurisdictions, aircraft liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft.

Until they are discharged, these liens could impair our ability to repossess, remarket or sell our aircraft. Our lessees may not comply with the anticipated obligations under their leases to discharge aircraft liens arising during the terms of the leases. If they do not, we may find it necessary to pay the claims secured by such aircraft liens in order to repossess the aircraft. If we are required to make such payments or if we are unable to take possession of our aircraft subject to a lien in a timely and cost-effective manner, it could negatively affect our financial condition, cash flow and results of operations.

We are dependent on the success of our lessees and defaults on leases or reorganizations by one or more of our significant airline customers could have a negative effect on our cash flow and earnings.

The airline industry is cyclical, economically sensitive and highly competitive. Our lessees are affected by a number of factors over which we and they have limited control, including:

- increased competition;
- passenger and air cargo rates;
- passenger air travel and air cargo demand;
- fuel prices and shortages;
- labor difficulties, including pilot shortages or labor actions;
- increases in other operating costs, such as increased insurance costs;
- availability of financing, including availability of governmental support;
- economic conditions, inflation, and currency fluctuations in the countries and regions in which the lessees operate;
- recessions;
- political or economic instability, including as a result of terrorist activities, changes in national policy or the imposition of new trade barriers;
- governmental regulation and associated fees affecting the air transportation business;
- cyber risks;
- aircraft accidents, in particular a loss if the aircraft is damaged or destroyed by an event specifically excluded from insurance policies such as dirty bombs, bio hazardous materials and electromagnetic pulsing; and
- other events negatively affecting the world or regional trading markets, such as natural disasters or health concerns.

Our lessees' abilities to react to and cope with the volatile competitive environment in which they operate, as well as our own competitive environment, will likely affect our revenues and income. Further, most of our airline customers do not have investment-grade credit profiles, and we may not correctly assess the credit risk of a lessee. We anticipate that some of our lessees will experience a weakened financial condition or suffer liquidity problems.

Any of the above events could lead to a lessee experiencing difficulties in performing under the terms of our lease agreement, which could result in the lessee seeking relief under some of the terms of our lease agreement, or it could result in us electing to repossess the aircraft.

It is likely that restructurings and/or repossessions with some of our lessees will occur in the future. In the event that a lessee defaults under a lease, any security deposit paid or letter of credit provided by the lessee may not be sufficient to cover the lessee's outstanding or unpaid lease obligations and required maintenance and transition expenses. As a result, terms and conditions of possible lease restructurings or rescheduling may result in a significant reduction of lease revenue, which may negatively affect our financial results. If any request for payment restructuring or rescheduling is made and granted, reduced or deferred rental payments may be payable over all or some part of the remaining term of the lease. The terms of any revised payment schedules may be unfavorable and such payments may not be made. Our default levels would likely increase over time if economic conditions deteriorate.

Delayed, missed or reduced rental payments from one or more lessees that lease a significant number of our aircraft would negatively affect our financial condition, cash flow and results of operations. For instance, the loss of one or more of our significant airline customers or their inability to make operating lease payments could result in a breach of the covenants contained in any of our long-term debt facilities or make it more difficult for us to pay the interest or maturity on our outstanding debt, possibly resulting in defaults and accelerated payments. If we, in the exercise of our remedies under a lease, repossess an aircraft, we may not receive all or any of the past-due or deferred payments and we may not be able to remarket the aircraft promptly or at favorable rates, if at all. Also, if a lessee seeks bankruptcy or other insolvency protection, we may not recover any of our claims or damages against the lessee.

Accordingly, if lessees of a significant number of our aircraft fail to perform as expected and we decide to restructure or reschedule our leases, or if lessees of a significant number of our aircraft seek bankruptcy or other insolvency protection, it would negatively affect our financial condition, cash flow and results of operations.

Creditors of any subsidiaries we form for purposes of financing will have priority over our stockholders in the event of a distribution of such subsidiaries' assets.

Some of the aircraft we acquire are held in special-purpose, bankruptcy-remote subsidiaries of the Company. Liens on those assets will be held by a collateral agent for the benefit of the lenders under the respective facility. In addition, funds generated from the lease of aircraft generally are applied first to amounts due to lenders, with certain exceptions. Creditors of our subsidiaries will have priority over us, our stockholders and our creditors relating to debt that is not guaranteed or secured by our subsidiaries or their assets in any distribution of any such subsidiaries' assets in a liquidation, reorganization or otherwise.

Certain of our subsidiaries may be restricted in their ability to make distributions to us which would negatively affect our financial condition and cash flow.

The subsidiaries that hold our aircraft are legally distinct from us, and some of these subsidiaries are restricted from paying dividends or otherwise making funds available to us pursuant to agreements governing our indebtedness. Some of our principal debt facilities have financial covenants. If we are unable to comply with these covenants, then the amounts outstanding under these facilities may become immediately due and payable, cash generated by our subsidiaries affected by these facilities may be unavailable to us and/or we may be unable to draw additional amounts under these facilities. The events that could cause some of our subsidiaries not to be in compliance with their loan agreements, such as a lessee default, may be beyond our control, but they nevertheless could have a substantial negative impact on the amount of our cash flow available to fund working capital, make aircraft investments and satisfy other cash needs. For these reasons our financial condition and cash flow would be negatively affected. For a description of the operating and financial restrictions in our debt facilities, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Failure to obtain certain required licenses, consents and approvals could negatively affect our ability to remarket or sell aircraft, which would negatively affect our financial condition, cash flow and results of operations.

Airlines are subject to extensive regulation under the laws of the jurisdictions in which they are registered and in which they operate. As a result, we expect that certain aspects of our leases will require licenses, consents or approvals, including consents from governmental or regulatory authorities for certain payments under our leases and for the import, export or deregistration of the aircraft. Subsequent changes in applicable law or administrative practice may increase such requirements and governmental consent, once given, could be withdrawn. Furthermore, consents needed in connection with the future remarketing or sale of an aircraft may not be forthcoming. Any of these events could negatively affect our ability to remarket or sell aircraft, which would negatively affect our financial condition, cash flow and results of operations.

Our aircraft may not at all times be adequately insured and our lessees may fail to fulfill their respective indemnity obligations, which in either case, could negatively affect our financial condition, cash flow and results of operations.

We do not directly control the operation of any aircraft we acquire. Nevertheless, because we hold title, directly or indirectly, to such aircraft, we could be sued or held strictly liable for losses resulting from the operation of such aircraft, or may be held liable for those losses on other legal theories, in certain jurisdictions around the world, or claims may be made against us as the owner of an aircraft requiring us to expend resources in our defense. We require our lessees to obtain specified levels of insurance and indemnify us for, and insure against, liabilities arising out of their use and operation of the aircraft. Lessees are also required to maintain public liability, property damage and all risk hull and war risk insurance on the aircraft at agreed upon levels. Some lessees may fail to maintain adequate insurance coverage during a lease term, which, although in contravention of the lease terms, would necessitate our taking some corrective action such as terminating the lease or securing insurance for the aircraft, either of which could negatively affect our financial results. Moreover, even if our lessees retain specified levels of insurance, and indemnify us for, and insure against, liabilities arising out of their use and operation of the aircraft, we cannot assure you that we will not have any liability.

In addition, there are certain risks or liabilities that our lessees may face, for which insurers may be unwilling to provide coverage or the cost to obtain such coverage may be prohibitively expensive. For example, following the terrorist attacks of September 11, 2001, non-government aviation insurers significantly reduced the amount of insurance coverage available for claims resulting from acts of terrorism, war, dirty bombs, bio-hazardous materials, electromagnetic pulsing or similar events. At the same time, they significantly increased the premiums for such third-party war risk and terrorism liability insurance and coverage in general. Accordingly, we anticipate that our lessees' insurance or other coverage may not be sufficient to cover all claims that could or will be asserted against us arising from the operation of our aircraft by our lessees. Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by us in the event that we are sued and are required to make payments to claimants. Moreover, our lessees' insurance coverage is dependent on the financial condition of insurance companies, which might not be able to pay claims. A reduction in insurance proceeds otherwise payable to us as a result of any of these factors could negatively affect our financial condition, cash flow and results of operations.

The death, incapacity or departure of key officers could harm our business and negatively affect our financial condition, cash flow and results of operations.

We believe our senior management's reputation and relationships with lessees, manufacturers, buyers and financiers of aircraft are a critical element to the success of our business. We depend on the diligence, skill and network of business contacts of our management team. We believe there are only a limited number of available qualified executives in the aircraft industry, and we therefore have encountered, and will likely continue to encounter, intense competition for qualified employees from other companies in our industry. Our future success will depend, to a significant extent, upon the continued service of our senior management personnel, particularly: Mr. Udvar-Házy, our founder, and Executive Chairman of the Board; Mr. Plueger, our Chief Executive Officer and President; and our other senior officers, each of whose services are critical to the success of our business strategies. We do not have employment

agreements with Mr. Udvar-Házy or Mr. Plueger. If we were to lose the services of any of the members of our senior management team, it could negatively affect our financial condition, cash flow and results of operations.

Changes in banks' inter-bank lending rate reporting practices or the method pursuant to which LIBOR is determined may adversely affect our financial condition, cash flow and results of operations.

London Interbank Offered Rate ("LIBOR") and other indices which are deemed "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted. For example, 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. That announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Moreover, it is possible that LIBOR will be discontinued or modified prior to 2021. 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 currently intended to serve as alternative reference rates to LIBOR. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be implemented in the United Kingdom or elsewhere. Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect our indebtedness that bear interest at a floating rate determined by reference to LIBOR and any of our equity securities that accrue dividends at a floating rate determined by reference to LIBOR.

Any of the above changes or any other consequential changes to LIBOR or any other "benchmark," or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on our financial condition, cash flow and results of operations. In addition, any of these alternative methods may result in interest and dividend payments that do not correlate over time with the payments that would have been made on our indebtedness or equity securities, as applicable, if three-month LIBOR was available in its current form. We currently have \$1.6 billion of outstanding debt that bears interest at a floating rate and uses LIBOR as the applicable reference rate and 10.0 million shares of Series A Preferred Stock outstanding that will in the future accrue dividends at a floating rate determined by reference to LIBOR, if available. 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 December 31, 2019 of approximately \$15.9 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 our senior unsecured notes issued under our Medium-Term Note Program, may effectively become fixed rate debt. As a result, the cost of this debt would increase to us if and as interest rates decreased.

Conflicts of interest may arise between us and clients who will utilize our fleet management services, which could negatively affect our business interests, cash flow and results of operations.

Conflicts of interest may arise between us and third-party aircraft owners, financiers and operating lessors who hire us to perform fleet management services such as leasing, remarketing, lease management and sales services. These conflicts may arise because services we anticipate providing for these clients are also services we will provide for our own fleet, including the placement of aircraft with lessees. Our current fleet management services agreements provide, and we expect our future fleet management services agreements to provide, that we will use our reasonable commercial efforts in providing services, but, to the extent that we are in competition with the client for leasing opportunities, we will give priority to our own fleet. Nevertheless, despite these contractual waivers, competing with our fleet management clients in practice may result in strained relationships with them, which could negatively affect our business interests, cash flow and results of operations.

We currently have, and may in the future acquire, minority interests in entities that own and lease aircraft, with the intent that we would serve as the manager of the aircraft owned or managed by such entities; however, entering into such relationships poses risks in that we most likely would not have complete control over the enterprise, and our financial condition, cash flow and results of operations could be negatively affected if we encounter disputes, deadlock or other conflicts of interest with our investment partners.

We own non-controlling interests in entities that invest in commercial aircraft and lease them to airlines around the world and/or facilitate the sale and continued management of aircraft assets to investors. Additionally, we may on occasion acquire interests in similar entities controlled or owned by third parties in order to take advantage of favorable financing opportunities or tax benefits, to share capital and/or operating risk, and/or to earn fleet management fees. Such interests involve significant risks that may not be present with other methods of ownership, including that:

- we may not realize a satisfactory return on our investment;
- the investment may divert management's attention from our core business;
- our investment partners could have investment goals that are not consistent with our investment objectives, including the timing, terms and strategies for any investments;
- our investment partners might fail to fund their share of required capital contributions or fail to fulfill their other obligations; and
- our investment partners may have competing interests in our markets that could create conflict of interest issues, particularly if aircraft owned by the applicable investment entity are being marketed for lease or sale at a time when we also have comparable aircraft available for lease or sale.

Although we currently serve as the manager for the aircraft owned by these existing entities and we anticipate that we would serve as the manager of any such future entities, it has been our management's experience that the agreements governing these entities will typically provide the non-managing investment partner certain veto rights over various significant actions, including the right to remove us as the manager under certain circumstances. If we were to be removed as the manager from a managed fleet portfolio that generates significant management fees, our financial results could be materially and negatively affected. In addition, if we were unable to resolve a dispute with a significant investment partner that retains material managerial veto rights, we might reach an impasse that could require us to dissolve the investment entity at a time and in a manner that could result in our losing some or all of our original investment in such entity, which could have a negative effect on our financial condition, cash flow and results of operations.

The effects of various environmental regulations and concerns may negatively affect the airline industry, which may in turn cause lessees to default on their lease payment obligations to us which would negatively affect our financial condition, cash flow and results of operations.

The airline industry is subject to increasingly stringent federal, state, local and international environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters, safe drinking water, aircraft noise, the management of hazardous substances, oils and waste materials and other regulations affecting aircraft operations. Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant aircraft is registered and operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition, the U.S. and the International Civil Aviation Organization (the "ICAO") have specific standards for noise levels which apply to engines manufactured or certified on or after January 1, 2006. Currently, U.S. regulations would not require any phase-out of aircraft that comply with the older standards applicable to engines manufactured or certified prior to January 1, 2006, but the E.U. has established a framework for the imposition of operating limitations on aircraft that do not comply with the new standards. ICAO has also adopted newer, more stringent noise level standards to apply to new airplane designs with a maximum takeoff weight of 55,000 kg or more submitted for certification on or after December 31, 2017; or with a maximum takeoff weight of less than 55,000 kg submitted for certification on or after December 31, 2020. Additionally, the U.S. has adopted new noise regulations, effective November 3, 2017, to harmonize with the new ICAO standards. These regulations could limit the economic life of the aircraft and engines, reduce their value, limit our ability to lease or

sell the non-compliant aircraft and engines or, if engine modifications are permitted, require us to make significant additional investments in the aircraft and engines to make them compliant.

In addition to more stringent noise restrictions, the U.S. and other jurisdictions have imposed more stringent limits on nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines, consistent with current ICAO standards. These limits generally apply only to engines manufactured after 1999. Because aircraft engines are replaced from time to time in the normal course, it is likely that the number of such replacements would increase over time.

As of 2012, the E.U. has included aviation-related emissions in its greenhouse gas Emissions Trading System (the “ETS”). The potential impact on costs of the E.U. ETS and the ICAO's new Carbon Offset and Reduction Scheme for International Aviation (known as “CORSIA”), which calls for a carbon offsetting measure to help the aviation industry meet its goal of carbon neutral growth after 2020, has not been completely identified. Schemes to reduce emissions such as the E.U. ETS and CORSIA could favor younger, more fuel efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect our ability to remarket or otherwise dispose of less efficient aircraft on a timely basis, at favorable terms, or at all. Concerns over global warming also could result in more stringent limitations on the operation of aircraft. Any of these regulations could limit the economic life of the aircraft and engines, reduce their value, limit our ability to lease or sell the compliant aircraft and engines or, if engine modifications are permitted, require us to make significant additional investments in the aircraft and engines to make them compliant, which would negatively affect our financial condition, cash flow and results of operations. Further, compliance with current or future regulations, taxes or duties imposed to deal with environmental concerns could cause lessees to incur higher costs and to generate lower net revenues, resulting in a negative impact on their financial conditions. For example, the United Kingdom doubled its air passenger duties in 2007, in recognition of the environmental costs of air travel. Consequently, such compliance may affect lessees’ ability to make rental and other lease payments and reduce the value we receive for the aircraft upon any disposition, which would negatively affect our financial condition, cash flow and results of operations.

The airline industry has come under increased scrutiny by the press, the public and investors regarding the impact of air travel on the environment, including emissions to the air, discharges to surface and subsurface waters, safe drinking water, aircraft noise, the management of hazardous substances, oils and waste materials and other environmental impacts related to aircraft operations. If such scrutiny results in reduced air travel, it may affect demand for our aircraft, lessees’ ability to make rental and other lease payments and reduce the value we receive for our aircraft upon any disposition, which would negatively affect our financial condition, cash flow and results of operations.

We operate in multiple jurisdictions and may become subject to a wide range of income and other taxes which would negatively affect our cash flow and results of operations.

We operate in multiple jurisdictions and may become subject to a wide range of income and other taxes. If we are unable to execute our business in jurisdictions with favorable tax treatment, our operations may be subject to significant income and other taxes.

Moreover, as our aircraft are operated by our lessees in multiple states and foreign jurisdictions, we may have nexus or taxable presence as a result of our aircraft landings in various states or foreign jurisdictions. Such landings may result in us being subject to various foreign, state and local taxes in such states or foreign jurisdictions. For these reasons our cash flow and results of operations would be negatively affected.

Changes in tax laws could negatively affect our financial condition, cash flow and results of operations.

Tax laws and the practice of the local tax authorities in the jurisdictions in which we reside, in which we conduct activities or operations, or where our aircraft or lessees of our aircraft are located may change in the future. Such changes in tax law or practice could result in additional taxes for us or our shareholders.

We are subject to various risks and requirements associated with transacting business in foreign countries which would negatively affect our cash flow and results of operations.

Our international operations expose us to trade and economic sanctions and other restrictions imposed by the United States or other governments or organizations. The U.S. Departments of Justice, Commerce, State and Treasury and other foreign agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the Foreign Corrupt Practices Act (“FCPA”) and other federal statutes and regulations, including the International Traffic in Arms Regulations and those established by the Office of Foreign Assets Control (“OFAC”), and, increasingly, similar or more restrictive foreign laws, rules and regulations, including the U.K. Bribery Act (“UKBA”), which may also apply to us. Under these laws and regulations, the government may require export licenses, may impose restrictions that would require modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities, and modifications to compliance programs, which may increase compliance costs. Any failure to implement changes consistent with such restrictions may subject us to fines, penalties and other sanctions. A violation of these laws or regulations could negatively impact our business, operating results, and financial condition.

Sanctions targeting Cuba, Syria and North Korea prohibit most activity in those countries or with the governments of those countries, including aircraft sale and leasing transactions. Further, events in Ukraine and Crimea have resulted in the E.U. and the United States imposing targeted sanctions on Russia and Ukraine and certain businesses, sectors and individuals in Russia and Ukraine, including the airline industry. For instance, the United States has imposed restrictions prohibiting U.S. individuals and entities, including their foreign branches, from providing financial services or assistance in the form of new equity or debt with certain maturities to specified Russian individuals and entities and any entity in which such listed persons hold a 50 percent or greater interest, or from engaging in any dealing with other specified Russian and Ukrainian individuals and any entity in which such listed persons hold a 50 percent or greater interest. Most transactions with the Crimea region of Ukraine, or involving a Crimean entity or individual are also prohibited under the current Russia/Ukraine sanctions program. Additionally, the E.U. has enacted similar restrictions in which citizens of E.U. member states and corporations domiciled in E.U. member states are prohibited from dealing with financial instruments having a maturity greater than 30 days with certain Russian entities. Russia has imposed its own sanctions on certain individuals in the United States and may impose other sanctions on the United States and the E.U. and/or certain businesses or individuals from these regions. We cannot assure you that the current sanctions or any further sanctions imposed by the E.U., the United States or other international interests will not adversely affect our operations.

In 2016, the United States and E.U. lifted certain nuclear-related secondary sanctions as provided by the Joint Comprehensive Plan of Action (“JCPOA”) with Iran. Among other things, the JCPOA resulted in a favorable licensing policy for the sale or lease of civil passenger aircraft to most Iranian airlines. The United States announced its withdrawal from the JCPOA in 2018, and such licenses are no longer available for U.S. entities or for aircraft containing more than 10 percent controlled U.S. content. Most transactions with Iran, the government of Iran, any person in Iran, or with a business partner in a third country where the transaction is intended to benefit Iran are prohibited, including aircraft sale and lease transactions.

We have in place training programs for our employees with respect to FCPA, OFAC, UKBA, export controls and similar laws and regulations. There can be no assurance that our employees, consultants, sales agents, or associates will not engage in unlawful conduct for which we may be held responsible, nor can there be assurance that our business partners will not engage in conduct which could materially affect their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. There can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to change. Violations of the FCPA, OFAC, UKBA and other export control regulations, and similar laws and regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our cash flow and results of operations.

A cyberattack that bypasses our information technology, or IT, security systems or the IT security systems of our third-party providers, causing an IT security breach, may lead to a disruption of our IT systems and the loss of business information which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

Parts of our business depend on the secure operation of our IT systems and the IT systems of our third-party providers to manage, process, store, and transmit information associated with aircraft leasing. We have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks. A cyberattack that bypasses our IT security systems or the IT security systems of our third-party providers, causing an IT security breach, could adversely impact our daily operations and lead to the loss of sensitive information, including our own proprietary information and that of our customers, suppliers and employees. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs and liabilities. While we devote substantial resources to maintaining adequate levels of cyber-security, our resources and technical sophistication may not be adequate to prevent all types of cyberattacks.

Risks associated with data privacy issues, including evolving laws and regulations and associated compliance efforts, may adversely impact our business.

The laws and regulations relating to personal data constantly evolve, as federal, state and foreign governments continue to adopt new measures addressing data privacy and processing (including collection, storage, transfer, disposal, disclosure, security and use) of personal data. Moreover, the interpretation and application of many existing or recently enacted privacy and data protection laws and regulations in the U.S., Europe (including, but not limited, to the E.U.'s General Data Protection Regulation and the California Consumer Privacy Act) and elsewhere are uncertain and fluid, and it is possible that such laws and regulations may be interpreted or applied in a manner that is inconsistent with our existing data management practices. Evolving compliance and operational requirements under the privacy laws of the jurisdictions in which we operate have become increasingly burdensome and complex, and are likely to continue to be so for the foreseeable future. Privacy-related claims or lawsuits initiated by governmental bodies, customers or other third parties, whether meritorious or not, could be time consuming, result in costly regulatory proceedings, litigation, penalties and fines, or require us to change our business practices, sometimes in expensive ways, or other potential liabilities. Additionally, any actual or perceived breach of such laws or regulations may subject us to claims and may lead to administrative, civil, or criminal liability, as well as reputational harm to us and our employees.

Material damage to, or interruptions in, our IT systems or the IT systems of our third-party providers as a result of external factors, staffing shortages and difficulties in updating our existing software or developing or implementing new software could have an adverse effect on our business or results of operations.

We depend largely upon our IT systems and the IT systems of our third-party providers in the conduct of all aspects of our operations. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, fire and natural disasters. Damage or interruption to our IT systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim. Potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our information systems may have an adverse effect on our business or results of operations.

Risks Related to Our Class A Common Stock

The price of our Class A common stock historically has been volatile. This volatility may negatively affect the price of our Class A common stock.

The Company's stock continues to experience substantial price volatility. This volatility may negatively affect the price of our Class A common stock at any point in time. Our stock price is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors, including:

- variations in our quarterly or annual operating results;
- actual or perceived reduction in our growth or expected future growth;
- announcements concerning our competitors, the airline industry (including the creditworthiness of airlines) or the economy in general;
- announcements concerning the availability of the type of aircraft we own;
- general and industry-specific economic conditions;
- changes in the price of aircraft fuel;
- changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations;
- additions or departures of key members of management;
- any increased indebtedness we may incur and the issuance of any additional preferred stock in the future;
- speculation or reports by the press or investment community with respect to us or our industry in general or the decision to suspend or terminate coverage in the future;
- changes in market valuations of similar companies;
- changes in or elimination of our dividend;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- changes or proposed changes in laws or regulations affecting the airline industry or enforcement of these laws and regulations, or announcements relating to these matters; and
- general market, political and economic conditions, including any such conditions and local conditions in the markets in which our lessees are located.

Broad market and industry factors may decrease the market price of our Class A common stock, regardless of our actual operating performance. The stock market in general has from time to time experienced extreme price and volume fluctuations, including periods of sharp decline. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Provisions in Delaware law and our restated certificate of incorporation and amended and restated bylaws may inhibit a takeover of us, which could cause the market price of our Class A common stock to decline and could entrench management.

Our restated certificate of incorporation and amended and restated bylaws contain provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests, including the ability of our board of directors to designate the terms of and issue new series of preferred stock, a prohibition on our stockholders from calling special meetings of the stockholders, and advance notice requirements for stockholder proposals and director nominations. In addition, Section 203 of the Delaware General Corporation Law, which we have not opted out of, prohibits a public Delaware corporation from engaging in certain business combinations with an “interested stockholder” (as defined in such section) for a period of three years following the time that such stockholder became an interested stockholder without the prior consent of our board of directors. The effect of Section 203 of the Delaware General Corporation Law, as well as these charter and bylaws provisions, may make the removal of management more difficult. It may also impede a merger, takeover or other business combination or discourage a potential acquirer from making a tender offer for our Class A common stock, which, under certain circumstances, could reduce the market price of our Class A common stock.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees or stockholders.

Our amended and restated bylaws provide that, unless we consents 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 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. 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 of 1934 or Securities Act of 1933, each as amended, or any other claim for which the federal courts have exclusive jurisdiction. The exclusive forum provision in our 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 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.

Future offerings of debt or equity securities by us may adversely affect the market price of our Class A common stock.

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of Class A common stock or Series A Preferred Stock or offering debt or additional equity securities, including commercial paper, medium-term notes, senior or subordinated notes or new series of preferred shares. Issuing additional shares of Class A common stock or other additional equity offerings may dilute the economic and voting rights of our existing stockholders or reduce the market price of our Class A common stock, or both. Upon liquidation,

holders of such debt securities, our Series A Preferred Stock and any new series of preferred shares, if issued, and lenders with respect to other borrowings, would receive a distribution of our available assets prior to the holders of our Class A common stock. Our Series A Preferred Stock have a preference with respect to liquidating distributions and a preference with respect to dividend payments that limit our ability to pay dividends to the holders of our Class A common stock, subject to certain terms and conditions. Any new series of preferred shares, if issued, could also have such preferences on similar or different terms. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our Class A common stock bear the risk of our future offerings reducing the market price of our Class A common stock and diluting their shareholdings in us.

We may not be able to pay or maintain dividends, or we may choose not to pay dividends, and the failure to pay or maintain dividends may negatively affect our share price.

Current dividends may not be indicative of the amount of any future quarterly dividends. Our ability to pay, maintain or increase cash dividends to our shareholders is subject to the discretion of our Board of Directors and will depend on many factors, including our ability to comply with covenants in our financing documents that limit our ability to pay dividends and make certain other restricted payments to shareholders; the difficulty we may experience in raising and the cost of additional capital and our ability to finance our aircraft acquisition commitments; our ability to re-finance our long-term financings before excess cash flows are no longer made available to us to pay dividends and for other purposes; our ability to negotiate and enforce favorable lease rates and other contractual terms; the level of demand for our aircraft; the economic condition of the commercial aviation industry generally; the financial condition and liquidity of our lessees; unexpected or increased expenses; the level and timing of aircraft investments, principal repayments and other capital needs; the value of our aircraft portfolio; our compliance with loan to value, interest rate coverage and other financial tests in our financings; our results of operations, financial condition and liquidity; general business conditions; restrictions imposed by our debt agreements and our Series A Preferred Stock; legal restrictions on the payment of dividends; and other factors that our Board of Directors deems relevant. Some of these factors are beyond our control, and a change in any such factor could affect our ability to pay dividends on our common stock. In the future we may choose not to pay dividends or may not be able to pay dividends, maintain our current level of dividends, or increase them over time. The failure to maintain or pay dividends may negatively affect our share price.

Future sales of our Class A Common Stock by existing stockholders, or the perception that these sales may occur, especially by directors, executive officers or significant stockholders of Air Lease, may cause our stock price to decline.

If our existing stockholders, in particular our directors, executive officers or other affiliates, sell substantial amounts of our Class A Common Stock in the public market, or are perceived by the public market as intending to sell, the trading price of our Class A Common Stock could decline. In addition, shares underlying any outstanding options and restricted stock units will become eligible for sale if exercised or settled, as applicable, and to the extent permitted by the provisions of various vesting agreements and Rule 144 of the Securities Act. All the shares of Class A Common Stock subject to stock options and restricted stock units outstanding and reserved for issuance under the Air Lease Corporation 2014 Equity Incentive Plan have been registered on Form S-8 under the Securities Act and such shares are eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates. Sale of these shares of Class A Common Stock could impair our ability to raise capital through the sale of equity or equity related securities, should we wish to do so. A significant number of shares of our Class A Common Stock may be sold in the public market by any selling stockholders listed in a prospectus we may file with the Securities and Exchange Commission from time to time. We cannot predict the timing or amount of future sales of our Class A Common Stock by any such selling stockholders, but such sales, or the perception that such sales could occur, may adversely affect prevailing market prices for our Class A Common Stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Flight Equipment

As of December 31, 2019, we owned 292 aircraft in our flight equipment subject to operating leases portfolio, comprised of 203 narrowbody aircraft and 89 widebody aircraft, with a weighted average age of 3.5 years. Also, we had eight aircraft classified as flight equipment held for sale included in Other assets on the Consolidated Balance Sheet as of December 31, 2019.

The following table shows the scheduled lease terminations (for the minimum non-cancellable period which does not include contracted unexercised lease extension options) of our operating lease portfolio, excluding two aircraft currently off lease, as of December 31, 2019, updated through February 14, 2020:

Aircraft Type	2020	2021	2022	2023	2024	Thereafter	Total
Airbus A319-100	—	1	—	—	—	—	1
Airbus A320-200	2	2	1	3	6	7	21
Airbus A320-200neo	—	—	—	—	1	12	13
Airbus A321-200	2	3	1	7	1	14	28
Airbus A321-200neo	1	1	—	—	2	31	35
Airbus A330-200	1	1	2	2	1	4	11
Airbus A330-300	—	—	2	1	—	4	7
Airbus A330-900neo	—	—	1	—	—	6	7
Airbus A350-900	—	—	—	—	—	10	10
Boeing 737-700	—	2	—	2	—	—	4
Boeing 737-800	3	7	10	11	6	48	85
Boeing 737-8 MAX	—	—	—	—	1	14	15
Boeing 777-200ER	—	—	1	—	—	—	1
Boeing 777-300ER	—	2	4	4	3	11	24
Boeing 787-9	—	—	—	—	—	23	23
Boeing 787-10	—	—	—	—	—	4	4
Embraer E190	1	—	—	—	—	—	1
Total	10	19	22	30	21	188	290

Commitments

As of December 31, 2019, we had committed to purchase the following new aircraft at an estimated aggregate purchase price (including adjustment for anticipated inflation) of approximately \$27.4 billion for delivery as shown below. The recorded basis of aircraft may be adjusted upon delivery to reflect changes in, among other items, actual inflation and the final cost of buyer furnished equipment.

Aircraft Type	2020	2021	2022	2023	2024	Thereafter	Total
Airbus A220-300	—	5	10	10	10	15	50
Airbus A320/321neo ⁽¹⁾	25	26	32	25	16	36	160
Airbus A330-900neo	1	5	6	3	—	—	15
Airbus A350-900/1000	3	6	3	4	4	—	20
Boeing 737-7/8/9 MAX ⁽²⁾	4	25	35	41	30	—	135
Boeing 787-9/10	13	9	6	5	—	—	33
Total	46	76	92	88	60	51	413

(1) Our Airbus A320/321neo aircraft orders include 52 long-range variants and 29 extra long-range variants.

(2) The table above reflects our estimate of future Boeing 737 MAX aircraft delivery delays based on information currently available to us. The actual delivery dates of such Boeing 737 MAX aircraft may differ from our estimate and could be further impacted by the length of the grounding and the pace at which Boeing can deliver aircraft following the lifting of the grounding, among other factors.

In addition to our commitments, as of December 31, 2019, we had options to acquire up to 45 Boeing 737-8 MAX aircraft and up to 25 Airbus A220 aircraft. If exercised, deliveries of these aircraft are scheduled to commence in 2023 and continue through 2028.

Pursuant to our purchase agreements with Boeing and Airbus for new aircraft, the Company and each manufacturer agrees to contractual delivery dates for each aircraft ordered. However, these dates can change for a variety of reasons. In the last few years, Airbus and Boeing have had delivery delays, and these delays have significantly impacted when our aircraft have been delivered.

Our leases typically provide that we and our airline customers each have a cancellation right related to aircraft delivery delays. The lease cancellation rights typically parallel our cancellation rights in our purchase agreements with Boeing and Airbus, and typically provide for cancellation rights starting at one year after the original contractual delivery date, regardless of cause.

For several years, we have experienced delivery delays for certain of our Airbus orderbook aircraft, primarily the A321neo aircraft and, to a lesser extent, A330neo aircraft. Airbus has told us to continue to expect several months of delivery delays relating to such aircraft scheduled to deliver through 2022.

The worldwide grounding of the Boeing 737 MAX began on March 10, 2019, and remains in effect. As a result, Boeing has temporarily halted production and delivery of all Boeing 737 MAX aircraft. Lifting of the grounding is subject to the approval of global regulatory authorities and we are unable to speculate as to when this may occur. Boeing 737 MAX deliveries may be impacted by the duration of the grounding and the speed by which Boeing can deliver aircraft following the lifting of the grounding. We expect that if the grounding continues for an extended time, or if there are significant Boeing 737 MAX delivery delays even after the grounding is lifted, some of our customers may seek to cancel their lease contracts with us. It is unclear at this point if we will cancel some of our Boeing 737 MAX delivery positions with Boeing or attempt to find replacement lessees. We are currently in discussions with Boeing regarding the mitigation of possible damages resulting from the grounding of and the delivery delays associated with the Boeing 737 MAX aircraft that we own and have on order.

We purchase new aircraft pursuant to binding purchase agreements with each of Airbus and Boeing. These agreements establish pricing formulas (which include certain price adjustments based upon inflation and other factors) and various other terms with respect to the purchase of aircraft. Under certain circumstances, we have the right to alter the mix, configuration and delivery dates of aircraft types that we ultimately acquire.

New Lease Placements

The following table, which is subject to change based on Airbus delivery delays and the Boeing 737 MAX grounding, shows the number of new aircraft scheduled to be delivered as of December 31, 2019, along with the lease placements of such aircraft as of February 14, 2020:

Delivery Year	Number of Aircraft	Number Leased	% Leased
2020	46	46	100.0 %
2021	76	63	82.9 %
2022	92	59	64.1 %
2023	88	13	14.8 %
2024	60	6	10.0 %
Thereafter	51	—	— %
Total	413	187	

Our lease commitments for the 46 aircraft to be delivered in 2020 are comprised of 45 binding leases and one non-binding letter of intent. Our lease commitments for 63 of the 76 aircraft to be delivered in 2021 are comprised of 55 binding leases and eight non-binding letters of intent. Our lease commitments for 59 of the 92 aircraft to be delivered in

2022 are comprised of 52 binding leases and seven non-binding letters of intent. Our lease commitments for 13 of the 88 aircraft to be delivered in 2023 are comprised of six binding leases and seven non-binding letters of intent. Finally, our lease commitments for six of the 60 aircraft to be delivered in 2024 are all comprised of non-binding letters of intent. While our management's historical experience is that non-binding letters of intent for aircraft leases generally lead to binding contracts, we cannot be certain that we will ultimately execute binding agreements for all or any of the letters of intent. While we actively seek lease placements for all aircraft in our orderbook, in making our lease placement decisions, we also take into consideration the anticipated growth in the aircraft leasing market and anticipated improvements in lease rates, which could lead us to determine that entering into particular lease arrangements at a later date would be more beneficial to us.

Facilities

We lease our principal executive office at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, USA. We also lease offices at 22 Earlsfort Terrace, Dublin 2, Ireland and at Two International Finance Center, 8 Finance Street, Suite 2708, Central, Hong Kong. We do not own any real estate. We believe our current facilities are adequate for our current needs and for the foreseeable future.

ITEM 3. 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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Class A common stock has been quoted on the New York Stock Exchange (the “NYSE”) under the symbol “AL” since April 19, 2011. Prior to that time, there was no public market for our stock. As of December 31, 2019, there were 113,350,267 shares of Class A common stock outstanding. As of February 7, 2020, shares of our Class A common stock outstanding were held by approximately 80 holders of record.

Dividends

The following table sets forth the dividends declared on our outstanding common stock for the years ended December 31, 2019, 2018 and 2017:

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Dividends declared per share	\$ 0.540	\$ 0.430	\$ 0.325

The Board of Directors approved quarterly cash dividends on our outstanding common stock in 2019 and expects to continue approving a quarterly cash dividend on our outstanding common stock of \$0.15 per share for the foreseeable future. However, our cash dividend policy can be changed at any time at the discretion of our Board of Directors. On February 13, 2020, our Board of Directors approved a quarterly cash dividend of \$0.15 per share on our outstanding common stock. The dividend will be paid on April 8, 2020 to holders of record of our common stock as of March 20, 2020.

Stock Authorized for Issuance Under Equity Compensation Plans

Set forth below is certain information about the Class A common stock authorized for issuance under the Company’s equity compensation plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	364,153	\$ 22.90	5,283,976
Equity compensation plans not approved by security holders	—	—	—
Total	364,153	\$ 22.90	5,283,976

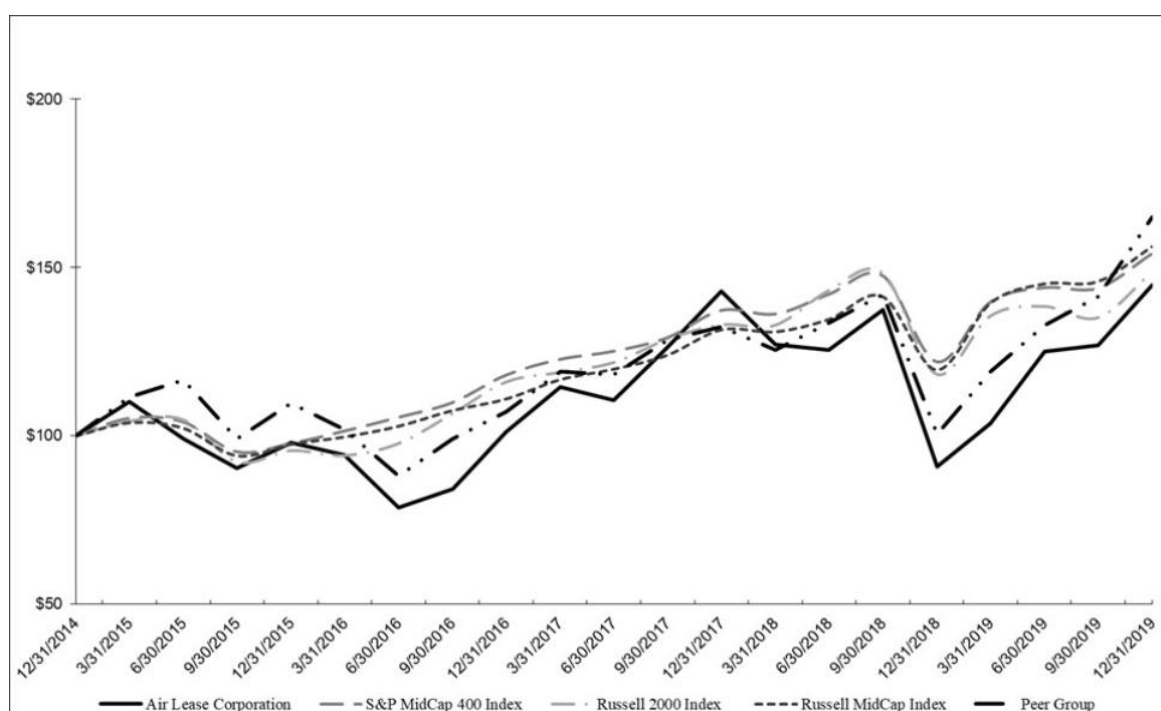
Performance Graph

The graph below compares the 5-year cumulative return of the Company's Class A common stock, the S&P Midcap 400 Index, the Russell 2000 Index, the Russell MidCap Index and a customized peer group. The Company's market capitalization now more closely approximates that of the median of the Russell MidCap index, therefore, this index will replace the previously utilized Russell 2000 Index for the purposes of the Performance Graph. The peer group consists of three companies: Aircastle Limited (NYSE: AYR), AerCap Holdings NV (NYSE: AER) and FLY Leasing Limited (NYSE: FLY). The peer group investment is weighted by market capitalization as of December 31, 2014, and is adjusted monthly. An investment of \$100, with reinvestment of all dividends, is assumed to have been made in our Class A common stock, in the peer group and in the S&P Midcap 400 Index and in the Russell MidCap Index on December 31, 2014, and the relative performance of each is tracked through December 31, 2019. The stock price performance shown in the graph is not necessarily indicative of future stock price performance.

Comparison of 5 Year Cumulative Total Return

Assumes Initial Investment of \$100

December 31, 2019



Company Purchases of Stock

The Company did not purchase any shares of its Class A common stock during 2019.

Unregistered Sales of Equity Securities and Use of Proceeds

All equity securities sold by the Company during the year ended December 31, 2019 that were not registered under the Securities Act of 1933, as amended, have previously been reported on the Company's Quarterly Reports on Form 10-Q or Current Reports on Form 8-K filed during the year ended December 31, 2019.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes appearing in “Item 8. Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
(in thousands, except share and per share amounts)					
Operating data:					
Rentals of flight equipment	\$ 1,916,869	\$ 1,631,200	\$ 1,450,735	\$ 1,339,002	\$ 1,174,544
Aircraft sales, trading and other	100,035	48,502	65,645	80,053	48,296
Total revenues	2,016,904	1,679,702	1,516,380	1,419,055	1,222,840
Expenses ⁽¹⁾	1,281,219	1,039,564	906,850	838,817	829,887
Income before taxes	735,685	640,138	609,530	580,238	392,953
Income tax (expense)/benefit ⁽²⁾	(148,564)	(129,303)	146,622	(205,313)	(139,562)
Net income	587,121	510,835	756,152	374,925	253,391
Preferred stock dividends	(11,958)	—	—	—	—
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152	\$ 374,925	\$ 253,391
Earnings per share of common stock:					
Basic	\$ 5.14	\$ 4.88	\$ 7.33	\$ 3.65	\$ 2.47
Diluted	\$ 5.09	\$ 4.60	\$ 6.82	\$ 3.44	\$ 2.34
Weighted average shares of common stock outstanding:					
Basic	111,895,433	104,716,301	103,189,175	102,801,161	102,547,774
Diluted	113,086,323	112,363,331	111,657,564	110,798,727	110,628,865
Other financial data:					
Pre-tax profit margin	36.5 %	38.1 %	40.2 %	40.9 %	32.1 %
Adjusted net income before income taxes ⁽³⁾	\$ 781,163	\$ 690,322	\$ 657,838	\$ 622,871	\$ 507,982
Adjusted pre-tax profit margin ⁽³⁾	38.7 %	41.1 %	43.4 %	44.1 %	41.7 %
Adjusted diluted earnings per share before income taxes ⁽³⁾	\$ 6.91	\$ 6.20	\$ 5.94	\$ 5.67	\$ 4.64
Pre-tax return on common equity	14.2 %	14.3 %	16.2 %	18.1 %	13.6 %
Adjusted pre-tax return on common equity ⁽³⁾	15.4 %	15.5 %	17.5 %	19.5 %	17.5 %
Cash dividends declared per share:					
	\$ 0.540	\$ 0.430	\$ 0.325	\$ 0.225	\$ 0.170
Cash flow data:					
Net cash flows provided by (used in):					
Operating activities	\$ 1,392,472	\$ 1,254,101	\$ 1,059,713	\$ 1,020,078	839,795
Investing activities	(3,843,977)	(3,384,820)	(2,143,951)	(2,005,516)	(2,152,801)
Financing activities ⁽⁴⁾	2,466,568	2,145,435	1,101,718	1,103,037	1,195,921

	As of December 31,				
	2019	2018	2017	2016	2015
	(in thousands, except aircraft data)				
Balance sheet data:					
Flight equipment subject to operating leases (net of accumulated depreciation)	\$ 18,704,337	\$ 15,707,110	\$ 13,280,250	\$ 12,041,925	\$ 10,813,475
Total assets	21,709,155	18,481,808	15,614,164	13,975,616	12,355,098
Total debt, net of discounts and issuance costs	13,578,866	11,538,905	9,698,785	8,713,874	7,712,421
Total liabilities	16,085,611	13,674,908	11,486,722	10,593,429	9,335,186
Shareholders' equity	5,623,544	4,806,900	4,127,442	3,382,187	3,019,912
Other operating data:					
Aircraft lease portfolio at period end:					
Owned fleet ⁽⁵⁾	292	275	244	237	240
Managed fleet ⁽⁵⁾	83	61	50	30	29

- (1) Expenses for the year ended December 31, 2015 included settlement expense of \$72.0 million.
- (2) On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Tax Reform Act") was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax law by, among other things, lowering the U.S. corporate tax rate from 35% to 21%, effective January 1, 2018. Accounting Standards Codification ("ASC") 740 requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result of the Tax Reform Act, we recorded a tax benefit of \$354.1 million due to the remeasurement of deferred tax assets and liabilities in the year ended December 31, 2017.
- (3) 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, such as settlement expense, net of recoveries, 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, excluding insurance recoveries), adjusted diluted earnings per share before income taxes (defined as adjusted net income before income taxes plus assumed conversions 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 tables show the reconciliation of net income available to common stockholders to adjusted net income before income taxes and adjusted pre-tax profit margin (in thousands, except percentages):

	Year Ended December 31, (unaudited)				
	2019	2018	2017	2016	2015
Reconciliation of net income available to common stockholders to adjusted net income before income taxes:					
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152	\$ 374,925	\$ 253,391
Amortization of debt discounts and issuance costs	36,691	32,706	29,454	30,942	30,507
Stock-based compensation	20,745	17,478	19,804	16,941	17,022
Settlement	—	—	—	—	72,000
Insurance recovery on settlement	—	—	(950)	(5,250)	(4,500)
Provision for income taxes	148,564	129,303	(146,622)	205,313	139,562
Adjusted net income before income taxes	<u>\$ 781,163</u>	<u>\$ 690,322</u>	<u>\$ 657,838</u>	<u>\$ 622,871</u>	<u>\$ 507,982</u>
Reconciliation of denominator of adjusted pre-tax profit margin:					
Total revenues	\$ 2,016,904	\$ 1,679,702	\$ 1,516,380	\$ 1,419,055	\$ 1,222,840
Insurance recovery on settlement	—	—	(950)	(5,250)	(4,500)
Total revenues, excluding insurance recovery on settlement	<u>\$ 2,016,904</u>	<u>\$ 1,679,702</u>	<u>\$ 1,515,430</u>	<u>\$ 1,413,805</u>	<u>\$ 1,218,340</u>
Adjusted pre-tax profit margin	<u>38.7 %</u>	<u>41.1 %</u>	<u>43.4 %</u>	<u>44.1 %</u>	<u>41.7 %</u>

The following table shows the reconciliation of net income available to common stockholders to adjusted diluted earnings per share before income taxes (in thousands, except share and per share amounts):

	Year Ended December 31, (unaudited)				
	2019	2018	2017	2016	2015
Reconciliation of net income available to common stockholders to adjusted diluted earnings per share before income taxes:					
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152	\$ 374,925	\$ 253,391
Amortization of debt discounts and issuance costs	36,691	32,706	29,454	30,942	30,507
Stock-based compensation	20,745	17,478	19,804	16,941	17,022
Settlement	—	—	—	—	72,000
Insurance recovery on settlement	—	—	(950)	(5,250)	(4,500)
Provision for income taxes	148,564	129,303	(146,622)	205,313	139,562
Adjusted net income before income taxes	<u>\$ 781,163</u>	<u>\$ 690,322</u>	<u>\$ 657,838</u>	<u>\$ 622,871</u>	<u>\$ 507,982</u>
Assumed conversion of convertible senior notes	—	6,219	5,842	5,780	5,806
Adjusted net income before income taxes plus assumed conversions	<u>\$ 781,163</u>	<u>\$ 696,541</u>	<u>\$ 663,680</u>	<u>\$ 628,651</u>	<u>\$ 513,788</u>
Weighted-average diluted shares of common stock outstanding	<u>113,086,323</u>	<u>112,363,331</u>	<u>111,657,564</u>	<u>110,798,727</u>	<u>110,628,865</u>
Adjusted diluted earnings per share before income taxes	<u>\$ 6.91</u>	<u>\$ 6.20</u>	<u>\$ 5.94</u>	<u>\$ 5.67</u>	<u>\$ 4.64</u>

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

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(unaudited)				
Reconciliation of net income available to common stockholders to adjusted pre-tax return on common equity:					
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152	\$ 374,925	\$ 253,391
Amortization of debt discounts and issuance costs	36,691	32,706	29,454	30,942	30,507
Stock-based compensation	20,745	17,478	19,804	16,941	17,022
Settlement	—	—	—	—	72,000
Insurance recovery on settlement	—	—	(950)	(5,250)	(4,500)
Provision for income taxes	148,564	129,303	(146,622)	205,313	139,562
Adjusted net income before income taxes	\$ 781,163	\$ 690,322	\$ 657,838	\$ 622,871	\$ 507,982
Common shareholders' equity as of the beginning of the period					
	\$ 4,806,900	\$ 4,127,442	\$ 3,382,187	\$ 3,019,912	\$ 2,772,062
Common shareholders' equity as of the end of the period	5,373,544	4,806,900	4,127,442	3,382,187	3,019,912
Average common shareholders' equity	\$ 5,090,222	\$ 4,467,171	\$ 3,754,815	\$ 3,201,050	\$ 2,895,987
Adjusted pre-tax return on common equity					
	15.4 %	15.5 %	17.5 %	19.5 %	17.5 %

(4) Net cash flows provided by financing activities includes the effects of ASU No. 2016-18 (“ASU 2016-18”), “Statement of Cash Flows (Topic 230): Restricted Cash” where the aggregate changes in cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows are presented. The Company adopted ASU 2016-18 retrospectively as of January 1, 2018.

(5) As of December 31, 2019, we transferred eight aircraft to flight equipment held for sale which is included in Other assets on the Consolidated Balance Sheets. All of these aircraft are excluded from the owned fleet count and included in our managed fleet count.

ITEM 7. 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 the related notes appearing in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Overview

Air Lease Corporation 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 transport aircraft directly from aircraft manufacturers, such as Boeing and 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 our aircraft sales, trading and other activities and our management fees.

During the year ended December 31, 2019, we purchased and took delivery of 53 aircraft from our new order pipeline, purchased two incremental aircraft in the secondary market, sold 30 aircraft and transferred eight aircraft from our operating lease portfolio to flight equipment held for sale, which is included in Other assets in our Consolidated Balance Sheet, ending the period with a total of 292 aircraft in our operating lease portfolio with a net book value of \$18.7 billion. The weighted average lease term remaining on our operating lease portfolio was 7.2 years and the weighted average age of our fleet was 3.5 years as of December 31, 2019. Our fleet grew by 19.1% based on net book value of \$18.7 billion as of December 31, 2019 compared to \$15.7 billion as of December 31, 2018. In addition, we had a managed fleet of 83 aircraft as of December 31, 2019, compared to a managed fleet of 61 aircraft as of December 31, 2018. We have a globally diversified customer base comprised of 106 airlines in 59 countries. As of February 14, 2020, all aircraft in our operating lease portfolio, except for two aircraft, were subject to lease agreements.

During 2019, we increased our total commitments with Boeing and Airbus by a net 94 aircraft. As of December 31, 2019, we had commitments to purchase 413 aircraft from Boeing and Airbus for delivery through 2026, with an estimated aggregate commitment of \$27.4 billion. We ended 2019 with \$29.1 billion in committed minimum future rental payments and placed approximately 79% of our committed order book on long-term leases for aircraft delivering through 2022. This includes \$14.1 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$15.0 billion in minimum future rental payments related to aircraft which will deliver between 2020 and 2024.

During the year ended December 31, 2019, we sold a total of 30 aircraft for proceeds of approximately \$1.0 billion. In November 2019, we entered into an agreement to sell 19 aircraft through our Thunderbolt platform to investors. Our Thunderbolt platform facilitates the sale of mid-life aircraft to investors while allowing to continue the management of these aircraft for a fee. Through this transaction, we retained a non-controlling interest of approximately 5.0% in the entity. During the year ended December 31, 2019, we completed the sales of 11 of the 19 aircraft and expect to complete the sale of the remaining eight aircraft in 2020. As of December 31, 2019, these eight aircraft were classified as held for sale and included in Other assets on our Consolidated Balance Sheets.

We finance the purchase of aircraft and our business with available cash balances, internally generated funds, including through aircraft sales and trading activities and debt financings. Our debt financing strategy is focused on raising unsecured debt in the global bank and debt capital markets, with a limited utilization of government guaranteed export credit or other forms of secured financing. In 2019, we issued approximately \$3.2 billion in senior unsecured notes bearing interest at fixed rates ranging from 2.25% to 4.25% with one note bearing interest at a floating rate of three-month LIBOR plus 0.67%, with maturities ranging from 2021 to 2029. In addition, we increased our unsecured revolving credit facility capacity to approximately \$5.8 billion, representing a 27.9% increase from 2018 and extended the final maturity date to May 5, 2023 bearing interest at a floating rate of LIBOR plus 1.05%. We ended 2019 with total

debt outstanding, net of discounts and issuance costs, of \$13.6 billion, of which 88.4% was at a fixed rate and 96.6% of which was unsecured. As of December 31, 2019, our composite cost of funds was 3.34%.

In 2019, total revenues increased by 20.1% to \$2.0 billion, compared to 2018. The increase in our total revenues is primarily due to the \$3.0 billion increase in the net book value of our operating lease portfolio and an increase in our aircraft sales, trading and other activity. During the year ended December 31, 2019, our net income available to common stockholders was \$575.2 million compared to \$510.8 million for the year ended December 31, 2018. Our diluted earnings per share for the full year 2019 was \$5.09 compared to \$4.60 for the full year 2018. The increase in net income available to common stockholders in 2019 as compared to 2018 was primarily due to the continued growth of our fleet and an increase in our aircraft sales, trading and other activity, partially offset by increases in our interest expense and 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 year ended December 31, 2019 was \$781.2 million or \$6.91 per diluted share, compared to \$690.3 million, or \$6.20 per diluted share for the year ended December 31, 2018. The increase in our adjusted net income before income taxes was principally driven by the continued growth of our fleet and an increase in our aircraft sales, trading and other activity, partially offset by increases in our interest expense and 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 U.S. Generally Accepted Accounting Principles (“GAAP”). See Note 3 in “Item 6. Selected Financial Data” of this Annual Report on Form 10-K for a discussion of adjusted net income before income taxes and adjusted diluted earnings per share before income taxes as non-GAAP measures and a reconciliation of these measures to net income available to common stockholders.

Our Fleet

We have continued to build one of the world’s youngest operating lease portfolios, including some of the most fuel-efficient commercial jet transport aircraft. Our fleet, based on net book value, increased by 19.1%, to \$18.7 billion as of December 31, 2019, compared to \$15.7 billion as of December 31, 2018. During the year ended December 31, 2019, we took delivery of 53 aircraft from our new order pipeline, purchased two incremental aircraft in the secondary market and sold 30 aircraft and transferred eight aircraft from our operating lease portfolio to flight equipment held for sale, which is included in Other assets on the Consolidated Balance Sheet, ending the year with a total of 292 aircraft in our operating lease portfolio. The weighted average fleet age and weighted average remaining lease term of our operating lease portfolio as of December 31, 2019 were 3.5 years and 7.2 years, respectively. We also managed 83 aircraft as of December 31, 2019.

Portfolio metrics of our fleet as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Aggregate net book value	\$ 18.7 billion	\$ 15.7 billion
Weighted average fleet age ⁽¹⁾	3.5 years	3.8 years
Weighted average remaining lease term ⁽¹⁾	7.2 years	6.8 years
 Owned fleet ⁽²⁾	 292	 275
Managed fleet ⁽²⁾	83	61
Aircraft on order	413	372
Aircraft purchase options ⁽³⁾	70	50
Total	858	758
 Current fleet contracted rentals	 \$ 14.1 billion	 \$ 11.8 billion
Committed fleet rentals	\$ 15.0 billion	\$ 13.9 billion
Total committed rentals	\$ 29.1 billion	\$ 25.7 billion

- (1) Weighted-average fleet age and remaining lease term calculated based on net book value of our operating lease portfolio.
- (2) As of December 31, 2019, we transferred eight aircraft to flight equipment held for sale which is included in Other assets on the Consolidated Balance Sheet. All of these aircraft are excluded from the owned fleet count and included in our managed fleet count.
- (3) As of December 31, 2019, we had options to acquire up to 45 Boeing 737-8 MAX aircraft and up to 25 Airbus A220 aircraft. As of December 31, 2018, we had options to acquire up to five Airbus A350-1000 aircraft and 45 Boeing 737-8 MAX aircraft.

The following table sets forth the net book value and percentage of the net book value of our flight equipment subject to operating leases in the indicated regions based on each airline's principal place of business as of December 31, 2019 and 2018:

Region	December 31, 2019		December 31, 2018	
	Net Book Value	% of Total	Net Book Value ⁽¹⁾	% of Total
(in thousands, except percentages)				
Europe	\$ 5,438,775	29.0 %	\$ 4,692,341	29.9 %
Asia (excluding China)	4,985,525	26.7 %	3,846,785	24.5 %
China	2,930,752	15.7 %	2,663,903	17.0 %
The Middle East and Africa	2,242,215	12.0 %	1,952,900	12.4 %
Central America, South America, and Mexico	1,116,814	6.0 %	1,078,900	6.9 %
U.S. and Canada	996,398	5.3 %	757,884	4.8 %
Pacific, Australia, and New Zealand	993,858	5.3 %	714,397	4.5 %
Total	\$ 18,704,337	100.0 %	\$ 15,707,110	100.0 %

- (1) As of December 31, 2018, we had six aircraft held for sale with a carrying value of \$241.6 million included in the table above.

The following table sets forth the number of aircraft in our flight equipment subject to operating leases by aircraft type as of December 31, 2019 and 2018:

Aircraft type	December 31, 2019		December 31, 2018	
	Number of Aircraft	% of Total	Number of Aircraft ⁽¹⁾	% of Total
Airbus A319-100	1	0.3 %	1	0.4 %
Airbus A320-200	21	7.2 %	35	12.7 %
Airbus A320-200neo	13	4.5 %	6	2.2 %
Airbus A321-200	28	9.6 %	34	12.4 %
Airbus A321-200neo	35	12.0 %	14	5.1 %
Airbus A330-200	12	4.1 %	15	5.4 %
Airbus A330-300	7	2.4 %	5	1.8 %
Airbus A330-900neo	7	2.4 %	1	0.4 %
Airbus A350-900	10	3.4 %	6	2.2 %
Boeing 737-700	4	1.4 %	4	1.4 %
Boeing 737-800	85	29.1 %	98	35.6 %
Boeing 737-8 MAX	15	5.1 %	14	5.1 %
Boeing 767-300ER	1	0.3 %	1	0.4 %
Boeing 777-200ER	1	0.3 %	1	0.4 %
Boeing 777-300ER	24	8.2 %	24	8.7 %
Boeing 787-9	23	8.0 %	15	5.4 %
Boeing 787-10	4	1.4 %	—	— %
Embraer E190	1	0.3 %	1	0.4 %
Total	292	100.0 %	275	100.0 %

(1) As of December 31, 2018, we had six aircraft held for sale included in the table above.

As of December 31, 2019, we had commitments to purchase 413 new aircraft, with an estimated aggregate purchase price (including adjustments for anticipated inflation) of \$27.4 billion, for delivery through 2026 as follows:

Aircraft Type	2020	2021	2022	2023	2024	Thereafter	Total
Airbus A220-300	—	5	10	10	10	15	50
Airbus A320/321neo ⁽¹⁾	25	26	32	25	16	36	160
Airbus A330-900neo	1	5	6	3	—	—	15
Airbus A350-900/1000	3	6	3	4	4	—	20
Boeing 737-7/8/9 MAX ⁽²⁾	4	25	35	41	30	—	135
Boeing 787-9/10	13	9	6	5	—	—	33
Total	46	76	92	88	60	51	413

(1) Our Airbus A320/321neo aircraft orders include 52 long-range variants and 29 extra long-range variants.

(2) The table above reflects our estimate of future Boeing 737 MAX aircraft delivery delays based on information currently available to us. The actual delivery dates of such Boeing 737 MAX aircraft may differ from our estimate and could be further impacted by the length of the grounding and the pace at which Boeing can deliver aircraft following the lifting of the grounding, among other factors.

In addition to our commitments, as of December 31, 2019, we had options to acquire up to 45 Boeing 737-8 MAX aircraft and up to 25 Airbus A220 aircraft. If exercised, deliveries of these aircraft are scheduled to commence in 2023 and continue through 2028.

Pursuant to our purchase agreements with Boeing and Airbus for new aircraft, the Company and each manufacturer agrees to contractual delivery dates for each aircraft ordered. However, these dates can change for a variety of reasons. In the last few years, Airbus and Boeing have had delivery delays, and these delays have significantly impacted when our aircraft have been delivered.

Our leases typically provide that we and our airline customers each have a cancellation right related to aircraft delivery delays. The lease cancellation rights typically parallel our cancellation rights in our purchase agreements with Boeing and Airbus, and typically provide for cancellation rights starting at one year after the original contractual delivery date, regardless of cause.

For several years, we have experienced delivery delays for certain of our Airbus orderbook aircraft, primarily the A321neo aircraft and, to a lesser extent, A330neo aircraft. Airbus has told us to continue to expect several months of delivery delays relating to such aircraft scheduled to deliver through 2022.

The worldwide grounding of the Boeing 737 MAX began on March 10, 2019, and remains in effect. As a result, Boeing has temporarily halted production and delivery of all Boeing 737 MAX aircraft. Lifting of the grounding is subject to approval of global regulatory authorities and we are unable to speculate as to when this may occur. Boeing 737 MAX deliveries may be impacted by the duration of the grounding and the speed by which Boeing can deliver aircraft following the lifting of the grounding. We expect that if the grounding continues for an extended time, or if there are significant Boeing 737 MAX delivery delays even after the grounding is lifted, some of our customers may seek to cancel their lease contracts with us. It is unclear at this point if we will cancel some of our Boeing 737 MAX delivery positions with Boeing or attempt to find replacement lessees. We are currently in discussions with Boeing regarding the mitigation of possible damages resulting from the grounding of and the delivery delays associated with the Boeing 737 MAX aircraft that we own and have on order.

The following table, which is subject to change based on Airbus delivery delays and the Boeing 737 MAX grounding, shows the number of new aircraft scheduled to be delivered as of December 31, 2019, along with the lease placements of such aircraft as of February 14, 2020:

Delivery Year	Number of Aircraft	Number Leased	% Leased
2020	46	46	100.0 %
2021	76	63	82.9 %
2022	92	59	64.1 %
2023	88	13	14.8 %
2024	60	6	10.0 %
Thereafter	51	—	— %
Total	413	187	

Aircraft Industry and Sources of Revenues

Our revenues are principally derived from operating leases with scheduled and charter airlines throughout the world. We have a globally diversified customer base comprised of 106 airlines in 59 countries and in each of the last four calendar years, we derived more than 95% of our 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.

Demand for air travel has consistently grown in terms of both passenger traffic and number of aircraft in service. The International Air Transport Association (“IATA”) reported that passenger traffic for the year 2019 grew 4.2% compared to 2018. The number of aircraft in service has grown steadily and the number of leased aircraft in the global fleet has increased. The long-term outlook for aircraft demand remains robust due to increased passenger traffic and the need to replace aging aircraft.

From time to time, our airline customers face financial difficulties. In September 2019, Thomas Cook Airlines, a British airline, ceased all operations and filed for bankruptcy. At the time of the filing, we had seven aircraft from our owned fleet and four aircraft from our managed fleet leased to Thomas Cook Airlines. Despite the bankruptcy of Thomas Cook Airlines, we continue to see airlines globally performing well. We experienced strong demand for the aircraft that were previously leased to Thomas Cook Airlines and we have entered into leases for all of these aircraft.

The worldwide grounding of the Boeing 737 MAX began on March 10, 2019, and remains in effect. As a result, Boeing has temporarily halted production and delivery of all Boeing 737 MAX aircraft. As of December 31, 2019, we owned and leased 15 Boeing 737 MAX aircraft and we have 135 Boeing 737 MAX aircraft on order. Lifting of the grounding is subject to global regulatory authorities and we are unable to speculate as to when this may occur. Because of this uncertainty, we have curtailed our leasing of our orderbook aircraft since the grounding.

With respect to the 15 Boeing 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 airlines affected by this grounding have had to adjust flight schedules or cancel flights, back fill aircraft with other aircraft types or keep older aircraft in service longer. These operational changes and the uncertainty of when the Boeing 737 MAX aircraft will return to service and when Boeing will resume deliveries have impacted the profitability of certain airlines.

We expect that if the grounding continues for an extended time, or if there are significant Boeing 737 MAX delivery delays even after the grounding is lifted, some of our customers may seek to cancel their lease contracts with us. It is unclear at this point if we will cancel some of our Boeing 737 MAX delivery positions with Boeing or attempt to find replacement lessees. We are currently in discussions with Boeing regarding the mitigation of possible damages resulting from the grounding of and the delivery delays associated with the Boeing 737 MAX aircraft that we own and have on order.

For several years, Airbus has had delivery delays for certain of its aircraft, primarily the A321neo aircraft and, to a lesser extent, A330neo aircraft. Airbus has told 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.

The Airbus delays and the Boeing 737 MAX grounding may impact airline growth, passenger growth and airline profitability.

The success of the commercial airline industry is linked to the strength of global economic development, which may be negatively impacted by macroeconomic conditions and geopolitical and policy risks. For example, the U.S. government has recently made statements and taken certain actions that have led to, and may lead to, further changes to U.S. and international trade policies, including recently imposed tariffs affecting certain products exported by a number of U.S. trading partners, such as Europe and China. In response, many U.S. trading partners, including Europe and China, have imposed or proposed new or higher tariffs on U.S. products. In October 2019, the Office of the U.S. Trade Representative announced a 10% tariff on new aircraft imported from Europe, including Airbus aircraft. We are currently monitoring the impact of this announcement on our future Airbus deliveries to U.S. customers. 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. Our leases are primarily structured as triple net leases, whereby the lessee is responsible for all operating costs including taxes, insurance, and aircraft maintenance.

We believe the leasing industry has remained resilient over time across a variety of global economic conditions, and we remain optimistic about the long-term growth prospects for air transportation. We see a growing demand for aircraft leasing in the broader industry and a role for us in helping airlines modernize their fleets to support the growth of the airline industry. However, with the growth in aircraft leasing worldwide, we are witnessing an increase in competition among aircraft lessors resulting in more variation in lease rates.

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 debt financings. 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. Unsecured financing provides us with operational flexibility when selling or transitioning aircraft from one airline to another.

We ended 2019 with total debt outstanding, net of discounts and issuance costs, of \$13.6 billion compared to \$11.5 billion in 2018. Our unsecured debt outstanding increased to \$13.3 billion as of December 31, 2019 from \$11.3 billion as of December 31, 2018. Our unsecured debt as a percentage of total debt increased to 96.6% as of December 31, 2019 from 96.5% as of December 31, 2018.

We increased our cash flows from operations by 11.0% or \$138.4 million to \$1.4 billion in 2019, as compared to \$1.3 billion in 2018. Our cash flows from operations increased primarily because of the continued growth of our fleet. Our cash flow used in investing activities was \$3.8 billion for the year ended December 31, 2019, which resulted primarily from the purchase of aircraft, partially offset by proceeds from our aircraft sales and trading activity. Our cash flow provided by financing activities was \$2.5 billion for the year ended December 31, 2019, which resulted primarily from the net proceeds received from the issuance of our unsecured notes and the issuance of preferred stock in 2019, partially offset by the repayment of outstanding debt.

We ended 2019 with available liquidity of \$6.3 billion which is comprised of unrestricted cash of \$317.5 million and undrawn balances under our unsecured revolving credit facilities of \$6.0 billion. We believe that we have sufficient liquidity to satisfy the operating requirements of our business through the next twelve months.

Our financing plan for 2020 is focused on funding the purchase of aircraft and our business with available cash balances, internally generated funds, including through aircraft sales and trading activities, and debt financings. Our debt financing plan continues to focus on raising unsecured debt in the global bank and investment grade capital markets. In addition, we have in the past, and we may in the future, utilize government guaranteed export credit financing in support of our new aircraft deliveries.

We believe that, as of December 31, 2019, 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 “Item 1A. Risk Factors” of this Annual Report on Form 10-K.

Debt

Our debt financing was comprised of the following at December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
	(U.S. dollars in thousands, except percentages)	
Unsecured		
Senior notes	\$ 12,357,811	\$ 10,043,445
Term financings	883,050	607,340
Revolving credit facilities	20,000	602,000
Total unsecured debt financing	13,260,861	11,252,785
Secured		
Term financings	428,824	371,203
Export credit financing	31,610	38,265
Total secured debt financing	460,434	409,468
Total debt financing	13,721,295	11,662,253
Less: Debt discounts and issuance costs	(142,429)	(123,348)
Debt financing, net of discounts and issuance costs	<u>\$ 13,578,866</u>	<u>\$ 11,538,905</u>
Selected interest rates and ratios:		
Composite interest rate ⁽¹⁾	3.34 %	3.46 %
Composite interest rate on fixed rate debt ⁽¹⁾	3.39 %	3.42 %
Percentage of total debt at fixed rate	88.40 %	86.41 %

(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 December 31, 2019, we had \$12.4 billion in aggregate principal amount of senior unsecured notes outstanding with remaining terms ranging from 0.04 years to 9.76 years and bearing interest at fixed rates ranging from 2.125% to 4.850% with two notes bearing interest at a floating rate of LIBOR plus 1.125% and a floating rate of three-month LIBOR plus 0.67%. As of December 31, 2018, we had \$10.0 billion in aggregate principal amount of senior unsecured notes outstanding bearing interest at fixed rates ranging from 2.125% to 7.375%.

During the year ended December 31, 2019, we issued \$2.85 billion in aggregate principal amount of U.S. dollar denominated senior unsecured notes comprised of (i) \$700.0 million in aggregate principal amount of 4.25% notes due 2024, (ii) \$750.0 million in aggregate principal amount of 3.75% notes due 2026, (iii) \$300.0 million in aggregate principal amount of floating rate notes due 2021 bearing interest at a floating rate of three-month LIBOR plus 0.67% (iv) \$600.0 million in aggregate principal amount of 2.25% notes due 2023 and (v) \$500.0 million in aggregate principal amount of 3.25% notes due 2029.

In December 2019, we issued Canadian dollar (“C\$”) denominated debt of 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. The swap has been designated as a cash flow hedge with changes in the fair value of the derivative recognized in other comprehensive loss/income. See Note 10 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional details on the fair value of the swap.

In January 2020, we issued \$1.4 billion in aggregate principal amount of U.S. dollar denominated senior unsecured notes comprised of (i) \$750.0 million in aggregate principal amount of 2.30% notes due 2025 and (ii) \$650.0 million in aggregate principal amount of 3.00% notes due 2030.

Public senior notes (including Medium-Term Note Program). Of our \$12.4 billion aggregate principal amount of senior unsecured notes outstanding as of December 31, 2019, approximately \$12.2 billion of such notes have been registered with the SEC. All of our public senior notes may be redeemed at our option in part or in full at any time and from time to time prior to maturity at the redemption prices specified in such public senior notes. Our public senior notes also require us to offer to purchase all of the notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest if a “change of control repurchase event” (as defined in the applicable indenture or supplemental indenture) occurs.

Of the \$12.2 billion in aggregate principal amount of public senior notes outstanding as of December 31, 2019, approximately \$11.8 billion in aggregate principal amount of public senior notes were issued during or after November 2013. Each of the indentures and the applicable supplemental indentures governing these public senior notes requires us to comply with certain covenants, including restrictions on our ability to (i) incur liens on assets and (ii) merge, consolidate or transfer all or substantially all of our assets.

For the approximately \$400.0 million in aggregate principal amount of public senior notes outstanding as of December 31, 2019 that were issued prior to November 2013, the indenture and applicable supplemental indenture governing these public senior notes contain financial maintenance covenants relating to our consolidated net worth, consolidated unencumbered assets and interest coverage, and other additional covenants that, among other things, (i) limit our ability and the ability of our subsidiaries to pay dividends on or purchase certain equity interests, prepay subordinated obligations, (ii) limit our ability and the ability of our subsidiaries to alter their lines of business, and engage in affiliate transactions; (iii) limit the ability of our subsidiaries to incur unsecured indebtedness; and (iv) limit our ability and the ability of each note guarantor subsidiary, if any, to consolidate, merge, or sell all or substantially all of our or its assets. The financial maintenance covenant relating to interest coverage and the covenants that limit our payment of dividends on, or purchases of, certain equity interests and prepayments of subordinated indebtedness are suspended at any time when such public senior notes have an “investment grade rating” (as defined in the applicable indenture), which was the case as of December 31, 2019. All of these public senior notes will mature on March 1, 2020 at which point we will no longer be subject to the preceding covenants.

The covenants contained in all of the indentures and applicable supplemental indentures governing our public senior notes are subject to a number of important exceptions and qualifications set forth in the applicable indenture, including, with respect to the indenture governing our public senior notes issued before November 2013, the covenant suspension described above. We believe that, as of December 31, 2019, we were in compliance in all material respects with all covenants contained in the indentures governing our public senior notes. In addition, the indentures and the applicable supplemental indentures governing all of our public senior notes outstanding as of December 31, 2019 also provide for customary events of default. If any event of default occurs, any amount then outstanding under the relevant indentures and supplemental indentures may immediately become due and payable. These events of default are subject to a number of important exceptions and qualifications set forth in such indentures and supplemental indentures.

On November 20, 2018, we established a Medium-Term Note Program, under which we may issue, from time to time, up to \$15.0 billion of debt securities designated as our Medium-Term Notes, Series A. All of our public senior notes issuances in 2019 consisted of Medium-Term Notes, Series A, issued under our Medium-Term Note Program.

Private placement notes. As of December 31, 2019, we had approximately \$175.0 million of notes that have not been registered with the SEC and are governed by a purchase agreement. Our private placement notes, like our public senior notes, may be redeemed at our option in part or in full at any time and from time to time prior to maturity at specified redemption prices. Our private placement notes also require us to offer to purchase all of the notes at a purchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest if a “change in control” (as defined in the purchase agreement governing such notes) occurs.

The purchase agreement governing our private placement notes contains financial maintenance covenants relating to our consolidated net worth, consolidated unencumbered assets, interest coverage, and consolidated leverage ratio. In addition, the purchase agreement contains covenants that, among other things, (i) limit our ability and the ability of our subsidiaries to alter their lines of business and engage in affiliate transactions; (ii) limit the ability of our subsidiaries to incur unsecured indebtedness; and (iii) limit our ability and the ability of each note guarantor subsidiary,

if any, to consolidate, merge or sell all or substantially all of its assets. These covenants are subject to a number of important exceptions and qualifications set forth in the purchase agreement, including the suspension of the financial maintenance covenant relating to interest coverage when the private placement notes governed by such purchase agreement have an “investment grade rating” (as defined in the purchase agreement). As of December 31, 2019, all of our private placement notes were investment grade rated as defined in the purchase agreement. We believe that, as of December 31, 2019, we were in compliance in all material respects with all covenants contained in the purchase agreement governing our private placement notes.

The purchase agreement governing our private placement notes also provide for customary events of default. If any event of default occurs, any amount then outstanding under the purchase agreement may immediately become due and payable. These events of default are subject to a number of important exceptions and qualifications set forth in the purchase agreements.

Unsecured term financings

From time to time, we enter into unsecured term facilities. During 2019, we entered into three unsecured term facilities aggregating \$205.0 million comprised of (i) a \$80.0 million term facility with a term of one year and bearing interest at a floating rate of LIBOR plus 1.00%; (ii) a \$75.0 million term facility with a term of three years and bearing interest at a floating rate of three-month LIBOR plus 1.00%; (iii) a \$50.0 million term facility with a term of one year and bearing interest at a floating rate of LIBOR plus 1.00%. During 2019, we also entered into agreements to increase (a) our \$518.0 million term facility by \$82.0 million to an aggregate principal amount of \$600.0 million, with a term of four years and bearing interest at a floating rate of LIBOR plus 1.125% and (b) our \$5.4 million term facility by \$19.6 million to an aggregate principal amount of \$25.0 million with the term of such facility extended four years and bearing interest at a fixed rate of 3.00%.

The outstanding balance on our unsecured term facilities as of December 31, 2019 was \$883.1 million, bearing interest at fixed rates ranging from 2.75% to 3.50% and five facilities bearing interest at floating rates ranging from LIBOR plus 0.95% to LIBOR plus 1.125%. As of December 31, 2019, the remaining maturities of all unsecured term facilities ranged from approximately 0.09 years to approximately 4.75 years. As of December 31, 2018, the outstanding balance on our unsecured term facilities was \$607.3 million.

Unsecured revolving credit facilities

We have a senior unsecured revolving credit facility governed by a second amended and restated credit agreement, dated May 5, 2014 (as amended, modified and supplemented thereafter), with JP Morgan Chase Bank, N.A., as administrative agent, and the lenders from time to time party thereto. As of December 31, 2019, the unsecured revolving credit facility provides us with financing capacity of up to \$5.8 billion subject to the terms and conditions set forth therein. Lenders hold revolving commitments totaling approximately \$5.5 billion that mature on May 5, 2023, commitments totaling \$245.0 million that mature on May 5, 2022, commitments totaling \$5.0 million that mature on May 5, 2021, and commitments totaling \$92.7 million that mature on May 5, 2020.

As of December 31, 2019, borrowings under the unsecured revolving credit facility will generally bear interest at either (i) LIBOR plus a margin of 1.05% per year or (ii) an alternative base rate plus a margin of 0.05% per year, subject, in each case, to increases or decreases based on declines 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 in the credit ratings for our debt) in respect of total commitments under the unsecured revolving credit facility. Borrowings under the unsecured revolving credit facility are used to finance our working capital needs in the ordinary course of business and for other general corporate purposes.

The total amount outstanding under our unsecured revolving credit facility was \$20.0 million and \$602.0 million as of December 31, 2019 and December 31, 2018, respectively.

The unsecured revolving credit facility provides for certain covenants, including covenants that limit our subsidiaries’ ability to incur, create, or assume certain unsecured indebtedness, and our subsidiaries’ abilities to engage

in certain mergers, consolidations, and asset sales. The unsecured revolving credit facility also requires us to comply with certain financial maintenance covenants (measured at the end of each fiscal quarter) including a maximum consolidated leverage ratio, minimum consolidated shareholders' equity, and minimum consolidated unencumbered assets, as well as an interest coverage test that will be suspended when the unsecured revolving credit facility or certain of our other indebtedness is rated investment grade (as defined in the unsecured revolving credit facility). As of December 31, 2019, such investment grade rating as defined in the unsecured revolving credit facility was achieved. We believe, as of December 31, 2019, we were in compliance in all material respects with all covenants contained in our unsecured revolving credit facility. In addition, the unsecured revolving credit facility contains customary events of default. In the case of an event of default, the lenders may terminate the commitments under the unsecured revolving credit facility and require immediate repayment of all outstanding borrowings and the cash collateralization of all outstanding letters of credit. Such termination and acceleration will occur automatically in the event of certain bankruptcy events. These provisions are subject to a number of important exceptions and qualifications set forth in the credit agreement governing the unsecured revolving credit facility.

During the year ended December 31, 2019, we entered into an uncommitted unsecured revolving credit facility with a total borrowing capacity of \$175.0 million and a maturity date of October 18, 2020, bearing interest at a rate of LIBOR plus 0.75%. As of December 31, 2019, there were no outstanding amounts related to the uncommitted unsecured revolving credit facility.

In January 2020, we entered into an agreement to increase our revolving unsecured bank commitments by \$125.0 million to approximately \$6.0 billion.

Secured term financings

We fund some aircraft purchases through secured term financings. Our various consolidated entities will borrow through secured bank facilities to purchase an aircraft. The aircraft are then leased by our entities to airlines. We guarantee the obligations of the entities under certain of the loan agreements. The loans may be secured by a pledge of the shares of the entities, the aircraft, the lease receivables, security deposits, maintenance reserves or a combination thereof. Included in our secured term financings are two prior warehouse facilities that we refinanced into secured term loans in March 2014 and June 2016.

The secured term facilities contain customary covenants for financings of these types, including covenants that limit the borrowers' actions to those of special purpose entities engaged in the ownership and leasing of a particular aircraft and restrict their ability to incur, create, or assume certain indebtedness, to incur or assume certain liens, to purchase, hold or acquire certain investments, to declare or make certain dividends and distributions, and to engage in certain mergers, consolidations and asset sales. The secured term facilities also contain limitations on our ability to transfer the equity interests of such subsidiaries or to incur, create or assume liens on such equity interests or the collateral securing such secured term facilities. Certain of the facilities require us to comply with certain financial maintenance covenants. In addition, the secured term facilities contain customary events of default for such financings. In the case of an event of default, the lenders may require immediate repayment of all outstanding loans. Such termination and acceleration will occur automatically in the event of certain bankruptcy events. These provisions are subject to a number of important exceptions and qualifications set forth in the loan agreements governing the secured term facilities. We believe, as of December 31, 2019, we were in compliance in all material respects with the covenants contained in our secured term facilities.

As of December 31, 2019, the outstanding balance on our secured term facilities was \$428.8 million and we had pledged 15 aircraft as collateral with a net book value of \$890.7 million. The outstanding balance under our secured term facilities as of December 31, 2019 was comprised of a \$54.6 million fixed rate facility with an interest rate of 2.36% and \$374.3 million of floating rate debt with interest rates ranging from LIBOR plus 0.80% to LIBOR plus 2.50%. As of December 31, 2019, the remaining maturities of all secured term facilities ranged from approximately 0.07 years to approximately 9.84 years.

As of December 31, 2018, the outstanding balance on our secured term facilities was \$371.2 million and we had pledged 18 aircraft as collateral with a net book value of \$1.1 billion. The outstanding balance under our secured term

facilities as of December 31, 2018 was comprised of \$0.5 million fixed rate debt with an interest rate of 4.58% and \$370.7 million floating rate debt, with interest rates ranging from LIBOR plus 1.15% to LIBOR plus 2.99%.

Export credit financings

In March 2013, we issued \$76.5 million in secured notes due 2024 guaranteed by the Export-Import Bank of the United States. The notes mature on August 15, 2024 and bear interest at a rate of 1.617% per annum. As of December 31, 2019, we have an aircraft which serves as collateral for the notes. As of December 31, 2019 and 2018, we had \$31.6 million and \$38.3 million in government guaranteed export credit financing outstanding, respectively.

Preferred equity

On March 5, 2019, we issued 10,000,000 shares of 6.150% 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) 6.150% during the first five years and payable quarterly in arrears beginning on June 15, 2019, and (ii) three-month LIBOR plus a spread of 3.65% 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.

A cash dividend of \$0.427083 per share of outstanding Series A Preferred Stock was paid on June 15, 2019. In addition, a cash dividend of \$0.384375 per share of outstanding Series A Preferred Stock was paid on each of September 15, 2019 and December 15, 2019.

Potential Impact of LIBOR Transition

As of December 31, 2019, we had approximately \$1.6 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. That announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Moreover, it is possible that LIBOR will be discontinued or modified prior to 2021. 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 currently 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, due to the uncertainty surrounding the discontinuation of LIBOR and the effects resulting therefrom, financial market participants have yet to establish standard fallback provisions governing the calculation of floating rate interest and dividends in the event LIBOR is unavailable. 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 various fallback provisions contained in our floating rate debt agreements could lead to such debt bearing interest 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, 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 December 31, 2019 of approximately \$15.9 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 our senior unsecured notes issued under our Medium-Term Note Program, may effectively become fixed rate debt. As a result, the cost of this debt 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 debt, 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 2020 in anticipation of the discontinuance or modification of LIBOR by the end of 2021.

Credit Ratings

Our investment-grade corporate and long-term debt credit ratings help us to lower our cost of funds and broaden our access to attractively priced capital. Our long-term debt financing strategy is focused on continuing to raise unsecured debt in the global bank and investment grade capital markets.

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-	Stable	December 13, 2019
Standard and Poor's	BBB	BBB	Stable	December 19, 2019
Fitch Ratings	BBB	BBB	Stable	July 15, 2019

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

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
(in thousands, except share and per share amounts and percentages)			
Revenues			
Rental of flight equipment	\$ 1,916,869	\$ 1,631,200	\$ 1,450,735
Aircraft sales, trading, and other	100,035	48,502	65,645
Total revenues	2,016,904	1,679,702	1,516,380
Expenses			
Interest	397,320	310,026	257,917
Amortization of debt discounts and issuance costs	36,691	32,706	29,454
Interest expense	434,011	342,732	287,371
Depreciation of flight equipment	702,810	581,985	508,352
Selling, general, and administrative	123,653	97,369	91,323
Stock-based compensation	20,745	17,478	19,804
Total expenses	1,281,219	1,039,564	906,850
Income before taxes	735,685	640,138	609,530
Income tax (expense)/benefit ⁽¹⁾	(148,564)	(129,303)	146,622
Net income	587,121	510,835	756,152
Preferred stock dividends	(11,958)	—	—
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152
Earnings per share of common stock			
Basic	\$ 5.14	\$ 4.88	\$ 7.33
Diluted	\$ 5.09	\$ 4.60	\$ 6.82
Weighted-average shares of common stock outstanding			
Basic	111,895,433	104,716,301	103,189,175
Diluted	113,086,323	112,363,331	111,657,564
Other financial data			
Pre-tax profit margin	36.5 %	38.1 %	40.2 %
Adjusted net income before income taxes ⁽²⁾	\$ 781,163	\$ 690,322	\$ 657,838
Adjusted pre-tax profit margin ⁽²⁾	38.7 %	41.1 %	43.4 %
Adjusted diluted earnings per share before income taxes ⁽²⁾	\$ 6.91	\$ 6.20	\$ 5.94
Pre-tax return on common equity	14.2 %	14.3 %	16.2 %
Adjusted pre-tax return on common equity ⁽²⁾	15.4 %	15.5 %	17.5 %

- (1) On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the “Tax Reform Act”) was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax law by, among other things, lowering the U.S. corporate tax rate from 35% to 21%, effective January 1, 2018. Accounting Standards Codification (“ASC”) 740 requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result of the Tax Reform Act, we recorded a tax benefit of \$354.1 million due to the remeasurement of deferred tax assets and liabilities in the year ended December 31, 2017.
- (2) 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, such as settlement expense, net of recoveries, 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, excluding insurance recoveries), adjusted diluted earnings per share before income taxes (defined as adjusted net income before income taxes plus assumed conversions 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 tables show the reconciliation of net income available to common stockholders to adjusted net income before income taxes and adjusted pre-tax profit margin (in thousands, except percentages):

	Year Ended December 31,		
	2019	2018	2017
	(unaudited)		
Reconciliation of net income available to common stockholders to adjusted net income before income taxes:			
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152
Amortization of debt discounts and issuance costs	36,691	32,706	29,454
Stock-based compensation	20,745	17,478	19,804
Insurance recovery on settlement	—	—	(950)
Provision for income taxes	148,564	129,303	(146,622)
Adjusted net income before income taxes	<u>\$ 781,163</u>	<u>\$ 690,322</u>	<u>\$ 657,838</u>
Reconciliation of denominator of adjusted pre-tax profit margin:			
Total revenues	2,016,904	1,679,702	1,516,380
Insurance recovery on settlement	—	—	(950)
Total revenues, excluding insurance recovery on settlement	<u>2,016,904</u>	<u>1,679,702</u>	<u>1,515,430</u>
Adjusted pre-tax profit margin	38.7 %	41.1 %	43.4 %

The following table shows the reconciliation of net income available to common stockholders to adjusted diluted earnings per share before income taxes (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2019	2018	2017
	(unaudited)		
Reconciliation of net income available to common stockholders to adjusted diluted earnings per share before income taxes:			
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152
Amortization of debt discounts and issuance costs	36,691	32,706	29,454
Stock-based compensation	20,745	17,478	19,804
Insurance recovery on settlement	—	—	(950)
Provision for income taxes	148,564	129,303	(146,622)
Adjusted net income before income taxes	\$ 781,163	\$ 690,322	\$ 657,838
Assumed conversion of convertible senior notes	—	6,219	5,842
Adjusted net income before income taxes plus assumed conversions	\$ 781,163	\$ 696,541	\$ 663,680
Weighted-average diluted shares of common stock outstanding	113,086,323	112,363,331	111,657,564
Adjusted diluted earnings per share before income taxes	\$ 6.91	\$ 6.20	\$ 5.94

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

	Year Ended December 31,		
	2019	2018	2017
	(unaudited)		
Reconciliation of net income available to common stockholders to adjusted pre-tax return on common equity:			
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152
Amortization of debt discounts and issuance costs	36,691	32,706	29,454
Stock-based compensation	20,745	17,478	19,804
Insurance recovery on settlement	—	—	(950)
Provision for income taxes	148,564	129,303	(146,622)
Adjusted net income before income taxes	\$ 781,163	\$ 690,322	\$ 657,838
Common shareholders' equity as of the beginning of the period	\$ 4,806,900	\$ 4,127,442	\$ 3,382,187
Common shareholders' equity as of the end of the period	5,373,544	4,806,900	4,127,442
Average common shareholders' equity	\$ 5,090,222	\$ 4,467,171	\$ 3,754,815
Adjusted pre-tax return on common equity	15.4 %	15.5 %	17.5 %

2019 Compared to 2018

Rental revenue

As of December 31, 2019, we owned 292 aircraft, with a net book value of \$18.7 billion, and recorded \$1.9 billion in rental revenue for the year then ended, which included overhaul revenue, net of amortization of initial direct costs, of \$11.1 million. In the prior year, as of December 31, 2018, we owned 275 aircraft with a net book value of \$15.7 billion and recorded \$1.6 billion in rental revenue for the year ended December 31, 2018, which included overhaul revenue, net of amortization of initial direct costs, of \$0.3 million. The increase in rental revenue was primarily due to the increase in net book value of our operating lease portfolio to \$18.7 billion as of December 31, 2019 from \$15.7 billion as of December 31, 2018.

Aircraft sales, trading, and other revenue

Aircraft sales, trading, and other revenue totaled \$100.0 million for the year ended December 31, 2019 compared to \$48.5 million for the year ended December 31, 2018. During the year ended December 31, 2019, we recorded \$52.2 million in gains from the sale of 30 aircraft from our operating lease portfolio. During the year ended

December 31, 2018, we recorded \$28.5 million in gains from the sale of 15 aircraft from our operating lease portfolio. The increase in aircraft sales, trading and other revenue was also due to an increase in forfeitures of security deposits and servicing fee revenue from our managed fleet.

Interest expense

Interest expense totaled \$434.0 million for the year ended December 31, 2019 compared to \$342.7 million for the year ended December 31, 2018. The change was primarily due to an increase in our average outstanding debt balances partially offset by a decrease in our composite cost of funds. We expect that our interest expense will increase as our average debt balance outstanding continues to increase. In addition, interest expense will also be impacted by changes in our composite cost of funds.

Depreciation expense

We recorded \$702.8 million in depreciation expense of flight equipment for the year ended December 31, 2019 compared to \$582.0 million for the year ended December 31, 2018. The increase in depreciation expense for 2019 compared to 2018 was primarily attributable to the continued growth of our fleet.

Selling, general, and administrative expenses

We recorded selling, general, and administrative expenses of \$123.7 million for the year ended December 31, 2019 compared to \$97.4 million for the year ended December 31, 2018. Selling, general, and administrative expense as a percentage of total revenue increased to 6.1% for the year ended December 31, 2019 compared to 5.8% for the year ended December 31, 2018. Selling, general and administrative expenses increased due in part to increased transactional expenses incurred during 2019. As we continue to add new aircraft to our portfolio, we expect over the long-term, selling, general, and administrative expense to continue to decrease as a percentage of our revenue.

Taxes

For the years ended December 31, 2019 and 2018 we reported an effective tax rate of 20.2%.

Net income available to common stockholders

For the year ended December 31, 2019, we reported consolidated net income available to common stockholders of \$575.2 million, or \$5.09 per diluted share, compared to a consolidated net income available to common stockholders of \$510.8 million, or \$4.60 per diluted share, for the year ended December 31, 2018. This increase was primarily due to the continued growth in our fleet and an increase in our aircraft sales, trading and other activity, partially offset by increases in our interest expenses and selling, general and administrative expenses.

Adjusted net income before income taxes

For the year ended December 31, 2019, we recorded adjusted net income before income taxes of \$781.2 million, or \$6.91 per diluted share, compared to an adjusted net income before income taxes of \$690.3 million, or \$6.20 per diluted share, for the year ended December 31, 2018. This increase was primarily due to the continued growth in our fleet and an increase in our aircraft sales, trading and other activity, partially offset by increases in our interest expenses and selling, general and administrative expenses.

Adjusted net income before income taxes is a measure of financial and operational performance that is not defined by GAAP. See Note 3 in “Item 6. Selected Financial Data” of this Annual Report on Form 10-K for a discussion of adjusted net income before income taxes as a non-GAAP measure and a reconciliation of this measure to net income.

2018 Compared to 2017

Rental revenue

As of December 31, 2018, we owned 275 aircraft, with a net book value of \$15.7 billion, and recorded \$1.6 billion in rental revenue for the year then ended, which included overhaul revenue, net of amortization of initial direct costs, of \$0.3 million. In the prior year, as of December 31, 2017, we owned 244 aircraft with a net book value of \$13.3 billion and recorded \$1.5 billion in rental revenue for the year ended December 31, 2017, which included overhaul revenue, net of amortization of initial direct costs, of \$21.6 million. The increase in rental revenue was primarily due to the increase in net book value of our operating lease portfolio to \$15.7 billion as of December 31, 2018 from \$13.3 billion as of December 31, 2017.

Aircraft sales, trading, and other revenue

Aircraft sales, trading, and other revenue totaled \$48.5 million for the year ended December 31, 2018 compared to \$65.6 million for the year ended December 31, 2017. During the year ended December 31, 2018, we sold 15 aircraft from our operating lease portfolio, recording gains on aircraft sales and trading activity of \$28.5 million. During the year ended December 31, 2017, we sold 31 aircraft from our operating lease portfolio and received insurance proceeds relating to the losses of two insured aircraft, recording gains on aircraft sales and trading activity of \$38.5 million.

Interest expense

Interest expense totaled \$342.7 million for the year ended December 31, 2018 compared to \$287.4 million for the year ended December 31, 2017. The change was primarily due to an increase in our average outstanding debt balances and an increase in our composite cost of funds. We expect that our interest expense will increase as our average debt balance outstanding continues to increase. In addition, interest expense will also be impacted by changes in our composite cost of funds.

Depreciation expense

We recorded \$582.0 million in depreciation expense of flight equipment for the year ended December 31, 2018 compared to \$508.4 million for the year ended December 31, 2017. The increase in depreciation expense for 2018 compared to 2017 was primarily attributable to the continued growth of our fleet.

Selling, general, and administrative expenses

We recorded selling, general, and administrative expenses of \$97.4 million for the year ended December 31, 2018 compared to \$91.3 million for the year ended December 31, 2017. Selling, general, and administrative expense as a percentage of total revenue decreased to 5.8% for the year ended December 31, 2018 compared to 6.0% for the year ended December 31, 2017. As we continue to add new aircraft to our portfolio, we expect over the long-term, selling, general, and administrative expense to continue to decrease as a percentage of our revenue.

Taxes

For the year ended December 31, 2018, we reported an effective tax rate of 20.2%, compared to -24.0% for the year ended December 31, 2017. The change in effective tax rate is primarily due to the impact of the Tax Reform Act. For the year ended December 31, 2017, we recorded an estimated net tax benefit of \$354.1 million resulting from the re-measurement of our U.S. deferred tax liabilities at the new statutory rate of 21%, partially offset by other impacts of the Tax Reform Act.

Net income available to common stockholders

For the year ended December 31, 2018, we reported consolidated net income available to common stockholders of \$510.8 million, or \$4.60 per diluted share, compared to a consolidated net income available to common stockholders

of \$756.2 million, or \$6.82 per diluted share, for the year ended December 31, 2017. The decrease was primarily due to the enactment of the U.S. Tax Cuts and Jobs Act (the "Tax Reform Act"), which was effective beginning January 1, 2018, which resulted in a tax benefit of \$354.1 million, or \$3.17 per diluted share. This decrease was partially offset by the continued growth in our fleet.

Adjusted net income before income taxes

For the year ended December 31, 2018, we recorded adjusted net income before income taxes of \$690.3 million, or \$6.20 per diluted share, compared to an adjusted net income before income taxes of \$657.8 million, or \$5.94 per diluted share, for the year ended December 31, 2017. Our adjusted net income before taxes increased due to the continued growth of our fleet, partially offset by a reduction of our aircraft sales and trading activity.

Adjusted net income before income taxes is a measure of financial and operational performance that is not defined by GAAP. See Note 3 in "Item 6. Selected Financial Data" of this Annual Report on Form 10-K for a discussion of adjusted net income before income taxes as a non-GAAP measure and a reconciliation of this measure to net income.

Contractual Obligations

Our contractual obligations as of December 31, 2019 are as follows:

	2020	2021	2022	2023	2024	Thereafter	Total
	(in thousands)						
Long-term debt obligations	\$ 1,405,118	\$ 1,998,888	\$ 2,711,600	\$ 2,510,749	\$ 1,558,029	\$ 3,536,911	\$ 13,721,295
Interest payments on debt outstanding ⁽¹⁾	446,189	393,398	331,902	250,959	173,618	331,008	1,927,074
Purchase commitments ⁽²⁾	3,883,733	6,083,797	6,422,783	5,344,481	3,257,547	2,428,668	27,421,009
Operating leases	6,892	7,063	6,512	6,390	4,547	33,054	64,458
Total	\$ 5,741,932	\$ 8,483,146	\$ 9,472,797	\$ 8,112,579	\$ 4,993,741	\$ 6,329,641	\$ 43,133,836

(1) Future interest payments on floating rate debt are estimated using floating rates in effect at December 31, 2019.

(2) Purchase commitments include only the costs of aircraft in our committed order book 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.

The above table does not include any dividends we may pay on our Series A 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 or trusts for the purpose of leasing aircraft or facilitating borrowing arrangements 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

We believe the following critical accounting policies can have a significant impact on our results of operations, financial position, and financial statement disclosures, and may require subjective and complex estimates and judgments.

Lease revenue

We lease flight equipment principally under operating leases and report rental income ratably over the life of each lease. Rentals received, but unearned, under the lease agreements are recorded in Rentals received in advance on our Consolidated Balance Sheets until earned. The difference between the rental income recorded and the cash received under the provisions of the lease is included in Lease receivables, as a component of Other assets on our Consolidated Balance Sheets. An allowance for doubtful accounts will be recognized for past-due rentals based on management's assessment of collectability. Our management team monitors all lessees with past due lease payments (if any) and discusses relevant operational and financial issues facing those lessees with our marketing executives in order to determine an appropriate allowance for doubtful accounts. In addition, if collection is not reasonably assured, we will not recognize rental income for amounts due under the applicable lease contracts and will recognize revenue for such lessees on a cash basis. Should a lessee's credit quality deteriorate, we may be required to record an allowance for doubtful accounts and/or stop recognizing revenue until cash is received.

Our aircraft lease agreements typically contain provisions which require the lessee to make additional contingent rental payments based on either the usage of the aircraft, measured on the basis of hours or cycles flown per month (a cycle is one take-off and landing), or calendar-based time ("Maintenance Reserves"). These payments represent contributions to the cost of major future maintenance events ("Qualifying Events") associated with the aircraft and typically cover major airframe structural checks, engine overhauls, the replacement of life limited parts contained in each engine, landing gear overhauls and overhauls of the auxiliary power unit. These Maintenance Reserves are generally collected monthly based on reports of usage by the lessee or collected as fixed monthly rates.

In accordance with our lease agreements, Maintenance Reserves are subject to reimbursement to the lessee upon the occurrence of a Qualifying Event. The reimbursable amount is capped by the amount of Maintenance Reserves payments we receive, net of previous reimbursements. We are only required to reimburse for Qualifying Events during the lease term. We are not required to reimburse for routine maintenance or additional maintenance costs incurred during a Qualifying Event. All amounts of Maintenance Reserves unclaimed by the lessee at the end of the lease term are retained by us.

We record as rental revenue the portion of Maintenance Reserves that we are virtually certain we will not reimburse to the lessee as a component of "Rental of flight equipment" in our Consolidated Statements of Income. Maintenance Reserves which we may be required to reimburse to the lessee are reflected in our overhaul reserve liability, as a component of "Security deposits and maintenance reserves on flight equipment leases" in our Consolidated Balance Sheets.

Estimating when we are virtually certain that Maintenance Reserves payments will not be reimbursed requires judgments to be made as to the timing and cost of future maintenance events. In order to determine virtual certainty with respect to this contingency, our Technical Asset Management department analyzes the terms of the lease, utilizes available cost estimates published by the equipment manufacturers, and thoroughly evaluates an airline's Maintenance Planning Document ("MPD"). The MPD describes the required inspections and the frequency of those inspections. Our Technical Asset Management department utilizes this information, combined with their cumulative industry experience, to determine when Qualifying Events are expected to occur for each relevant component of the aircraft, and translates this information into a determination of how much we will ultimately be required to reimburse to the lessee. We record the revenue from Maintenance Reserves as the aircraft is operated when we determine that a Qualifying Event will occur outside the non-cancellable lease term or after we have collected Maintenance Reserves equal to the amount that we expect to reimburse to the lessee as the aircraft is operated.

Should such estimates be inaccurate, we may be required to reverse revenue previously recognized. In addition, we will stop recognizing revenue from the Maintenance Reserves of a particular lease if we can no longer make accurate estimates with respect to such lease.

Any Maintenance Reserves or end of lease payments collected that were not reimbursed to the lessee during the term of the lease for a Qualifying Event are recognized as rental revenues at the end of the lease. Leases that contain provisions which require us to pay a portion of a lessee's costs associated with a Qualifying Event based on the usage of the aircraft and major life-limited components that were incurred prior to the current lease are recorded as lease incentives based on estimated payments we expect to pay the lessee. These lease incentives are amortized as a reduction of rental revenues over the term of the lease.

All of our lease agreements are triple net leases whereby the lessee is responsible for all taxes, insurance, and aircraft maintenance. In the future, we may incur repair and maintenance expenses for off-lease aircraft. We recognize all such expenditures as Selling, general, and administrative expenses in our Consolidated Statements of Income.

Lessee-specific modifications such as those related to modifications of the aircraft cabin are expected to be capitalized as initial direct costs and amortized over the term of the lease into rental revenue in our Consolidated Statements of Income.

Flight equipment

Flight equipment under operating lease is stated at cost less accumulated depreciation. Purchases, major additions and modifications, and interest on deposits during the construction phase are capitalized. We generally depreciate passenger aircraft on a straight-line basis over a 25-year life from the date of manufacture to a 15% residual value. Changes in the assumption of useful lives or residual values for aircraft could have a significant impact on our results of operations and financial condition. At the time flight equipment is retired or sold, the cost and accumulated depreciation are removed from the related accounts and the difference, net of proceeds, is recorded as a gain or loss.

Major aircraft improvements and modifications incurred during an off-lease period are capitalized and depreciated over the remaining life of the flight equipment. In addition, costs paid by us for scheduled maintenance and overhauls are capitalized and depreciated over a period to the next scheduled maintenance or overhaul event. Miscellaneous repairs are expensed when incurred.

Our management team evaluates on a quarterly basis the need to perform an impairment test whenever facts or circumstances indicate a potential impairment has occurred. An assessment is performed whenever events or changes in circumstances indicate that the carrying amount of an aircraft may not be recoverable. Recoverability of an aircraft's carrying amount is measured by comparing the carrying amount of the aircraft to future undiscounted net cash flows expected to be generated by the aircraft. The undiscounted cash flows consist of cash flows from currently contracted leases, future projected lease rates, and estimated residual or scrap values for each aircraft. We develop assumptions used in the recoverability analysis based on our knowledge of active lease contracts, current and future expectations of the global demand for a particular aircraft type, and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources. The factors considered in estimating the undiscounted cash flows are affected by changes in future periods due to changes in contracted lease rates, economic conditions, technology, and airline demand for a particular aircraft type. In the event that an aircraft does not meet the recoverability test and the aircraft's carrying amount falls below estimated values from third-party industry sources, the aircraft will be recorded at fair value in accordance with our Fair Value Policy, resulting in an impairment charge. Deterioration of future lease rates and the residual values of our aircraft could result in impairment charges which could have a significant impact on our results of operations and financial condition.

We record flight equipment at fair value if we determine the carrying value may not be recoverable. We principally use the income approach to measure the fair value of aircraft. The income approach is based on the present value of cash flows from contractual lease agreements and projected future lease payments, including contingent rentals, net of expenses, which extend to the end of the aircraft's economic life in its highest and best use configuration, as well as a disposition value based on expectations of market participants. These valuations are considered Level 3 valuations,

as the valuations contain significant non-observable inputs.

ITEM 7A. 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 December 31, 2019 and 2018, we had \$1.6 billion in floating-rate debt. 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 rate were to increase by 1.0%, we would expect to incur additional interest expense on our existing indebtedness as of December 31, 2019 and December 31, 2018 of approximately \$15.9 million on an annualized basis, which would put downward pressure on our operating margins. As noted above, we also have risk related to the impact of the transition from LIBOR. See section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Debt—Potential Impact of LIBOR Transition.”

We also have interest rate risk on our forward lease placements. This is caused by us setting a fixed lease rate at the time the lease is executed, which is generally in advance of the delivery date of the aircraft subject to such lease. 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

The Company attempts 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. As of December 31, 2019 and 2018, approximately 0.7% of our lease revenues were denominated in foreign currency. 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 10 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional details on the fair value of the swap.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Air Lease Corporation
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Air Lease Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Air Lease Corporation and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 14, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the carrying value of flight equipment subject to operating leases

As discussed in Note 1 to the consolidated financial statements, the net book value of flight equipment subject to operating leases as of December 31, 2019 was \$18.7 billion, which included 292 aircraft. The Company's assessment of the carrying value of flight equipment is performed on an aircraft by aircraft basis, and is measured by comparing the carrying amount of the individual aircraft to the future undiscounted cash flows expected to be generated by that aircraft. The future undiscounted cash flows consist of cash flows from currently contracted leases, future projected leases, and estimated residual values for each aircraft. The Company develops assumptions used in the recoverability analysis based on the knowledge of active lease contracts, current and future expectations of the global demand for a specific aircraft type, and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources.

We identified the assessment of the carrying value of flight equipment subject to operating leases as a critical audit matter due to the level of auditor judgment required in assessing the Company's future undiscounted cash flows. Specifically, the cash flows from future projected leases and estimated residual values for each aircraft used to calculate the undiscounted cash flows were challenging to audit as changes to those assumptions had an effect on the Company's projected future undiscounted cash flows of the flight equipment subject to operating leases.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's flight equipment subject to operating leases impairment assessment process, including controls related to the assumptions used to determine the cash flows from future projected leases, and estimated residual values for each aircraft. We recalculated the future undiscounted cash flows for each of the Company's aircraft using a combination of executed third-party lease contracts, internal data and other relevant and reliable third-party data. We evaluated the Company's future projected leases by comparing the cash flows from future projected leases for a specific aircraft type to actual leases currently obtained for that aircraft type. We compared the Company's historical projected leases to actual results to assess the Company's ability to accurately project. We recalculated the estimated residual value for each aircraft based on the Company's useful life and residual value assumption. We assessed the Company's useful life and residual value assumptions by comparing them to other industry participant assumptions used as disclosed in filed Form 10-K reports, and inspecting realized aircraft sales activity for indicators of impairment. We developed an estimate of undiscounted cash flow using independently developed future projected leases, and compared the results of our estimate of undiscounted cash flow to the Company's undiscounted cash flow estimate.

/s/ KPMG LLP

We have served as the Company's auditor since 2010.

Los Angeles, California
February 14, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Air Lease Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Air Lease Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 14, 2020 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Los Angeles, California
February 14, 2020

Air Lease Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 2019	December 31, 2018
	(in thousands, except share and par value amounts)	
Assets		
Cash and cash equivalents	\$ 317,488	\$ 300,127
Restricted cash	20,573	22,871
Flight equipment subject to operating leases	21,286,154	17,985,324
Less accumulated depreciation	(2,581,817)	(2,278,214)
	18,704,337	15,707,110
Deposits on flight equipment purchases	1,564,188	1,809,260
Other assets	1,102,569	642,440
Total assets	\$ 21,709,155	\$ 18,481,808
Liabilities and Shareholders' Equity		
Accrued interest and other payables	\$ 516,497	\$ 382,132
Debt financing, net of discounts and issuance costs	13,578,866	11,538,905
Security deposits and maintenance reserves on flight equipment leases	1,097,061	990,578
Rentals received in advance	143,692	119,526
Deferred tax liability	749,495	643,767
Total liabilities	\$ 16,085,611	\$ 13,674,908
Shareholders' Equity		
Preferred Stock, \$0.01 par value; 50,000,000 shares authorized; 10,000,000 shares of 6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A (aggregate liquidation preference of \$250,000) issued and outstanding at December 31, 2019 and no shares issued or outstanding at December 31, 2018	100	—
Class A common stock, \$0.01 par value; 500,000,000 shares authorized; 113,350,267 and 110,949,850 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	1,134	1,110
Class B Non-Voting common stock, \$0.01 par value; authorized 10,000,000 shares; no shares issued or outstanding	—	—
Paid-in capital	2,777,601	2,474,238
Retained earnings	2,846,106	2,331,552
Accumulated other comprehensive loss	(1,397)	—
Total shareholders' equity	\$ 5,623,544	\$ 4,806,900
Total liabilities and shareholders' equity	\$ 21,709,155	\$ 18,481,808

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
	(in thousands, except share and per share amounts)		
Revenues			
Rental of flight equipment	\$ 1,916,869	\$ 1,631,200	\$ 1,450,735
Aircraft sales, trading, and other	100,035	48,502	65,645
Total revenues	2,016,904	1,679,702	1,516,380
Expenses			
Interest	397,320	310,026	257,917
Amortization of debt discounts and issuance costs	36,691	32,706	29,454
Interest expense	434,011	342,732	287,371
Depreciation of flight equipment	702,810	581,985	508,352
Selling, general, and administrative	123,653	97,369	91,323
Stock-based compensation	20,745	17,478	19,804
Total expenses	1,281,219	1,039,564	906,850
Income before taxes	735,685	640,138	609,530
Income tax (expense)/benefit	(148,564)	(129,303)	146,622
Net income	587,121	510,835	756,152
Preferred stock dividends	(11,958)	—	—
Net income available to common stockholders	\$ 575,163	\$ 510,835	\$ 756,152
Other Comprehensive Loss:			
Change in foreign currency translation adjustment	(7,191)	—	—
Change from current period hedged transaction	5,441	—	—
Total tax benefit on other comprehensive loss	353	—	—
Other Comprehensive (loss)/income available for common stockholders, net of tax	(1,397)	—	—
Total comprehensive income available for common stockholders	\$ 573,766	\$ 510,835	\$ 756,152
Earnings per share of common stock:			
Basic	\$ 5.14	\$ 4.88	\$ 7.33
Diluted	\$ 5.09	\$ 4.60	\$ 6.82
Weighted-average shares of common stock outstanding			
Basic	111,895,433	104,716,301	103,189,175
Diluted	113,086,323	112,363,331	111,657,564
Dividends declared per share	\$ 0.54	\$ 0.43	\$ 0.325

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Preferred Stock		Class A Common Stock		Class B Non- Voting Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
	(in thousands, except share and per share amounts)									
Balance at December 31, 2016	—	\$ —	102,844,477	\$ 1,010	—	\$ —	\$ 2,237,866	\$ 1,143,311	\$ —	\$ 3,382,187
Cumulative effect adjustment upon adoption of ASU 2016-09	—	—	—	—	—	—	—	458	—	458
Issuance of common stock upon exercise of options and warrants, vesting of restricted stock units and convertible debt conversion	—	—	942,088	26	—	—	9,320	—	—	9,346
Stock-based compensation expense	—	—	—	—	—	—	19,804	—	—	19,804
Cash dividends (declared \$0.325 per share)	—	—	—	—	—	—	—	(33,579)	—	(33,579)
Tax withholdings on stock based compensation	—	—	(164,936)	—	—	—	(6,926)	—	—	(6,926)
Net income	—	—	—	—	—	—	—	756,152	—	756,152
Balance at December 31, 2017	—	\$ —	103,621,629	\$ 1,036	—	\$ —	\$ 2,260,064	\$ 1,866,342	\$ —	\$ 4,127,442
Issuance of common stock upon exercise of options, vesting of restricted stock units and convertible debt conversion	—	—	7,497,770	75	—	—	204,244	—	—	204,319
Stock-based compensation expense	—	—	—	—	—	—	17,478	—	—	17,478
Cash dividends (declared \$0.43 per share)	—	—	—	—	—	—	—	(45,625)	—	(45,625)
Tax withholdings on stock based compensation	—	—	(169,549)	(1)	—	—	(7,548)	—	—	(7,549)
Net income	—	—	—	—	—	—	—	510,835	—	510,835
Balance at December 31, 2018	—	\$ —	110,949,850	\$ 1,110	—	\$ —	\$ 2,474,238	\$ 2,331,552	\$ —	\$ 4,806,900
Issuance of common stock upon exercise of options, vesting of restricted stock units and convertible debt conversion	—	—	2,511,873	25	—	—	44,860	—	—	44,885
Issuance of preferred stock	10,000,000	100	—	—	—	—	242,030	—	—	242,130
Stock-based compensation expense	—	—	—	—	—	—	20,745	—	—	20,745
Cash dividends (declared \$0.54 per share)	—	—	—	—	—	—	—	(60,609)	—	(60,609)
Preferred dividends	—	—	—	—	—	—	—	(11,958)	—	(11,958)
Change in foreign currency translation adjustment and from current period hedged transactions	—	—	—	—	—	—	—	—	(1,397)	(1,397)
Tax withholdings on stock based compensation	—	—	(111,456)	(1)	—	—	(4,272)	—	—	(4,273)
Net income	—	—	—	—	—	—	—	587,121	—	587,121
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

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
	(in thousands)		
Operating Activities			
Net income	\$ 587,121	\$ 510,835	\$ 756,152
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of flight equipment	702,810	581,985	508,352
Stock-based compensation	20,745	17,478	19,804
Deferred taxes	92,049	129,303	(146,622)
Amortization of prepaid lease costs	32,849	24,579	19,265
Amortization of discounts and debt issuance costs	36,691	32,706	29,454
Gain on aircraft sales, trading and other activity	(81,994)	(34,442)	(74,337)
Changes in operating assets and liabilities:			
Other assets	(161,302)	(74,223)	(108,623)
Accrued interest and other payables	139,337	51,175	50,832
Rentals received in advance	24,166	14,705	5,436
Net cash provided by operating activities	1,392,472	1,254,101	1,059,713
Investing Activities			
Acquisition of flight equipment under operating lease	(3,663,605)	(2,512,582)	(1,972,009)
Payments for deposits on flight equipment purchases	(884,459)	(976,101)	(773,981)
Proceeds from aircraft sales, trading and other activity	995,345	391,372	779,489
Acquisition of aircraft furnishings, equipment and other assets	(291,258)	(287,509)	(177,450)
Net cash used in investing activities	(3,843,977)	(3,384,820)	(2,143,951)
Financing Activities			
Issuance of common stock upon exercise of options and warrants	44,885	4,826	9,264
Issuance of preferred stock	242,130	—	—
Cash dividends paid on Class A common stock	(58,026)	(41,563)	(30,933)
Preferred dividends paid	(11,958)	—	—
Tax withholdings on stock-based compensation	(4,272)	(7,548)	(6,926)
Net change in unsecured revolving facilities	(582,000)	(245,000)	81,000
Proceeds from debt financings	3,567,728	3,533,885	2,183,824
Payments in reduction of debt financings	(978,369)	(1,270,505)	(1,303,499)
Debt issuance costs	(11,280)	(11,475)	(5,855)
Security deposits and maintenance reserve receipts	310,220	242,524	226,064
Security deposits and maintenance reserve disbursements	(52,490)	(59,709)	(51,221)
Net cash provided by financing activities	2,466,568	2,145,435	1,101,718
Net increase in cash	15,063	14,716	17,480
Cash, cash equivalents and restricted cash at beginning of period	322,998	308,282	290,802
Cash, cash equivalents and restricted cash at end of period	\$ 338,061	\$ 322,998	\$ 308,282
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for interest, including capitalized interest of \$59,358, \$52,817 and \$46,049 at December 31, 2019, 2018 and 2017, respectively	\$ 442,132	\$ 332,426	\$ 301,741
Cash paid for income taxes	\$ 16,657	\$ 4,264	\$ 5,497
Supplemental Disclosure of Noncash Activities			
Buyer furnished equipment, capitalized interest, deposits on flight equipment purchases and seller financing applied to acquisition of flight equipment and other assets applied to payments for deposits on flight equipment purchases	\$ 1,399,136	\$ 912,075	\$ 644,206
Cash dividends declared, not yet paid	17,003	14,421	10,359

(See Notes to Consolidated Financial Statements)

Air Lease Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Organization

Air Lease Corporation 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 transport aircraft directly from the manufacturers, such as Boeing and Airbus. We lease these aircraft to airlines throughout the world to generate attractive returns on equity. As of December 31, 2019, we owned a fleet of 292 aircraft and had 413 aircraft on order and 70 aircraft purchase options with the manufacturers. In addition to our leasing activities, we sell aircraft from our fleet to 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.

Principles of consolidation

The Company consolidates financial statements of all entities in which we have a controlling financial interest, including the account of any Variable Interest Entity in which we have a controlling financial interest and for which we are the primary beneficiary. All material intercompany balances are eliminated in consolidation.

Rental of flight equipment

The Company leases flight equipment principally under operating leases and reports rental income ratably over the life of each lease. Rentals received, but unearned, under the lease agreements are recorded in Rentals received in advance on the Company's Consolidated Balance Sheets until earned. The difference between the rental income recorded and the cash received under the provisions of the lease is included in Lease receivables, as a component of Other assets on the Company's Consolidated Balance Sheets. An allowance for doubtful accounts will be recognized for past-due rentals based on management's assessment of collectability. Management monitors all lessees with past due lease payments and discuss relevant operational and financial issues facing those lessees in order to determine an appropriate allowance for doubtful accounts. 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.

All of the Company's lease agreements are triple net leases whereby the lessee is responsible for all taxes, insurance, and aircraft maintenance. In the future, we may incur repair and maintenance expenses for off-lease aircraft. We recognize repair and maintenance expense in our Consolidated Statements of Income for all such expenditures. In many operating lease contracts, the lessee is obligated to make periodic payments, which are calculated with reference to the utilization of the airframe, engines, and other major life-limited components during the lease. In these leases, we will make a payment to the lessee to compensate the lessee for the cost of the Qualifying Event incurred, up to the maximum of the amount of Maintenance Reserves payment made by the lessee during the lease term, net of previous reimbursements. These payments are made upon the lessee's presentation of invoices evidencing the completion of such Qualifying Event. The Company records as Rental of flight equipment revenue, the portion of Maintenance Reserves that is virtually certain will not be reimbursed to the lessee. Maintenance Reserves payments which we may be required to reimburse to the lessee are reflected in our overhaul reserve liability, as a component of Security deposits and overhaul reserves on flight equipment leases in our Consolidated Balance Sheets.

Any Maintenance Reserves or end of lease payments collected that were not reimbursed to the lessee during the term of the lease for a Qualifying Event are recognized as rental revenues at the end of the lease. Leases that contain provisions which require us to pay a portion of a lessee's major maintenance based on the usage of the aircraft and major life-limited components that were incurred prior to the current lease are recorded as lease incentives based on estimated payments we expect to pay the lessee. These lease incentives are amortized as a reduction of rental revenues over the term of the lease.

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

Lessee-specific modifications are capitalized as initial direct costs and amortized over the term of the lease into rental revenue in our Consolidated Statements of Income.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09 (“ASU 2014-09”), “Revenue from Contracts with Customers (Topic 606).” The amendments in ASU 2014-9 supersede current revenue recognition requirements. The guidance specifically notes that lease contracts are a scope exception. ASU 2014-09 requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Further, the guidance requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Effective January 1, 2018, the Company adopted ASU 2014-09 Revenue from Contracts with Customers (Topic 606) using the modified retrospective approach. Adopting this standard did not have a material impact to our consolidated financial statements and related disclosures. As the standard did not apply to lease contracts within the scope of FASB Accounting Standard Codification (“ASC”) 840 Leases, we evaluated the recognition of gains on sale of flight equipment under the scope of the new standard. Under ASU 2014-09, a performance obligation is satisfied, and the related revenue recognized when control of the underlying goods or services related to the performance obligation is transferred to the customer. Our performance obligation associated with the sale of flight equipment is satisfied upon delivery of the flight equipment to a customer, which is the point in time where control of the underlying flight equipment has transferred to the buyer. At the time flight equipment is retired or sold, the cost and accumulated depreciation are removed from the related accounts and the difference, net of transaction price, is recorded as a gain or loss. Since there was no net income impact upon adoption of the new guidance, a cumulative effect adjustment to opening retained earnings was not deemed necessary.

Initial direct costs

The Company records as period costs those internal and other costs incurred in connection with identifying, negotiating, and delivering aircraft to the Company’s lessees. Amounts paid by us to lessees and/or other parties in connection with originating lease transactions are capitalized as lease incentives and are amortized over the lease term. Additionally, regarding the extension of leases that contain maintenance reserve provisions, the Company considers maintenance reserves that were previously recorded as revenue and no longer meet the virtual certainty criteria as a function of the extended lease term as lease incentives and capitalizes such reserves. The amortization of lease incentives are recorded as a reduction of lease revenue in the Consolidated Statements of Income.

Cash, cash equivalents and restricted cash

The Company considers cash and cash equivalents to be cash on hand and highly liquid investments with original maturity dates of 90 days or less. Restricted cash consists of pledged security deposits, maintenance reserves, and rental payments related to secured aircraft financing arrangements.

The following table reconciles cash, cash equivalents and restricted cash reported in our Consolidated Balance Sheets to the total amount presented in our consolidated statement of cash flows (in thousands):

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 317,488	\$ 300,127
Restricted cash	20,573	22,871
Total cash, cash equivalents and restricted cash in the consolidated statements of cash flows	<u>\$ 338,061</u>	<u>\$ 322,998</u>

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Flight equipment

Flight equipment under operating lease is stated at cost less accumulated depreciation. Purchases, major additions and modifications, and interest on deposits during the construction phase are capitalized. The Company generally depreciates passenger aircraft on a straight-line basis over a 25-year life from the date of manufacture to a 15% residual value. Changes in the assumption of useful lives or residual values for aircraft could have a significant impact on the Company's results of operations and financial condition.

Major aircraft improvements and modifications incurred during an off-lease period are capitalized and depreciated over the remaining life of the flight equipment. In addition, costs paid by us for scheduled maintenance and overhauls are capitalized and depreciated over a period to the next scheduled maintenance or overhaul event. Miscellaneous repairs are expensed when incurred.

Management evaluates on a quarterly basis the need to perform an impairment test whenever facts or circumstances indicate a potential impairment has occurred. An assessment is performed whenever events or changes in circumstances indicate that the carrying amount of an aircraft may not be recoverable. Recoverability of an aircraft's carrying amount is measured by comparing the carrying amount of the aircraft to future undiscounted net cash flows expected to be generated by the aircraft. The undiscounted cash flows consist of cash flows from currently contracted leases, future projected lease rates, and estimated residual or scrap values for each aircraft. We develop assumptions used in the recoverability analysis based on our knowledge of active lease contracts, current and future expectations of the global demand for a particular aircraft type, and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources. The factors considered in estimating the undiscounted cash flows are affected by changes in future periods due to changes in contracted lease rates, economic conditions, technology, and airline demand for a particular aircraft type. In the event that an aircraft does not meet the recoverability test and the aircraft's carrying amount falls below estimated values from third-party industry sources, the aircraft will be recorded at fair value in accordance with the Company's Fair Value Policy, resulting in an impairment charge. Our Fair Value Policy is described below under "Fair Value Measurements".

Maintenance Rights

The Company identifies, measures, and accounts for maintenance right assets and liabilities associated with its acquisitions of aircraft with in-place leases. A maintenance right asset represents the fair value of the Company's contractual right under a lease to receive an aircraft in an improved maintenance condition as compared to the maintenance condition on the acquisition date. A maintenance right liability represents the Company's obligation to pay the lessee for the difference between the lease end contractual maintenance condition of the aircraft and the actual maintenance condition of the aircraft on the acquisition date.

The Company's aircraft are typically subject to triple-net leases pursuant to which the lessee is responsible for maintenance, which is accomplished through one of two types of provisions in its leases: (i) end of lease return conditions ("EOL Leases") or (ii) periodic maintenance payments ("MR Leases").

(i) EOL Leases

Under EOL Leases, the lessee is obligated to comply with certain return conditions which require the lessee to perform maintenance on the aircraft or make cash compensation payments at the end of the lease to bring the aircraft into a specified maintenance condition.

Maintenance right assets in EOL Leases represent the difference in value between the contractual right to receive an aircraft in an improved maintenance condition as compared to the maintenance condition on the acquisition date. Maintenance right liabilities exist in EOL Leases if, on the acquisition date, the maintenance condition of the

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

aircraft is greater than the contractual return condition in the lease and the Company is required to pay the lessee in cash for the improved maintenance condition. Maintenance right assets, net of accumulated amortization, are recorded as a component of Flight equipment subject to operating leases on the Consolidated Balance Sheets.

When the Company has recorded maintenance right assets with respect to EOL Leases, the following accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Company by the lessee, the maintenance right asset is relieved, and an aircraft improvement is recorded to the extent the improvement is substantiated and deemed to meet the Company's capitalization policy; (ii) the lessee pays the Company cash compensation at lease expiry in excess of the value of the maintenance right asset, the maintenance right asset is relieved, and any excess is recognized as end of lease income; or (iii) the lessee pays the Company cash compensation at lease expiry that is less than the value of the maintenance right asset, the cash is applied to the maintenance right asset, and the balance of such asset is relieved and recorded as an aircraft improvement to the extent the improvement is substantiated and meets the Company's capitalization policy. Any aircraft improvement will be depreciated over a period to the next scheduled maintenance event in accordance with the Company's policy with respect to major maintenance and included in Depreciation of flight equipment on the Company's Consolidated Statements of Income.

When the Company has recorded maintenance right liabilities with respect to EOL Leases, the following accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment by the Company to the lessee, the maintenance right liability is relieved, and end of lease income is recognized; (ii) the Company pays the lessee cash compensation at lease expiry of less than the value of the maintenance right liability, the maintenance right liability is relieved, and any difference is recognized as end of lease income; or (iii) the Company pays the lessee cash compensation at lease expiry in excess of the value of the maintenance right liability, the maintenance right liability is relieved, and the excess amount is recorded as an aircraft improvement to the extent that it meets our capitalization policy.

(ii) MR Leases

Under MR Leases, the lessee is required to make periodic payments to us for maintenance based upon planned usage of the aircraft. When a Qualifying Event occurs during the lease term, the Company is required to reimburse the lessee for the costs associated with such an event. At the end of lease, the Company is entitled to retain any cash receipts in excess of the required reimbursements to the lessee.

Maintenance right assets in MR Leases represent the right to receive an aircraft in an improved condition relative to the actual condition on the acquisition date. The aircraft is improved by the performance of a Qualifying Event paid for by the lessee who is reimbursed by the Company from the periodic maintenance payments that it receives. Maintenance right assets, net of accumulated amortization, are recorded as a component of Flight equipment subject to operating leases on the Consolidated Balance Sheets.

When the Company has recorded maintenance right assets with respect to MR Leases, the following accounting scenarios exist: (i) the aircraft is returned at lease expiry and no Qualifying Event has been performed by the lessee since the acquisition date, the maintenance right asset is offset by the amount of the associated maintenance payment liability, and any excess is recorded as end of lease income; or (ii) the Company has reimbursed the lessee for the performance of a Qualifying Event, the maintenance right asset is relieved, and an aircraft improvement is recorded to the extent of that it meets our capitalization policy.

There are no maintenance right liabilities for MR Leases.

When flight equipment is sold, maintenance rights are included in the calculation of the disposition gain or loss.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2019, the Company purchased two aircraft in the secondary market, none of which were subject to existing leases. For the year ended December 31, 2018, the Company purchased nine aircraft in the secondary market, two of which were subject to existing leases. The total cost for the two aircraft was \$73.3 million, which included maintenance right assets of \$13.2 million. As of December 31, 2019 and 2018, the Company had maintenance right assets, net of accumulated amortization of \$37.2 million and \$46.4 million, respectively. Maintenance right assets are included under Flight equipment subject to operating leases in our Consolidated Balance Sheets.

Flight equipment held for sale

Management evaluates all contemplated aircraft sale transactions to determine whether all the required criteria have been met under Generally Accepted Accounting Principles (“GAAP”) to classify aircraft as flight equipment held for sale. Management uses judgment in evaluating these criteria. Due to the significant uncertainties of potential sale transactions, the held for sale criteria generally will not be met unless the aircraft is subject to a signed sale agreement, or management has made a specific determination and obtained appropriate approvals to sell a particular aircraft or group of aircraft. Aircraft classified as flight equipment held for sale are recognized at the lower of their carrying amount or estimated fair value less estimated costs to sell. At the time aircraft are classified as flight equipment held for sale, depreciation expense is no longer recognized. Flight equipment held for sale are included under Other assets on the Consolidated Balance Sheet as of December 31, 2019. Flight equipment held for sale are included under Flight equipment subject to operating leases on the Consolidated Balance Sheet as of December 31, 2018.

Capitalized interest

The Company may borrow funds to finance deposits on new flight equipment purchases. The Company capitalizes interest expense on such borrowings. The capitalized amount is calculated using our composite borrowing rate and is recorded as an increase to the cost of the flight equipment on our Consolidated Balance Sheets at the time of purchase.

Fair value measurements

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures the fair value of certain assets on a non-recurring basis, principally our flight equipment, when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable.

The Company records flight equipment at fair value when we determine the carrying value may not be recoverable. The Company principally uses the income approach to measure the fair value of flight equipment. The income approach is based on the present value of cash flows from contractual lease agreements and projected future lease payments, including contingent rentals, net of expenses, which extend to the end of the aircraft’s economic life in its highest and best use configuration, as well as a disposition value based on expectations of market participants. These valuations are considered Level 3 valuations, as the valuations contain significant non-observable inputs.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of “temporary differences” by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on deferred taxes of a change in the tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance for deferred tax assets when the probability of realization of the full value of the asset is less than 50%. The Company recognizes the impact of a tax position, if that position is more than 50% likely to be sustained on audit, based on the technical merits of the position.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company recognizes interest and penalties for uncertain tax positions in income tax expense.

Deferred costs

The Company incurs debt issuance costs in connection with debt financings. Those costs are deferred and amortized over the life of the specific loan using the effective interest method and charged to interest expense. The Company also incurs costs in connection with equity offerings. Such costs are deferred until the equity offering is completed and either netted against the equity raised, or expensed if the equity offering is abandoned.

Aircraft under management

We manage aircraft on behalf of two investment funds, Blackbird Capital I, LLC (“Blackbird I”) and Blackbird Capital II, LLC (“Blackbird II”). We own non-controlling interests in each fund representing 9.5% of the equity of each fund. These investments are accounted for using the equity method of accounting due to our level of influence and involvement. The investments are recorded at the amount invested net of our 9.5% share of net income or loss, less any distributions or return of capital received from the entities.

Also, we manage aircraft that we have sold through our Thunderbolt platform. Our Thunderbolt platform facilitates the sale of mid-life aircraft to investors while allowing to continue the management of these aircraft for a fee. In connection with the sale of aircraft portfolios through our Thunderbolt platform, we have non-controlling interests of approximately 5.0% in two entities. These investments are accounted for using the cost method of accounting and are recorded at the amount invested less any return of capital received from the respective entity.

Stock-based compensation

Stock-based compensation cost is measured at the grant date based on the fair value of the award. Stock-based compensation expense is recognized over the requisite service periods of the awards on a straight-line basis.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently adopted accounting standards

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02 (“ASU 2016-02”), “Leases (Topic 842).” The amendments in ASU 2016-02 set out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. Subsequently, the FASB issued additional ASUs that further clarified ASU 2016-02. The Company adopted the amendments to Accounting Standards Codification (“ASC”) 842 on January 1, 2019 using the Effective Date Method. As a result, the Company continues to disclose comparative reporting periods under the previous accounting guidance, ASC 840. Based on our evaluation of the guidance, the Company noted that lessor accounting is similar to the current model, but the guidance impacted us in scenarios where we are the lessee.

For scenarios where we are the lessee, the Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) lease assets under Other assets, and long-term lease obligations

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

under Accrued interest & other payables on the Company's Consolidated Balance Sheets. ROU lease assets represent the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company elected to exclude recognition of leases with a term of 12 months or less (short-term leases) from the Consolidated Balance Sheets.

As of January 1, 2019, the Company recognized operating ROU lease assets and obligations in the amounts of \$44.6 million and \$51.2 million, respectively, on its Consolidated Balance Sheets. The adoption of this standard did not have a material impact on the Company's Consolidated Financial Statements.

Recently issued accounting pronouncements

In July 2019, the FASB issued ASU No. 2019-07 ("ASU 2019-07"), Codification Updates to SEC Sections. This ASU amends various Securities and Exchange Commission ("SEC") paragraphs pursuant to the issuance of SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification. One of the changes in the ASU requires a presentation of changes in stockholders' equity in the form of a reconciliation, either as a separate financial statement or in the notes to the financial statements, for the current and comparative year-to-date interim periods. The Company presented changes in stockholders' equity as separate financial statements for the current and comparative year-to-date interim periods beginning on January 1, 2019. The additional elements of the ASU did not have a material impact on the Company's Consolidated Financial Statements. This guidance was effective immediately upon issuance.

In January 2020, the FASB issued ASU No. 2020-01 ("ASU 2020-01"), Accounting for Certain Equity Method Investments. The new guidance addresses accounting for the transition into and out of equity method and measuring certain purchased option and forward contracts to acquire investments. ASU 2020-01 is effective for fiscal years beginning after December 15, 2020. We are currently evaluating the impact of the provisions of ASU 2020-01 on the Company's Consolidated Financial Statements.

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

Note 2. Debt Financing

The Company's consolidated debt as of December 31, 2019 and 2018 is summarized below:

	December 31, 2019	December 31, 2018
	(in thousands)	
Unsecured		
Senior notes	\$ 12,357,811	\$ 10,043,445
Term financings	883,050	607,340
Revolving credit facilities	20,000	602,000
Total unsecured debt financing	13,260,861	11,252,785
Secured		
Term financings	428,824	371,203
Export credit financing	31,610	38,265
Total secured debt financing	460,434	409,468
Total debt financing	13,721,295	11,662,253
Less: Debt discounts and issuance costs	(142,429)	(123,348)
Debt financing, net of discounts and issuance costs	\$ 13,578,866	\$ 11,538,905

At December 31, 2019, management of the Company believes it is in compliance in all material respects with the covenants in its debt agreements, including its financial covenants concerning debt-to-equity, tangible net equity, and interest coverage ratios.

The Company's secured obligations as of December 31, 2019 and 2018 are summarized below:

	December 31, 2019	December 31, 2018
	(in thousands, except for number of aircraft)	
Nonrecourse	\$ 128,460	\$ 167,245
Recourse	331,974	242,223
Total	\$ 460,434	\$ 409,468
Number of aircraft pledged as collateral	15	20
Net book value of aircraft pledged as collateral	\$ 890,693	\$ 1,132,111

Senior unsecured notes (including Medium-Term Note Program)

As of December 31, 2019, the Company had \$12.4 billion in aggregate principal amount of senior unsecured notes outstanding with remaining terms ranging from 0.04 years to 9.76 years and bearing interest at fixed rates ranging from 2.125% to 4.85% with two notes bearing interest at a floating rate of LIBOR plus 1.125% and a floating rate of three-month LIBOR plus 0.67%. As of December 31, 2018, the Company had \$10.0 billion in aggregate principal amount of senior unsecured notes outstanding bearing interest at fixed rates ranging from 2.125% to 7.375%.

During the year ended December 31, 2019, the Company issued \$2.85 billion in aggregate principal amount of U.S. dollar denominated senior unsecured notes comprised of (i) \$700.0 million in aggregate principal amount of 4.25% notes due 2024, (ii) \$750.0 million in aggregate principal amount of 3.75% notes due 2026, (iii) \$300.0 million in aggregate principal amount of floating rate notes due 2021 bearing interest at a floating rate of three-month LIBOR plus 0.67% (iv) \$600.0 million in aggregate principal amount of 2.25% notes due 2023 and (v) \$500.0 million in aggregate principal amount of 3.25% notes due 2029.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In December 2019, the Company issued Canadian dollar (“C\$”) denominated debt of C\$400.0 million in aggregate principal amount of 2.625% notes due 2024. The Company effectively hedged its 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. The swap has been designated as a cash flow hedge with changes in the fair value of the derivative recognized in other comprehensive loss/income. See Note 10. “Fair Value Measurements” for additional details on the fair value of the swap.

In January 2020, the Company issued \$1.4 billion in aggregate principal amount of U.S. dollar denominated senior unsecured notes comprised of (i) \$750.0 million in aggregate principal amount of 2.30% notes due 2025 and (ii) \$650.0 million in aggregate principal amount of 3.00% notes due 2030.

Unsecured term financings

From time to time, the Company enters into unsecured term facilities. During 2019, the Company entered into three unsecured term facilities aggregating \$205.0 million comprised of (i) a \$80.0 million term facility with a term of one year and bearing interest at a floating rate of LIBOR plus 1.00%; (ii) a \$75.0 million term facility with a term of three years and bearing interest at a floating rate of three-month LIBOR plus 1.00%; (iii) a \$50.0 million term facility with a term of one year and bearing interest at a floating rate of LIBOR plus 1.00%. During 2019, the Company also entered into agreements to increase (a) the Company's \$518.0 million term facility by \$82.0 million to an aggregate principal amount of \$600.0 million, with a term of four years and bearing interest at a floating rate of LIBOR plus 1.125% and (b) the Company's \$5.4 million term facility by \$19.6 million to an aggregate principal amount of \$25.0 million with the term of such facility extended four years and bearing interest at a fixed rate of 3.00%

The outstanding balance on the Company's unsecured term facilities as of December 31, 2019 was \$883.1 million, bearing interest at fixed rates ranging from 2.75% to 3.50% and five facilities bearing interest at floating rates ranging from LIBOR plus 0.95% to LIBOR plus 1.125%. As of December 31, 2019, the remaining maturities of all unsecured term facilities ranged from approximately 0.09 years to approximately 4.75 years. As of December 31, 2018, the outstanding balance on the Company's unsecured term facilities was \$607.3 million.

Unsecured revolving credit facilities

The total amount outstanding under the Company's unsecured revolving credit facility was \$20.0 million and \$602.0 million as of December 31, 2019 and 2018, respectively.

During the first four months of 2019, the Company increased the aggregate capacity of our unsecured revolving credit facility by \$310.0 million to \$4.9 billion.

In May 2019, the Company amended and extended our committed unsecured revolving credit facility whereby, among other things, the Company extended the final maturity date from May 5, 2022 to May 5, 2023 and, after giving effect to commitments that matured on May 5, 2019, increased the total revolving commitments to approximately \$5.8 billion, with a 0.20% facility fee and bearing interest at a floating rate of LIBOR plus 1.05% per year. On July 31, 2019, the Company executed a commitment increase to the unsecured revolving credit facility, which increased the aggregate facility capacity by an additional \$58.0 million. Lenders hold revolving commitments totaling approximately \$5.5 billion that mature on May 5, 2023, commitments totaling \$245.0 million that mature on May 5, 2022, commitments totaling \$5.0 million that mature on May 5, 2021, and commitments totaling \$92.7 million that mature on May 5, 2020.

During the year ended December 31, 2019, the Company entered into an uncommitted unsecured revolving credit facility with a total borrowing capacity of \$175.0 million and a maturity date of October 18, 2020, bearing interest at a rate of LIBOR plus 0.75%. As of December 31, 2019, there were no outstanding amounts related to the uncommitted unsecured revolving credit facility.

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

In January 2020, the Company entered into an agreement to increase our revolving unsecured bank commitments by \$125.0 million to approximately \$6.0 billion.

Secured term financings

The Company funds some aircraft purchases through secured term financings. The Company's various consolidated entities will borrow through secured bank facilities to purchase an aircraft. The aircraft are then leased by the Company's entities to airlines. The Company may guarantee the obligations of the entities under the loan agreements. The loans may be secured by a pledge of the shares of the entities, the aircraft, the lease receivables, security deposits, maintenance reserves, or a combination thereof.

As of December 31, 2019, the outstanding balance on the Company's secured term facilities was \$428.8 million and the Company had pledged 15 aircraft as collateral with a net book value of \$890.7 million. The outstanding balance under the Company's secured term facilities as of December 31, 2019 was comprised of a \$54.6 million fixed rate facility with an interest rate of 2.36% and \$374.3 million of floating rate debt with interest rates ranging from LIBOR plus 0.80% to LIBOR plus 2.50%. As of December 31, 2019, the remaining maturities of all secured term facilities ranged from approximately 0.07 years to approximately 9.84 years.

As of December 31, 2018, the outstanding balance on the Company's secured term facilities was \$371.2 million and the Company had pledged 18 aircraft as collateral with a net book value of \$1.1 billion. The outstanding balance under our secured term facilities as of December 31, 2018 was comprised of \$0.5 million fixed rate debt with an interest rate of 4.58% and \$370.7 million floating rate debt, with interest rates ranging from LIBOR plus 1.15% to LIBOR plus 2.99%.

Export credit financings

As of December 31, 2019 and 2018, the Company had \$31.6 million and \$38.3 million in government guaranteed export credit financing outstanding, respectively.

In March 2013, the Company issued \$76.5 million in secured notes due 2024 guaranteed by the Export-Import Bank. As of December 31, 2019, we have an aircraft which serve as collateral for the notes. The notes will mature on August 15, 2024 and bear interest at a rate of 1.617% per annum.

Maturities

Maturities of debt outstanding as of December 31, 2019 are as follows:

Years ending December 31,	(in thousands)
2020	\$ 1,405,118
2021	1,998,888
2022	2,711,600
2023	2,510,749
2024	1,558,029
Thereafter	3,536,911
Total	\$ 13,721,295

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Interest Expense

The following table shows the components of interest for the years ended December 31, 2019, 2018 and 2017:

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
	(in thousands)		
Interest on borrowings	\$ 456,678	\$ 362,843	\$ 303,966
Less capitalized interest	(59,358)	(52,817)	(46,049)
Interest	397,320	310,026	257,917
Amortization of discounts and deferred debt issue costs	36,691	32,706	29,454
Interest expense	\$ 434,011	\$ 342,732	\$ 287,371

Note 4. Shareholders' Equity

In 2010, the Company authorized 500,000,000 shares of Class A common stock, \$0.01 par value per share, of which 113,350,267 and 110,949,850 shares were issued and outstanding as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the Company had authorized 10,000,000 shares of Class B Non-Voting common stock, \$0.01 par value per share, of which no shares were outstanding as of December 31, 2019 and 2018.

In November 2011, the Company issued \$200.0 million in aggregate principal amount of 3.875% convertible senior notes due 2018 in an offering exempt from registration under the Securities Act. During the year ended December 31, 2018, \$199.8 million in aggregate principal amount of the convertible notes were converted at a weighted average price of \$29.22 per share, resulting in the issuance of 6,838,546 shares of our Class A Common Stock. The remaining \$151,000 aggregate outstanding principal amount of the Convertible Notes matured on December 1, 2018.

On June 4, 2010, the Company issued 482,625 warrants for the purchase of up to 482,625 shares of Class A common stock to two institutional investors (the "Committed Investors"). The warrants had a seven-year term and an exercise price of \$20 per share. The Company used the BSM option pricing model to determine the fair value of warrants. The fair value of warrants was calculated on the date of grant by an option-pricing model using a number of complex and subjective variables. These variables include expected stock price volatility over the term of the warrant, projected exercise behavior, a risk-free interest rate, and expected dividends. The warrants had a fair value at the grant date of \$5.6 million. The warrants are classified as an equity instrument and the proceeds from the issuance of common stock to the Committed Investors was split between the warrants and the stock based on fair value of the warrants and recorded as an increase to Paid-in capital on the Consolidated Balance Sheets. On March 9, 2017, a Committed Investor performed a cashless exercise of the remaining 268,125 warrants, resulting in the issuance of 131,001 shares of Class A common stock. As of December 31, 2019 and 2018, the Company did not have any warrants outstanding.

The Company was authorized to issue 50,000,000 shares of preferred stock, \$0.01 par value, at December 31, 2019 and December 31, 2018. On March 5, 2019, the Company issued 10,000,000 shares of 6.150% 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. The Company 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) 6.150% 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.

The Company may redeem shares of the Series A Preferred Stock at its option, in whole or in part, from time to

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

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. The Company may also redeem shares of the Series A Preferred Stock at the Company's option under certain other limited conditions.

As of December 31, 2019, the Company had 10,000,000 shares of preferred stock issued and outstanding with an aggregate liquidation preference of \$250.0 million. The Company did not have any shares of preferred stock issued or outstanding as of December 31, 2018.

A cash dividend of \$0.427083 per share of outstanding Series A Preferred Stock was paid on June 15, 2019. In addition, a cash dividend of \$0.384375 per share of outstanding Series A Preferred Stock was paid on each of September 15, 2019 and December 15, 2019.

Note 5. Rental Income

At December 31, 2019, minimum future rentals on non-cancellable operating leases of flight equipment in our fleet, which have been delivered as of December 31, 2019, are as follows:

<u>Years ending December 31,</u>	<u>(in thousands)</u>
2020	\$ 1,996,546
2021	1,936,891
2022	1,803,875
2023	1,613,673
2024	1,470,094
Thereafter	5,321,384
Total	<u>\$ 14,142,463</u>

The Company recorded \$43.9 million, \$24.9 million, and \$40.9 million in overhaul revenue based on our lessees' usage of the aircraft for the years ended December 31, 2019, 2018, and 2017, respectively.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table shows the scheduled lease terminations (for the minimum non-cancellable period which does not include contracted unexercised lease extension options) of our flight equipment subject to operating leases, excluding two aircraft currently off lease, as of December 31, 2019, updated through February 14, 2020:

Aircraft Type	2020	2021	2022	2023	2024	Thereafter	Total
Airbus A319-100	—	1	—	—	—	—	1
Airbus A320-200	2	2	1	3	6	7	21
Airbus A320-200neo	—	—	—	—	1	12	13
Airbus A321-200	2	3	1	7	1	14	28
Airbus A321-200neo	1	1	—	—	2	31	35
Airbus A330-200	1	1	2	2	1	4	11
Airbus A330-300	—	—	2	1	—	4	7
Airbus A330-900neo	—	—	1	—	—	6	7
Airbus A350-900	—	—	—	—	—	10	10
Boeing 737-700	—	2	—	2	—	—	4
Boeing 737-800	3	7	10	11	6	48	85
Boeing 737-8 MAX	—	—	—	—	1	14	15
Boeing 777-200ER	—	—	1	—	—	—	1
Boeing 777-300ER	—	2	4	4	3	11	24
Boeing 787-9	—	—	—	—	—	23	23
Boeing 787-10	—	—	—	—	—	4	4
Embraer E190	1	—	—	—	—	—	1
Total	10	19	22	30	21	188	290

Note 6. Concentration of Risk

Geographical and credit risks

As of December 31, 2019, all of the Company's Rental of flight equipment revenues were generated by leasing flight equipment to foreign and domestic airlines, and the Company leased and managed aircraft to 106 customers whose principal places of business are located in 59 countries as of December 31, 2019 compared to 94 lessees in 56 countries as of December 31, 2018.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Over 95% of our aircraft are operated internationally. The following table sets forth the regional concentration based on each airline's principal place of business of our flight equipment subject to operating leases based on net book value as of December 31, 2019 and 2018:

Region	December 31, 2019		December 31, 2018	
	Net Book Value	% of Total	Net Book Value ⁽¹⁾	% of Total
	(in thousands, except percentages)			
Europe	\$ 5,438,775	29.0 %	\$ 4,692,341	29.9 %
Asia (excluding China)	4,985,525	26.7 %	3,846,785	24.5 %
China	2,930,752	15.7 %	2,663,903	17.0 %
The Middle East and Africa	2,242,215	12.0 %	1,952,900	12.4 %
Central America, South America, and Mexico	1,116,814	6.0 %	1,078,900	6.9 %
U.S. and Canada	996,398	5.3 %	757,884	4.8 %
Pacific, Australia, and New Zealand	993,858	5.3 %	714,397	4.5 %
Total	<u>\$ 18,704,337</u>	<u>100.0 %</u>	<u>\$ 15,707,110</u>	<u>100.0 %</u>

(1) As of December 31, 2018, we had six aircraft held for sale with a carrying value of \$241.6 million included in the table above.

At December 31, 2019 and 2018, we owned and managed leased aircraft to customers in the following regions based on each airline's principal place of business:

Region	December 31, 2019		December 31, 2018	
	Number of Customers ⁽¹⁾	% of Total	Number of Customers ⁽¹⁾	% of Total
Europe	43	40.6 %	33	35.1 %
Asia (excluding China)	19	17.9 %	18	19.1 %
The Middle East and Africa	13	12.3 %	11	11.8 %
U.S. and Canada	10	9.4 %	10	10.6 %
Central America, South America, and Mexico	9	8.5 %	10	10.6 %
China	9	8.5 %	9	9.6 %
Pacific, Australia, and New Zealand	3	2.8 %	3	3.2 %
Total	<u>106</u>	<u>100.0 %</u>	<u>94</u>	<u>100.0 %</u>

(1) A customer is an airline with its own operating certificate.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table sets forth the dollar amount and percentage of our Rental of flight equipment revenues from our flight equipment subject to operating leases attributable to the indicated regions based on each airline's principal place of business:

Region	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	Amount of Rental Revenue	% of Total	Amount of Rental Revenue	% of Total	Amount of Rental Revenue	% of Total
(in thousands, except percentages)						
Europe	\$ 531,778	27.7 %	\$ 476,515	29.2 %	\$ 450,628	31.1 %
Asia (excluding China)	484,017	25.3 %	412,465	25.3 %	332,284	22.9 %
China	357,278	18.6 %	329,977	20.2 %	324,147	22.3 %
The Middle East and Africa	226,932	11.8 %	179,497	11.0 %	116,799	8.1 %
Central America, South America, and Mexico	124,850	6.6 %	108,736	6.7 %	102,205	7.0 %
U.S. and Canada	98,627	5.1 %	77,678	4.8 %	76,685	5.3 %
Pacific, Australia, and New Zealand	93,387	4.9 %	46,332	2.8 %	47,987	3.3 %
Total	<u>\$ 1,916,869</u>	<u>100.0 %</u>	<u>\$ 1,631,200</u>	<u>100.0 %</u>	<u>\$ 1,450,735</u>	<u>100.0 %</u>

Based on our lease placements of future new aircraft deliveries, we anticipate that a majority of our aircraft will be located in the Europe and Asia regions.

For the years ended December 31, 2019, 2018, and 2017, China was the only individual country that represented at least 10% of our rental revenue based on each airline's principal place of business. In 2019, 2018, and 2017, no individual airline represented at least 10% of our rental revenue.

Currency risk

The Company attempts 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.

Note 7. Income Taxes

The provision for income taxes consists of the following:

	Year Ended December 31,		
	2019	2018	2017
(in thousands)			
Current:			
Federal	\$ 38,520	\$ —	\$ —
State	1,025	492	380
Foreign	2,937	2,839	3,853
Deferred:			
Federal	91,243	125,160	(150,850)
State	14,839	812	(5)
Foreign	—	—	—
Income tax expense/(benefit)	<u>\$ 148,564</u>	<u>\$ 129,303</u>	<u>\$ (146,622)</u>

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Differences between the provision for income taxes and income taxes at the statutory federal income tax rate are as follows:

	Year Ended December 31,					
	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	(in thousands, except percentages)					
Income taxes at statutory federal rate	\$ 154,494	21.0 %	\$ 134,429	21.0 %	\$ 213,336	35.0 %
Impact of tax legislation	—	—	—	—	(354,127)	(58.1)
Foreign tax credit	(18,231)	(2.5)	(9,600)	(1.5)	(10,873)	(1.8)
State income taxes, net of federal income tax effect and other	12,532	1.7	1,030	0.2	228	—
Other	(231)	—	3,444	0.5	4,814	0.9
Income tax expense/(benefit)	<u>\$ 148,564</u>	<u>20.2 %</u>	<u>\$ 129,303</u>	<u>20.2 %</u>	<u>\$ (146,622)</u>	<u>(24.0)%</u>

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the “Tax Reform Act”) was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax law by, among other things, lowering the U.S. corporate tax rate from 35% to 21%, effective January 1, 2018, repealing the Alternative Minimum Tax (“AMT”), changes to tax depreciation, limitations on interest expense deductions, and limitations on utilization of net operating losses. Accounting Standards Codification (“ASC”) 740 requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result of the Tax Reform Act, the Company recorded an estimated tax benefit of \$354.1 million due to the remeasurement of deferred tax assets and liabilities in the year ended December 31, 2017.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”), which allowed registrants to record provisional amounts for the effects of the Tax Reform Act during a measurement period not to extend beyond one year of the enactment date. In accordance with SAB 118, the Company determined that the \$354.1 million benefit resulting from the remeasurement of certain deferred tax assets and liabilities is a provisional amount and a reasonable estimate of the impact of the Tax Reform Act on the Consolidated Financial Statements as of December 31, 2017. In the fourth quarter of 2018, the Company completed its accounting for the income tax effects of the Tax Reform Act, and no material adjustments were required to the provisional amounts initially recorded.

The Company recorded a \$18.2 million and \$9.6 million benefit related to Foreign Tax Credit (“FTC”) in December 31, 2019 and 2018, respectively. The Company has determined there will be sufficient foreign source income projected to utilize these credits.

In the first quarter of 2017, the Company adopted ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which requires all excess tax benefits and tax deficiencies to be recognized in the income statement when the awards vest or are settled. Upon adoption of ASU 2016-09, the Company recognized \$0.5 million of previously unrecognized windfall tax benefits in retained earnings.

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

As of December 31, 2019 and 2018, the Company's net deferred tax assets (liabilities) are as follows:

	December 31, 2019	December 31, 2018
	(in thousands)	
Assets (Liabilities)		
Equity compensation	\$ 8,711	\$ 11,951
Net operating losses	—	17
Foreign tax credit	—	2,425
Rents received in advance	28,161	25,165
Accrued bonus	3,244	2,825
Straight-line rents	434	(320)
Other	(1,316)	1,972
Aircraft depreciation	(788,729)	(687,802)
Net deferred tax assets/(liabilities)	<u>\$ (749,495)</u>	<u>\$ (643,767)</u>

The Company has utilized all of its net operating loss carry forwards ("NOLs") for federal and state income tax purposes as of December 31, 2019. The Company has utilized all of its FTC carry forwards for federal income tax purposes as of December 31, 2019. As of December 31, 2018, the Company has \$0.2 million and \$2.4 million of NOLs for state income tax and FTC, respectively. The Company did not generate a NOL for the year ended December 31, 2019 and 2018. The Company has not recorded a deferred tax valuation allowance as of December 31, 2019 and 2018 as realization of the deferred tax asset is considered more likely than not. In assessing the realizability of the deferred tax assets, management considered whether future taxable income will be sufficient during the periods in which those temporary differences are deductible. Management considers the scheduled reversal of deferred tax liabilities, projected taxable income, and tax planning strategies in making this assessment. Management anticipates the timing differences on aircraft depreciation will reverse and be available for offsetting the reversal of deferred tax assets. As of December 31, 2019 and 2018 the Company has not recorded any liability for unrecognized tax benefits.

The Company files income tax returns in the U.S. and various state and foreign jurisdictions. The Company is subject to examinations by the major tax jurisdictions for the 2014 tax year and forward.

Note 8. Commitments and Contingencies

Aircraft Acquisition

As of December 31, 2019, we had commitments to acquire a total of 413 new aircraft for delivery through 2026 as follows:

Aircraft Type	2020	2021	2022	2023	2024	Thereafter	Total
Airbus A220-300	—	5	10	10	10	15	50
Airbus A320/321neo ⁽¹⁾	25	26	32	25	16	36	160
Airbus A330-900neo	1	5	6	3	—	—	15
Airbus A350-900/1000	3	6	3	4	4	—	20
Boeing 737-7/8/9 MAX ⁽²⁾	4	25	35	41	30	—	135
Boeing 787-9/10	13	9	6	5	—	—	33
Total	<u>46</u>	<u>76</u>	<u>92</u>	<u>88</u>	<u>60</u>	<u>51</u>	<u>413</u>

(1) Our Airbus A320/321neo aircraft orders include 52 long-range variants and 29 extra long-range variants.

(2) The table above reflects our estimate of future Boeing 737 MAX aircraft delivery delays based on information currently available to us. The actual delivery dates of such Boeing 737 MAX aircraft may differ from our estimate and could be further impacted by the length of the grounding and the pace at which Boeing can deliver aircraft following the lifting of the grounding, among other factors.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In addition to the Company's commitments, as of December 31, 2019, the Company had options to acquire up to 45 Boeing 737-8 MAX aircraft and 25 Airbus A220 aircraft. If exercised, deliveries of these aircraft are scheduled to commence in 2023 and continue through 2028.

Pursuant to the Company's purchase agreements with Boeing and Airbus for new aircraft, the Company and each manufacturer agrees to contractual delivery dates for each aircraft ordered. However, these dates can change for a variety of reasons. In the last few years, Airbus and Boeing have had delivery delays, and these delays have significantly impacted when our aircraft have been delivered.

The Company's leases typically provide that the Company and its airline customers each have a cancellation right related to aircraft delivery delays. The lease cancellation rights typically parallel the Company's cancellation rights in its purchase agreements with Boeing and Airbus, and typically provide for cancellation rights starting at one year after the original contractual delivery date, regardless of cause.

For several years, the Company has experienced delivery delays for certain of its Airbus orderbook aircraft, primarily the A321neo aircraft and, to a lesser extent, A330neo aircraft. Airbus has told the Company to continue to expect several months of delivery delays relating to such aircraft scheduled to deliver through 2022.

The worldwide grounding of the Boeing 737 MAX began on March 10, 2019, and remains in effect. As a result, Boeing has temporarily halted production and delivery of all Boeing 737 MAX aircraft. Lifting of the grounding is subject to the approval of global regulatory authorities and the Company is unable to speculate as to when this may occur. Boeing 737 MAX deliveries may be impacted by the duration of the grounding and the speed by which Boeing can deliver aircraft following the lifting of the grounding. The Company expects that if the grounding continues for an extended time, or if there are significant Boeing 737 MAX delivery delays even after the grounding is lifted, some of its customers may seek to cancel their lease contracts with us. It is unclear at this point if the Company will cancel some of its Boeing 737 MAX delivery positions with Boeing or find replacement lessees. The Company is currently in discussions with Boeing regarding the mitigation of possible damages resulting from the grounding of and the delivery delays associated with the Boeing 737 MAX aircraft that the Company owns and has on order.

Commitments for the acquisition of these aircraft, calculated at an estimated aggregate purchase price (including adjustments for anticipated inflation) of approximately \$27.4 billion as of December 31, 2019 are as follows:

<u>Years ending December 31,</u>	<u>(in thousands)</u>
2020	\$ 3,883,733
2021	6,083,797
2022	6,422,783
2023	5,344,481
2024	3,257,547
Thereafter	2,428,668
Total	<u>\$ 27,421,009</u>

The Company has made non-refundable deposits on the aircraft for which the Company has commitments to purchase of \$1.6 billion and \$1.8 billion as of December 31, 2019 and 2018, respectively, 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.

Air Lease Corporation and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Office Lease*

The Company's lease for office space provides for step rentals over the term of the lease. Those rentals are considered in the evaluation of recording rent expense on a straight-line basis over the term of the lease. Tenant improvement allowances received from the lessor are deferred and amortized in selling, general and administrative expenses against rent expense. The Company recorded office lease expense (net of sublease income) of \$6.7 million, \$2.9 million, and \$2.3 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Commitments for minimum rentals under the non-cancellable lease term at December 31, 2019 are as follows:

<u>Years ending December 31,</u>	<u>(in thousands)</u>
2020	\$ 6,892
2021	7,063
2022	6,512
2023	6,390
2024	4,547
Thereafter	33,054
Total	<u>\$ 64,458</u>

Note 9. Net Earnings Per Share

Basic net 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 December 31, 2019, we did not have any Class B Non-Voting common stock outstanding.

Diluted net 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 years ended December 31, 2019, 2018, and 2017, the Company did not exclude any potentially dilutive securities, whose effect would have been anti-dilutive, from the computation of diluted earnings per share. In addition, the Company excluded 945,565, 931,943, and 1,085,048 shares related to restricted stock units for which the performance metric had yet to be achieved as of December 31, 2019, 2018, and 2017, respectively.

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

The following table sets forth the reconciliation of basic and diluted net earnings per share:

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
	(in thousands, except share and per share amounts)		
Basic earnings per share:			
Numerator			
Net income	\$ 587,121	\$ 510,835	\$ 756,152
Preferred stock dividends	(11,958)	—	—
Net income available to common stockholders	575,163	510,835	756,152
Denominator			
Weighted-average common shares outstanding	111,895,433	104,716,301	103,189,175
Basic earnings per share	\$ 5.14	\$ 4.88	\$ 7.33
Diluted earnings per share:			
Numerator			
Net income	\$ 587,121	\$ 510,835	\$ 756,152
Preferred stock dividends	(11,958)	—	—
Assumed conversion of convertible senior notes	—	6,219	5,842
Net income available to common stockholders plus assumed conversions	\$ 575,163	\$ 517,054	\$ 761,994
Denominator			
Number of shares used in basic computation	111,895,433	104,716,301	103,189,175
Weighted-average effect of dilutive securities	1,190,890	7,647,030	8,468,389
Number of shares used in per share computation	113,086,323	112,363,331	111,657,564
Diluted earnings per share	\$ 5.09	\$ 4.60	\$ 6.82

Note 10. Fair Value Measurements

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

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. The estimated fair value of the foreign currency exchange derivative as of December 31, 2019 was \$5.4 million. The Company had no assets or liabilities which were measured at fair value on a recurring or non-recurring basis as of December 31, 2018.

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 December 31, 2019 was \$14.1 billion compared to a book value of \$13.7 billion. The estimated fair value of debt financing as of December 31, 2018 was \$11.4 billion compared to a book value of \$11.7 billion.

The following financial instruments are not measured at fair value on the Company's Consolidated Balance Sheets at December 31, 2019, but require disclosure of their fair values: cash and cash equivalents and restricted cash. The estimated fair value of such instruments at December 31, 2019 and 2018 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.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. 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 December 31, 2019, the number of stock options (“Stock Options”) and restricted stock units (“RSUs”) authorized under the 2014 Plan is approximately 5,283,976, which includes 283,976 shares which were previously reserved for issuance under the 2010 Plan. Stock Options are generally granted for a term of 10 years and generally vest over a three year period. The Company has issued RSUs with four different vesting criteria: those RSUs that vest based on the attainment of book-value goals, those RSUs that vest based on the attainment of Total Shareholder Return (“TSR”) goals, time based RSUs that vest ratably over a time period of three years and RSUs that cliff vest at the end of a one or two year period. The Company has two types of book value RSUs; those that vest ratably over a three-year period if the performance condition has been met, and those that cliff-vest at the end of a three-year period if the performance condition has been met. For the book value RSUs that vest at the end of a three-year period, the number of shares that will ultimately vest will range from 0% to 200% of the RSUs initially granted depending on the percentage change in the Company's book value per share at the end of the vesting period. At each reporting period, the Company reassesses the probability of the performance condition being achieved and a stock-based compensation expense is recognized based upon management's assessment. Book value RSUs for which the performance metric has not been met are forfeited. The TSR RSUs vest at the end of a three year period. The number of TSR RSUs that will ultimately vest is based upon the percentile ranking of the Company's TSR among a peer group. The number of shares that will ultimately vest will range from 0% to 200% of the RSUs initially granted depending on the extent to which the TSR metric is achieved. For disclosure purposes, we have assumed the TSR RSUs will ultimately vest at 100%. As of December 31, 2019, the Company had 1,254,904 unvested RSUs outstanding of which 429,312 are TSR RSUs.

The Company recorded \$20.7 million, \$17.5 million, and \$19.8 million of stock-based compensation expense for the years ended December 31, 2019, 2018, and 2017, respectively.

Stock Options

The Company uses the BSM option pricing model to determine the fair value of stock options. The fair value of stock-based payment awards on the date of grant is determined by an option-pricing model using a number of complex and subjective variables. These variables include expected stock price volatility over the term of the awards, a risk-free interest rate, and expected dividends.

Estimated volatility of the Company's common stock for new grants is determined by using historical volatility of the Company's peer group. Due to our limited operating history at the time of grant, there was no historical exercise data to provide a reasonable basis which the Company could use to estimate expected terms. Accordingly, the Company used the “simplified method” as permitted under Staff Accounting Bulletin No. 110. The risk-free interest rate used in the option valuation model was derived from U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options. The Company has not granted any stock options since 2011.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of stock option activity in accordance with the Company's stock option plan for the year ended December 31, 2019 follows:

	Shares	Exercise Price	Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands) ⁽¹⁾
Balance at December 31, 2016	3,308,158	\$ 20.40	3.50	46,086
Granted	—	—	—	—
Exercised	(450,000)	\$ 20.59	—	9,397
Forfeited/canceled	—	—	—	—
Balance at December 31, 2017	2,858,158	\$ 20.37	2.49	79,230
Granted	—	—	—	—
Exercised	(237,863)	\$ 20.00	—	5,505
Forfeited/canceled	—	—	—	—
Balance at December 31, 2018	2,620,295	\$ 20.40	1.49	25,697
Granted	—	—	—	—
Exercised	(2,256,142)	\$ 20.00	—	46,358
Forfeited/canceled	—	—	—	—
Balance at December 31, 2019	364,153	\$ 22.90	0.75	8,965
Vested and exercisable as of December 31, 2019	364,153	\$ 22.90	0.75	8,965

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

All of the Company's outstanding employee stock options had fully vested as of June 30, 2013. As of December 31, 2019 there were no unrecognized compensation costs related to outstanding employee stock options. For the years ended December 31, 2019, 2018, and 2017 there were no stock-based compensation expense related to Stock Options.

The following table summarizes additional information regarding outstanding, exercisable and vested stock options at December 31, 2019:

Range of exercise prices	Options Outstanding		Options Exercisable and Vested	
	Number of Shares	Weighted-Average Remaining Life (in years)	Number of Shares	Weighted-Average Remaining Life (in years)
\$20.00	244,153	0.47	244,153	0.47
\$28.80	120,000	1.32	120,000	1.32
\$20.00 - \$28.80	364,153	0.75	364,153	0.75

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 TSR RSUs 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

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 year ended December 31, 2019, the Company granted 674,269 RSUs of which 139,895 are TSR RSUs. The following table summarizes the activities for our unvested RSUs for the year ended December 31, 2019:

	Unvested Restricted Stock Units	
	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2018	1,055,325	\$ 41.66
Granted	674,269	\$ 39.68
Vested	(271,037)	\$ 34.58
Forfeited/canceled	(203,654)	\$ 32.44
Unvested at December 31, 2019	1,254,903	\$ 43.62
Expected to vest after December 31, 2019	1,344,445	\$ 43.46

At December 31, 2019, the outstanding RSUs are expected to vest as follows: 2020—373,048; 2021—459,562; and 2022—511,835.

As of December 31, 2019 there was \$23.5 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 1.69 years.

Note 12. Aircraft under management

As of December 31, 2019, we managed 83 aircraft across three aircraft management platforms. We managed 52 aircraft through our Thunderbolt platform, 26 aircraft through the Blackbird investment funds and five on behalf of a financial institution.

We managed 26 aircraft on behalf of third-party investors, through two investment funds, Blackbird I and Blackbird II. These funds invest in commercial aircraft and lease them to airlines throughout the world. We provide management services to these funds for a fee. As of December 31, 2019, the Company's non-controlling interests in each fund is 9.5% and are accounted for under the equity method of accounting. During the year ended December 31, 2019, we completed the sale of two aircraft from our operating lease portfolio to Blackbird II. The Company's investment in these funds aggregated \$46.5 million and \$40.6 million as of December 31, 2019 and 2018, respectively, and is included in Other assets on the Consolidated Balance Sheets. We continue to source aircraft investment opportunities for Blackbird II. As of December 31, 2019, Blackbird II has remaining equity capital commitments to acquire up to approximately \$1.3 billion in aircraft assets, for which we have committed to fund up to \$30.5 million related to these potential investments.

Additionally, we continue to manage aircraft that we sell through our Thunderbolt platform. As of December 31, 2019, we managed 52 aircraft sold across three separate transactions. We have non-controlling interests in two of these entities of approximately 5.0%, which are accounted for under the cost method of accounting. During the year ended December 31, 2019, we completed the sale of 17 aircraft from our operating lease portfolio through our Thunderbolt platform. The Company's total investment in aircraft sold through our Thunderbolt platform was \$9.9 million and \$5.4 million as of December 31, 2019 and 2018, respectively, and is included in Other assets on the Consolidated Balance Sheets.

Air Lease Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Flight equipment held for sale

As of December 31, 2019, we had eight aircraft, with a carrying value of \$249.6 million, which were held for sale and included in Other assets on the Consolidated Balance Sheets. These aircraft will be sold through our Thunderbolt platform and we expect the sale of all eight aircraft to be completed in 2020. We cease recognition of depreciation expense once an aircraft is classified as held for sale. As of December 31, 2018, we had six aircraft classified as held for sale, with a carrying value of \$241.6 million, which were included in Flight equipment under operating lease on the Consolidated Balance Sheets.

Note 14. Quarterly Financial Data (unaudited)

The following table presents our unaudited quarterly results of operations for the two-year period ended December 31, 2019.

	Quarter Ended							
	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019
	(in thousands, except per share amounts)							
Revenues	\$ 381,209	\$ 397,814	\$ 450,698	\$ 449,981	\$ 466,051	\$ 471,395	\$ 530,902	\$ 548,556
Income before taxes	141,319	147,409	179,382	172,028	174,944	160,536	193,787	206,417
Net income available to common stockholders	110,651	115,211	146,574	138,399	138,094	124,034	151,943	161,092
Earnings per share:								
Basic	\$ 1.07	\$ 1.11	\$ 1.41	\$ 1.29	\$ 1.24	\$ 1.11	\$ 1.36	\$ 1.43
Diluted	\$ 1.00	\$ 1.04	\$ 1.32	\$ 1.24	\$ 1.23	\$ 1.10	\$ 1.34	\$ 1.42

The sum of quarterly earnings per share amounts may not equal the annual amount reported since per share amounts are computed independently for each period presented.

Note 15. Subsequent Events

On February 13, 2020, our board of directors approved a quarterly cash dividend of \$0.15 per share on our outstanding common stock. The dividend will be paid on April 8, 2020 to holders of record of our common stock as of March 20, 2020. Our board of directors also approved a cash dividend of \$0.384375 per share on our outstanding Series A Preferred Stock, which will be paid on March 15, 2020 to holders of record of our Series A Preferred Stock as of February 29, 2020.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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, and such information is accumulated and communicated to our management, including our Chief Executive Officer and principal executive officer and our Chief Financial Officer and principal 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 recognized 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 December 31, 2019. Based on that evaluation, our Certifying Officers have concluded that our disclosure controls and procedures were effective at December 31, 2019.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s internal control system was designed to provide reasonable assurance to the Company’s management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Our management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework* (2013). Based upon its assessment, our management believes that, as of December 31, 2019, the Company’s internal control over financial reporting is effective based on these criteria.

KPMG LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, has issued an audit report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019, which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers of the Company

Except as set forth below or as contained in Part I above, under “Information about our Executive Officers”, the other information required by this item will be included in our Proxy Statement for the 2020 Annual Meeting of Stockholders (the “2020 Proxy Statement”), which will be filed with the Securities and Exchange Commission no later than April 30, 2020, and is incorporated herein by reference.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics for our directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees. Our Code of Business Conduct and Ethics is available on our website at <http://www.airleasecorp.com> under the Investors tab.

Within the time period required by the Securities and Exchange Commission and the New York Stock Exchange, we will post on our website at <http://www.airleasecorp.com> under the “Investors” tab any amendment to our Code of Business Conduct and Ethics or any waivers of such provisions granted to executive officers and directors.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines that are available on our website at <http://www.airleasecorp.com> under the “Investors” tab.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included in our 2020 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item, except for the information required by Item 201(d) of Regulation S-K, which is provided in Item 5 of Part II above, will be included in our 2020 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be included in our 2020 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be included in our 2020 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)

1. Consolidated Financial Statements

The following documents are filed as part of this Annual Report on Form 10-K:

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Reports of Independent Registered Public Accounting Firm	72
Financial Statements	
Consolidated Balance Sheets	76
Consolidated Statements of Income and Other Comprehensive Income	77
Consolidated Statements of Shareholders' Equity	78
Consolidated Statements of Cash Flows	79
Notes to Consolidated Financial Statements	80

2. Financial Statement Schedules

Financial statement schedules have been omitted as they are not required, not applicable, or the required information is otherwise included in the consolidated financial statements or the notes thereto.

3. Exhibits

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			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
4.1	Description of Capital Stock				Filed herewith
4.2	Form of Specimen Class A Common Stock Certificate	S-1	333-171734	4.1	March 25, 2011
4.3	Registration Rights Agreement, dated as of June 4, 2010, between Air Lease Corporation and FBR Capital Markets & Co., as the initial purchaser/placement agent	S-1	333-171734	4.2	January 14, 2011
4.4	Form of Stock Certificate representing the 6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A.	8-A	001-35121	4.2	March 4, 2019
4.5	Indenture, dated as of October 11, 2012, between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee ("October 2012 Indenture")	S-3	333-184382	4.4	October 12, 2012

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
4.6	First Supplemental Indenture, dated as of February 5, 2013, to the October 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee (relating to 4.750 % Senior Notes due 2020).	8-K	001-35121	4.2	February 5, 2013
4.7	Third Supplemental Indenture, dated as of January 22, 2014, to the October 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee (relating to an eNotes Internet Auction Program).	8-K	001-35121	4.2	January 23, 2014
4.8	Fourth Supplemental Indenture, dated as of March 11, 2014, to the October 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee (relating to 3.875% Senior Notes due 2021).	8-K	001-35121	4.2	March 11, 2014
4.9	Sixth Supplemental Indenture, dated as of September 16, 2014, to the October 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee (relating to 4.250% Senior Notes due 2024).	8-K	001-35121	4.3	September 16, 2014
4.1	Seventh Supplemental Indenture, dated as of January 14, 2015, to the October 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee (relating to 3.750% Senior Notes due 2022).	8-K	001-35121	4.2	January 14, 2015
4.11	Ninth Supplemental Indenture, dated as of April 11, 2016, to the October 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee (relating to 3.375% Senior Notes due 2021).	8-K	001-35121	4.2	April 11, 2016
4.12	Tenth Supplemental Indenture, dated as of August 15, 2016, to the October 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee (relating to 3.00% Senior Notes due 2023).	8-K	001-35121	4.2	August 15, 2016
4.13	Twelfth Supplemental Indenture, dated as of March 8, 2017, to the October 11, 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee, relating to 3.625% Senior Notes due 2027.	8-K	001-35121	4.2	March 8, 2017

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
4.14	Thirteenth Supplemental Indenture, dated as of June 12, 2017, to the October 11, 2012 Indenture by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as Trustee, relating to 2.625% Senior Notes due 2022.	8-K	001-35121	4.2	June 12, 2017
4.15	Fourteenth Supplemental Indenture, dated as of November 20, 2017, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, relating to 2.750% Senior Notes due 2023.	8-K	001-35121	4.2	November 20, 2017
4.16	Fifteenth Supplemental Indenture, dated as of November 20, 2017, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, relating to 3.625% Senior Notes due 2027.	8-K	001-35121	4.3	November 20, 2017
4.17	Sixteenth Supplemental Indenture, dated as of January 16, 2018, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, relating to 2.500% Senior Notes due 2021.	8-K	001-35121	4.2	January 16, 2018
4.18	Seventeenth Supplemental Indenture, dated as of January 16, 2018, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, relating to 3.250% Senior Notes due 2025.	8-K	001-35121	4.3	January 16, 2018
4.19	Eighteenth Supplemental Indenture, dated as of June 18, 2018, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, relating to 3.875% Senior Notes due 2023.	8-K	001-35121	4.2	June 18, 2018
4.20	Nineteenth Supplemental Indenture, dated as of September 17, 2018, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, relating to 3.5% Senior Notes due 2022.	8-K	001-35121	4.2	September 17, 2018
4.21	Twentieth Supplemental Indenture, dated as of September 17, 2018, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, relating to 4.625% Senior Notes due 2028.	8-K	001-35121	4.3	September 17, 2018
4.22	Indenture, dated as of November 20, 2018, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as trustee, (“MTN Indenture”).	S-3/A	333-224828	4.4	November 20, 2018
4.23	Paying Agency Agreement, dated as of November 20, 2018, by and between Air Lease Corporation and Deutsche Bank Trust Company Americas, as paying agent and security registrar.	8-K	001-35121	4.2	November 20, 2018
4.24	Form of Fixed Rate Global Medium-Term Note, Series A	8-K	001-35121	4.3	November 20, 2018

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
4.25	Form of Floating Rate Global Medium-Term Note, Series A Certain instruments defining the rights of holders of long-term debt of Air Lease Corporation and all of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed are being omitted pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K. Air Lease Corporation agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.	8-K	001-35121	4.4	November 20, 2018
10.1	Amended and Restated Warehouse Loan Agreement, dated as of June 21, 2013, among ALC Warehouse Borrower, LLC, as Borrower, the Lenders from time to time party hereto, and Credit Suisse AG, New York Branch, as Agent	8-K	001-35121	10.1	June 24, 2013
10.2	Second Amendment to Amended and Restated Warehouse Loan Agreement, dated as of July 23, 2014, among ALC Warehouse Borrower, LLC, as Borrower, the Lenders from time to time party hereto, and Credit Suisse AG, New York Branch, as Agent	8-K	001-35121	10.1	July 29, 2014
10.3	Second Amended and Restated Credit Agreement, dated as of May 5, 2014, by and 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-Q	001-35121	10.5	May 8, 2014
10.4	First Amendment, dated as of June 1, 2015, 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	June 2, 2015
10.5	Extension Agreement, dated June 1, 2015, under the Second Amended and Restated Credit Agreement, dated as of May 5, 2014, among Air Lease Corporation, as Borrower, the several banks and other financial institutions or entities from time to time parties thereto, and JP Morgan Chase Bank, N.A. as Administrative Agent.	8-K	001-35121	10.2	June 2, 2015
10.6	New Lender Supplement, dated September 18, 2015, to the Second Amended and Restated Credit Agreement, 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	10.7	February 25, 2016

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.7	New Lender Supplement, dated November 25, 2015, to the Second Amended and Restated Credit Agreement, 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	10.8	February 25, 2016
10.8	Second Amendment, dated as of May 27, 2016, 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 party thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	8-K	001-35121	10.1	June 1, 2016
10.9	Extension Agreement, dated May 27, 2016, among the Company, the several lenders party thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	8-K	001-35121	10.2	June 1, 2016
10.10	New Lender Supplement, dated May 27, 2016, to the Second Amended and Restated Credit Agreement, 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	10.10	February 23, 2017
10.11	Commitment Increase Supplement, dated May 27, 2016, to the Second Amended and Restated Credit Agreement, 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	10.11	February 23, 2017
10.12	New Lender Supplement, dated January 27, 2017, 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	10.12	February 23, 2017
10.13	New Lender Supplement, dated March 22, 2017, 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 party thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	10-Q	001-35121	10.3	May 4, 2017

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.14	New Lender Supplement, dated March 29, 2017, 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 party thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	10-Q	001-35121	10.4	May 4, 2017
10.15	Third Amendment, dated as of May 2, 2017, 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 party thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	10-Q	001-35121	10.5	May 4, 2017
10.16	New Lender Supplement, dated November 6, 2017, to the Second Amended and Restated Credit Agreement, 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-Q	001-35121	10.8	November 9, 2017
10.17	Fourth Amendment, dated as of May 2, 2018, 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 party thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent.	8-K	001-35121	10.1	May 3, 2018
10.18	Commitment Increase Supplement, dated February 7, 2018, to the Second Amended and Restated Credit Agreement, 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	10.11	February 22, 2018
10.19	New Lender Supplement, dated February 1, 2018, 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	10.12	February 22, 2018
10.20	New Lender Supplement, dated March 27, 2018, 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-Q	001-35121	10.10	May 10, 2018

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.21	Commitment Increase Supplement, dated October 23, 2018, to the Second Amended and Restated Credit Agreement, 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-Q	001-35121	10.5	November 8, 2018
10.22	New Lender Supplement, dated February 4, 2019, 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	10.22	February 21, 2019
10.23	Commitment Increase Supplement, dated February 4, 2019, to the Second Amended and Restated Credit Agreement, 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	10.23	February 21, 2019
10.24	Commitment Increase Supplement, dated February 4, 2019, to the Second Amended and Restated Credit Agreement, 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	10.24	February 21, 2019
10.25	Fifth Amendment and Extension Agreement, dated May 3, 2019, 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 party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent	8-K	001-35121	10.1	May 9, 2019
10.26	New Lender Supplement, dated April 5, 2019, 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-Q	001-35121	10.5	May 9, 2019
10.27	Commitment Increase Supplement, dated July 31, 2019, to the Second Amended and Restated Credit Agreement, 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-Q	001-35121	10.3	August 8, 2019

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.28	New Lender Supplement, dated January 23, 2020, 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				Filed herewith
10.29	Pledge and Security Agreement, dated as of May 26, 2010, among Air Lease Corporation, as Parent, ALC Warehouse Borrower, LLC, as Borrower, the subsidiaries of the Borrower from time to time party hereto, Deutsche Bank Trust Company Americas, as Collateral Agent, and Credit Suisse AG, New York Branch, as Agent	S-1	333-171734	10.2	January 14, 2011
10.30†	Supplemental Agreement No. 2 to Purchase Agreement No. PA-03659, dated September 13, 2013, by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.3	November 7, 2013
10.31†	Supplemental Agreement No. 3 to Purchase Agreement No. PA-03659, dated July 11, 2014, by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.2	November 6, 2014
10.32†	Supplemental Agreement No. 4 to Purchase Agreement No. PA-03659, dated January 30, 2015, by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.19	August 4, 2016
10.33†	Supplemental Agreement No. 5 to Purchase Agreement No. PA-03659, dated August 17, 2015, by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.20	August 4, 2016
10.34†	Supplemental Agreement No. 6 to Purchase Agreement No. PA-03659, dated January 15, 2016, by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.21	August 4, 2016
10.35†	Letter Agreement to Purchase Agreement No. PA-03659, dated May 16, 2016 by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.22	August 4, 2016
10.36†	Supplemental Agreement No. 7 to Purchase Agreement No. PA-03659, dated December 5, 2016, by and between Air Lease Corporation and The Boeing Company	10-K	001-35121	10.21	February 23, 2017
10.37†	Supplemental Agreement No. 8 to Purchase Agreement No. PA-03659, dated April 14, 2017, by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.6	November 9, 2017
10.38†	Supplemental Agreement No. 9 to Purchase Agreement No. PA-03659, dated July 31, 2017, by and between Air Lease Corporation and The Boeing Company	10-Q	001-35121	10.7	November 9, 2017

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.39†	Supplemental Agreement No. 10 to Purchase Agreement No. PA-03659, dated August 6, 2018, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.1	November 8, 2018
10.40†	Supplemental Agreement No. 11 to Purchase Agreement No. PA-03659, dated August 24, 2018, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.2	November 8, 2018
10.41†	Supplemental Agreement No. 12 to Purchase Agreement No. PA-03659, dated April 26, 2019, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.7	August 9, 2019
10.42†	Supplemental Agreement No. 13 to Purchase Agreement No. PA-03659, dated June 26, 2019, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.8	August 9, 2019
10.43†	Supplemental Agreement No. 14 to Purchase Agreement No. PA-03659, dated October 2, 2019, by and between Air Lease Corporation and The Boeing Company.				Filed herewith
10.44†	A350XWB Family Purchase Agreement, dated February 1, 2013, by and between Air Lease Corporation and Airbus S.A.S. ("A350XWB Family Purchase Agreement").	10-Q	001-35121	10.2	May 9, 2013
10.45†	Amendment No. 1 to the A350XWB Family Purchase Agreement, dated March 3, 2015, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.2	May 7, 2015
10.46†	Amendment No. 2 to the A350XWB Family Purchase Agreement, dated March 3, 2015, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.3	May 7, 2015
10.47†	Amendment No. 3 to the A350XWB Family Purchase Agreement, dated September 8, 2015, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.1	November 5, 2015
10.48†	Amendment No. 4 to the A350XWB Family Purchase Agreement, dated April 4, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.15	August 4, 2016
10.49†	Amendment No. 5 to the A350XWB Family Purchase Agreement, dated May 25, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.16	August 4, 2016
10.50†	Amendment No. 6 to the A350XWB Family Purchase Agreement, dated July 18, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.28	February 23, 2017
10.51†	Amendment No. 7 to A350XWB Family Purchase Agreement, dated July 31, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.1	November 9, 2017

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.52†	Amendment No. 8 to A350XWB Family Purchase Agreement, dated December 27, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.37	February 22, 2018
10.53†	Amendment No. 9 to A350XWB Family Purchase Agreement, dated June 1, 2018, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.2	August 9, 2018
10.54†	Amendment No. 10 to A350XWB Family Purchase Agreement, dated December 31, 2018, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.47	February 21, 2019
10.55†	Amendment No. 11 to the Airbus A350 XWB Family Purchase Agreement, dated May 15, 2019, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.4	August 8, 2019
10.56†	Amendment No. 12 to A350XWB Family Purchase Agreement, dated December 20, 2019, by and between Air Lease Corporation and Airbus S.A.S.				Filed herewith
10.57†	Amendment and Restatement Agreement of Letter Agreement No. 1 to Amendment No. 10 to the Airbus A350 Family Purchase Agreement, dated April 26, 2019, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.5	August 8, 2019
10.58†	Purchase Agreement No. PA-03791, dated July 3, 2012, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.1	November 7, 2013
10.59†	Supplemental Agreement No. 1 to Purchase Agreement No. PA-03791, dated February 4, 2013, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.12	May 4, 2017
10.60†	Supplemental Agreement No. 2 to Purchase Agreement No. 03791, dated September 13, 2013, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.2	November 7, 2013
10.61†	Supplemental Agreement No. 3 to Purchase Agreement No. PA-03791, dated July 11, 2014, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.1	November 6, 2014
10.62†	Supplemental Agreement No. 4 to Purchase Agreement No. PA-03791, dated December 11, 2015, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.13	May 4, 2017
10.63†	Supplemental Agreement No. 5 to Purchase Agreement No. PA-03791, dated May 17, 2016, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.18	August 4, 2016

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.64†	Supplemental Agreement No. 6 to Purchase Agreement No. PA-03791, dated July 8, 2016, by and between Air Lease Corporation and The Boeing Company.	10-K	001-35121	10.35	February 23, 2017
10.65†	Supplemental Agreement No. 7 to Purchase Agreement No. PA-03791, dated October 8, 2016, by and between Air Lease Corporation and The Boeing Company.	10-K	001-35121	10.36	February 23, 2017
10.66†	Supplemental Agreement No. 8 to Purchase Agreement No. PA-03791, dated January 30, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.14	May 4, 2017
10.67†	Supplemental Agreement No. 9 to Purchase Agreement No. PA-03791, dated February 28, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.15	May 4, 2017
10.68†	Supplemental Agreement No. 10 to Purchase Agreement No. PA-03791, dated April 7, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.7	August 3, 2017
10.69†	Supplemental Agreement No. 11 to Purchase Agreement No. PA-03791, dated May 10, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.8	August 3, 2017
10.70†	Supplemental Agreement No. 12 to Purchase Agreement No. PA-03791, dated May 30, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.9	August 3, 2017
10.71†	Supplemental Agreement No. 13 to Purchase Agreement No. PA-03791, dated July 20, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.10	August 3, 2017
10.72†	Supplemental Agreement No. 14 to Purchase Agreement No. PA-03791, dated July 31, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.4	November 9, 2017
10.73†	Supplemental Agreement No. 15 to Purchase Agreement No. PA-03791, dated August 18, 2017, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.5	November 9, 2017
10.74†	Supplemental Agreement No. 16 to Purchase Agreement No. PA-03791, dated August 6, 2018, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.3	November 8, 2018
10.75†	Supplemental Agreement No. 17 to Purchase Agreement No. PA-03791, dated March 29, 2018, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.7	May 10, 2018
10.76†	Supplemental Agreement No. 18 to Purchase Agreement No. PA-03791, dated August 6, 2018, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.4	November 8, 2018

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.77†	Supplemental Agreement No. 19 to Purchase Agreement No. PA-03791, dated October 26, 2018, by and between Air Lease Corporation and The Boeing Company.	10-K	001-35121	10.67	February 21, 2019
10.78†	Supplemental Agreement No. 20 to Purchase Agreement No. PA-03791, dated December 10, 2018, by and between Air Lease Corporation and The Boeing Company.	10-K	001-35121	10.68	February 21, 2019
10.79†	Supplemental Agreement No. 21 to Purchase Agreement No. PA-03791, dated February 8, 2019, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.7	May 9, 2019
10.80†	Supplemental Agreement No. 22 to Purchase Agreement No. PA-03791, dated March 4, 2019, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.8	May 9, 2019
10.81†	Supplemental Agreement No. 23 to Purchase Agreement No. PA-03791, dated June 26, 2019, by and between Air Lease Corporation and The Boeing Company.	10-Q	001-35121	10.6	August 9, 2019
10.82†	Supplemental Agreement No. 24 to Purchase Agreement No. PA-03791, dated October 2, 2019, by and between Air Lease Corporation and The Boeing Company.				Filed herewith
10.83†	A320 NEO Family Purchase Agreement, dated May 10, 2012, by and between Air Lease Corporation and Airbus S.A.S. (“A320 NEO Family Purchase Agreement”).	10-Q	001-35121	10.2	August 9, 2012
10.84†	Amendment No. 1 to A320 NEO Family Purchase Agreement, dated December 28, 2012, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.7	August 4, 2016
10.85†	Amendment No. 2 to A320 NEO Family Purchase Agreement, dated July 14, 2014, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.4	November 6, 2014
10.86†	Amendment No. 3 to A320 NEO Family Purchase Agreement, dated July 14, 2014, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.5	November 6, 2014
10.87†	Amendment No. 4 to A320 NEO Family Purchase Agreement, dated October 10, 2014, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.8	August 4, 2016
10.88†	Amendment No. 5 to the A320 NEO Family Purchase Agreement, dated March 3, 2015, by and between Air Lease Corporation and Airbus S.A.S.	10-Q/A	001-35121	10.4	September 2, 2016
10.89†	Amendment No. 6 to the A320 NEO Family Purchase Agreement, dated March 18, 2015, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.9	August 4, 2016

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.90†	Amendment No. 7 to the A320 NEO Family Purchase Agreement, dated November 9, 2015, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.10	August 4, 2016
10.91†	Amendment No. 8 to the A320 NEO Family Purchase Agreement, dated January 8, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.11	August 4, 2016
10.92†	Amendment No. 9 to the A320 NEO Family Purchase Agreement, dated April 4, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.12	August 4, 2016
10.93†	Amendment No. 10 to the A320 NEO Family Purchase Agreement, dated April 12, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.13	August 4, 2016
10.94†	Amendment No. 11 to the A320 NEO Family Purchase Agreement, dated June 2, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.14	August 4, 2016
10.95†	Amendment No. 12 to A320 NEO Family Purchase Agreement, dated August 17, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.9	May 4, 2017
10.96†	Amendment No. 13 to A320 NEO Family Purchase Agreement, dated December 20, 2016, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.10	May 4, 2017
10.97†	Amendment No. 14 to A320 NEO Family Purchase Agreement, dated March 3, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.11	May 4, 2017
10.98†	Amendment No. 15 to A320 NEO Family Purchase Agreement, dated April 10, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.3	August 3, 2017
10.99†	Amendment No. 16 to A320 NEO Family Purchase Agreement, dated June 19, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.4	August 3, 2017
10.100†	Amendment No. 17 to A320 NEO Family Purchase Agreement, dated June 19, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.5	August 3, 2017
10.101†	Amendment No. 18 to A320 NEO Family Purchase Agreement, dated July 12, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.6	August 3, 2017
10.102†	Amendment No. 19 to A320 NEO Family Purchase Agreement, dated July 31, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.2	November 9, 2017

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.103†	Amendment No. 20 to A320 NEO Family Purchase Agreement, dated September 29, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.3	November 9, 2017
10.104†	Amendment No. 21 to A320 NEO Family Purchase Agreement, dated December 27, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.75	February 22, 2018
10.105†	Amendment No. 22 to A320 NEO Family Purchase Agreement, dated February 16, 2018, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.6	May 10, 2018
10.106†	Amendment No. 23 to A320 NEO Family Purchase Agreement, dated December 31, 2018, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.92	February 21, 2019
10.107†	Amendment No. 24 to A320 NEO Family Purchase Agreement, dated October 18, 2019, by and between Air Lease Corporation and Airbus S.A.S.				Filed herewith
10.108†	Amendment No. 25 to A320 NEO Family Purchase Agreement, dated December 20, 2019, by and between Air Lease Corporation and Airbus S.A.S.				Filed herewith
10.109†	A330-900 NEO Purchase Agreement, dated March 3, 2015, between Air Lease Corporation and Airbus S.A.S.	10-Q/A	001-35121	10.1	September 2, 2016
10.110†	Amendment No. 1 to the A330-900 NEO Purchase Agreement, dated May 31, 2016, between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.17	August 4, 2016
10.111†	Amendment No. 2 to A330-900 NEO Purchase Agreement, dated June 19, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.2	August 3, 2017
10.112†	Amendment No. 3 to A330-900 NEO Purchase Agreement, dated October 2, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.79	February 22, 2018
10.113†	Amendment No. 4 to A330-900 NEO Purchase Agreement, dated December 27, 2017, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.80	February 22, 2018
10.114†	Amendment No. 5 to A330-900 NEO Purchase Agreement, dated December 31, 2018, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.98	February 21, 2019
10.115†	Amendment No. 6 to A330-900 NEO Purchase Agreement, dated February 27, 2019, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.6	May 9, 2019

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.116†	Amendment No. 7 to A330-900 NEO Purchase Agreement, dated August 8, 2019, by and between Air Lease Corporation and Airbus S.A.S.	10-Q	001-35121	10.2	November 7, 2019
10.117†	Amendment No. 8 to A330-900 NEO Purchase Agreement, dated October 18, 2019, by and between Air Lease Corporation and Airbus S.A.S.				Filed herewith
10.118†	Amendment No. 9 to A330-900 NEO Purchase Agreement, dated December 20, 2019, by and between Air Lease Corporation and Airbus S.A.S.				Filed herewith
10.119†	Agreement, dated December 31, 2018, by and between Air Lease Corporation and Airbus S.A.S.	10-K	001-35121	10.99	February 21, 2019
10.120†	Amendment No. 1 to Agreement, dated October 30, 2019, between Airbus S.A.S. and Air Lease Corporation				Filed herewith
10.121†	Amendment No. 2 to Agreement, dated December 20, 2019, between Airbus S.A.S. and Air Lease Corporation				Filed herewith
10.122†	Agreement, dated December 20, 2019, between Airbus S.A.S. and Air Lease Corporation				Filed herewith
10.123†	Agreement, dated December 20, 2019, among Airbus S.A.S. and Airbus Canada Limited Partnership and Air Lease Corporation				Filed herewith
10.124†	A220 Purchase Agreement, dated December 20, 2019, by and between Airbus Canada Limited Partnership and Air Lease Corporation				Filed herewith
10.125§	Employment Agreement between Air Lease Corporation Hong Kong Limited and Jie Chen, effective June 6, 2019.	8-K	001-35121	10.1	June 7, 2019
10.126§	Letter Agreement between Air Lease Corporation and Jie Chen, dated June 5, 2019.	8-K	001-35121	10.2	June 7, 2019
10.127§	Tax Equalization Understanding between Air Lease Corporation and Jie Chen, dated June 5, 2019.	8-K	001-35121	10.3	June 7, 2019
10.128§	Amended and Restated Air Lease Corporation 2010 Equity Incentive Plan (effective as of June 4, 2010 and amended as of February 15, 2011 and as further amended as of February 26, 2013)	10-Q	001-35121	10.3	May 9, 2013
10.129§	Form of Stock Option Award Agreement under the Amended and Restated Air Lease Corporation 2010 Equity Incentive Plan	S-1/A	333-171734	10.5	February 22, 2011
10.130§	Air Lease Corporation Annual Cash Bonus Plan	8-K	001-35121	10.1	November 14, 2018
10.131§	Air Lease Corporation 2014 Equity Incentive Plan	10-Q	001-35121	10.2	May 8, 2014

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.132§	Form of Grant Notice and Form of Restricted Stock Units Agreement for Non-Employee Directors under the Air Lease Corporation 2014 Equity Incentive Plan	S-8	333-195755	4.6	May 7, 2014
10.133§	Form of Grant Notice (Deferral) and Form of Restricted Stock Units Award Agreement (Deferral) for Non-Employee Directors under the Air Lease Corporation 2014 Equity Incentive Plan	10-K	001-35121	10.41	February 26, 2015
10.134§	Form of Grant Notice and Form of Restricted Stock Units Award Agreement for non-employee directors under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning May 9, 2018	10-Q	001-35121	10.4	August 9, 2018
10.135§	Form of Grant Notice (Deferral) and Form of Restricted Stock Units Award Agreement for non-employee directors under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning May 9, 2018	10-Q	001-35121	10.3	August 9, 2018
10.136§	Form of Grant Notice and Form of Book Value and Total Stockholder Return Restricted Stock Units Award Agreement for Messrs. John L. Plueger and Steven F. Udvar-Házy under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 21, 2017.	10-Q	001-35121	10.6	May 4, 2017
10.137§	Form of Grant Notice and Form of Book Value and Total Stockholder Return Restricted Stock Units Award Agreement for Messrs. John L. Plueger and Steven F. Udvar-Házy under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 20, 2018.	10-Q	001-35121	10.3	May 10, 2018
10.138§	Form of Grant Notice (Time-Based Vesting) and Form of Restricted Stock Units Award (Time-Based Vesting) Agreement for Messrs. John L. Plueger and Steven F. Udvar-Házy under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 20, 2018.	10-Q	001-35121	10.1	May 10, 2018
10.139§	Bonus in a Form of a Grant Notice (Time-Based Vesting) and a Form of Restricted Stock Units Award (Time-Based Vesting) Agreement for Steven F. Udvar-Házy under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 20, 2019.	10-K	001-35121	10.118	February 21, 2019

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.140§	Form of Grant Notice and Form of Book Value and Total Stockholder Return Restricted Stock Units Award Agreement for officers (Executive Vice President and below) and other employees under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 21, 2017.	10-Q	001-35121	10.7	May 4, 2017
10.141§	Form of Grant Notice (Time-Based Vesting) and Form of Restricted Stock Units Award (Time-Based Vesting) Agreement for officers (Executive Vice President and below) and other employees under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 21, 2017.	10-Q	001-35121	10.8	May 4, 2017
10.142§	Form of Grant Notice and Form of Book Value and Total Stockholder Return Restricted Stock Units Award Agreement for officers (Executive Vice President and below) and other employees under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 20, 2018.	10-Q	001-35121	10.2	May 10, 2018
10.143§	Form of Grant Notice (Time-Based Vesting) and Form of Restricted Stock Units Award (Time-Based Vesting) Agreement for officers (Executive Vice President and below) and other employees under the Air Lease Corporation 2014 Equity Incentive Plan, for awards granted beginning February 20, 2018.	10-Q	001-35121	10.4	May 4, 2017
10.144§	Severance Agreement, dated as of July 1, 2016, by and between Air Lease Corporation and Steven F. Udvar-Házy.	10-Q	001-35121	10.2	August 4, 2016
10.145§	Severance Agreement, dated as of July 1, 2016, by and between Air Lease Corporation and John L. Plueger.	10-Q	001-35121	10.3	August 4, 2016
10.146§	Air Lease Corporation Executive Severance Plan, adopted February 21, 2017, as amended on May 3, 2017.	10-Q	001-35121	10.1	May 4, 2017
10.147§	Form of Indemnification Agreement with directors and officers	S-1	333-171734	10.12	February 22, 2011
10.148§	Air Lease Corporation Non-Employee Director Compensation (as amended May 8, 2019).				Filed herewith
21.1	List of Subsidiaries of Air Lease Corporation				Filed herewith
23.1	Consent of Independent Registered Accounting Firm				Filed herewith
31.1	Certification of the Chief Executive Officer and President Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				Filed herewith

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
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
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
101.INS	Inline 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)				Filed herewith
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	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)				

† The Company has either (i) omitted confidential portions of the referenced exhibit and filed such confidential portions separately with the Securities and Exchange Commission pursuant to a request for confidential treatment under Rule 406 promulgated under the Securities Act of 1933 or (ii) omitted portions of the referenced exhibit pursuant to Item 601(b) of Regulation S-K because it (a) is not material and (b) would be competitively harmful if publicly disclosed.

§ Management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on February 14, 2020.

Air Lease Corporation

By: /s/ Gregory B. Willis
Gregory B. Willis
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Steven F. Udvar-Házy</u> Steven F. Udvar-Házy	Executive Chairman of the Board of Directors	February 14, 2020
<u>/s/ John L. Plueger</u> John L. Plueger	Chief Executive Officer and President (Principal Executive Officer)	February 14, 2020
<u>/s/ Matthew J. Hart</u> Matthew J. Hart	Director	February 14, 2020
<u>/s/ Cheryl Gordon Krongard</u> Cheryl Gordon Krongard	Director	February 14, 2020
<u>/s/ Marshall O. Larsen</u> Marshall O. Larsen	Director	February 14, 2020
<u>/s/ Susan R. McCaw</u> Susan R. McCaw	Director	February 14, 2020
<u>/s/ Robert A. Milton</u> Robert A. Milton	Director	February 14, 2020
<u>/s/ Ian M. Saines</u> Ian M. Saines	Director	February 14, 2020
<u>/s/ Dr. Ronald D. Sugar</u> Dr. Ronald D. Sugar	Director	February 14, 2020

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 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 certificate of designations for our Series A 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 certificate of designations for our Series A 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 December 31, 2019, 113,350,267 shares of Class A Common Stock were outstanding, no shares of Class B Non-Voting Common Stock were outstanding and 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. We have reserved 283,976 shares of Class A Common Stock for issuance under the Amended and Restated Air Lease Corporation 2010 Equity Incentive Plan and 5,000,000 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", (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”.

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, 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.

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 nonassessable. The rights, preferences and privileges of holders of common stock will be subject to those of the holders of our Series A 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 Series A Preferred Stock are fully paid and nonassessable.

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 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 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 Series A Preferred Stock.

The Series A Preferred Stock will not be convertible into, or exchangeable for, shares of our common stock or any other class or series of our other securities and will not be 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 Series A Preferred Stock and issue additional shares of 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 Series A Preferred Stock would be deemed to form a single series with the outstanding Series A Preferred Stock. Each share of 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; 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 December 31, 2019, we did not have any junior stock other than the common stock, and we have no parity or 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.
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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 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.

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 Series A Preferred Stock remains outstanding, unless dividends on all outstanding shares of 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.

"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 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.

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 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 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 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 Series A Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series A Preferred Stock. Notwithstanding the foregoing, if the shares of 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 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 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 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 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 Series A Preferred Stock and all holders of any class or series of our stock that ranks on a parity with 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 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 Series A Preferred Stock and all holders of any liquidation preference parity stock, holders of shares of 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 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 will 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 retesting 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.

“*voting preferred stock*” means any other class or series of preferred stock of Air Lease Corporation ranking equally with 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 A Preferred Stock have been conferred and are exercisable. Whether a plurality, majority or other portion of the shares of 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 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 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 prospectus 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 Series A Preferred Stock are being redeemed with the proceeds from the sale of the stock to be authorized.

Holders of 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 Series A Preferred Stock shall be entitled to one vote per \$25.00 of liquidation preference. As a result, each share of 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. 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. 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 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 commercially reasonable efforts to renew such registration statement upon 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 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 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 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." Our Class B Non-Voting Common Stock is not currently listed on any national securities exchange or market system. Our Series A Preferred Stock is listed on the NYSE under the symbol "AL PRA."

Transfer agent and registrar

American Stock Transfer and Trust Company is the transfer agent and registrar for our common stock and our Series A Preferred 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.

EXECUTION VERSION

NEW LENDER SUPPLEMENT

SUPPLEMENT, dated as of January 23, 2020, to the Second Amended and Restated Credit Agreement, dated as of May 5, 2014, as amended by the First Amendment dated as of June 1, 2015, by the Second Amendment dated as of May 27, 2016, by the Third Amendment dated as of May 2, 2017, by the Fourth Amendment dated as of May 2, 2018, by the Fifth Amendment dated as of May 3, 2019, and as further amended, supplemented or otherwise modified from time to time (the "Credit Agreement") among AIR LEASE CORPORATION, a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Credit Agreement provides in Section 2.1(c) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement with the consent of the Borrower and the Administrative Agent (which consent of the Administrative Agent shall not be unreasonably withheld) by executing and delivering to the Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this Supplement is accepted by the Borrower and the Administrative Agent (or on such other date as may be agreed upon among the undersigned, the Borrower and the Administrative Agent), become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a Commitment of \$125,000,000.

2. The undersigned (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements most recently delivered pursuant to Sections 6.1(a) and (b) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it has made and will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, without limitation, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(e) of the Credit Agreement.

3. The undersigned hereby confirms and agrees that the Termination Date in respect of its Commitment is May 5, 2023.

4. The address for notices for the undersigned for the purposes of the Credit Agreement is as follows:

China Construction Bank Corporation, New York Branch
1095 Avenue of the Americas, 33rd Floor
New York, New York 10036
Attention: Yida Mai
Telephone: 212-207-8288
Email: Yida.Mai@ccbny.com

5. Terms defined in the Credit Agreement shall have their defined meanings when used herein.
-

IN WITNESS WHEREOF, the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

CHINA CONSTRUCTION BANK CORPORATION,
NEW YORK BRANCH

By: /s/ Jun Bi

Name: Jun Bi

Title: Deputy General Manager

[Signature Page to China Construction Bank New Lender Supplement]

Accepted and agreed to as of
the date first written above:

AIR LEASE CORPORATION

By: /s/ Gregory B. Willis

Name: Gregory B. Willis

Title: Executive Vice President and Chief Financial Officer

[Signature Page to China Construction Bank New Lender Supplement]

Accepted and agreed to as of
the date first written above:

JPMORGAN CHASE BANK, N.A. as Administrative Agent

By: /s/ Cristina Caviness

Name: Cristina Caviness

Title: Vice President

[Signature Page to China Construction Bank New Lender Supplement]

CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS
EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE
COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED

Supplemental Agreement No. 14

to

Purchase Agreement No. PA-03659

between

The Boeing Company

and

Air Lease Corporation

This Supplemental Agreement is entered into as of October 2, 2019 (**Supplemental Agreement No. 14**) by and between THE BOEING COMPANY (**Boeing**) and AIR LEASE CORPORATION (**Customer**);

All terms used but not defined in this Supplemental Agreement No. 14 have the same meaning as in the Purchase Agreement;

WHEREAS, Boeing and Customer have entered into Purchase Agreement No. PA-03659, dated October 31, 2011 as amended, and supplemented, (**Purchase Agreement**) relating to the purchase and sale of Boeing Model 787-9 Aircraft and Model 787-10 Aircraft; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*]; and

WHEREAS, Boeing and Customer desire to [*]; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to add five (5) incremental 787-9 Block E Aircraft in [*]; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*]; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*]; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*].

BOEING PROPRIETARY

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NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Purchase Agreement as follows:

1. TABLE OF CONTENTS.

The Table of Contents of the Purchase Agreement is deleted in its entirety and replaced by a new Table of Contents, provided as Enclosure 1 to this Supplemental Agreement No. 14 which reflects the revisions set forth in this Supplemental Agreement No. 14.

2. TABLE 1.

a. Table 1C to Purchase Agreement No. PA-03659, 787-10 Block A Aircraft Delivery, Description, Price and Advance Payments Rolls Royce Engines is deleted in its entirety and replaced by a revised Table 1C to Purchase Agreement No. PA-03659, 787-10 Block A Aircraft Delivery, Description, Price and Advance Payments Rolls Royce Engines provided as Enclosure 2 to this Supplemental Agreement No. 14 to reflect [*].

b. Table 1C to Purchase Agreement No. PA-03659, 787-10 Block A Aircraft Delivery, Description, Price and Advance Payments General Electric Engines is deleted in its entirety and replaced by a revised Table 1C to Purchase Agreement No. PA-03659, 787-10 Block A Aircraft Delivery, Description, Price and Advance Payments General Electric Engines provided as Enclosure 3 to this Supplemental Agreement No. 14 to reflect [*].

c. Table 1F to Purchase Agreement No. PA-03659, 787-9 Block E Aircraft Delivery, Description, Price and Advance Payments Rolls Royce Engines is deleted in its entirety and replaced by a revised Table 1F to Purchase Agreement No. PA-03659, 787-9 Block E Aircraft Delivery, Description, Price and Advance Payments Rolls Royce Engines provided as Enclosure 4 to this Supplemental Agreement No. 14 to reflect the addition of five (5) 787-9 Block E Aircraft and [*].

d. Table 1F to Purchase Agreement No. PA-03659, 787-9 Block E Aircraft Delivery, Description, Price and Advance Payments General Electric Engines is deleted in its entirety and replaced by a revised Table 1F to Purchase Agreement No. PA-03659, 787-9 Block E Aircraft Delivery, Description, Price and Advance Payments General Electric Engines provided as Enclosure 5 to this Supplemental Agreement No. 14 to reflect the addition of five (5) 787-9 Block E Aircraft and [*].

3. SUPPLEMENTAL EXHIBITS

a. Supplemental Exhibit CS1 to Purchase Agreement Number PA-03659 is deleted in its entirety and replaced by a revised Supplemental Exhibit CS1 to Purchase Agreement Number PA-03659, provided as Enclosure 6 to this Supplemental Agreement No. 14, which reflects [*].

4. LETTER AGREEMENTS.

a. Letter Agreement LA-1301080R6, Special Matters - 787-9 Blocks B, C, D and E Aircraft, is deleted in its entirety and replaced by a revised Letter Agreement LA-1301080R7, Special Matters - 787-9 Blocks B, C, D and E Aircraft, provided as Enclosure 7 to this Supplemental Agreement No. 14, which reflects the amendments necessary to add five (5) 787-9 Block E Aircraft.

b. Letter Agreement HAZ-PA-03659-LA-1104720R9, Advance Payment Matters, is deleted in its entirety and replaced by a revised Letter Agreement HAZ-PA-03659-LA-1104720R10, Advance Payment Matters, provided as Enclosure 8 to this Supplemental Agreement No. 14, which addresses the addition of five (5) 787-9 Block E Aircraft.

5. PAYMENT CONSIDERATIONS.

[*]

6. MISCELLANEOUS.

a. The Purchase Agreement is amended as set forth above, and all other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect. Any Tables of Contents, Tables, Supplemental Exhibits, Letter Agreements or other documents that are listed in the Sections above are incorporated into this Supplemental Agreement by this reference.

b. This Supplemental Agreement will become effective upon execution and receipt by both parties of both this Supplemental Agreement No. 14 and Supplemental Agreement No. 24 under Purchase Agreement 3791 on or before October 2, 2019 after which date this Supplemental Agreement will be null and void and have no force or effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY

AIR LEASE CORPORATION

BY: /s/ Michael Lombardi

BY: /s/ Grant Levy

ITS: Attorney-In-Fact

ITS: Executive Vice President

PURCHASE AGREEMENT NUMBER PA-03659

between

THE BOEING COMPANY

and

Air Lease Corporation

Relating to Boeing Model 787-9 and 787-10 Aircraft

PA 3659

SA-14

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Purchase Agreement No. PA-03659

787-10 Block A Aircraft Delivery, Description, Price and Advance Payments

Rolls Royce Trent 1000-J Engines

Delivery Date	Number of Aircraft	Manufacturer's Serial Number	Lessee	Optional Features Price	P.A. Exhibit A	Engine Selection	Engine Price	Escalation Factor (Airframe)	Escalation Factor (Engine)	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
											[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]-2023	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

Total: [*]

[*]

Purchase Agreement No. PA-03659

787-10 Block A Aircraft Delivery, Description, Price and Advance Payments

General Electric Engines

Delivery Date	Number of Aircraft	Manufacturer's Serial Number	Lessee	Optional Features Price	P.A. Exhibit A	Engine Selection	Engine Price	Escalation Factor (Airframe)	Escalation Factor (Engine)	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
											[*]	[*]	[*]	[*]
											[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
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[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]-2023	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

Total: 25

[*]

Note: Serial numbers are provided as guidance only and are subject to change.

Purchase Agreement No. PA-03659

787-9 Block E Aircraft Delivery, Description, Price and Advance Payments

Rolls-Royce Engines

Airframe Model/MTOW:	787-9	560,000 pounds	Detail Specification:	787B1-4102-V
Engine Model/Thrust:	TRENT1000-J	74,400 pounds	Airframe Price Base Year/Escalation Formula:	(11/10/2017) [*] [*]
Airframe Price:		[*]	Engine Price Base Year/Escalation Formula:	[*] [*]
Optional Features:		[*]	Airframe Escalation Data:	
Sub-Total of Airframe and Features:		[*]	Base Year Index (ECI):	[*]
Engine Price (Per Aircraft) ¹ :		[*]	Base Year Index (CPI):	[*]
Aircraft Basic Price (Excluding BFE/SPE):		[*]	Engine Escalation Data:	
Buyer Furnished Equipment (BFE) Estimate:		[*]	Base Year Index (ECI):	[*]
In-Flight Entertainment (IFE) Estimate:		[*]	Base Year Index (CPI):	[*]
Deposit per Aircraft:		[*]		

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Factor (Engine)	Manufacturer Serial Number	P.A. Ex A	Lessee	Escalation Estimate Adv Payment Base Price Per A/P	Engine Thrust Selection	Engine Price ²	Engine Baseyear ³	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
											[*]	[*]	[*]	[*]
[*]-2020	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
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[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]-2021	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

Total: 9

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[*]

Note: Serial numbers are provided as guidance only and are subject to change.

787-9 Block E Aircraft Delivery, Description, Price and Advance Payments
General Electric Engines

[illegible]

[*]

Note: Serial numbers are provided as guidance only and are subject to change.

787 CUSTOMER SUPPORT DOCUMENT

between

THE BOEING COMPANY

And

Air Lease Corporation

Supplemental Exhibit CS1 to Purchase Agreement Number PA-03659

This document contains:

- | | |
|--------|--|
| Part 1 | Boeing Maintenance and Flight Training Programs;
Operations Engineering Support |
| Part 2 | Field and Engineering Support Services |
| Part 3 | Technical Information and Materials |
| Part 4 | Alleviation or Cessation of Performance |
| Part 5 | Protection of Proprietary Information and Proprietary Materials |

HAZ-PA-03659-CS1

BOEING PROPRIETARY

CS1 Page 1
SA-14

787 CUSTOMER SUPPORT DOCUMENT

**PART 1: BOEING MAINTENANCE AND FLIGHT TRAINING
PROGRAMS; OPERATIONS ENGINEERING SUPPORT**1. Boeing Training Programs.

Boeing will provide maintenance training, cabin attendant training, and flight training programs to support the introduction of the Aircraft into service as provided in this Supplemental Exhibit CS1.

1.1 Customer is awarded [*] points (**Training Points**). At any time before twenty-four (24) months after delivery of Customer's last Aircraft (**Training Program Period**) Customer may exchange Training Points for any of the training courses described on Attachment A at the point values described on Attachment A or for other training Boeing may identify at specified point values. At the end of the Training Program Period any unused Training Points will expire.

1.2 In addition to the training provided in Article 1.1, Boeing will provide to Customer the following training and services:

1.2.1 Flight dispatcher model specific instruction; one (1) class of six (6) students (1 aircraft); Flight dispatcher model specific instruction; two (2) classes of six (6) students (≥ 2 aircraft);

1.2.2 performance engineer model specific instruction in Boeing's regularly scheduled courses; schedules are published yearly.

1.2.3 Additional Flight Operations Services:

- (i) Boeing flight crew personnel to assist in ferrying the first Aircraft to Customer's main base;
- (ii) Instructor pilots for sixty (60) Man Days (as defined in Article 5.4, below) for revenue service training assistance (1 aircraft); Instructor pilots for ninety (90) Man Days (as defined in Article 5.4, below) for revenue service training assistance (≥ 2 aircraft);
- (iii) an instructor pilot to visit Customer six (6) months after revenue service training to review Customer's flight crew operations for a two (2) week period.

If any part of the training described in this Article 1.2 is not completed by Customer within twenty-four (24) months after the delivery of the last Aircraft, Boeing will have no obligation to provide such training.

2. Training Schedule and Curricula.

2.1 Customer and Boeing will together conduct planning conferences approximately twelve (12) months before the scheduled delivery month of the first Aircraft of a model to define and schedule the maintenance, flight training and cabin attendant training programs. At the conclusion of each planning conference the parties will document Customer's course selection, training schedule, and, if applicable, Training Point application and remaining Training Point balance.

2.2 Customer may also request training by written notice to Boeing identifying desired courses, dates and locations. Within fifteen (15) days of Boeing's receipt of such request Boeing will provide written response to Customer confirming whether the requested courses are available at the times and locations requested by Customer.

3. Location of Training.

3.1 Boeing will conduct all flight and maintenance training at any of its or its wholly-owned subsidiaries' training facilities equipped for the Aircraft. Customer shall decide on the location or mix of locations for training, subject to space being available in the desired courses at the selected training facility on the dates desired. Notwithstanding the above, dispatcher and performance engineering training will only be conducted at the Boeing Seattle training campus.

3.2 If requested by Customer, Boeing will conduct the classroom portions of the maintenance and flight training (except for the dispatcher and performance engineering training courses) at a mutually acceptable alternate training site, subject to the following conditions:

3.2.1 Customer will provide acceptable classroom space, simulators (as necessary for flight training) and training equipment required to present the courses;

3.2.2 Customer will pay Boeing's then current per diem for Boeing instructor for each day, or fraction thereof, that the instructor is away from his home location, including travel time;

3.2.3 Customer will reimburse Boeing for the actual costs of round-trip transportation for Boeing's instructors and the shipping costs of training Materials which must be shipped between the primary training facility and the alternate training site;

3.2.4 Customer will be responsible for all taxes, fees, duties, licenses, permits and similar expenses incurred by Boeing and its employees as a result of Boeing providing training at the alternate site or incurred as a result of Boeing providing revenue service training; and

3.2.5 those portions of training that require the use of training devices not available at the alternate site will be conducted at Boeing's facility or at some other alternate site. Customer will be responsible for additional expenses, if any, which result from the use of such alternate site.

4. Training Materials.

Training Materials will be provided for each student. Training Materials may be used only for either (i) the individual student's reference during Boeing provided training and for review thereafter or (ii) Customer's provision of training to individuals directly employed by the Customer.

5. Additional Terms and Conditions.

5.1 All training will reflect an airplane configuration defined by (i) Boeing's standard configuration specification for 787 aircraft, (ii) Boeing's standard configuration specification for the minor model of 787 aircraft selected by Customer, and (iii) any Optional Features selected by Customer from Boeing's standard catalog of Optional Features. Upon Customer's request, Boeing may provide training customized to reflect other elements of Customer's Aircraft configuration subject to a mutually acceptable price, schedule, scope of work and other applicable terms and conditions.

5.2 All training will be provided in the English language. If translation is required, Customer will provide interpreters.

5.3 Customer will be responsible for all expenses of Customer's personnel except that in the Puget Sound region of Washington State Boeing will transport Customer's personnel between their local lodgings and Boeing's training facility. If Boeing determines that training will be provided in Charleston, South Carolina, Boeing will evaluate providing transportation services at that site. If in the future Boeing offers transportation services in Charleston, South Carolina, such services will be provided to Customer consistent with Boeing's then-current policies in place regarding transportation services.

5.4 Boeing flight instructor personnel will not be required to work more than five (5) days per week, or more than eight (8) hours in any one twenty-four (24) hour period (**Man Day**), of which not more than five (5) hours per eight (8) hour workday will be spent in actual flying. These foregoing restrictions will not apply to ferry assistance or revenue service training services, which will be governed by FAA rules and regulations.

5.5 **Normal Line Maintenance** is defined as line maintenance that Boeing might reasonably be expected to furnish for flight crew training at Boeing's facility, and will include ground support and Aircraft storage in the open, but will not include provision of spare parts. Boeing will provide Normal Line Maintenance services for any Aircraft while the Aircraft is used for flight crew training at Boeing's facility in accordance with the Boeing Maintenance Plan (Boeing document D6-82076) and the Repair Station Operation and Inspection Manual (Boeing document D6-25470). Customer will provide such services if flight crew training is conducted elsewhere. Regardless of the location of such training, Customer will be responsible for providing all maintenance items (other than those included in Normal Line Maintenance) required during the training, including, but not limited to, fuel, oil, landing fees and spare parts.

5.6 If the training is based at Boeing's facility and the Aircraft is damaged during such training, Boeing will make all necessary repairs to the Aircraft as promptly as possible. Customer will pay Boeing's reasonable charge, including the price of parts and materials, for making the repairs. If Boeing's estimated labor charge for the repair exceeds Twenty-five Thousand U.S. Dollars (\$25,000), Boeing and Customer will enter into an agreement for additional services before beginning the repair work.

5.7 If the flight training is based at Boeing's facility, several airports in the surrounding area may be used, at Boeing's option. Unless otherwise agreed in the flight training planning conference, it will be Customer's responsibility to make arrangements for the use of such airports.

5.8 If Boeing agrees to make arrangements on behalf of Customer for the use of airports for flight training, Boeing will pay on Customer's behalf any landing fees charged by any airport used in conjunction with the flight training. At least thirty (30) days before flight training, Customer will provide Boeing an open purchase order against which Boeing will invoice Customer for any landing fees Boeing paid on Customer's behalf. The invoice will be submitted to Customer approximately sixty (60) days after flight training is completed, when all landing fee charges have been received and verified. Customer will pay the invoiced amount to Boeing within thirty (30) days of the date of the invoice.

5.9 If requested by Boeing, in order to provide the flight training or ferry flight assistance, Customer will make available to Boeing an Aircraft after delivery to familiarize Boeing instructor or ferry flight crew personnel with such Aircraft. If flight of the Aircraft is required for any Boeing instructor or ferry flight crew member to maintain an FAA license for flight proficiency or landing currency, Boeing will be responsible for the costs of fuel, oil, landing fees and spare parts attributable to that portion of the flight.

787 CUSTOMER SUPPORT DOCUMENT**PART 2: FIELD AND ENGINEERING SUPPORT SERVICES****1. Field Service Representation.**

Boeing will furnish field service representation to advise Customer with respect to the maintenance and operation of the Aircraft (**Field Service Representatives**).

1.1 Field Service representation will be available at or near Customer's main maintenance or engineering facility beginning before the scheduled delivery month of the first Aircraft and ending twelve (12) months after delivery of the last Aircraft covered by a specific purchase agreement.

1.2 When a Field Service Representative is positioned at Customer's facility, Customer will provide, at no charge to Boeing, suitable furnished office space and office equipment, including internet capability for electronic access of data, at the location where Boeing is providing Field Service Representatives. As required, Customer will assist each Field Service Representative with visas, work permits, customs, mail handling, identification passes and formal introduction to local airport authorities.

1.3 Boeing's Field Service Representatives are assigned to various airports and other locations around the world. Whenever Customer's Aircraft are operating through any such airport, the services of Boeing's Field Service Representatives are available to Customer.

2. Engineering Support Services.

2.1 Boeing will, if requested by Customer, provide technical advisory assistance from the Seattle area or at a base designated by Customer as appropriate for any Aircraft or Boeing Product (as defined in Part 1 of Exhibit C of the AGTA). Technical advisory assistance, provided, will include:

2.1.1 Analysis of the information provided by Customer to determine the probable nature and cause of operational problems and suggestion of possible solutions.

2.1.2 Analysis of the information provided by Customer to determine the nature and cause of unsatisfactory schedule reliability and the suggestion of possible solutions.

2.1.3 Analysis of the information provided by Customer to determine the nature and cause of unsatisfactory maintenance costs and the suggestion of possible solutions.

2.1.4 Analysis and commentary on Customer's engineering releases relating to structural repairs not covered by Boeing's Structural Repair Manual including those repairs requiring advanced composite structure design.

2.1.5 Analysis and commentary on Customer's engineering proposals for changes in, or replacement of, systems, parts, accessories or equipment manufactured to Boeing's detailed design. Boeing will not analyze or comment on any major structural change unless Customer's request for such analysis and comment includes complete detailed drawings, substantiating information (including any information required by applicable government agencies), all stress or other appropriate analyses, and a specific statement from Customer of the substance of the review and the response requested.

2.1.6 Maintenance Engineering. Boeing will provide the following Maintenance Engineering support:

2.1.6.1 Maintenance Planning Assistance. Upon request, Boeing will provide (i) one (1) on-site visit to Customer's main base to assist with maintenance program development and to provide consulting related to maintenance planning and (ii) one (1) on site visit to Customer's main base to assist with the development of their ETOPS maintenance program and to provide consultation related to ETOPS maintenance planning. Consultation with Customer will be based on ground rules and requirements information provided in advance by Customer.

2.1.6.2 GSE/Shops/Tooling Consulting. Upon request, Boeing will provide one (1) on-site visit to Customer's main base to provide consulting and data for ground support equipment, maintenance tooling and requirements for maintenance shops. Consultation with Customer will be based on ground rules and requirements information provided in advance by Customer.

2.1.6.3 Maintenance Engineering Evaluation. Upon request, Boeing will provide one (1) on-site visit to Customer's main base to evaluate Customer's maintenance and engineering organization for conformance with industry best practices. The result of which will be documented by Boeing in a maintenance engineering evaluation presentation. Customer will be provided with a copy of the maintenance engineering evaluation presentation. Consultation with Customer will be based on ground rules and requirements information provided in advance by Customer.

2.1.7 Operations Engineering Support. Boeing will provide the following Flight Operations Engineering support:

2.1.7.1 Assistance with the analysis and preparation of performance data to be used in establishing operating practices and policies for Customer's operation of Aircraft.

2.1.7.2 Assistance with interpretation of the minimum equipment list, the definition of the configuration deviation list and the analysis of individual Aircraft performance.

2.1.7.3 Assistance with solving operational problems associated with delivery and route-proving flights.

2.1.7.4 Information regarding significant service items relating to Aircraft performance or flight operations.

2.1.7.5 If requested by Customer, Boeing will provide operations engineering support during the ferry flight of an Aircraft. Such support will be provided from the Puget Sound area or from an alternate location, at Boeing's sole discretion.

2.1.7.6 Assistance in developing an Extended Twin Operations (**ETOPs**) plan for regulatory approval.

2.2 Boeing will, if requested by Customer, perform work on an Aircraft after delivery but prior to the initial departure flight or upon the return of the Aircraft to Boeing's facility prior to completion of that flight. The following conditions will apply to Boeing's performance:

2.2.1 Boeing may rely upon the commitment authority of the Customer's personnel requesting the work.

2.2.2 As title and risk of loss has passed to Customer, the insurance provisions of Article 8.2 of the AGTA apply.

2.2.3 The provisions of the Boeing warranty in Part 2 of Exhibit C of the AGTA apply.

2.2.4 Customer will pay Boeing for requested work not covered by the Boeing warranty, if any.

2.2.5 The DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 of Exhibit C of the AGTA apply.

2.3 Boeing may, at Customer's request, provide services other than those described in Articles 2.1 and 2.2 of this Part 2 of Supplemental Exhibit CS1 for an Aircraft after delivery, which may include, but not be limited to, retrofit kit changes (kits and/or information), training, flight services, maintenance and repair of Aircraft (**Additional Services**). Such Additional Services will be subject to a mutually acceptable price, schedule, scope of work and other applicable terms and conditions. The DISCLAIMER AND RELEASE and the EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 of Exhibit C of the AGTA and the insurance provisions in Article 8.2 of the AGTA will apply to any such work. Title to and risk of loss of any such Aircraft will always remain with Customer.

787 CUSTOMER SUPPORT DOCUMENT

PART 3: TECHNICAL INFORMATION AND MATERIALS

1. General.

Materials are defined as any and all items that are created by Boeing or a third party, which are provided directly or indirectly from Boeing and serve primarily to contain, convey or embody information. Materials may include either tangible embodiments (for example, documents or drawings), or intangible embodiments (for example, software and other electronic forms) of information but excludes Aircraft Software. **Aircraft Software** is defined as software that is installed on and used in the operation of the Aircraft.

Customer Information is defined as that data provided by Customer to Boeing which falls into one of the following categories: (i) aircraft operational information (including, but not limited to, flight hours, departures, schedule reliability, engine hours, number of aircraft, aircraft registries, landings, and daily utilization and schedule interruptions for Boeing model aircraft); (ii) summary and detailed shop findings data; (iii) aircraft readiness log data; (iv) non-conformance reports; (v) line maintenance data; (vi) airplane message data; (vii) scheduled maintenance data; and (viii) service bulletin incorporation.

Upon execution by Customer of Boeing's standard form Customer Services General Terms Agreement and Supplemental Agreement for Electronic Access and, as required, the applicable Boeing licensed software order, Boeing will provide to Customer through electronic access certain Materials to support the maintenance and operation of the Aircraft. Such Materials will, if applicable, be prepared generally in accordance with Aerospace Industries Association Specification 1000D (S1000D) and Air Transport Association of America (**ATA**) iSpec 2200, entitled "Information Standards for Aviation Maintenance." Materials not covered by iSpec 2200 will be provided in a structure suitable for the Material's intended use. Materials will be in English and in the units of measure used by Boeing to manufacture an Aircraft.

2. Materials Planning Conferences.

Customer and Boeing will conduct planning conferences approximately twelve (12) months before the scheduled delivery month of the first Aircraft in order to mutually determine (i) the Materials to be furnished to Customer in support of the Aircraft, (ii) the Customer Information to be furnished by Customer to Boeing, (iii) additional information related to certain Boeing furnished Materials, including but not limited to: delivery timing, delivery method and revision information, all of which shall be recorded in a worksheet (**Document Worksheet**) (iv) the update cycles of the Customer Information to be furnished to Boeing, (v) any Customer preparations necessary for Customer's transmittal of Customer Information to Boeing, and (vi) any Customer preparations necessary for Customer's electronic access to the Materials.

3. Technical Data and Maintenance Information.

Boeing will provide technical data and maintenance information equivalent to that traditionally provided in the following manuals and documents. The format for this data and information is not yet determined in all cases. Whenever possible Boeing will provide such data and information through electronic access or other means, both at its sole discretion.

(i) Flight Operations Information.

Airplane Flight Manual (AFM)
Dispatch Deviation Guide (DDG)
ETOPS Guide Vol. III (Operational Guidelines and Methods)
Flight Attendant Manual (FAM)
Flight Crew Operations Manual and Quick Reference Handbook (FCOM/QRH)
Flight Crew Training Manual (FCTM)
Flight Management Computer (FMC) Supplementary Data Document
Jet Transport Performance Methods (JTPM)
Performance Engineer's Tool (PET)
Weight and Balance Manual (Chapter 1, Control and Loading) (WBM)

(ii) Maintenance Information.

Aircraft Maintenance Manual (Part 1) (AMM)
Systems Description Section (SDS)
Aircraft Maintenance Manual (Part 2) (AMM)
Practices and Procedures
Baggage Cargo Loading Manual (BCLM)
Boeing Component Maintenance Manual (BCMM)
Component Service Bulletins (CSB)
Engineering Design Data – Assembly and Installation Drawings
Engineering Design Data – Assembly and Installation Drawings Bill of Materials
Fault Isolation Manual (FIM)
Fault Reporting Manual (FRM)
Live Animal Carriage Document (LACD)
Maintenance Implementation Document (MID)
Power Plant Buildup Manual (except Rolls Royce)Maintenance Tips (MTIP)
Markers and Stencils

Nondestructive Test Manual (NDT)
Profile Drawings
Remote Certification Service Bulletin
Service Bulletins (SB)
a. Service Bulletin Information Notices (IN)
Service Letters (SL)
Standard Overhaul Practices Manual Chapter 20 (SOPM)
Standard Wiring Practices Manual Chapter 20 (SWPM)
Structural Repair Manual (SRM)
Systems Schematics (SSM)
Validation Copy Service Bulletin
Wiring Diagrams (WDM)

(iii) Maintenance Planning.

Airplane Maintenance Inspection Intervals (AMII)
Configuration, Maintenance and Procedures (CMP) for ETOPS
ETOPS Guide Vol. II (Maintenance Program Guidelines)
Maintenance Planning Data (Sections 1-8) (MPD)
Maintenance Planning Data (Section 9)
787 Airworthiness Limitations (AWL)
Maintenance Planning Data (Section 9)
787 Certification Maintenance Requirements (CMR)
Maintenance Planning Data (Section 9)
787 Airworthiness Limitations - Line Number Specific (AWLLNS)
Maintenance Planning Data (Section 9)
787 Special Compliance Items (SCI)
Maintenance Review Board Report (MRBR)
Maintenance Task Cards and Index (TASK)

(iv) Spares Information.

Illustrated Parts Catalog Data (IPD)
Product Standards Books(PSDS)

(v) Airplane & Airport Information.

Airplane Characteristics for Airport Planning (ACAP)
Airplane Rescue and Fire Fighting Information (ARFF)
Airplane Recovery Document (ARD)
Engine Ground Handling Document (EGH)
ETOPS Guide Vol. 1 (CMP Supplement)

GSE Tooling Drawings (3D Model, bill of Material, 2D Drawings and Drawing Notes)
Illustrated Tool and Equipment Manual (ITEM)
Maintenance Facility and Equipment Planning Document (MFEPD)
Special Tool and Ground Handling Index (IND)

(vi) Shop Maintenance.

Component Maintenance Manual /Overhaul Manual (CMM/OHM) Index
Product Support Supplier Directory (PSSD)
Supplier's Component Maintenance Manuals (SCMM)
Supplier Product Support and Assurance Agreements Document (Vols. 1 & 2) (PSAA)
Supplier Service Bulletins (SSB)

4. Advance Representative Materials.

Boeing will select all advance representative Materials from available sources and whenever possible will provide them through electronic access. Such advance Materials will be for advance planning purposes only.

5. Customized Materials.

All customized Materials will reflect the configuration of each Aircraft as delivered.

6. Revisions.

6.1 The schedule for updating certain Materials will be identified in the planning conference. Such updates will reflect changes to Materials developed by Boeing.

6.2 If Boeing receives written notice that Customer intends to incorporate, or has incorporated, any Boeing service bulletin in an Aircraft, Boeing will update Materials reflecting the effects of such incorporation into such Aircraft.

7. Supplier Technical Data.

7.1 For supplier-manufactured programmed airborne avionics components and equipment classified as Seller Furnished Equipment (**SFE**) which contain computer software designed and developed in accordance with Radio Technical Commission for Aeronautics Document No. RTCA/DO-178B dated December 1, 1992 (with an errata issued on March 26, 1999), or later as available, Boeing will request that each supplier of the components and equipment make software documentation available to Customer.

7.2 The provisions of this Article will not be applicable to items of BFE.

7.3 Boeing will furnish to Customer a document identifying the terms and conditions of the product support agreements between Boeing and its suppliers requiring the suppliers to fulfill Customer's requirements for information and services in support of the Aircraft.

8. Buyer Furnished Equipment Data.

Boeing will incorporate BFE maintenance information into the customized Materials provided Customer makes the information available to Boeing at least six (6) months prior to the scheduled delivery month of each Aircraft. Boeing will incorporate such BFE maintenance information into the Materials prior to delivery of each Aircraft reflecting the configuration of that Aircraft as delivered. For BFE maintenance information provided less than six (6) months before delivery, Boeing will incorporate such BFE maintenance information at the earliest revision cycle. Upon Customer's request, Boeing may provide update service after delivery to such information subject to the terms of Part 2, Article 2.3 relating to Additional Services. Customer agrees to furnish all BFE maintenance information in Boeing's standard digital format.

9. Customer's Shipping Address.

From time to time Boeing may furnish certain Materials or updates to Materials by means other than electronic access. Customer will specify a single address and Customer shall promptly notify Boeing of any change to that address. Boeing will pay the reasonable shipping costs of the Materials. Customer is responsible for any customs clearance charges, duties, and taxes.

787 CUSTOMER SUPPORT DOCUMENT**PART 4: ALLEVIATION OR CESSATION OF PERFORMANCE**

Boeing will not be required to provide any services, training or other things at a facility designated by Customer if any of the following conditions exist:

1. a labor stoppage or dispute in progress involving Customer; or
2. wars or warlike operations, riots or insurrections in the country where the facility is located; or
3. any condition at the facility which, in the opinion of Boeing, is detrimental to the general health, welfare or safety of its personnel or their families; or
4. the United States Government refuses permission to Boeing personnel or their families to enter into the country where the facility is located, or recommends that Boeing personnel or their families leave the country.

After the location of Boeing personnel at the facility, Boeing further reserves the right, upon the occurrence of any of such events, to immediately and without prior notice to Customer relocate its personnel and their families.

Boeing will not be required to provide any Materials at a facility designated by Customer if the United States Government refuses permission to Boeing to deliver Materials to the country where the facility is located.

787 CUSTOMER SUPPORT DOCUMENT

PART 5: PROTECTION OF PROPRIETARY INFORMATION AND PROPRIETARY MATERIALS

1. General.

All Materials provided by Boeing to Customer and not covered by a Boeing CSGTA or other agreement between Boeing and Customer defining Customer's right to use and disclose the Materials and included information will be covered by and subject to the terms of the AGTA as amended by the terms of the Purchase Agreement. Title to all Materials containing, conveying or embodying confidential, proprietary or trade secret information (**Proprietary Information**) belonging to Boeing or a third party (**Proprietary Materials**), will at all times remain with Boeing or such third party. Customer will treat all Proprietary Materials and all Proprietary Information in confidence and use and disclose the same only as specifically authorized in the AGTA as amended by the terms of the Purchase Agreement.

2. License Grant.

2.1 Boeing grants to Customer a worldwide, non-exclusive, non-transferable license to use and disclose Proprietary Materials in accordance with the terms and conditions of the AGTA as amended by the terms of the Purchase Agreement. Customer is authorized to make copies of Materials (except for Materials bearing the copyright legend of a third party), and all copies of Proprietary Materials will belong to Boeing and be treated as Proprietary Materials under the AGTA as amended by the terms of the Purchase Agreement. Customer will preserve all proprietary legends, and all copyright notices on all Materials and insure the inclusion of those legends and notices on all copies.

2.2 Customer grants to Boeing a perpetual, world-wide, non-exclusive license to use and disclose Customer Information or derivative works thereof in Boeing data and information products and services provided indicia identifying Customer Information as originating from Customer is removed from such Customer Information.

3. Use of Proprietary Materials and Proprietary Information.

Customer is authorized to use Proprietary Materials and Proprietary Information for the purpose of: (a) operation, maintenance, repair, or modification of Customer's Aircraft for which the Proprietary Materials and Proprietary Information have been specified by Boeing and (b) development and manufacture of training devices and maintenance tools for use by Customer.

4. Providing of Proprietary Materials to Contractors.

Customer is authorized to provide Proprietary Materials to Customer's contractors for the sole purpose of maintenance, repair, or modification of Customer's Aircraft for which the Proprietary Materials have been specified by Boeing. In addition, Customer

may provide Proprietary Materials to Customer's contractors for the sole purpose of developing and manufacturing training devices and maintenance tools for Customer's use. Before providing Proprietary Materials to its contractor, Customer will first obtain a written agreement from the contractor by which the contractor agrees (a) to use the Proprietary Materials only on behalf of Customer, (b) to be bound by all of the restrictions and limitations of this Part 5, and (c) that Boeing is a third party beneficiary under the written agreement. Customer agrees to provide copies of all such written agreements to Boeing upon request and be liable to Boeing for any breach of those agreements by a contractor. A sample agreement acceptable to Boeing is attached as Appendix VII to the AGTA.

5. Providing of Proprietary Materials and Proprietary Information to Regulatory Agencies.

5.1 When and to the extent required by a government regulatory agency having jurisdiction over Customer or an Aircraft, Customer is authorized to provide Proprietary Materials and to disclose Proprietary Information to the agency for use in connection with Customer's operation, maintenance, repair, or modification of such Aircraft. Customer agrees to take all reasonable steps to prevent the agency from making any distribution, disclosure, or additional use of the Proprietary Materials and Proprietary Information provided or disclosed. Customer further agrees to notify Boeing immediately upon learning of any (a) distribution, disclosure, or additional use by the agency, (b) request to the agency for distribution, disclosure, or additional use, or (c) intention on the part of the agency to distribute, disclose, or make additional use of Proprietary Materials or Proprietary Information.

5.2 In the event of an Aircraft or Aircraft systems-related incident, the Customer may suspend, or block access to Customer Information pertaining to its Aircraft or fleet. Such suspension may be for an indefinite period of time.

787 CUSTOMER SUPPORT DOCUMENT

ATTACHMENT A
787 TRAINING POINTS MENU

Flight Training	Per Class Student Maximum	Total Points Per Class*
787 Pilot Type Rating Course – FAA ***	2	17
787 Pilot Shortened Type Rating Course – FAA (STAR) ***	2	9
787 Pilot Additional Type Rating – EASA ***	2	19
787 Pilot Prior Experience Course - EASA ***	2	11
777 to 787 Pilot Differences Course ***	2	6
787 Pilot Recurrent Course ***	2	6
787 Pilot Type Rating Course during Non-social Sessions** / ***	2	15
787 Pilot Shortened Type Rating Course (STAR) during Non-social Sessions** / ***	2	8
777 to 787 Pilot Differences Course during Non-social Sessions** / ***	2	5
787 Pilot Recurrent Course during Non-social Sessions** / ***	2	5
Additional 787 Four Hour Simulator Session (with or without Boeing instructor) ***	2	1
Additional 787 Ground School Training Day (with or without FTD) ***	2	1

Cabin Crew/Door Training	Per Class Student Maximum	Total Points Per Class
787 Cabin Safety Training (includes Exits/Door Training)	12	2
787 Emergency Exits/Doors Training Course	12	1

Maintenance Training	Per Class Student Maximum	Total Points Per Class
787 General Familiarization Course (instructor-led)	24	3
787 Avionics/Airframe/Powerplant/Electrical Systems Course (Ramp and Transit)	16	18
787 Avionics/Airframe/Powerplant/Electrical Systems Line & Base or Regulatory (B1/B2) ME/AV Course (without field trips)	16	30
787 Regulatory Mechanical (B1) ME Course (without field trips)	16	30
787 Regulatory Avionics (B2) AV Course (without field trips)	16	24
787 Engine Run-Up Course ***	3	2
787 Aircraft Rigging Course (without field trip)	10	6
787 Fiber Optics Course ***	9	4
787-8/-9 to 787-10 (GE) Aircraft Differences Line & Base Maintenance Course	16	2
787-8/-9 to 787-10 (RR) Aircraft Differences Line & Base Maintenance Course	16	4

787 Aircraft Structural Repair Courses	Per Class Student Maximum	Total Points Per Class*
787 Boeing Structural Repair Manual Course	16	4
787 Composite Repair for Technicians Course ***	8	10
787 Composite Repair for Engineers with Practical Application Course ***	8	10
787 Composite Repair & Design for Engineers Course (no lab)	16	7
787 Damage and Repair Non-Destructive Inspection Course ***	8	4
787 Composite Repair for Inspectors Course ***	8	4
787 Quick Composite Repair Course ***	8	3

*Points per Class are based upon training conducted according to Boeing's standard training courses. Extended or modified courses will require point adjustment to reflect altered work statement or duration.

**Non-social Sessions are those in which any part of the session falls between midnight and 06:00 A.M. local time. To qualify for this discount all simulator sessions for a given course must be scheduled as Non-social Sessions.

***Courses must be taught at a Boeing facility.

CBT Products	
Flight	
Initial Transition CBT	4 points/crew first year + 2 points/crew each additional year for 4 years or 72 points first year + 22 points each additional year for 4 years - unlimited use
STAR CBT	3 points/crew first year + 1 point/crew each additional year for 4 years or 54 points first year + 19 points each additional year for 4 years unlimited use
787 Cabin Safety Training CBT	20 points first year + 3 points each additional year for 4 years unlimited use
Maintenance	
Line and Base Systems CBT (excludes Line Oriented Scenarios)	410 points per year for unlimited use

The courses and products listed in this Attachment A are subject to change from time to time as new courses are added and courses are removed. Boeing reserves the right to change course offering at its own discretion.



HAZ-PA-03659-LA-1301080R7

Air Lease Corporation
2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067

Subject: Special Matters – 787-9 Blocks B, C, D, and E Aircraft

Reference: Purchase Agreement No. PA-03659 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and Air Lease Corporation (**Customer**) relating to Model 787-9 and 787-10 aircraft (collectively, the **Aircraft**)

This letter agreement (**Letter Agreement**) cancels and supersedes letter agreement HAZ-PA-03659-LA-1301080R6 and amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement. This Letter Agreement applies only to [*].

1. Credit Memoranda.

1.1 Basic Credit Memorandum. At the time of delivery of each 787-9 Aircraft, Boeing will issue to Customer a Basic Credit Memorandum in the following amount:

Applicable Aircraft	Amount (U.S. Dollars)	Base Year
787-9 Block B Aircraft	[*]	[*]
787-9 Block C Aircraft	[*]	[*]
787-9 Block D Aircraft	[*]	[*]
787-9 Block E Aircraft	[*]	[*]

1.2 Leasing Credit Memorandum. Customer expressly intends to lease the Aircraft to a third party or parties (**Lessee or Lessees**) who is/are in the commercial airline business as aircraft operator(s). As an incentive for and in consideration of Customer entering into a lease for the 787-9 Aircraft prior to delivery of the 787-9 Aircraft to be leased, in accordance with the requirements set forth in the Purchase Agreement, Boeing will issue to Customer a Leasing Credit Memorandum, which under no circumstances may be assigned, in the following amount: [*]

1.3 [*]

1.4 [*]

1.5 [*]

1.6 [*]

1.7 [*]



- 1.8 [*]
- 1.9 [*]
- 1.10 [*]
- 1.11 [*]
- 1.12 [*]
- 1.13 [*]
- 1.14 [*]
- 1.15 [*]
- 1.16 [*]
- 1.17 [*]
- 1.18 [*]
- 1.19 [*]
- 1.20 [*]

2. Escalation of Credit Memoranda.

Unless otherwise noted, the amounts of the Credit Memoranda stated in [*] and will be escalated to the scheduled month of the respective 787-9 Block B, C, D, and E Aircraft delivery pursuant to the Airframe Escalation formula set forth in the Purchase Agreement applicable to the Aircraft. The Credit Memoranda are stated in U.S. Dollars and may, at the election of Customer, be (i) applied against the Aircraft Price of the respective Aircraft at the time of delivery, or (ii) used for the purchase of other Boeing goods and services (but shall not be applied to advance payments).

- 3. [*]
- 4. [*]
- 5. [*]
- 6. [*]
- 7. [*]

8. Confidentiality.

Customer understands and agrees that the information contained herein represents confidential business information of Boeing and has value precisely because it is not available generally or to other parties. Customer agrees to limit the disclosure of its contents to (a) its directors and officers, (b) employees of Customer with a need to know the contents for performing its obligations (including, without limitation, those employees performing accounting, finance, administration and other functions necessary



to finance and purchase, deliver or lease the Aircraft) and who understand they are not to disclose its contents to any other person or entity (other than those to whom disclosure is permitted by this paragraph 8), without the prior written consent of Boeing and (c) any auditors, financial advisors, attorneys and independent contractors of Customer who have a need to know such information and have signed a confidentiality agreement in the same form and substance similar to this paragraph 8. Customer shall be fully responsible to Boeing for compliance with such obligations.

Very truly yours,

THE BOEING COMPANY

By /s/ Michael Lombardi

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: October 2, 2019

AIR LEASE CORPORATION

By /s/ Grant Levy

Its Executive Vice President

HAZ-PA-03659-LA-1301080R7

Special Matters - 787-9 Blocks B, C, D, and E Aircraft

BOEING PROPRIETARY

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HAZ-PA-03659-LA-1104720R10

Air Lease Corporation
2000 Avenue of the Stars, Suite 1000N
Los Angeles, CA 90067

Subject: Advance Payment Matters

Reference: Purchase Agreement No. PA-03659 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and Air Lease Corporation (**Customer**) relating to Model 787-9 and 787-10 aircraft (collectively, the **Aircraft**)

This letter agreement (**Letter Agreement**) cancels and supersedes letter agreement HAZ-PA-03659-LA-1104720R9 and amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement.

The Purchase Agreement incorporates the terms and conditions of HAZ-AGTA (**AGTA**) between Boeing and Customer. This Letter Agreement modifies certain terms and conditions of the AGTA with respect to the Aircraft.

1. Alternative Fixed Advance Payment Schedule.

1.1 Notwithstanding the Aircraft advance payment schedule provided in Table 1 of the Purchase Agreement Customer may elect to pay an alternative fixed advance payment schedule for the respective Aircraft, as set forth in the table below (**Alternative Fixed Advance Payment Schedule**).

1.2 Alternative Fixed Advance Payment Schedule – 787-9 Block A Aircraft. [*]

1.3 Alternative Fixed Advance Payment Schedule – 787-9 Block B Aircraft. [*]

1.4 Alternative Fixed Advance Payment Schedule – 787-9 Block C, 787-9 Block D Aircraft, and 787-9 Block E Aircraft. [*]

1.5 Alternative Fixed Advance Payment Schedule – 787-10 Block A Aircraft [*]

1.6 [*]

2. [*]

HAZ-PA-03659-LA-1104720R10
Advance Payment Matters

BOEING PROPRIETARY

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3. [*]

4. [*]

5. Confidentiality.

Customer understands and agrees that the information contained herein represents confidential business information of Boeing and has value precisely because it is not available generally or to other parties. Customer agrees to limit the disclosure of its contents to (a) its directors and officers, (b) employees of Customer with a need to know the contents for performing its obligations (including, without limitation, those employees performing accounting, finance, administration and other functions necessary to finance and purchase, deliver or lease the Aircraft) and who understand they are not to disclose its contents to any other person or entity (other than those to whom disclosure is permitted by this paragraph 5), without the prior written consent of Boeing and (c) any auditors, financial advisors, attorneys and independent contractors of Customer who have a need to know such information and have signed a confidentiality agreement in the same form and substance similar to this paragraph 5. Customer shall be fully responsible to Boeing for compliance with such obligations.

6. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer's taking title to the Aircraft at the time of delivery and leasing the Aircraft and cannot be assigned in whole or, in part.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

HAZ-PA-03659-LA-1104720R10
Advance Payment Matters

BOEING PROPRIETARY

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Very truly yours,

THE BOEING COMPANY

By /s/ Michael Lombardi

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: October 2, 2019

AIR LEASE CORPORATION

By /s/ Grant Levy

Its Executive Vice President

HAZ-PA-03659-LA-1104720R10
Advance Payment Matters

BOEING PROPRIETARY

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CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE
REGISTRANT IF PUBLICLY DISCLOSED

AMENDMENT N° 12

TO THE

A350 FAMILY PURCHASE AGREEMENT

BETWEEN

AIRBUS S.A.S.

as Seller

and

AIR LEASE CORPORATION

As Buyer

Amendment N°12 to the ALC A350 Family PA
Ref. CLC - CT1500403

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**AMENDMENT N° 12 TO THE
A350 FAMILY PURCHASE AGREEMENT**

This amendment N° 12 (the "**Amendment N° 12**") dated 20 December 2019 is made

BETWEEN:

AIRBUS S.A.S., a *société par actions simplifiée*, created and existing under French law having its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France °(the "**Seller**"),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the "**Buyer**").

The Buyer and Seller together are referred to as the "**Parties**" and individually as a "**Party**".

WHEREAS:

- A. The Buyer and the Seller have signed a purchase agreement with reference CLC-CT1103521 on the 01 February 2013 for the manufacture and sale by the Seller and purchase by the Buyer of twenty-five (25) firm A350 Family aircraft hereinafter together with its Exhibits and Letter Agreements referred to as the "**Purchase Agreement**".
- B. On 03 March 2015, the Buyer and the Seller entered into an Amendment N°1 to the Purchase Agreement to modify the terms and conditions with respect to certain A350XWB Family Aircraft.
- C. On 03 March 2015, the Buyer and the Seller entered into an Amendment N°2 to the Purchase Agreement in order to, among other things, provide for the manufacture and sale by the Seller and purchase by the Buyer of one (1) incremental A350-900 Aircraft.
- D. On 08 September 2015, the Buyer and the Seller entered into an Amendment N°3 to the Purchase Agreement for (i) the manufacture and sale by the Seller and purchase by the Buyer of two (2) incremental A350-900 Aircraft and [*].
- E. On 14 April 2016, the Buyer and the Seller entered into an Amendment N°4 to the Purchase Agreement in order to (i) provide the terms by which the Seller shall manufacture and sell and the Buyer shall purchase one (1) incremental A350-900 Aircraft, and (ii) [*].
- F. On 25 May 2016, the Buyer and the Seller entered into an Amendment N°5 to the Purchase Agreement in order to [*].
- G. On 18 July 2016, the Buyer and the Seller entered into an Amendment N°6 to the Purchase Agreement in order to, among other things, (i) address specifications issues for both A350-900 Aircraft and A350-1000 Aircraft, (ii) [*] and (iii) [*].
- H. On 31 July 2017, the Buyer and the Seller entered into an Amendment N°7 to the Purchase Agreement in order to [*].

- I. On 27 December 2017, the Buyer and the Seller entered into an Amendment N°8 to the Purchase Agreement in order to [*].
- J. On 01 June 2018, the Buyer and the Seller entered into an Amendment N°9 to the Purchase Agreement in order to [*].
- K. On 31 December 2018, the Buyer and the Seller entered into Amendment N° 10 the Purchase Agreement in order to [*].
- L. [*], the Buyer and the Seller have entered into an amendment N° 5 to the A330 Agreement dated as of 21 December 2018 to provide for [*].
- M. On December 31, 2018, the Buyer and the Seller entered into an Amendment N°10 to the Purchase Agreement in order to, among other things, (i) provide the terms under which the Seller shall manufacture and sell and the Buyer shall purchase three (3) incremental A350-900 aircraft and one (1) A350-1000 aircraft and (ii) [*].
- N. On April 26, 2019, the Buyer and the Seller entered into an Amendment and Restatement Agreement of Letter Agreement N°1 to Amendment N°10 in order to cancel and replace Clause 4 of the Original Letter Agreement.
- O. On May 15, 2019, the Buyer and the Seller entered into an Amendment N°11 in order to [*].

The Purchase Agreement as amended and supplemented pursuant to the foregoing being referred to as the **"Agreement"**.

- P. The Parties now wish to enter into this Amendment N°12 in order to, among other things, (i) provide the terms under which the Seller shall manufacture and sell and the Buyer shall purchase one (1) incremental A350-900 aircraft, [*], pursuant to the terms and conditions defined herein.

[*], the Buyer and the Seller shall enter into:

- an amendment N°9 to the A330 Agreement dated as of even date herewith to [*]; and
- an amendment N°25 to the A320 NEO Agreement dated as of even date herewith to provide for the purchase of twenty-five (25) A321 NEO Aircraft and twenty-seven (27) A321 XLR aircraft (the **"A321 Amendment"**); and

The terms "herein", "hereof" and "hereunder" and words of similar import refer to this Amendment N° 12. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. INCREMENTAL AIRCRAFT

1.1 In consideration of the Seller agreeing to [*], the Seller hereby agrees to sell, and the Buyer agrees to purchase from the Seller, one (1) incremental A350-900 aircraft (the "**Amendment N°12 Aircraft**"), [*].

1.2 [*]

1.3 [*]

2. [*]

3. [*]

4 [*]

5 [*]

6 [*]

7. [*]

8. [*]

9. SUPPORT / TRAINING MATTERS

9.1 The Buyer and the Seller hereby agree that Appendix A to Clause 15 of the Agreement, as may have been amended from time to time, shall be deleted in its entirety and replaced as follows:

QUOTE

SELLER REPRESENTATIVE ALLOCATION

The Seller Representative allocation provided to the Buyer pursuant to Clause 15.1 is defined hereunder.

1 The Seller will provide to the Buyer Seller Representative services at the Buyer's main base or at other locations to be mutually agreed for the fleet of thirty (30) Aircraft will be [*] man-months in aggregate (such amount takes into account the man-months of Seller Representative services previously provided by the Seller to the Buyer prior to the date of this Amendment No. 12). This allocation will be further assigned by the Buyer on a prorata basis to each of the Buyer's Operators. [*]

2 For the sake of clarification, such Seller Representatives' services will include [*].

3 The number of the Seller Representatives assigned to the Buyer at any one time will be mutually agreed, [*] Seller Representatives.

UNQUOTE

- 9.2 The Buyer and the Seller hereby agree that Appendix A to Clause 16 of the Agreement, as may have been amended from time to time, shall be deleted in its entirety and replaced as follows:

QUOTE

TRAINING ALLOWANCE

For the avoidance of doubt, all quantities indicated below are the total quantities granted for the whole of the Buyer's fleet of thirty (30) firmly ordered Aircraft (such quantities take into account the amount of training allowances previously provided by the Seller to the Buyer prior to the date of this Amendment No. 12), unless otherwise specified. [*]

The contractual training courses defined in this Appendix A will be provided up to [*].

Notwithstanding the above, flight operations training courses granted per firmly ordered Aircraft in this Appendix A will be provided by the Seller within a period [*].

Any deviation to said training delivery schedule will be mutually agreed between the Buyer and the Seller.

1 FLIGHT OPERATIONS TRAINING

1.1 Flight Crew Training (standard transition course)

The Seller will provide flight crew training (standard transition course) [*] for [*] of the Buyer's flight crews per firmly ordered Aircraft.

1.2 Extended Range For Twin Engine Aircraft Operations (ETOPS) Training

The Seller will provide [*] ETOPS training for [*] flight crews per ordered Aircraft.

1.3 Flight Crew Line Initial Operating Experience

The Seller will provide to the Buyer pilot Instructor(s) [*] for a period of [*] pilot Instructor months in total for the fleet of thirty (30) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

Unless otherwise agreed during the Training Conference, in order to follow the Aircraft Delivery schedule, the maximum number of pilot Instructors present at any one time will be limited to [*].

1.4 Type Specific Cabin Crew Training Course

The Seller will provide to the Buyer [*] type specific training for cabin crews for [*] in total for the fleet of thirty (30) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

1.5 Airbus Pilot Instructor Course (APIC)

The Seller will provide to the Buyer transition Airbus Pilot Instructor Course(s) (APIC), for flight and synthetic instruction, [*] for [*] of the Buyer's flight instructors in total for the fleet of thirty (30) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators. APIC courses will be performed in groups of two (2) trainees.

2 PERFORMANCE / OPERATIONS COURSE(S)

The Seller will provide to the Buyer [*] trainee days of performance / operations training [*] for the Buyer's personnel in total for the fleet of thirty (30) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

3 MAINTENANCE TRAINING

3.1 The Seller will provide to the Buyer [*] trainee days of maintenance training [*] for the Buyer's personnel in total for the fleet of thirty (30) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

3.2 The Seller will provide to the Buyer [*] in total for the fleet of thirty Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

4 TRAINEE DAYS ACCOUNTING

Trainee days are counted as follows:

4.1 For instruction at the Seller's Training Centers: one (1) day of instruction for one (1) trainee equals one (1) trainee day. The number of trainees originally registered at the beginning of the course will be counted as the number of trainees to have taken the course.

4.2 For instruction outside of the Seller's Training Centers: one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of twelve (12) trainee days, except for structure maintenance training course(s).

4.3 For structure maintenance training courses outside the Seller's Training Center(s), one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or the minimum number of trainees as indicated in the Seller's Customer Services Catalog.

4.4 For practical training, whether on training devices or on aircraft, one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of six (6) trainee days.

UNQUOTE

10. EFFECTIVITY

This Amendment N°12 will enter into full force and be binding upon the Parties upon the fulfilment of each of the following conditions (the "**Conditions**"):

[*]

If the Conditions are not fulfilled on or before 31 December 2019, this Amendment N°12 shall be terminated without further act and the Buyer and the Seller shall have no obligation or liability to the other, whether in contract or otherwise in respect of this Amendment N°12.

11. INCONSISTENCY AND CONFIDENTIALITY

- 11.1 In the event of any inconsistency between the terms and conditions of the Agreement and those of this Amendment N° 12, the latter shall prevail to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.
- 11.2 This Amendment N° 12 reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of both Parties.
- 11.3 This Amendment N° 12 shall be treated by both Parties as confidential and shall not be released in whole or in part to any third party without the prior consent of the other Party except as may be required by law, or to professional advisors for the implementation hereof.

12. COUNTERPARTS

This Amendment N° 12 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

13. LAW AND JURISDICTION

The provisions of Clause 22.6 of the Agreement shall apply to this Amendment N° 12 as if the same were set out in full herein, mutatis mutandis.

IN WITNESS WHEREOF this Amendment N° 12 was entered into the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By:

/s/ Benoît de Saint-Exupéry

Its: CEO & President

Its:

Senior Vice President, Contracts

Amendment N°12 to the ALC A350 Family PA
Ref. CLC - CT1500403

Private & Confidential
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APPENDIX 1

Delivery Schedule

[illegible]

CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE
REGISTRANT IF PUBLICLY DISCLOSED

Supplemental Agreement No. 24

to

Purchase Agreement No. 03791

between

THE BOEING COMPANY

and

AIR LEASE CORPORATION

THIS SUPPLEMENTAL AGREEMENT is entered into as of October 2, 2019 (**Supplemental Agreement No. 24**) by and between THE BOEING COMPANY (**Boeing**) and AIR LEASE CORPORATION (**Customer**).

WHEREAS, Boeing and Customer have entered into Purchase Agreement No. 03791 dated as of July 3, 2012 as amended and supplemented (**Purchase Agreement**) relating to the purchase and sale of Model 737-8 and 737-9 Aircraft; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*]; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*]; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*]; and

WHEREAS, Boeing and Customer desire to amend the Purchase Agreement to [*]

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Purchase Agreement as follows:

1. TABLE OF CONTENTS.

The Table of Contents is deleted in its entirety and replaced by a new Table of Contents, provided as Enclosure 1, and incorporated into the Purchase Agreement. The new Table of Contents reflects the revisions set forth in this Supplemental Agreement No. 24.

2. TABLES.

2.1 Table 1A is deleted in its entirety, replaced by a revised Table 1A provided hereto as Enclosure 2 and is incorporated into the Purchase Agreement by this reference. This new Table 1A reflects [*].

2.2 Table 1B is deleted in its entirety, replaced by a revised Table 1B provided hereto as Enclosure 3 and is incorporated into the Purchase Agreement by this reference. This new Table 1B reflects [*].

2.3 Table 1D is deleted in its entirety, replaced by a revised Table 1D provided hereto as Enclosure 4 and is incorporated into the Purchase Agreement by this reference. This new Table 1D references [*].

2.4 Table 1F is hereby deleted in its entirety from the Purchase Agreement to reflect [*].

3. EXHIBITS.

3.1 Exhibit A17, HAZ/[*] 737-8 Aircraft Configuration [*], provided as Enclosure 5 to this Supplemental Agreement No. 24, is incorporated into the Purchase Agreement. This Exhibit A17 defines the configuration for the 737-8 Aircraft to be leased to [*] in Table 1A.

3.2 Exhibit A18, HAZ/[*] 737-8 Aircraft Configuration [*], provided as Enclosure 6 to this Supplemental Agreement No. 24, is incorporated into the Purchase Agreement. This Exhibit A18 defines the configuration for the 737-8 Aircraft to be leased to [*] in Table 1D.

4. LETTER AGREEMENTS.

3.1 Letter Agreement HAZ-PA-03791-LA-1208078R7, entitled "Advance Payment Matters," is deleted in its entirety, and replaced with a revised Letter Agreement HAZ-PA-03791-LA-1208078R8, entitled "Advance Payment Matters," which is provided as Enclosure 7 to this Supplemental Agreement No. 24, and incorporated into the Purchase Agreement.

3.2 Letter Agreement HAZ-PA-03791-LA-1701714, entitled "Special Matters for 737-7 Aircraft (Block F)," is deleted in its entirety from the Purchase Agreement to reflect [*].

5. CONTINGENCY.

This Supplemental Agreement No. 24 is contingent on Customer executing Supplemental Agreement No. 14 under Purchase Agreement 3659.

6. [*]

7. MISCELLANEOUS.

7.1 [*]

7.2 [*]

7.3 All terms used but not defined in this Supplemental Agreement No. 24 will have the same meaning as such terms have in the Purchase Agreement.

7.4 This Supplemental Agreement No. 24 will become effective upon execution and receipt by both parties of both this Supplemental Agreement No. 24 and fulfillment of

the contingencies described in Article 4 on or before October 2, 2019, after which date this Supplemental Agreement No. 24 will be null and void and have no force or effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY

AIR LEASE CORPORATION

By: /s/ Michael Lombardi

By: /s/ Grant Levy

Its: Attorney-In-Fact

Its: Executive Vice President

HAZ-PA-03791

3

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BOEING PROPRIETARY

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Article 3.	Price
Article 4.	Payment
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EXHIBITS

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A7	HAZ/[*] 737-8 Aircraft Configuration [*]	SA-21
A8	HAZ/[*] 737-8 Aircraft Configuration [*]	SA-21

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A10	HAZ/[*] 737-8 Aircraft Configuration [*]	SA-21
A11	HAZ/[*] 737-8 Aircraft Configuration [*]	SA-21
A12	HAZ/[*] 737-8 Aircraft Configuration [*]	SA-21
A13	HAZ/[*] 737-9 Aircraft Configuration [*]	SA-21
A14	HAZ/[*] 737-9 Aircraft Configuration [*]	SA-21
A15	HAZ 737-8 [*] Aircraft Configuration [*]	SA-21
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A17	HAZ/[*] 737-8 Aircraft Configuration [*]	SA-24
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EE1	[*], Engine Warranty and Patent Indemnity	
SLP1	Service Life Policy Components	

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Table 1A
to Purchase Agreement No. PA-03791
737-8 Block A [*] Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	181200 pounds	Detail Specification:	D019A007-B (5/18/2012)
	CFM-LEAP-1B		Airframe Price Base Year/Escalation	[*]
Engine Model/Thrust:		0 pounds	Formula:	[*]
			Engine Price Base Year/Escalation	[*]
Airframe Price:		[*]	Formula:	[*]
Optional Features:		[*]		
Sub-Total of Airframe and Features:		[*]	<u>Airframe Escalation Data:</u>	
Engine Price (Per Aircraft):		[*]	Base Year Index (ECI):	[*]
Aircraft Basic Price (Excluding BFE/SPE):		[*]	Base Year Index (CPI):	[*]
Buyer Furnished Equipment (BFE) Estimate:		[*]		
Seller Purchased Equipment (SPE)				
Estimate:		[*]		
Refundable Deposit/Aircraft at Proposal				
Accept:		[*]		

[illegible]

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Table 1B
to Purchase Agreement No. PA-03791
737-9 Block B [*] Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-9	194700 pounds	Detail Specification:	D019A007-B (5/18/2012)
Engine Model/Thrust:	CFM-LEAP-1B	0 pounds	Airframe Price Base Year/Escalation	[*] [*]
Airframe Price:	[*]		Formula:	
Optional Features:	[*]		Engine Price Base Year/Escalation	[*] [*]
Sub-Total of Airframe and Features:	[*]		Formula:	
Engine Price (Per Aircraft):	[*]		<u>Airframe Escalation Data:</u>	
Aircraft Basic Price (Excluding BFE/SPE):	[*]		Base Year Index (ECI):	[*]
Buyer Furnished Equipment (BFE) Estimate:	[*]		Base Year Index (CPI):	[*]
Seller Purchased Equipment (SPE) Estimate:	[*]			
Refundable Deposit/Aircraft at Proposal Accept:		[*]		

		Manufacturer	Escalation			Escalation Estimate	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery	Number of	Serial	Factor		P.A.	Adv Payment Base	[*]	[*]	[*]	[*]
Date	Aircraft	No.	(Airframe)	Lessee	Exhibit A	Price Per A/P	[*]	[*]	[*]	[*]
[*]-2019	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

HAZ-PA-03791 60522-1F.TXT

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Table 1B
to Purchase Agreement No. PA-03791
737-9 Block B [*] Aircraft Delivery, Description, Price and Advance Payments

		Manufacturer	Escalation			Escalation Estimate	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery	Number of	Serial	Factor		P.A.	Adv Payment Base	[*]	[*]	[*]	[*]
Date	Aircraft	No.	(Airframe)	Lessee	Exhibit A	Price Per A/P	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]			[*]			[*]	[*]	[*]	[*]	
[*]			[*]			[*]	[*]	[*]	[*]	
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]			[*]			[*]	[*]	[*]	[*]	
[*]			[*]			[*]	[*]	[*]	[*]	
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]			[*]			[*]	[*]	[*]	[*]	
[*]			[*]			[*]	[*]	[*]	[*]	
[*]-2022	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
			[*]			[*]	[*]	[*]	[*]	
			[*]			[*]	[*]	[*]	[*]	

[*]

Manufacturer serial number is subject to change due to production changes.

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Table 1D
to Purchase Agreement No. PA-03791
737-8 Block D [*] Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	181200 pounds	Detail Specification:	D019A008-L (10/5/2015)
	CFMLEAP-		Airframe Price Base Year/Escalation	[*] [*]
Engine Model/Thrust:	1B25	25000 pounds	Formula:	
			Engine Price Base Year/Escalation	[*] [*]
Airframe Price:	[*]		Formula:	
Optional Features:	[*]	[*]		
Sub-Total of Airframe and Features:	[*]		<u>Airframe Escalation Data:</u>	
Engine Price (Per Aircraft):	[*]		Base Year Index (ECI):	[*]
Aircraft Basic Price (Excluding BFE/SPE):	[*]		Base Year Index (CPI):	[*]
Buyer Furnished Equipment (BFE) Estimate:	[*]			
Seller Purchased Equipment (SPE)		[*]		
Estimate:		[*]		
Refundable Deposit/Aircraft at Proposal				
Accept:		[*]		

		Manufacturer	Escalation			Escalation Estimate	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery	Number of	Serial	Factor		P.A.	Adv Payment Base	[*]	[*]	[*]	[*]
Date	Aircraft	No.	(Airframe)	Lessee	Exhibit A	Price Per A/P	[*]	[*]	[*]	[*]
[*]-2017	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]-2021	1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Total:		6								

[*]

Manufacturer serial number is subject to change due to production changes.

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HAZ/[*] 737-8 AIRCRAFT CONFIGURATION [*]

between

THE BOEING COMPANY

and

AIR LEASE CORPORATION

Exhibit A17

to Purchase Agreement Number PA-03791

HAZ-PA-03791-EXA17

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EXA Page 1

Exhibit A17**AIRCRAFT CONFIGURATION****Dated October 2, 2019****relating to****BOEING MODEL 737-8 AIRCRAFT**

The Detail Specification is [*]. The Detail Specification provides further description of Customer's configuration set forth in this Exhibit A. Such Detail Specification will be comprised of Boeing Configuration Specification [*]. Boeing will furnish to Customer copies of the Detail Specification, which copies will reflect [*].

HAZ-PA-03791-EXA17

BOEING PROPRIETARYEXA Page 2

**Exhibit A17 To
Boeing Purchase Agreement**

Customer: HAZ-Air Lease Corporation [*]
Model: 737-8
Base Date: [*]

[*]

HAZ/[*] 737-8 AIRCRAFT CONFIGURATION [*]

between

THE BOEING COMPANY

and

AIR LEASE CORPORATION

Exhibit A18

to Purchase Agreement Number PA-03791

HAZ-PA-03791-EXA18

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EXA Page 1

Exhibit A18**AIRCRAFT CONFIGURATION****Dated October 2, 2019****relating to****BOEING MODEL 737-8 AIRCRAFT**

The Detail Specification is [*]. The Detail Specification provides further description of Customer's configuration set forth in this Exhibit A. Such Detail Specification will be comprised of Boeing Configuration Specification [*]. Boeing will furnish to Customer copies of the Detail Specification, which copies will reflect [*].

HAZ-PA-03791-EXA18

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**Exhibit A18 To
Boeing Purchase Agreement**

Customer: HAZ-Air Lease Corporation [*]
Model: 737-8
Base Date: [*]

[*]



HAZ-PA-03791-LA-1208078R8

Air Lease Corporation
2000 Avenue of the Stars, Suite 1000N
Los Angeles, CA 90067

Subject: Advance Payment Matters

Reference: Purchase Agreement No. PA-03791 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and Air Lease Corporation (**Customer**) relating to Model 737-8 and 737-9 aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) cancels and supersedes all previous versions with an acceptance date prior to the acceptance date indicated below and amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement.

The Purchase Agreement incorporates the terms and conditions of HAZ-AGTA between Boeing and Customer. This Letter Agreement modifies certain terms and conditions of the AGTA with respect to the Aircraft.

1. Deferred Advance Payment Schedule.

1.1 Notwithstanding the Aircraft advance payment schedule provided in Table 1 of the Purchase Agreement, Customer may elect to pay an alternative fixed advance payment schedule for the Aircraft, as set forth below (**Alternative Advance Payment Schedule**).

[*]

2. [*]

3. [*]

4. [*]

5. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration

BOEING PROPRIETARY

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of Customer taking title to the Aircraft at the time of delivery and leasing the Aircraft and cannot be assigned in whole or, in part.

6. Confidential Treatment.

Customer understands and agrees that the information contained herein represents confidential business information of Boeing and has value precisely because it is not available generally or to other parties. Customer agrees to limit the disclosure of its contents to (a) its directors and officers, (b) employees of Customer with a need to know the contents for performing its obligations (including, without limitation, those employees performing accounting, finance, administration and other functions necessary to finance and purchase, deliver or lease the Aircraft) and who understand they are not to disclose its contents to any other person or entity (other than those to whom disclosure is permitted by this paragraph 6) without the prior written consent of Boeing and (c) any auditors, financial advisors, attorneys and independent contractors of Customer who have a need to know such information and have signed a confidentiality agreement in the same form and substance similar to this paragraph 6. Customer shall be fully responsible to Boeing for compliance with such obligations.

Very truly yours,

THE BOEING COMPANY

By /s/ Michael Lombardi

Its Attorney-in-fact

ACCEPTED AND AGREED TO this

Date: October 2, 2019

AIR LEASE CORPORATION

By /s/ Grant Levy

Its Executive Vice President

HAZ-PA-03791-LA-1208078R8
Advance Payment Matters

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CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE
REGISTRANT IF PUBLICLY DISCLOSED

AMENDMENT N°24

TO THE

A320 NEO FAMILY PURCHASE AGREEMENT

BETWEEN

AIRBUS S.A.S.

as Seller

and

AIR LEASE CORPORATION

as Buyer

**AMENDMENT N°24 TO THE
A320 NEO FAMILY PURCHASE AGREEMENT**

This Amendment N°24 (the "**Amendment N°24**") dated 18 October 2019 is made

BETWEEN:

AIRBUS S.A.S., a *société par actions simplifiée*, created and existing under French law having its registered office at 2 Rond-Point Emile Dewoitine, 31707 Blagnac-Cedex, France and registered with the Toulouse *Registre du Commerce* under number RCS Toulouse 383 474 814 (the "**Seller**"),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the "**Buyer**").

The Buyer and the Seller together are referred to collectively as the "**Parties**" and individually as a "**Party**".

WHEREAS:

- A. On 10 May 2012, the Buyer and the Seller have signed a purchase agreement with reference CLC-CT1103377 for the manufacture and sale by the Seller and purchase by the Buyer of thirty-six (36) firm A320 NEO Family aircraft hereinafter together with its Exhibits and Letter Agreements referred to as the "**Purchase Agreement**".
- B. On 28 December 2012, the Buyer and the Seller entered into **Amendment N°1** to the Purchase Agreement for the manufacture and sale by the Seller and purchase by the Buyer of fourteen (14) incremental A320 NEO Family aircraft.
- C. On 14 July 2014, the Seller and the Buyer entered into **Amendment N°2** to the Purchase Agreement in order to, among other things, [*].
- D. On 14 July 2014, the Buyer and the Seller entered into **Amendment N°3** to the Purchase Agreement for the manufacture and sale by the Seller and purchase by the Buyer of sixty (60) incremental A320 NEO Family aircraft.
- E. On 10 October 2014, the Buyer and the Seller entered into **Amendment N°4** to the Purchase Agreement for [*].
- F. On 03 March 2015, the Buyer and the Seller entered into **Amendment N°5** to the Purchase Agreement for the cancellation of sixty (60) Amendment 3 NEO Aircraft and for the manufacture and sale by the Seller and purchase by the Buyer of ninety (90) incremental A321 NEO Family aircraft.
- G. On 18 March 2015, the Buyer and the Seller entered into **Amendment N°6** to the Purchase Agreement in order to [*].
- H. On 09 November 2015, the Buyer and the Seller entered into **Amendment N°7** to the Purchase Agreement in order to [*].
- I. On 08 January 2016, the Buyer and the Seller entered into **Amendment N°8** to the Purchase Agreement in order to [*].

- J. On 04 April 2016, the Buyer and the Seller entered into **Amendment N°9** to the Purchase Agreement in order to [*].
- K. On 12 April 2016, the Buyer and the Seller entered into **Amendment N°10** to the Purchase Agreement in order to [*].
- L. On 02 June 2016, the Buyer and the Seller entered into **Amendment N°11** to the Purchase Agreement in order to [*].
- M. On 17 August 2016, the Buyer and the Seller entered into **Amendment n°12** to the Purchase Agreement in order to, among other things, (i) introduce the new A321-200NX standard specification, [*].
- N. On 20 December 2016, the Buyer and the Seller entered into **Amendment N°13** to the Purchase Agreement in order to [*].
- O. On 03 March 2017, the Buyer and the Seller entered into **Amendment N°14** to the Purchase Agreement in order to, among other things, [*].
- P. On 10 April 2017, the Buyer and the Seller entered into **Amendment N°15** to the Purchase Agreement in order to, among other things, [*].
- Q. On 19 June 2017, the Buyer and the Seller entered into **Amendment N°16** to the Purchase Agreement in order to [*].
- R. On 19 June 2017, the Buyer and the Seller entered into **Amendment N°17** to the Purchase Agreement in order to provide for the manufacture and sale of twelve (12) incremental A320 NEO Family aircraft.
- S. On 12 July 2017, the Buyer and the Seller entered into **Amendment N°18** to the Purchase Agreement in order to amend certain terms of Amendment N°16.
- T. On 31 July 2017, the Buyer and the Seller entered into **Amendment N°19** to the Purchase Agreement in order to [*].
- U. On 29 September 2017, the Buyer and the Seller entered into **Amendment N°20** to the Purchase Agreement in order to [*].
- V. On 27 December 2017, the Buyer and the Seller entered into **Amendment N°21** to the Purchase Agreement in order to provide for the manufacture and sale of six (6) incremental A320 NEO Family aircraft.
- W. On 16 February 2018, the Buyer and the Seller entered into **Amendment N°22** to the Purchase Agreement in order to, among other things, [*].
- X. On 31 December 2018, the Buyer and the Seller entered into **Amendment N°23** to the Purchase Agreement in order to, among other things, [*].

The Purchase Agreement as amended and supplemented pursuant to the foregoing shall be referred to as the **"Agreement"**.

- Y. The Parties have now decided to enter into this amendment N°24 (the **"Amendment N°24"**) in order to [*], subject to the terms and conditions set out below.

The terms "herein", "hereof" and "hereunder" and words of similar import refer to this Amendment N°24. Capitalized terms used herein and not otherwise defined herein will have the meanings assigned thereto in the Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

Amendment N°24 to the ALC A320 NEO Family PA
Ref. CLC-CT CT1902657

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1. [*]

2 [*]

3 [*]

4 [*]

5 INCONSISTENCY AND CONFIDENTIALITY

5.1 In the event of any inconsistency between the terms and conditions of the Agreement and those of this Amendment N°24, the latter shall prevail to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

5.2 This Amendment N°24 reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of each Party.

5.3 This Amendment N°24 shall be treated by the Parties as confidential and shall not be released in whole or in part to any third party without the prior consent of the other Party except as may be required by law, or to professional advisors for the implementation hereof.

6 COUNTERPARTS

This Amendment N°24 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

7 LAW AND JURISDICTION

This Amendment N°24 will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Agreement shall apply to this Amendment N°24 as if the same were set out in full herein, mutatis mutandis.

IN WITNESS WHEREOF this Amendment N°24 was entered into the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ Grant Levy

By: /s/ Benoît de Saint-Exupéry

Its: Executive Vice President

Its: Senior Vice President, Contracts

Amendment N°24 to the ALC A320 NEO Family PA
Ref. CLC-CT CT1902657

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APPENDIX 1
DELIVERY SCHEDULE

[*]

Amendment N°24 to the ALC A320 NEO Family PA
Ref. CLC-CT CT1902657

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CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED

AMENDMENT N°25

TO THE

A320 NEO FAMILY PURCHASE AGREEMENT

BETWEEN

AIRBUS S.A.S.

as Seller

and

AIR LEASE CORPORATION

as Buyer

Amendment N°25 to the ALC A320 NEO Family PA
Ref. CLC-CT19000772

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**AMENDMENT N°25 TO THE
A320 NEO FAMILY PURCHASE AGREEMENT**

This Amendment N°25 (the "**Amendment N°25**") dated 20 December 2019 is made

BETWEEN:

AIRBUS S.A.S., a *société par actions simplifiée*, created and existing under French law having its registered office at 2 Rond-Point Emile Dewoitine, 31707 Blagnac-Cedex, France and registered with the Toulouse *Registre du Commerce* under number RCS Toulouse 383 474 814 (the "**Seller**"),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the "**Buyer**").

The Buyer and Seller together are referred to as the "**Parties**", and individually as a "**Party**".

WHEREAS:

- A. On 10 May 2012, the Buyer and the Seller have signed a purchase agreement with reference CLC-CT1103377 for the manufacture and sale by the Seller and purchase by the Buyer of thirty-six (36) firm A320 NEO Family aircraft hereinafter together with its Exhibits and Letter Agreements referred to as the "**Purchase Agreement**".
- B. On 28 December 2012, the Buyer and the Seller entered into **Amendment N°1** to the Purchase Agreement for the manufacture and sale by the Seller and purchase by the Buyer of fourteen (14) incremental A320 NEO Family aircraft.
- C. On 14 July 2014, the Seller and the Buyer entered into **Amendment N°2** to the Purchase Agreement in order to, among other things, [*].
- D. On 14 July 2014, the Buyer and the Seller entered into **Amendment N°3** to the Purchase Agreement for the manufacture and sale by the Seller and purchase by the Buyer of sixty (60) incremental A320 NEO Family aircraft.
- E. On 10 October 2014, the Buyer and the Seller entered into **Amendment N°4** to the Purchase Agreement for [*].
- F. On 03 March 2015, the Buyer and the Seller entered into **Amendment N°5** to the Purchase Agreement for the cancellation of sixty (60) Amendment 3 NEO Aircraft and for the manufacture and sale by the Seller and purchase by the Buyer of ninety (90) incremental A321 NEO Family aircraft.
- G. On 18 March 2015, the Buyer and the Seller entered into **Amendment N°6** to the Purchase Agreement in order to [*].
- H. On 09 November 2015, the Buyer and the Seller entered into **Amendment N°7** to the Purchase Agreement in order to [*].
- I. On 08 January 2016, the Buyer and the Seller entered into **Amendment N°8** to the Purchase Agreement in order to [*].

- J. On 04 April 2016, the Buyer and the Seller entered into **Amendment N°9** to the Purchase Agreement in order to [*].
- K. On 12 April 2016, the Buyer and the Seller entered into **Amendment N°10** to the Purchase Agreement in order to [*].
- L. On 02 June 2016, the Buyer and the Seller entered into **Amendment N°11** to the Purchase Agreement in order to [*].
- M. On 17 August 2016, the Buyer and the Seller entered into **Amendment n°12** to the Purchase Agreement in order to, among other things, (i) introduce the new A321-200NX standard specification, [*].
- N. On 20 December 2016, the Buyer and the Seller entered into **Amendment N°13** to the Purchase Agreement in order to [*].
- O. On 03 March 2017, the Buyer and the Seller entered into **Amendment N°14** to the Purchase Agreement in order to, among other things, [*].
- P. On 10 April 2017, the Buyer and the Seller entered into **Amendment N°15** to the Purchase Agreement in order to, among other things, [*].
- Q. On 19 June 2017, the Buyer and the Seller entered into **Amendment N°16** to the Purchase Agreement in order to [*].
- R. On 19 June 2017, the Buyer and the Seller entered into **Amendment N°17** to the Purchase Agreement in order to provide for the manufacture and sale of twelve (12) incremental A320 NEO Family aircraft.
- S. On 12 July 2017, the Buyer and the Seller entered into **Amendment N°18** to the Purchase Agreement in order to amend certain terms of Amendment N°16.
- T. On 31 July 2017, the Buyer and the Seller entered into **Amendment N°19** to the Purchase Agreement in order to [*].
- U. On 29 September 2017, the Buyer and the Seller entered into **Amendment N°20** to the Purchase Agreement in order to [*].
- V. On 27 December 2017, the Buyer and the Seller entered into **Amendment N°21** to the Purchase Agreement in order to provide for the manufacture and sale of six (6) incremental A320 NEO Family aircraft.
- W. On 16 February 2018, the Buyer and the Seller entered into **Amendment N°22** to the Purchase Agreement in order to, among other things, [*].
- X. On 31 December 2018, the Buyer and the Seller entered into **Amendment N°23** to the Purchase Agreement in order to, among other things, [*].
- Y. On 18 October 2019, the Buyer and the Seller entered into **Amendment N°24** to the Purchase Agreement in order to [*], subject to the terms and conditions set out below.

The Purchase Agreement as amended and supplemented pursuant to the foregoing shall be referred to as the "**Agreement**".

- Z. The Parties have now decided to enter into this amendment N°25 (the "**Amendment N°25**") in order to cover (i) the manufacture and sale of twenty-five (25) incremental A321 NEO

Aircraft; (ii) the manufacture and sale of twenty-seven (27) A321XLR Aircraft (as defined below); and (iii) [*]; subject to the terms and conditions set out below.

The terms “herein”, “hereof” and “hereunder” and words of similar import refer to this Amendment N°25. Capitalized terms used herein and not otherwise defined herein will have the meanings assigned thereto in the Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. SCOPE

- 1.1 The Seller hereby agrees to sell, and the Buyer agrees to purchase from the Seller, (i) twenty-five (25) incremental A321 NEO Aircraft (the "**Amendment 25 NEO Aircraft**"), [*] (ii) twenty-seven (27) A321XLR aircraft (the "**A321XLR Aircraft**"), as per terms and conditions described herein.

[*]

- 1.2 The definitions of the terms "Aircraft", "Airframe", "NEO Aircraft" and "Standard Specification" in Clause 0 of the Agreement shall be deleted and replaced by the following quoted text:

QUOTE

Aircraft means any or all of the two hundred and ten (210) firm A320 NEO Family aircraft for which the delivery schedule is set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the Airframe and all components, equipment, parts and accessories installed in or on such aircraft and the Propulsion Systems installed thereon upon delivery.

Airframe means any A320 NEO Aircraft, A321 NEO Aircraft or A321XLR Aircraft, as the case may be, excluding the Propulsion Systems therefor.

NEO Aircraft means individually or collectively an Airbus A320 NEO Aircraft, A321 NEO Aircraft, or A321XLR Aircraft.

Standard Specification means individually or collectively the A320 NEO Standard Specification, the A321 NEO Standard Specification or the A321XLR Standard Specification, as applicable.

UNQUOTE

- 1.3 The following definitions related to the A321XLR Aircraft shall be added to Clause 0 of the Agreement:

QUOTE

A321XLR Aircraft or A321XLR means an A321 NEO Aircraft incorporating the XLR Changes and delivered under this Agreement, including, without limitation, [*].

A321XLR Standard Specification has the meaning set forth in Clause 4.1.1.1. of Amendment N°25.

XLR ACT means the optional additional forward centre tank developed for the A321XLR type aircraft and its installation.

XLR ACT Provisions means the provisions for the XLR ACT.

XLR Changes has the meaning set out in Clause 4.1.1.1. of Amendment N°25.

XLR Specification Freeze has the meaning set out in Clause 4.1.1.1. of Amendment N°25.

[*] MTOW Increase means an optional increase in design weights from MTOW [*] / MLW [*] / MZFW [*] to MTOW [*] / MLW [*] / MZFW [*].

UNQUOTE

2. DELIVERY SCHEDULE

[*]

3. PAYMENT TERMS

[*]

4. SPECIFIC CONDITIONS APPLICABLE TO A321XLR AIRCRAFT

The terms and conditions applicable to the [*] and the A321XLR Aircraft shall be [*] except as described in this Amendment N°25, as amended and supplemented by the Letter Agreements hereto.

4.1 Definition

4.1.1 Specification

4.1.1.1 The specification of the A321XLR Aircraft shall be derived from the current A321-200NX Standard Specification to include [*] modified design weights featuring minimum weights of [*] of MTOW, [*] of MLW and [*] of MZFW, and [*] as required for such A321XLR aircraft (collectively the “**XLR Changes**”).

The implementation of these XLR Changes onto the A321XLR Aircraft will be reflected in the first issue of the A321XLR standard specification (the “**A321XLR Standard Specification**”) when the design of such A321XLR type shall have been frozen (the “**XLR Specification Freeze**”) and the implementation of the XLR Changes through the A321XLR Standard Specification is hereby irrevocably accepted by the Buyer.

It is estimated that the basic Manufacturer's Weight Empty (“**MWE**”) of the A321-200NX Standard Specification § 13-10.01.00 shall be [*] for the A321XLR Aircraft.

[*]

4.1.1.2 The A321XLR Aircraft shall be manufactured in accordance with A321XLR Standard Specification [*].

4.1.1.3 [*]

4.1.2 Propulsion Systems Selection

Clause 2.3 of the Agreement shall not apply to the A321XLR Aircraft, and the following Clause 2.3 between quotes shall apply solely to the A321XLR Aircraft:

QUOTE

2.3 Propulsion Systems

The Aircraft shall be equipped with a set of either two (2) CFM International Engines (“CFM”) LEAP engines or two (2) International Aero Engines, LLC (“IAE LLC”) PW1100G-JM engines, upon selection referred to respectively as the “**Propulsion Systems**”.

	CFM	IAE LLC
A321XLR	LEAP-1A32 AET* [*]	PW1133G-JM AET* [*]

* AET means Airbus Equivalent Thrust

The Buyer shall select the Propulsion Systems for each Aircraft by execution of the relevant SCN no later than, in respect of each A321XLR Aircraft or [*], as applicable,

[*]

UNQUOTE

4.2 [*]

4.3 [*]

4.4 Applicability

The Parties agree that the following provisions shall not apply to A321XLR Aircraft:

- ☐ Letter Agreement N°1, N°2, N°5, N°6 to the Purchase Agreement
- ☐ Clauses [*] of Letter Agreement N°3 to the Purchase Agreement
- ☐ Clauses [*] of Letter Agreement N°4 to the Purchase Agreement and related appendixes
- ☐ Clause [*] of Letter Agreement N°8 to the Purchase Agreement
- ☐ Letter Agreement N°9 to the Purchase Agreement

- ☐ Amendments N°1 to N°4, and their related letter agreements
- ☐ Amendment N°5, and its related letter agreements
- ☐ Amendments N°6 to N°11, and their related letter agreements
- ☐ Clauses [*] of Amendment N°12
- ☐ Amendments N°13 to N°24 and their related letter agreements

[*]

5. [*]

6. SUPPORT/ TRAINING MATTERS FOR AIRCRAFT

6.1 The Buyer and the Seller hereby agree that Appendix A to Clause 15 of the Agreement, as may have been amended from time to time, shall be deleted in its entirety and replaced as follows:

QUOTE

SELLER REPRESENTATIVE ALLOCATION

The Seller Representative allocation provided to the Buyer pursuant to Clause 15.1 is defined hereunder.

- 1 The Seller will provide to the Buyer, Seller Representative services at the Buyer's main base or at other locations to be mutually agreed for the fleet of two hundred and ten (210) Aircraft [*]. This allocation shall be further assignable by the Buyer on a prorata basis to each of the Buyer's Operators. [*] In the event that the Agreement is terminated in respect of any Aircraft, then the aggregate support allocations specified in this Appendix A which are not specified on a per Aircraft basis, shall be reduced on a pro-rata basis by the ratio of the number of terminated Aircraft to the total number of Aircraft pursuant to the Agreement (it being understood that such reduction shall be rounded to the nearest whole number, if applicable).
- 2 For the sake of clarification, such Seller Representatives' services will include initial [*].
- 3 The number of the Seller Representatives assigned to the Buyer at any one time will be mutually agreed, [*].

UNQUOTE

6.2 The Buyer and the Seller hereby agree that Appendix A to Clause 16 of the Agreement shall be deleted in its entirety and replaced as follows:

QUOTE

APPENDIX "A" TO CLAUSE 16

TRAINING ALLOWANCE

For the avoidance of doubt, all quantities indicated below are the total quantities granted for the whole of the Buyer's fleet of two hundred and ten (210) Aircraft firmly ordered (such quantities take into account the amount of training allowances previously provided by the Seller to the Buyer prior to the date of Amendment N°25), unless otherwise specified. In the event that the Agreement is terminated in respect of any Aircraft, then the aggregate support allocations specified in this Appendix A and which are not specified on a per Aircraft basis, shall be reduced on a pro-rata basis by the ratio of the number of terminated Aircraft to the total number of Aircraft pursuant to the Agreement (it being understood that such reduction shall be rounded to the nearest whole number, if applicable).

The contractual training courses defined in this Appendix A will be provided up to [*].

Notwithstanding the above, flight operations training courses granted per firmly ordered Aircraft in this Appendix A will be provided by the Seller within a period [*] after said Aircraft Delivery.

Any deviation to said training delivery schedule will be mutually agreed between the Buyer and the Seller.

1 FLIGHT OPERATIONS TRAINING

1.1 Flight Crew Training (standard transition course)

The Seller will provide [*] per firmly ordered Aircraft.

1.2 Flight Crew Line Initial Operating Experience

The Seller will provide to the Buyer pilot Instructor(s) [*] in total for the Buyer's fleet of two hundred and ten (210) Aircraft firmly ordered and only provided to new Airbus Aircraft operator airlines.

Unless otherwise agreed during the Training Conference, in order to follow the Aircraft Delivery schedule, the maximum number of [*] present at any one time will be limited to [*].

1.3 Type Specific Cabin Crew Training Course

The Seller will provide to the Buyer [*] in total for the Buyer's fleet of two hundred and ten (210) Aircraft firmly ordered.

2 PERFORMANCE / OPERATIONS COURSE(S)

The Seller will provide to the Buyer [*] in total for the Buyer's fleet of two hundred and ten (210) Aircraft firmly ordered.

3 MAINTENANCE TRAINING

3.1 The Seller will provide to the Buyer [*] in total for the buyer's fleet of two hundred and ten (210) Aircraft firmly ordered.

3.2 The Seller will provide to the Buyer [*] in total for the Buyer's fleet of two hundred and ten (210) Aircraft firmly ordered.

4 TRAINEE DAYS ACCOUNTING

Trainee days are counted as follows:

4.1 For instruction at the Seller's Training Centers: one (1) day of instruction for one (1) trainee equals one (1) trainee day. The number of trainees originally registered at the beginning of the course will be counted as the number of trainees to have taken the course.

4.2 For instruction outside of the Seller's Training Centers: one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of twelve (12) trainee days, except for structure maintenance training course(s).

4.3 For structure maintenance training courses outside the Seller's Training Center(s), one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or the minimum number of trainees as indicated in the Seller's Customer Services Catalog.

- 4.4** For practical training, whether on training devices or on aircraft, one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of six (6) trainee days.

UNQUOTE

7.
[*]

8 INCONSISTENCY AND CONFIDENTIALITY

- 8.1 In the event of any inconsistency between the terms and conditions of the Agreement and those of this Amendment N°25, the latter shall prevail to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.
- 8.2 This Amendment N°25 reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of both Parties.
- 8.3 This Amendment N°25 shall be treated by both Parties as confidential and shall not be released in whole or in part to any third party without the prior consent of the other Party except as may be required by law, or to professional advisors for the implementation hereof.

9 COUNTERPARTS

This Amendment N°25 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

10 LAW AND JURISDICTION

This Amendment N°25 will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Amendment N°25 as if the same were set out in full herein, mutatis mutandis.

IN WITNESS WHEREOF this Amendment N°25 was entered into the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA
Ref. CLC-CT19000772

APPENDIX 1
DELIVERY SCHEDULE
[*]

Amendment N°25 to the ALC A320 NEO Family PA
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APPENDIX 2
[*]

Amendment N°25 to the ALC A320 NEO Family PA
Ref. CLC-CT19000772

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LETTER AGREEMENT N° 1

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject : [*]

AIR LEASE CORPORATION (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Amendment N°25 dated even date herewith (the “**Amendment**”) to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the “**Agreement**”), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°1 to the Amendment (the “**Letter Agreement**”) certain additional terms and conditions regarding the purchase and sale of the Amendment 25 NEO Aircraft and A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°1
Ref. CLC-CT19000772

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LETTER AGREEMENT N° 1

1 [*]

2 [*]

3 [*]

4 ASSIGNMENT

The provisions of Clause 21 of the Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

5 LAW AND JURISDICTION

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N° 1

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°1
Ref. CLC-CT19000772

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LETTER AGREEMENT N° 2

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject : **TECHNICAL MATTERS**

AIR LEASE CORPORATION (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into an Amendment N°25 dated even date herewith (the "**Amendment**") to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the "**Agreement**"), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°2 to the Amendment (the "**Letter Agreement**") certain additional terms and conditions regarding the purchase and sale of the Amendment 25 NEO Aircraft and A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°2
Ref. CLC-CT19000772

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LETTER AGREEMENT N° 2

1 [*]

2 [*]

3 [*]

4 **ASSIGNMENT**

The provisions of Clause 21 of the Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

5 **LAW AND JURISDICTION**

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N° 2

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°2
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Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°2
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LETTER AGREEMENT N° 3

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject : [*]

AIR LEASE CORPORATION (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into an Amendment N° 25 dated even date herewith (the "**Amendment**") to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the "**Agreement**"), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°3 to the Amendment (the "**Letter Agreement**") certain additional terms and conditions regarding the purchase and sale of the Amendment 25 NEO Aircraft and A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°3
Ref. CLC-CT19000772

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LETTER AGREEMENT N° 3

1 [*]

2 [*]

3 [*]

5 [*]

4 ASSIGNMENT

The provisions of Clause 21 of the Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

5 LAW AND JURISDICTION

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N° 3

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°3
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4A

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A

Subject: [*]

AIR LEASE CORPORATION (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Amendment N°25 dated even date herewith (the “**Amendment**”) to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the “**Agreement**”), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°4A to the Amendment (the “**Letter Agreement**”) certain additional terms and conditions regarding the purchase and sale of the A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4A
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3 **[*]**

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4A
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LETTER AGREEMENT N°4A

4 [*]

5 [*]

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LETTER AGREEMENT N°4A

6 [*]

7 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4A
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8 **[*]**

9 **[*]**

10 **INCONSISTENCIES**

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

11 **ASSIGNMENT**

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

12 **CONFIDENTIALITY**

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

13 **LAW AND JURISDICTION**

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N°4A

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4A
Ref. CLC-CT19000772

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APPENDIX A
[*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4A
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4B

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A

Subject: [*]

AIR LEASE CORPORATION (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Amendment N°25 dated even date herewith (the “**Amendment**”) to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the “**Agreement**”), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°4B to the Amendment (the “**Letter Agreement**”) certain additional terms and conditions regarding the purchase and sale of the A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4B
Ref. CLC-CT19000772

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1 **[*]**

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4B
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LETTER AGREEMENT N°4B

4 [*]

5 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4B
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LETTER AGREEMENT N°4B

6 [*]

7 [*]

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LETTER AGREEMENT N°4B

8 [*]

9 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4B
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10 INCONSISTENCIES

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

11 ASSIGNMENT

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

12 CONFIDENTIALITY

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

13 LAW AND JURISDICTION

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N°4B

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4B
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APPENDIX A
[*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4B
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4C

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A

Subject: [*]

AIR LEASE CORPORATION (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Amendment N°25 dated even date herewith (the “**Amendment**”) to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the “**Agreement**”), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°4C to the Amendment (the “**Letter Agreement**”) certain additional terms and conditions regarding the purchase and sale of the A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4C
Ref. CLC-CT19000772

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1 **[*]**

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4C
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4C

4 [*]

5 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4C
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4C

6 [*]

7 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4C
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4C

8 [*]

9 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4C
Ref. CLC-CT19000772

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10 INCONSISTENCIES

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

11 ASSIGNMENT

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

12 CONFIDENTIALITY

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

13 LAW AND JURISDICTION

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N°4C

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4C
Ref. CLC-CT19000772

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APPENDIX A
[*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4C
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4D

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A

Subject: [*]

AIR LEASE CORPORATION (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into an Amendment N°25 dated even date herewith (the “**Amendment**”) to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the “**Agreement**”), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°4D to the Amendment (the “**Letter Agreement**”) certain additional terms and conditions regarding the purchase and sale of the A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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1 **[*]**

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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2 **[*]**

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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3 **[*]**

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4D

4 [*]

5 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4D

6 [*]

7 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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LETTER AGREEMENT N°4D

8 [*]

9 [*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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10 INCONSISTENCIES

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

11 ASSIGNMENT

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

12 CONFIDENTIALITY

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

13 LAW AND JURISDICTION

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N°4D

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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APPENDIX A
[*]

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°4D
Ref. CLC-CT19000772

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LETTER AGREEMENT N° 5

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject : [*]

AIR LEASE CORPORATION (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into an Amendment N° 25 dated even date herewith (the "**Amendment**") to the A320 NEO Family Purchase Agreement dated as of May 10, 2012 (the "**Agreement**"), which covers, among other things, the sale by the Seller and the purchase by the Buyer of certain Amendment 25 NEO Aircraft and A321XLR Aircraft pursuant to the Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement N°5 to the Amendment (the "**Letter Agreement**") certain additional terms and conditions regarding the purchase and sale of the Amendment 25 NEO Aircraft and A321XLR Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement and the Amendment.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, non-severable part of the Amendment, that the provisions of the Amendment are hereby incorporated herein by reference, and that if the Agreement, the Amendment and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°5
Ref. CLC-CT19000772

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1 **[*]**

2 **ASSIGNMENT**

The provisions of Clause 21 of the Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

3 **LAW AND JURISDICTION**

This Letter Agreement will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Purchase Agreement shall apply to this Letter Agreement as if the same were set out in full herein, mutatis mutandis.

LETTER AGREEMENT N° 5

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°25 to the ALC A320 NEO Family PA – Letter Agreement N°5
Ref. CLC-CT19000772

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CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS
EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE
COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED

AMENDMENT N°8

TO THE

A330-900neo PURCHASE AGREEMENT

BETWEEN

AIRBUS S.A.S.

as Seller

and

AIR LEASE CORPORATION

as Buyer

Amendment N°8 to the ALC A330-900neo Purchase Agreement
Ref. CLC - CT1905423

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**AMENDMENT N° 8 TO THE
A330-900neo PURCHASE AGREEMENT**

This Amendment N°8 (the “**Amendment N°8**”) dated 18 October 2019 is made

BETWEEN:

AIRBUS S.A.S., a French *société par actions simplifiée*, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (the “**Seller**”),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the “**Buyer**”).

The Buyer and the Seller together are referred to collectively as the “**Parties**” and individually as a “**Party**”.

WHEREAS:

- A. On 03 March 2015, the Buyer and the Seller have signed a purchase agreement with reference CLC-CT1405166 for the manufacture and sale by the Seller and purchase by the Buyer of twenty-five (25) A330-900neo Aircraft hereinafter together with its Exhibits and Letter Agreements referred to as the “**Purchase Agreement**”.
- B. On 01 May 2016, the Buyer and the Seller entered into **Amendment N°1** to the Purchase Agreement with reference CLC-CT1614983 whereby the Buyer [*].
- C. On 19 June 2017, the Buyer and the Seller entered into **Amendment N°2** to the Purchase Agreement with reference CLC-CT1702508 for the manufacture and sale by the Seller and purchase by the Buyer of two (2) incremental A330-900neo Aircraft.
- D. On 02 October 2017, the Buyer and the Seller entered into **Amendment N°3** to the Purchase Agreement with reference CLC-CT1705177 in order to [*].
- E. On 27 December 2017, the Buyer and the Seller entered into **Amendment N°4** to the Purchase Agreement with reference CLC-CT1709653 for the manufacture and sale by the Seller and purchase by the Buyer of two (2) incremental A330-900neo Aircraft.
- F. On 31 December 2018, the Buyer and the Seller entered into **Amendment N°5** to the Purchase Agreement with reference CLC-CT1709653 in order to [*].
- G. On 27 February 2019, the Buyer and the Seller entered into **Amendment N°6** to the Purchase Agreement with reference CLC-CT1901550 in order to [*].
- H. On 8 August 2019, the Buyer and the Seller entered into **Amendment N°7** to the Purchase Agreement with reference CT1902127 in order to [*].

The Purchase Agreement as amended and supplemented pursuant to the foregoing shall be referred to as the “**Agreement**”.

- I. The Buyer and the Seller now wish to enter into this Amendment N°8 in order to [*], pursuant to the terms and conditions defined herein.

The terms "herein", "hereof" and "hereunder" and words of similar import refer to this Amendment N°8. Capitalized terms used herein and not otherwise defined herein will have the meanings assigned thereto in the Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

Amendment N°8 to the ALC A330-900neo Purchase Agreement
Ref. CLC - CT1905423

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1 [*]

2 [*]

3 **INCONSISTENCY AND CONFIDENTIALITY**

3.1 In the event of any inconsistency between the terms and conditions of the Agreement and those of this Amendment N°8, the latter shall prevail to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

3.2 This Amendment N°8 reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of each Party.

3.3 This Amendment N°8 shall be treated by the Parties as confidential and shall not be released in whole or in part to any third party without the prior consent of the other Party except as may be required by law, or to professional advisors for the implementation hereof.

4 **COUNTERPARTS**

This Amendment N°8 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

5 **LAW AND JURISDICTION**

This Amendment N°8 will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to its conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Agreement shall apply to this Amendment N°8 as if the same were set out in full herein, mutatis mutandis.

IN WITNESS WHEREOF this Amendment N°8 was entered into the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ Grant Levy

By: /s/ Benoît de Saint-Exupéry

Its: Executive Vice President

Its: Senior Vice President, Contracts

Amendment N°8 to the ALC A330-900neo Purchase Agreement
Ref. CLC - CT1905423

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APPENDIX 1 DELIVERY SCHEDULE

[illegible]

CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE
REGISTRANT IF PUBLICLY DISCLOSED

AMENDMENT N°9

TO THE

A330-900neo PURCHASE AGREEMENT

BETWEEN

AIRBUS S.A.S.

as Seller

and

AIR LEASE CORPORATION

As Buyer

Amendment N°9 to the ALC A330-900neo Purchase
Agreement
Ref. CLC – CT1909530 – Execution Version

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**AMENDMENT N° 9 TO THE
A330-900neo PURCHASE AGREEMENT**

This amendment n°9 (the “**Amendment N°9**”) dated 20 December 2019 is made

BETWEEN:

AIRBUS S.A.S., a French *société par actions simplifiée*, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (the “**Seller**”),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the “**Buyer**”).

The Buyer and the Seller together are referred to as the “**Parties**” and individually as the “**Party**”.

WHEREAS:

- A. On 03 March 2015, the Buyer and the Seller entered into a purchase agreement with reference CLC-CT1405166 for the manufacture and sale by the Seller and purchase by the Buyer of twenty-five (25) A330-900neo aircraft hereinafter together with its Exhibits and Letter Agreements referred to as the “**Purchase Agreement**”.
- B. On 01 May 2016, the Buyer and the Seller entered into **Amendment N°1** to the Purchase Agreement with reference CLC-CT1614983 whereby the Buyer [*].
- C. On 19 June 2017, the Buyer and the Seller entered into **Amendment N°2** to the Purchase Agreement with reference CLC-CT1702508 for the manufacture and sale by the Seller and purchase by the Buyer of two (2) incremental A330-900neo Aircraft.
- D. On 02 October 2017, the Buyer and the Seller entered into **Amendment N°3** to the Purchase Agreement with reference CLC-CT1705177 in order to [*].
- E. On 27 December 2017, the Buyer and the Seller entered into **Amendment N°4** to the Purchase Agreement with reference CLC-CT1709653 for the manufacture and sale by the Seller and purchase by the Buyer of two (2) incremental A330-900neo Aircraft.
- F. On 31 December 2018, the Buyer and the Seller entered into **Amendment N°5** to the Purchase Agreement with reference CLC-CT1709653 in order [*].
- G. On 27 February 2019, the Buyer and the Seller entered into **Amendment N°6** to the Purchase Agreement with reference CLC-CT1901550 in order to [*].
- H. On 08 August 2019, the Buyer and the Seller entered into **Amendment N°7** to the Purchase Agreement with reference CT1902127 in order to [*].
- I. On 18th October 2019, the Buyer and the Seller entered into **Amendment N°8** to the Purchase Agreement with reference CT1905423 in order to [*].

The Purchase Agreement, as amended and supplemented pursuant to the foregoing being referred to as the “**Agreement**”.

J. The Parties now wish to enter into this Amendment N°9 in order to [*].

[*], the Buyer and the Seller shall enter into:

- an amendment N°12 to the A350 Agreement dated as of even date herewith to provide for the purchase of one (1) A350-900 aircraft (the “**A350 Amendment**”); and

- an amendment N°25 to the A320 NEO Agreement dated as of even date herewith to provide for the purchase of twenty-five (25) A321 NEO Aircraft and twenty-seven (27) A321 XLR aircraft (the “**A321 Amendment**”); and

The terms “herein”, “hereof” and “hereunder” and words of similar import refer to this Amendment N°9. Capitalized terms used herein and not otherwise defined herein will have the meanings assigned thereto in the Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. [*]

2. [*]

3. SUPPORT / TRAINING MATTERS

3.1 [*]

3.2 Amended Support Allowances

The Buyer and the Seller hereby agree that Appendix A to Clause 16 of the Agreement shall be deleted in its entirety and replaced as follows:

QUOTE

APPENDIX "A" TO CLAUSE 16

TRAINING ALLOWANCE

For the avoidance of doubt, all quantities indicated below are the total quantities granted for the whole of the Buyer's fleet twenty-three Aircraft firmly ordered unless otherwise specified. In the event that the Agreement is terminated in respect of any Aircraft, then the aggregate support allocations specified in this Appendix A and which are not specified on a per Aircraft basis, shall be reduced on a pro-rata basis by the ratio of the number of terminated Aircraft to the total number of Aircraft pursuant to the Agreement (it being understood that such reduction shall be rounded to the nearest whole number, if applicable).

The contractual training courses defined in this Appendix A will be provided [*].

Notwithstanding the above, flight operations training courses granted per firmly ordered Aircraft in this Appendix A will be provided by the Seller within a period [*].

Any deviation to said training delivery schedule will be mutually agreed between the Buyer and the Seller.

1 FLIGHT OPERATIONS TRAINING

1.1 Flight Crew Training (standard transition course)

The Seller will provide [*] per firmly ordered Aircraft.

1.2 Extended Range For Twin Engine Aircraft Operations (ETOPS) Training

The Seller will provide [*] ETOPS training for [*] per ordered Aircraft.

1.3 Flight Crew Line Initial Operating Experience

The Seller will provide to the Buyer [*] in total for the fleet of twenty-three (23) Aircraft. This allocation will be further assigned by the Buyer on a pro-rata basis to each of the Initial Operators.

Unless otherwise agreed during the Training Conference, in order to follow the Aircraft Delivery schedule, the maximum number of [*] present at any one time will be limited to [*].

1.4 Type Specific Cabin Crew Training Course

The Seller will provide to the Buyer [*] in total for the fleet of twenty-three (23) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

2 PERFORMANCE / OPERATIONS COURSE(S)

The Seller will provide to the Buyer [*] in total for the fleet of twenty-three (23) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

3 MAINTENANCE TRAINING

3.1 The Seller will provide to the Buyer [*] in total for the fleet of twenty-three (23) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

3.2 The Seller will provide to the Buyer [*] in total for the fleet of twenty-three (23) Aircraft. This allocation will be further assigned by the Buyer on a prorata basis to each of the Initial Operators.

4 TRAINEE DAYS ACCOUNTING

Trainee days are counted as follows:

4.1 For instruction at the Seller's Training Centers: one (1) day of instruction for one (1) trainee equals one (1) trainee day. The number of trainees originally registered at the beginning of the course will be counted as the number of trainees to have taken the course.

4.2 For instruction outside of the Seller's Training Centers: one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of twelve (12) trainee days, except for structure maintenance training course(s).

4.3 For structure maintenance training courses outside the Seller's Training Center(s), one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or the minimum number of trainees as indicated in the Seller's Customer Services Catalog.

4.4 For practical training, whether on training devices or on aircraft, one (1) day of instruction by one (1) Seller Instructor equals the actual number of trainees attending the course or a minimum of six (6) trainee days.

UNQUOTE

4. [*]

5 [*]

6. EFFECTIVITY

This Amendment N°9 will enter into full force and be binding upon the Parties upon the fulfilment of each of the following conditions (the “**Conditions**”);

[*]

If the Conditions are not fulfilled on or before 31 December 2019, this Amendment N°9 shall be terminated without further act and the Buyer and the Seller shall have no obligation or liability to the other, whether in contract or otherwise in respect of this Amendment N°9.

7 INCONSISTENCY AND CONFIDENTIALITY

7.1 In the event of any inconsistency between the terms and conditions of the Agreement and those of this Amendment N°9, the latter shall prevail to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

7.2 This Amendment N°9 reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of both Parties.

7.3 This Amendment N°9 shall be treated by both Parties as confidential and shall not be released in whole or in part to any third party without the prior consent of the other Party except as may be required by law, or to professional advisors for the implementation hereof.

7.4 Except for the modifications resulting from this Amendment n°9, the Agreement shall remain unchanged, in full force and effect. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Agreement.

8. COUNTERPARTS

This Amendment N°9 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

9. LAW AND JURISDICTION

This Amendment N°9 will be governed by and construed and the performance thereof will be determined in accordance with the laws of the State of New York, without giving effect to the application of conflicts of laws provisions that would result in the application of the law of any other jurisdiction.

The other provisions of Clause 22.6 of the Agreement shall apply to this Amendment N°9 as if the same were set out in full herein.

IN WITNESS WHEREOF this Amendment N°9 was entered into force the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°9 to the ALC A330-900neo Purchase
Agreement
Ref. CLC – CT1909530 – Execution Version

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APPENDIX 1 DELIVERY SCHEDULE

[illegible]

CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE
REGISTRANT IF PUBLICLY DISCLOSED

AMENDMENT N°1
TO THE
[*] AGREEMENT
BETWEEN
AIRBUS S.A.S.
AND
AIR LEASE CORPORATION
[*]

Amendment N°1 to the [*] Agreement
Ref. CLC - CT1900808 – October 2019

Page 1/4

**AMENDMENT N° 1 TO THE
[*] AGREEMENT**

This amendment n°1 (the “**Amendment N°1**”) dated 30 October 2019 is made

BETWEEN:

AIRBUS S.A.S., a French *société par actions simplifiée*, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (the “**Seller**”),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the “**Buyer**”).

The Buyer and Seller, each a “**Party**”, together referred to as the “**Parties**”.

WHEREAS:

- A. [*]
- B. [*]
- C. [*]
- D. [*]
- E. [*]

NOW IT IS HEREBY AGREED AS FOLLOWS:

1 [*]

2 [*]

3 INCONSISTENCY AND CONFIDENTIALITY

- 3.1 In the event of any inconsistency between the terms and conditions of the [*] Agreement and those of this Amendment N°1, the latter shall prevail to the extent of such inconsistency, whereas the part of the [*] Agreement not concerned by such inconsistency shall remain in full force and effect.
- 3.2 This Amendment N°1 reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of both Parties.
- 3.3 This Amendment N°1 shall be treated by both Parties as confidential and shall not be released in whole or in part to any third party without the prior consent of the other Party except as may be required by law, or to professional advisors for the implementation hereof.

4 COUNTERPARTS

This Amendment N°1 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

5 LAW AND JURISDICTION

5.1 THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

5.2 [*]

5.3 [*]

5.4 [*]

5.5 [*]

5.6 [*]

IN WITNESS WHEREOF this Amendment N°1 was entered into the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ Grant Levy

By: /s/ Benoît de Saint-Exupéry

Its: Executive Vice President

Its: Senior Vice President, Contracts

Amendment N°1 to the [*] Agreement
Ref. CLC - CT1900808 – October 2019

Page 4/4

CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM
THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY
CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED

AMENDMENT N°2

TO THE

[*] AGREEMENT

BETWEEN

AIRBUS S.A.S.

AND

AIR LEASE CORPORATION

[*]

**AMENDMENT N°2 TO THE
[*] AGREEMENT**

This amendment n°2 (the “**Amendment N°2**”) dated 20 December 2019 is made

BETWEEN:

AIRBUS S.A.S., a French *société par actions simplifiée*, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (the “**Seller**”),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the “**Buyer**”).

The Buyer and the Seller, each a “**Party**”, together referred to as the “**Parties**”.

WHEREAS:

- A. [*]
- B. [*]
- C. [*]
- D. [*]
- E. [*]
- F. [*]
- G. [*]

The Parties agree that this Amendment N°2, upon signature thereof, shall constitute an integral, non several part of the [*] Agreement as amended by Amendment N°1, that the provisions of the Amendment N°2 are hereby incorporated herein by reference, and that if the [*] Agreement, the Amendment N°1 and this Amendment N°2 have specific provisions which are inconsistent, the specific provisions contained in this Amendment N°2 shall govern.

Capitalized terms used herein and not otherwise specified in this Amendment N°2 shall, unless otherwise specified in the [*] Agreement or its Amendment N°1, have the meaning assigned thereto in the [*], as applicable.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1 DEFINITIONS

In this Amendment N°2 the following terms shall have the following meanings:

[*]

2 [*]

3 EFFECTIVITY

[*]

4 INCONSISTENCY AND CONFIDENTIALITY

4.1 In the event of any inconsistency between the terms and conditions of the [*] Agreement and those of this Amendment N°2, the latter shall prevail to the extent of such inconsistency, whereas the part of the [*] Agreement not concerned by such inconsistency shall remain in full force and effect.

4.2 This Amendment N°2 reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of both Parties.

4.3 This Amendment N°2 shall be treated by both Parties as confidential and shall not be released in whole or in part to any third party without the prior consent of the other Party except as may be required by law, or to professional advisors for the implementation hereof.

5 COUNTERPARTS

This Amendment N°2 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

6 LAW AND JURISDICTION

6.1 THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

6.2 [*]

6.3 [*]

6.4 [*]

6.5 [*]

IN WITNESS WHEREOF this Amendment N°2 was entered into the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

Amendment N°2 to the [*] Agreement
Ref. CLC - CT1909969 – 29 October 2019

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Schedule 1
[*]

Amendment N°2 to the [*] Agreement
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Schedule 2
[*]

Amendment N°2 to the [*] Agreement
Ref. CLC - CT1909969 – 29 October 2019

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Schedule 3
[*]

Amendment N°2 to the [*] Agreement
Ref. CLC - CT1909969 – 29 October 2019

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CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE
REGISTRANT IF PUBLICLY DISCLOSED

[*] AGREEMENT

BETWEEN

AIRBUS S.A.S.

and

AIR LEASE CORPORATION

[*]

This [*] agreement (the “**[*] Agreement**”) dated 20 December 2019 is made

BETWEEN:

AIRBUS S.A.S., a French *société par actions simplifiée*, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (the “**Seller**”),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the “**Buyer**”).

The Buyer and the Seller together are referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS:

A. [*]

B. [*]

C. [*]

D. [*]

NOW IT IS HEREBY AGREED AS FOLLOWS:

1 DEFINITIONS

Capitalised terms used herein and not otherwise defined in this [*] Agreement shall have the meanings assigned to them [*]. For the purposes of this [*] Agreement, the following capitalized terms shall have the following meanings:

[*]

2 [*]

3 [*]

4 [*]

5 [*]

6 GENERAL

6.1 Entire agreement

This [*] Agreement reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of both Parties.

6.2 Assignment

Notwithstanding any other provision of this [*] Agreement, this [*] Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

6.3 Confidentiality

This [*] Agreement (and its existence) shall be treated by both Parties as confidential and shall not be released (or revealed) in whole or in part by either Party to any third party without the prior consent of the other Party. In particular, each Party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other Party.

6.4 Counterparts

This [*] Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

7 LAW AND JURISDICTION

7.1 THIS [*] AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

7.2 [*]

7.3 [*]

7.4 [*]

7.5 [*]

7.6 [*]

IN WITNESS WHEREOF this [*] Agreement was entered into the day and year first above written.

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

AIRBUS S.A.S.

By: /s/ John L. Plueger

By: /s/ Benoît de Saint-Exupéry

Its: CEO & President

Its: Senior Vice President, Contracts

APPENDIX 1

[*]

CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE
REGISTRANT IF PUBLICLY DISCLOSED

[*] AGREEMENT

AMONG

AIRBUS S.A.S.

and

AIRBUS CANADA LIMITED PARTNERSHIP

and

AIR LEASE CORPORATION

[*]

This [*] agreement (the “**[*] Agreement**”) dated 20 December 2019 is made

AMONG:

AIRBUS S.A.S., a French *société par actions simplifiée*, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (“**Airbus S.A.S.**”),

and

AIRBUS CANADA LIMITED PARTNERSHIP, a company having its registered office at Airbus Canada Limited Partnership, 13100 Boulevard Henri Fabre, Mirabel, QC, Canada J7N 3C6 and includes its successors and assigns (“**Airbus Canada**”),

and

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (“**ALC**”).

Airbus S.A.S. and Airbus Canada together are referred to as “**Airbus**”.

Airbus, Airbus Canada and ALC together are referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS:

- A. [*]
- B. [*]
- C. [*]
- D. [*]

NOW IT IS HEREBY AGREED AS FOLLOWS:

1 DEFINITIONS

[*]

Capitalised terms used herein and not otherwise defined in this [*] Agreement shall have the meanings assigned to them [*].

2 [*]

3 GENERAL

3.1 Entire agreement

This [*] Agreement reflects the understandings, commitments, agreements, representations and negotiations related to the matters set forth herein whatsoever, oral and written, and may not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by the duly authorised representatives of both Parties.

3.2 Assignment

Notwithstanding any other provision of this [*] Agreement, this [*] Agreement and the rights and obligations of ALC herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

3.3 Confidentiality

This [*] Agreement (and its existence) shall be treated by both Parties as confidential and shall not be released (or revealed) in whole or in part by either Party to any third party without the prior consent of the other Party. In particular, each Party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other Party.

3.4 Counterparts

This [*] Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

4 LAW AND JURISDICTION

4.1 THIS [*] AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

4.2 [*]

4.3 [*]

4.4 [*]

4.5 [*]

4.6 [*]

IN WITNESS WHEREOF this [*] Agreement was entered into the day and year first above written.

For and on behalf of

AIRBUS S.A.S.

By: /s/ Benoît de Saint-Exupéry

Its: Senior Vice President, Contracts

For and on behalf of

AIRBUS CANADA LIMITED PARTNERSHIP,
duly acting and represented by its managing
general partner,
AIRBUS CANADA MANAGING GP INC.,

By: /s/ Philippe Balducchi

Its: CEO

For and on behalf of

AIR LEASE CORPORATION

By: /s/ John L. Plueger

Its: CEO & President

CERTAIN IDENTIFIED INFORMATION MARKED BY [*] HAS BEEN EXCLUDED FROM THIS
EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE
COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED

A220

PURCHASE AGREEMENT

BETWEEN

AIRBUS CANADA LIMITED PARTNERSHIP

as the Seller

AND

AIR LEASE CORPORATION

as the Buyer

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ANNEX A CUSTOMER SUPPORT SERVICES
ANNEX B WARRANTY AND SERVICE LIFE POLICY

This purchase agreement (the “**Agreement**”) is made on the 20 day of December 2019,

BETWEEN:

AIRBUS CANADA LIMITED PARTNERSHIP, duly acting and represented by its managing general partner, **AIRBUS CANADA MANAGING GP INC.**, having its registered office at 13100 Boulevard Henri Fabre, Mirabel, QC, Canada J7N 3C6 (the “**Seller**”)

AND:

AIR LEASE CORPORATION, a corporation organised and existing under the laws of the State of Delaware, U.S.A., having its principal place of business at 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, U.S.A. (the “**Buyer**”).

The Buyer and Seller together are referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS

The Buyer desires to purchase and the Seller desires to sell fifty (50) Aircraft and related data, documents, and services on the terms and conditions set out in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Buyer and the Seller agree as follows:

Clause 1. INTERPRETATION

1.1

In this Agreement, the following expressions shall have the meaning ascribed thereto below unless otherwise expressly provided:

"Affiliate" means, with respect to any person, a company, a corporation, an institution or person directly or indirectly controlling, controlled by or under common control with such person. "Control" means for this purpose:

- (i) the direct or indirect ownership of at least fifty per cent (50%) of the issued voting share capital of that person; or
- (ii) the power to direct or cause the direction of its affairs and/or to control the composition of that person's board of directors (or equivalent body);

"Agreement" means this agreement, including the Schedules, Annexes, Appendices and letter agreements, if any, attached hereto and the Standard Specification (each of which is incorporated into this Agreement by reference), as they may be amended or supplemented pursuant to the provisions of this Agreement;

"A220 Aircraft" means, individually or collectively, the A220-100 Aircraft or the A220-300 Aircraft;

"A220-100 Aircraft" means, individually or collectively, the Airbus A220-100 aircraft model to be sold and purchased pursuant to this Agreement;

"A220-300 Aircraft" means, individually or collectively, the Airbus A220-300 aircraft model to be sold and purchased pursuant to this Agreement;

"A220-100 Base Price" and **"A220-300 Base Price"** have the meanings set out in Clause 4.1;

"A220-100 Aircraft Final Price" and **"A220-300 Aircraft Final Price"** have the meanings set out in Clause 4.2;

"A220-100 List Price" and **"A220-300 List Price"** have the meanings set out in Clause 4.1;

"Aircraft" means, individually or collectively, the A220-100 Aircraft or A220-300 Aircraft, as the case may be;

"Aircraft Final Price" means, as applicable, the A220-100 Aircraft Final Price or the A220-300 Aircraft Final Price;

"Aircraft Base Price" means, as applicable, the A220-100 Base Price or the A220-300 Base Price;

"Airframe" means any A220-100 Aircraft or A220-300 Aircraft, as case may be, excluding the Propulsion Systems therefor;

“Aviation Authority” means, when used with respect to any jurisdiction, the government entity that, under the laws of such jurisdiction, has control over civil aviation or the registration, airworthiness or operation of civil aircraft in such jurisdiction;

“BFE Supplier” means the supplier of BFE;

“Bill of Sale” means a bill of sale in the form set out in Schedule 7;

“Business Day” means a day, other than a Saturday or Sunday, on which business of the kind contemplated by this Agreement is carried on in Canada, in France and in the Buyer's country or, where used in relation to a payment, which is a day on which banks are open for business in Canada, in the Buyer's country and in New York, as appropriate;

“Buyer Furnished Equipment” or **“BFE”** has the meaning set out in Clause 10.5;

“Buyer Party” means, as the context may require, the Buyer and/or any Affiliate of the Buyer;

“Buyer Requested Changes” has the meaning set out in Clause 10.1;

“Buyer Selected Optional Features” or **“BSOF”** means the items set out in Schedule 4 as amended by all applicable Buyer Requested Changes;

“Certificate of Acceptance” means a certificate in the form set out in Schedule 6;

“Contractual Definition Freeze” or **“CDF”** has the meaning set out in Clause 6.3.2;

“Delivery” means, in respect of any Aircraft, the delivery of, sale of and transfer of title to such Aircraft by the Seller to the Buyer in accordance with Clause 8.3;

“Delivery Date” means the date on which Delivery occurs;

“Development Changes” has the meaning set out in Clause 10.2;

“Delivery Location” means the facilities of the Seller at the location of the final assembly of the Aircraft;

“EASA” means the European Aviation Safety Agency or any successor thereto;

“Excusable Delay” has the meaning set out in Clause 12.1;

“Excusable Delay Period” means, for an Aircraft subject to an Excusable Delay, [*] of the corresponding Aircraft (or on termination of the Agreement in respect thereof);

“FAA” means the Federal Aviation Administration of the United States of America or any successor thereto;

“Initial Operator” means the first operator of an Aircraft following Delivery to it hereunder;

“LIBOR Rate” means, in respect of the relevant interest period (or where no interest period is stated, six (6) months), the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) determined on the basis of the offered rates for deposits in US dollars, which appear on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the day that is two (2) working days before the first day of such an interest period. If at least two (2) such offered rates appear on the Reuters Screen LIBOR01 Page (or any replacement Thomson Reuters page which displays that rate), the rate for that interest period will be the arithmetic mean of such offered rates rounded to the nearest basis point (0.5 rounds to 1). If only one (1) offered rate appears, the rate for that interest period will be "LIBOR" as quoted by National Westminster Bank, plc. "Reuters Screen LIBOR01 Page" means the display designated as page "LIBOR01" on the Thomson Reuters screen (or, in the event that LIBOR Rate is discontinued or not available for a continuous period of in excess of thirty (30) days, any comparable or successor rate as the LIBOR Rate as may be mutually agreed between the Parties, with each party acting reasonably and in good faith, provided that [*] (the **“Replacement LIBOR Rate”**);

“Non-Excusable Delay” means any delay that does not result from the occurrence of an Excusable Delay;

“Non-Excusable Delay Period” means for an Aircraft subject to a Non-Excusable Delay, [*] of the corresponding Aircraft (or on termination of the Agreement in respect thereof);

“Notice” means any notice, request, approval, permission, consent or other communication to be given or required under this Agreement in accordance with Clause 16;

“Operator” means any operator of any Aircraft following Delivery hereunder;

“Options Catalogue” means the Seller's catalogue of customisation options;

“Other Agreement” means any agreement entered into or to be entered into from time to time between a Buyer Party and a Seller Party;

“Predelivery Payment” means any of the payment(s) determined in accordance with Clause 5.1;

“Price Revision Formula” means the price revision formula attached as Schedule 1;

“Prime Rate” means the annual U.S. Bank Prime Loan Rate offered by a majority of the top twenty-five (25) U.S. commercial banks, ranked by total assets, which appears on the Bloomberg Screen PRIME Index Page. If only

one (1) offered rate appears, the rate will be "PRIME" as quoted by Bank of America U.S. "Bloomberg Screen PRBKBKAM Index Page" means the display designated as page "PRBKBKAM Index" on the Bloomberg screen (or any successor to such page or service), (or, in the event that Prime Rate is discontinued or not available for a continuous period of in excess of thirty (30) days, any comparable or successor rate as the Prime Rate as may be mutually agreed between the Parties, with each party acting reasonably and in good faith, provided that [*] (the "**Replacement Prime Rate**"). For the avoidance of doubt, whenever a Predelivery Payment [*] Predelivery Payment;

"Propulsion Systems" has the meaning set out in Clause 2.2;

"Propulsion Systems Manufacturer" means the manufacturer of the Propulsion Systems;

"Readiness Date" means the date specified in the notice pursuant to Clause 8.1.2 as the date on which the Aircraft will be offered for the Technical Acceptance Process;

"Ready for Delivery" means the time when the Technical Acceptance Process has been completed in accordance with Clause 8.2 and all technical conditions required for the issuance of the TC Airworthiness Certificate or the TC Export Airworthiness Certificate for export (as applicable) have been satisfied;

"Regulatory Change" has the meaning set out in Clause 10.3;

"Scheduled Delivery Month" means the month specified in Schedule 2 when an Aircraft shall be Ready for Delivery, subject to the provisions of this Agreement;

"Seller Facility" means Mirabel, Quebec, Canada;

"Seller Furnished Equipment" or "SFE" means equipment that is designated in the Specification as being provided by the Seller.

"Seller Party" means, as the context may require, the Seller and/or any Affiliate of the Seller;

"Specification" means the Standard Specification, as supplemented by the BSOF, any Development Changes and any Regulatory Changes;

"Standard Specification" means the specification document referred to in Schedule 3, being a general description of the Aircraft (a copy of which the Buyer acknowledges having received), [*] Agreement;

"Taxes" has the meaning set out in Clause 4.3;

"TC" means Transport Canada Civil Aviation or any successor thereto;

“TC Airworthiness Certificate” and/or “TC Export Airworthiness Certificate” means an airworthiness certificates issued pursuant to Clause 7;

“Technical Acceptance Process” has the meaning set out in Clause 8.2.

- 1.2** The headings in this Agreement are included for convenience only and shall not be used in the construction or interpretation of this Agreement.
- 1.3** In this Agreement, unless otherwise expressly provided or the context otherwise requires, the singular includes the plural and vice-versa.
- 1.4** The Airbus A220, Airbus A220-100 and Airbus A220-300 are the current designations of the aircraft previously designated as respectively the C Series, the CS100 and the CS300; the use of such prior designations under or in connection with this Agreement shall be deemed to be references to the Airbus A220, Airbus A220-100 and Airbus A220-300, as applicable.
- 1.5** All dollar amounts in this Agreement are expressed in the lawful currency of the United States of America and all references to "\$" and "USD" have a corresponding meaning.
- 1.6** In this Agreement, reference to a Clause, Article, Schedule or Annex shall be construed as a reference to a clause, article, schedule or annex of and to this Agreement.
- 1.7** In this Agreement, the words “include”, “includes” or “including” shall be deemed to be followed by the words “without limitation”.

Clause 2. SUBJECT MATTER OF SALE

2.1 Subject to the terms and conditions of this Agreement, the Seller shall sell and the Buyer shall purchase fifty (50) A220-300 Aircraft manufactured pursuant to the Standard Specification as supplemented to include the Buyer Selected Optional Features and [*] Agreement.

2.2 A220 Aircraft Engines

The Aircraft shall be equipped with a set of two (2) Pratt and Whitney engines, as well as nacelles and engine build-up (together the “**Propulsion Systems**”).

	Propulsion System	Thrust
A220-100 Aircraft	PW1519G	[*] lbf
A220-300 Aircraft	PW1521G-3	[*] lbf

Clause 3. CUSTOMER SUPPORT SERVICES AND WARRANTY

3.1 The Seller shall provide to the Buyer customer support services as described in Annex A.

3.2 The Seller shall provide to the Buyer the warranty and the service life policy described in Annex B.

Clause 4. PRICE/TAXES

4.1 Prices

4.1.1 A220-100 Aircraft Base Price

The base price of each A220-100 Aircraft (the “**A220-100 Base Price**”) is the sum of:

[*]

4.1.2 A220-300 Aircraft Base Price

The base price of each A220-300 Aircraft (the “**A220-300 Base Price**”) is the sum of:

[*]

4.2 Aircraft Final Price

For each Aircraft, the “**A220-100 Aircraft Final Price**” or the “**A220-300 Aircraft Final Price**” shall be the aggregate of:

- a) the applicable Aircraft Base Price;
- b) the aggregate of all increases or decreases to the Aircraft Base Price as agreed in any Buyer Requested Changes or part thereof applicable to the Aircraft subsequent to the date of this Agreement; and
- c) [*] amount resulting from [*] provisions of this Agreement and/or [*] written agreement between the Buyer and the Seller relating to the Aircraft.

all as adjusted by the application of the Price Revision Formula to the Delivery Date of such Aircraft.

4.3 Taxes

4.3.1 The amounts stated in this Agreement to be payable by the Buyer are exclusive of value added tax (“**VAT**”) or sales or other transfer tax chargeable under the laws of any jurisdiction, and accordingly the Buyer shall pay any VAT or sales or other transfer tax chargeable with respect to any Aircraft, component, accessory, equipment, part or service delivered or furnished to the Buyer under this Agreement.

4.3.2 The Seller will pay all other Taxes (except for Taxes based on or measured by the income of the Buyer or any Taxes levied against the Buyer for the privilege of doing business in any jurisdiction), levied, assessed, charged or collected, on or prior to Delivery of any Aircraft, for or in connection with the manufacture, assembly, sale and delivery under this Agreement of such Aircraft or any parts, instructions or data installed thereon or incorporated therein (except Buyer Furnished Equipment referred to in Clause 10.5).

4.3.3 The Buyer will pay all Taxes not assumed by the Seller under Clause 4.3.2, except for [*].

4.3.4 [*]

“**Taxes**” means any present or future tax, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority or any political subdivision or taxing authority thereof or therein.

Clause 5. PAYMENT

5.1 Payments

5.1.1 An amount equal to the initial commitment fee [*] for each Aircraft (the “**Commitment Fee**”) already paid by the Buyer to the Seller prior to the date of this Agreement shall be credited without interest against the first Predelivery Payment due in respect of the corresponding Aircraft under this Agreement.

5.1.2 The Buyer shall pay Predelivery Payments to the Seller calculated on the “**Predelivery Payment Reference Price**” of each Aircraft. The predelivery payment reference price is determined by the following formula:

$$A = [*]$$

Where

A: The Predelivery Payment Reference Price for Aircraft to be delivered in year T;

[*]

5.1.3 Such Predelivery Payments shall be made in accordance with the following schedule:

DUE DATE OF PAYMENTS	PERCENTAGE OF PREDELIVERY PAYMENT REFERENCE PRICE
[*]	[*]
On the first day of each of the following months prior to the Scheduled Delivery Month	
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
<hr/> Total Predelivery Payment	[*]

Predelivery Payments theoretically falling due before signature of the Agreement shall be payable on signature of the Agreement.

- 5.1.4** On or before the Delivery Date of each Aircraft, the Buyer shall pay to the Seller the difference between the Aircraft Final Price and the amount of Predelivery Payments received by the Seller for such Aircraft.
- 5.2** Any Predelivery Payment received by the Seller shall constitute an instalment in respect of the Aircraft Final Price. The Seller shall be entitled to hold and use any Predelivery Payment as absolute owner thereof, subject only to the obligation to deduct any such Predelivery Payment from the Aircraft Final Price when calculating the balance of the Aircraft Final Price. The Seller shall be under no obligation to segregate any Predelivery Payment from the Seller's funds generally.
- 5.3** If any payment due to the Seller under this Agreement including but not limited to any Predelivery Payment, commitment fee, option fee for the Aircraft as well as any payment due to the Seller for any spare parts, data, documents, training and services, is not received on the due date, without prejudice to the Seller's other rights under this Agreement and at law, the Seller shall be entitled to claim from the Buyer, and the Buyer shall promptly pay to the Seller upon receipt of such claim, an agreed fixed amount destined to compensate the Seller for the negative consequences, costs, losses and expenses, that the Seller may suffer as a result of such late payment. The amount of such compensation shall be calculated using [*] on the amount of such overdue payment, [*]. The Seller's right to receive such interest will be in addition to any other rights of the Seller hereunder or at law.
- 5.4** Without prejudice to Clause 5.3, if [*].
- 5.5** The Buyer shall make all payments due under this Agreement in immediately available funds by deposit on or before the due date to the Seller's account detailed below or such other bank account as the Seller may notify to the Buyer from time to time:
- Transfer to: [*]
- Account Name: [*]
Account #: [*]
Bank Name: [*]
ABA #: [*]
SWIFT #: [*]
- Reference: Purchase Agreement No. [*]
- 5.6** Unless expressly stipulated otherwise, any charges due under this Agreement other than those set out in Clauses 5.1 and 5.7 will be paid by the Buyer at the same time as payment of the balance of the Final Price or, if invoiced after the Delivery Date, within [*].
- 5.7** The Buyer shall not, by virtue of anything contained in this Agreement (including, without limitation, any Predelivery Payments hereunder, or any designation or identification by the Seller of a particular aircraft as an Aircraft

to which any of the provisions of this Agreement refers) acquire any proprietary, insurable or other interest whatsoever in any Aircraft before Delivery of and payment for such Aircraft, as provided in this Agreement.

5.8 The Buyer's obligation to make payments to the Seller hereunder shall not be affected by and shall be determined without regard to any setoff, counterclaim, recoupment, defense or other right that the Buyer may have against the Seller or any other person and all such payments shall be made without deduction or withholding of any kind. The Buyer shall ensure that the sums received by the Seller under this Agreement shall be equal to the full amounts expressed to be due to the Seller hereunder, without deduction or withholding on account of and free from any and all taxes, levies, imposts, duties or charges of whatever nature, except that if the Buyer is compelled by law to make any such deduction or withholding the Buyer shall pay such additional amounts to the Seller as may be necessary so that the net amount received by the Seller after such deduction or withholding shall equal the amounts that would have been received in the absence of such deduction or withholding.

5.9 Not applicable.

5.10 Cross-Collateralisation

5.10.1 The Buyer hereby agrees that, notwithstanding any provision to the contrary in this Agreement, in the event that the Buyer should fail to make any material payment owing under this Agreement or under any Other Agreement, the Seller may:

- (i) withhold payment to the Buyer Party of any sums that may be due to or claimed by a Buyer Party from a Seller Party pursuant to this Agreement or any Other Agreement, including Predelivery Payments, unless or until the default under this Agreement or the Other Agreement is cured or remedied; and
- (ii) apply any amount of any Predelivery Payment it then holds under this Agreement in respect of any of the Aircraft as well as any other monies held pursuant to any Other Agreement (collectively the "**Relevant Amounts**") in such order as the Seller deems appropriate in satisfaction of any amounts due and unpaid by a Buyer Party and to compensate for any losses and/or damages a Seller Party may suffer as a result of a Buyer Party's failure to make payments in a timely manner under this Agreement or any Other Agreement. The Buyer acknowledges that the application of any of the Relevant Amounts as aforesaid may result in the Buyer Party being in default (unless such default is otherwise cured or remedied) in relation to the agreement in respect of which such Relevant Amounts were originally granted or required to be paid, as the case may be.

The rights granted to the Seller in the preceding paragraphs (i) and (ii) are without prejudice and are in addition to and shall not be deemed a waiver of any other rights and remedies the Seller Party may have at law or under this Agreement or any Other Agreement, including the right of set-off.

5.10.2

In the event that the Seller applies any amount of any Predelivery Payment it then holds under this Agreement in respect of any of the Aircraft in satisfaction of the amount due and unpaid by a Buyer Party or to compensate for losses and/or damages to a Seller Party as a result of a Buyer Party's failure to make payment in a timely manner under the Agreement or any Other Agreement, then the Seller shall notify the Buyer to that effect. Within [*] of such notification, the Buyer shall pay by wire transfer of funds immediately available to the Seller the amount of the Predelivery Payment that has been applied by the Seller as set forth above.

[*]

Clause 6. CUSTOMIZATION

6.1 Industrial Milestones

6.1.1 Customization Milestones for Head of Version

Contractual Definition Freeze for a Head of Version (as such term is defined in Clause 6.2 herein) Aircraft shall be [*] prior to the first day of the Scheduled Delivery Month (the “**Leadtime**”) for the Aircraft scheduled for delivery [*]. This Leadtime [*].

Notwithstanding the foregoing, should the Buyer wish to select Long Lead Items (“**LLI**”), corresponding to A220 features that require selection and contractual commitment by the Buyer [*] corresponding Aircraft.

6.1.2 BFE Leadtime

The Buyer shall be entitled to select BFE among three (3) different categories:

- (i) “**New BFE**”, which are BFE equipment that have not been previously certified on the A220 aircraft type; and
- (ii) “**Customized BFE**”, which are BFE equipment that have already been certified on the A220 aircraft type but require [*]; and
- (iii) “**Certified BFE**”, which are BFE equipment that have already been certified and delivered on the A220 aircraft type (same part number).

For the sole purpose of this Clause 6.1.2, a new seat part number shall be considered as Certified BFE on the condition that:

- ☐ The part number change is only due to [*]; and
- ☐ The [*] remain within certified ranges; and
- ☐ No testing is required apart from flammability tests.

With respect to New BFE, the Buyer shall notify the Seller of its selection of BFE Supplier(s) [*] prior to the first day of the Scheduled Delivery Month of the corresponding Aircraft.

With respect to Customized BFE, the Buyer notify the Seller of its selection of BFE Supplier(s) [*] prior to the first day of the Scheduled Delivery Month of the corresponding Aircraft.

With respect to Certified BFE, the Buyer shall notify the Seller of its selection of BFE Supplier(s) [*] prior to the first day of the Scheduled Delivery Month for the corresponding Aircraft.

[*]

6.2 Heads of Version

The first Aircraft to be delivered to an Initial Operator in a defined Specification shall be referred to as a head of version (the “**Head of Version**”).

Any subsequent Aircraft delivered to the same Initial Operator and having the same Specification as the Head of Version shall not be a new Head of Version.

Any Aircraft delivered to the same Initial Operator but in a different Specification shall be another Head of Version, except in the case that the differences between such Specification and the Head of Version are related to items other than the [*].

The total number of new Heads of Version for the A220 Aircraft shall not exceed the following:

[*]

as per the delivery schedule set forth in Schedule 2 herein.

[*]

Notwithstanding the foregoing, it is understood that, should the Scheduled Delivery Month be amended, then the number of [*] shall be adjusted proportionally [*].

[*]

6.3 Buyer Information

6.3.1 Customization Milestones Chart

The customization milestone chart (the “**Customization Milestone Chart**”) in Schedule 5 herein is setting out how far in advance of the Scheduled Delivery Month of the Aircraft the Buyer shall provide to the Seller specific information related to the manufacture of the Aircraft in order to ensure the Delivery of the Aircraft in the Scheduled Delivery Month.

6.3.2 Contractual Definition Freeze

The Customization Milestone Chart defines in particular the date(s) by which the contractual definition of the Aircraft must be finalized and such Aircraft BSOF need to have been executed by the Buyer (the “**Contractual Definition Freeze**” or “**CDF**”) in order to enable their incorporation into the manufacturing of the Aircraft and Delivery of the Aircraft in the Scheduled Delivery Month. Each such date will be referred to as a “**CDF Date**”.

Clause 7. CERTIFICATION

- 7.1** TC, FAA and EASA have each certified the Aircraft type described in the Standard Specification.
- 7.2** The Seller shall provide to the Buyer, as applicable, either (i) a TC Airworthiness Certificate for, or (ii) a TC Export Airworthiness Certificate for export to the country of usage/import of the Initial Operator for each Aircraft on or before the applicable Delivery Date. [*]
- 7.3** The Buyer shall be responsible for (i) obtaining or (ii) making the Initial Operator obtain any import licenses and/or authorisations required to import, register, and operate (as applicable) the Aircraft into any country; the Seller shall provide reasonable assistance to the Buyer with respect thereto.
- 7.4** Upon the Buyer's request, to be provided to the Seller with adequate notice, the Seller shall identify the Regulatory Changes that may be required pursuant to Clause 10.3.1.
- 7.5** [*]
- 7.6** The Seller shall, to the extent permitted by law, provide the Buyer with such assistance as it may reasonably request to obtain an export license, if required, to enable the Buyer to export the Aircraft from Canada, subject to prevailing export control regulations (including those of the United States) in effect on the Delivery Date.
- 7.7** The Seller shall, without payment or other liability, be entitled to use each Aircraft before delivery as may be necessary to obtain the certificates required under Clause 7. Such use shall not limit the Buyer's obligation to accept Delivery hereunder. [*]

Clause 8. ACCEPTANCE AND DELIVERY

8.1 Delivery Notices

8.1.1 The Seller shall have the Aircraft Ready for Delivery within their respective Scheduled Delivery Month(s), as set forth in Schedule 2, at the Seller Facility.

8.1.2 For each Aircraft, the Seller shall give the Buyer (i) [*] advance Notice of the [*] of the projected Readiness Date, (ii) [*] advance Notice of the projected Readiness Date for each Aircraft (setting forth the projected starting date and the planned schedule of the Technical Acceptance Process), (iii) [*] advance Notice of the Readiness Date of each Aircraft, and (iv) notice of any change to the dates set forth in such notices.

8.1.3 [*] following receipt by the Buyer of the Notice of the Readiness Date pursuant to Clause 8.1.2(iii) herein, the Buyer shall:

- (a) provide Notice to the Seller as to the source and method of payment of the balance of the Aircraft Final Price;
- (b) provide evidence of the authority of the designated persons to execute the Certificate of Acceptance and other delivery documents on behalf of the Buyer;
- (c) should the Buyer [*], inform the Seller hereof; and
- (d) unless [*], identify to the Seller the names of the Buyer's representatives who will participate in such Technical Acceptance Process for the Aircraft. The Buyer may have [*] of its representatives ([*] will have access to the cockpit at any one time) to participate in such Technical Acceptance Process for the Aircraft.

8.2 Technical Acceptance Process

8.2.1 In accordance with Clause 8.1.3, unless the Buyer has notified the Seller pursuant to Clause 8.1.3(c) that [*], the Aircraft shall undergo a technical acceptance process prior to Delivery, conducted in accordance with the Seller's acceptance process (the "**Technical Acceptance Process**"). Completion of the Technical Acceptance Process shall demonstrate to the Buyer the satisfactory functioning of the Aircraft and shall be deemed to demonstrate to the Buyer compliance of the Aircraft with the Specification.

Should it be established during the Technical Acceptance Process that the Aircraft does not comply with the Technical Acceptance Process requirements, the Seller shall, without hindrance from the Buyer, be entitled to carry out any necessary changes and, as soon as practicable thereafter, resubmit the Aircraft to such further Technical Acceptance Process as is necessary to demonstrate the elimination of the non-compliance.

If a discrepancy from the Specification [*], such discrepancy shall be promptly remedied by the Seller [*].

- 8.2.2** Any Technical Acceptance Process shall:
- (a) commence on a date notified by the Seller to the Buyer in accordance with Clause 8.1.2 (iii);
 - (b) take place at the Seller Facility;
 - (c) be carried out by the personnel of the Seller according to a pre-determined schedule of milestones (to the exclusion of items previously inspected pursuant to Clause 11 hereof) with the intention of completing it [*]; and
 - (d) include a technical acceptance flight which shall [*].

8.2.3 If after the Technical Acceptance Process has started the Buyer fails to co-operate in such process, the Seller shall be entitled to complete the Technical Acceptance Process and the Buyer shall be deemed to have accepted that the Technical Acceptance Process has been satisfactory completed in all respects.

Notwithstanding the foregoing, it is understood that the Technical Acceptance Process is performed for the sole purpose of the Buyer inspecting the Aircraft prior to Delivery and that [*] and the date [*] be deemed to be the date at which the Aircraft is deemed to be compliant with the Specification and is deemed Ready for Delivery.

8.3 Delivery

Upon the Aircraft being Ready for Delivery:

- (a) the Seller shall deliver to the Buyer, as applicable, the TC Airworthiness Certificate or the TC Export Airworthiness Certificate;
- (b) the Buyer shall pay to the Seller the balance of the Aircraft Final Price for such Aircraft;
- (c) upon receipt by the Seller of the balance of the Aircraft Final Price, the Seller shall deliver to the Buyer a Bill of Sale for the Aircraft and/or such other documentation confirming transfer of title and receipt of the Aircraft Final Price as may be reasonably requested by the Buyer; and
- (d) the Buyer shall execute and deliver to the Seller a certificate of acceptance in respect of the Aircraft in the form of Schedule 6 (the “**Certificate of Acceptance**”) for the Aircraft and the Buyer’s signature of such certificate will constitute waiver by the Buyer of any right it may have, under the Uniform Commercial Code as adopted by the State of New York or otherwise, to revoke acceptance of the Aircraft for any reason, whether known or unknown to the Buyer at the time of acceptance.

8.4 If the Buyer fails [*] on which the Aircraft is Ready for Delivery to (i) deliver the signed Certificate of Acceptance to the Seller, or (ii) pay the balance of the Final

Price of the Aircraft to the Seller, then the Buyer will be deemed to have rejected Delivery wrongfully when the Aircraft was duly tendered to the Buyer hereunder. If such a deemed rejection arises, and in addition to the remedies of Clause 5.3, (a) the Seller will retain title to the Aircraft and (b) the Buyer will indemnify and hold the Seller harmless against any and all costs (including but not limited to any parking, storage, and insurance costs) and consequences resulting from the Buyer's rejection (including but not limited to risk of loss of, or damage to the Aircraft), it being understood that the Seller will be under no duty to the Buyer to store, park, insure, or otherwise protect the Aircraft. These rights of the Seller will be in addition to the Seller's other rights and remedies in this Agreement.

Clause 9. TITLE AND RISK

9.1

The Seller will deliver and transfer good title to the Aircraft to the Buyer free and clear of all encumbrances (except for any liens or encumbrances created by or on behalf of the Buyer) provided that the balance of the Aircraft Final Price has been paid by the Buyer pursuant to Clause 8.3 and that the Certificate of Acceptance has been signed and delivered to the Seller pursuant to Clause 8.3. The Seller shall provide the Buyer with a bill of sale in the form of Schedule 7 (the "**Bill of Sale**") and/or such other documentation confirming transfer of title and receipt of the Aircraft Final Price as may reasonably be requested by the Buyer. Title to and risk of loss of or damage to the Aircraft will pass to the Buyer contemporaneously with the delivery by the Seller to the Buyer of such Bill of Sale.

Clause 10. CHANGES

10.1 Buyer Requested Changes

Should the Buyer request a change to any Buyer Selected Optional Features, the Seller (acting in good faith) shall advise the Buyer of the feasibility of such change and, if feasible, of its price and availability and – to the extent reasonably practicable - of the expected effect (if any) of such change on the price and payment terms applicable to the Aircraft and on the performance characteristics of the Aircraft.

Such change shall be effected by way of a written amendment to this Agreement between the parties hereto. Any changes made in accordance with the provisions of this Clause 10.1 shall constitute a **“Buyer Requested Change”** and the cost thereof shall be borne by the Buyer.

10.2 Development Changes

The Specification may also be amended to incorporate changes deemed necessary by the Seller to improve the Aircraft, prevent delay or ensure compliance with this Agreement (“Development Change”), as set forth in this Clause 10.2.

10.2.1 The Specification may be amended by the Seller through a Development Change, which shall be documented by the Seller and such document will set out the Development Change's Aircraft embodiment rank as well as, in detail, the particular change to be made to the Specification and the effect, if any, of such change on performance, weight, Aircraft Base Price, Delivery Date of the Aircraft affected thereby and interchangeability or replaceability requirements under the Specification.

Except when the Development Change is necessitated by an Aviation Authority directive or by equipment obsolescence, in which case the Development Change will be accomplished without requiring the Buyer's consent, if the Development Change adversely affects the performance, weight, Base Price, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the Specification, the Seller will notify the Buyer of a reasonable period of time during which the Buyer must accept or reject such Development Change. If the Buyer does not notify the Seller of the rejection of the Development Change within such period, the Development Change will be deemed accepted by the Buyer and the corresponding modification will be accomplished.

Notwithstanding the above and for the specific case of the Aircraft to be delivered under the Agreement, if (i) the Seller issues a chargeable Development Change applicable to such Aircraft and (ii) such chargeable Development Change [*].

10.2.2 In the event of the Seller revising the Specification to incorporate Development Changes which have no adverse effect on any of the elements as set forth in 10.2.1 above, such revision shall be performed by the Seller without the Buyer's consent.

In such cases, the Seller shall make the information corresponding to such Development Change(s) available to the Buyer.

10.3 Regulatory Changes

10.3.1 If any change to, or modification or testing of, the Aircraft is required by any law or governmental regulation or requirement (or interpretation thereof by any governmental agency having jurisdiction) in order to meet the requirements of Clause 7.2 (a **"Regulatory Change"**), such Regulatory Change shall be made to the Aircraft prior to the Delivery Date.

10.3.2 With respect to any Regulatory Change promulgated by any authority having jurisdiction (including TC, the FAA or EASA) (i) which is applicable to all aircraft in general or to all aircraft of the same category as the Aircraft, and [*] or (ii) is [*].

10.3.3 In the event the Regulatory Change does not fall under provisions listed in Clause 10.3.2(i) or 10.3.2(ii):

(i) [*]; and

(ii) [*].

If delivery of the Aircraft is delayed by the incorporation of any Regulatory Change, such delay shall constitute an Excusable Delay within the meaning of Clause 12.

The Seller shall issue a written amendment to this Agreement reflecting any Regulatory Change which shall set forth in detail the particular changes to be made and the anticipated effect, if any, of such changes on design, performance, weight, balance, Scheduled Delivery Month, as applicable, Aircraft Base Price and/or Aircraft Final Price. Any amendment(s) issued pursuant to this Clause shall be effective and binding [*].

10.4 [*]

10.5 Buyer Furnished Equipment

10.5.1 Administration

10.5.1.1 [*] in accordance with the Specification, the Seller shall install those items of equipment that are identified in the Specification as being furnished by the Buyer ("**Buyer Furnished Equipment**" or "**BFE**").

10.5.1.2 [*]

10.5.1.3 The Seller shall also provide [*] to the Buyer a schedule of dates (the "**On Dock Dates**" or "**ODD**") and the shipping addresses for delivery of the BFE and,

where requested by the Seller, additional spare BFE to permit installation in the Aircraft and Delivery of the Aircraft in accordance with the Aircraft delivery schedule. The Buyer shall provide, or cause the BFE Suppliers to provide, the BFE by such dates in a serviceable condition, in order to allow performance of any assembly, installation, test or acceptance process in accordance with the Seller's industrial schedule. In order to facilitate the follow-up of the timely receipt of BFE, the Buyer shall, upon the Seller's request, provide through the Seller's BFE part management tool, dates and references of all BFE purchase orders placed by the Buyer (including the appropriate documentation to allow goods receipt. A detailed list of the required documentation, as well as training on the part management tool will be provided to the Buyer upon request). Once the last Aircraft under this Agreement is delivered to the Buyer, the Seller shall, at its own cost, return the unused additional spare BFE either to (i) the Buyer or (ii) the BFE manufacturer or (iii) to any other address provided by the Buyer.

The Buyer shall also provide, when requested by the Seller, at AIRBUS Canada Limited Partnership in Mirabel (Canada), or any other designated location, adequate field service from BFE Suppliers to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of any BFE ("**On-Site Support**" or "**OSS**"). [*].

10.5.1.4

Without prejudice to the Buyer's obligations hereunder, in order to facilitate the development of the BFE Engineering Definition, the Seller shall organize meetings between the Buyer and BFE Suppliers. The Buyer hereby agrees to participate in such meetings and to provide adequate technical and engineering expertise to reach decisions within the defined timeframe.

In addition, throughout the development phase and up to Delivery of the Aircraft to the Buyer, the Buyer agrees:

- ☐ to follow-up on the status of the BFE development and ensure that the BFE Suppliers shall enable the Buyer to fulfill its obligations, including but not limited to those set forth in the Customization Milestone Chart;
- ☐ that, should a timeframe, quality or other type of risk be identified at a given BFE Supplier, the Buyer shall allocate resources to such BFE Supplier so as not to jeopardize the industrial schedule of the Aircraft;
- ☐ for major BFE, including, but not being limited to, seats, IFE and connectivity systems ("**Major BFE**") to participate on a mandatory basis in the specific meetings that take place between BFE Supplier selection and BFE delivery, namely:
 - o Preliminary Design Review ("**PDR**"),
 - o Critical Design Review ("**CDR**");
- ☐ to attend the First Article Inspection ("**FAI**") for the first shipset of all Major BFE. Should the Buyer not attend such FAI, the Buyer shall delegate the FAI to the BFE Supplier and confirmation thereof shall be supplied to the Seller in writing;

- ☐ to attend the Source Inspection (“SI”) that takes place at the BFE Supplier’s premises prior to shipping, for each shipset of all Major BFE. Should the Buyer decide not to attend such SI, the Buyer shall delegate the SI [*] to the BFE Supplier, or to the Seller or its Affiliates’ source inspector at the BFE Supplier’s facilities and confirmation thereof shall be brought to the Seller in writing. Should the Buyer not attend the SI, the Buyer shall be deemed to have accepted the conclusions of the person to whom the SI was delegated with respect to such SI. Notwithstanding the foregoing, it is agreed by the Buyer that a Seller or a Seller Affiliate source inspector may be called upon solely to the extent that he is already present at the relevant BFE Supplier.

The Seller shall be entitled to attend the PDR, the CDR and the FAI. In doing so, the Seller’s employees shall be acting in an advisory capacity only and at no time shall they be deemed to be acting as Buyer’s employees or agents, either directly or indirectly. If the Seller does not have any employee, agent, or representative present at the PDR, CDR or FAI, then neither the Buyer nor the Buyer’s employees, agents or representatives shall be deemed to be acting as the Seller’s employees or agents, either directly or indirectly.

10.5.1.5 The BFE shall be imported into Canada by the Buyer. The Buyer shall deliver the BFE Delivery Duty Paid (“DDP”) to the Seller Facility or such other place as designated by the Seller pursuant to Clause 10.5.1.3, by the applicable ODDs. The Buyer shall, or shall cause a broker to, act as importer-of-record with respect to BFE to ensure clearance of BFE upon it reaching its destination.

10.5.2 Applicable Requirements

The Buyer is responsible for ensuring, at its expense, and warrants that the BFE shall:

- ☐ be manufactured by a BFE Supplier qualified by the Seller’s Aviation Authorities to produce equipment for installation on civil aircraft, and
- ☐ meet the requirements of the applicable Specification of the Aircraft, and
- ☐ be delivered with the relevant certification and quality conformity documentation (including Seller’s purchase order reference), including but not limited to the declaration of design and performance, and
- ☐ comply with the BFE Engineering Definition, and
- ☐ comply with applicable requirements incorporated by reference to the Type Certificate and listed in the Type Certificate Data Sheet, and
- ☐ be approved by the Aviation Authority issuing the TC Export Airworthiness Certificate and by the Buyer’s Aviation Authority for installation and use on the Aircraft at the time of Delivery of the Aircraft, and

- ☐ not infringe any patent, copyright or other intellectual property right of the Seller or any third party, and
- ☐ not be subject to any legal obligation or other encumbrance that may prevent, hinder or delay the installation of the BFE in the Aircraft and/or the Delivery of the Aircraft.

The Seller shall be entitled to refuse any item of BFE that does not meet the requirements of this Clause 10.5.2.

10.5.3 Buyer's Obligation and Seller's Remedies

10.5.3.1 Any delay or failure by the Buyer or the BFE Suppliers in:

- ☐ complying with the foregoing warranty or in providing the BFE Engineering Definition or field service mentioned in Clause 10.5.1.3, or
- ☐ furnishing the BFE in a serviceable condition at the requested delivery date, or
- ☐ obtaining any required approval for such BFE equipment under the above mentioned aviation authorities' regulations,

may delay the performance of any act to be performed by the Seller, including Delivery of the Aircraft. The Seller shall not be responsible for such delay which shall cause the Final Price of the Aircraft to be adjusted in accordance with the updated delivery schedule and to include in particular the amount of the Seller's additional costs attributable to such delay or failure by the Buyer or the BFE Suppliers, [*].

10.5.3.2 In addition, in the event of any delay or failure mentioned in Clause 10.5.3.1 above, the Seller may:

- (i) select, purchase and install equipment similar to the BFE at issue, in which event the Final Price of the affected Aircraft [*]; or
- (ii) if the BFE is delayed by more than [*].

10.5.4 Title and Risk of Loss

Title to and risk of loss of any BFE shall at all times remain with the Buyer, except that risk of loss (limited to cost of replacement of said BFE) shall be with the Seller for as long as such BFE is under the care, custody and control of the Seller.

10.5.5 Disposition of BFE Following Termination

If this Agreement is terminated pursuant to the provisions of Clauses 12, 13 or 15 of this Agreement with respect to an Aircraft for which all or part of the BFE

has been delivered or in which such BFE has been installed, in each case prior to the date of such termination, then the provisions of this Clause 10.5.5 shall apply:

- 1) with respect to [*];
- 2) with respect to [*], to:
 - a) [*]; and/or
 - b) [*] that:
 - i) If this Agreement is terminated pursuant to the provisions of Clause 12, or Clause 15 [*]; and
 - ii) If this Agreement is terminated pursuant to the provisions of Clause 13, [*]; and
 - iii) If this Agreement is terminated pursuant to the provisions of Clause 15 [*].

The Seller shall have no liability for any damage, loss or destruction of [*], provided that the Seller will use reasonable care in such removal and storage.

- 3) The Buyer undertakes, upon the Seller's request, to collect [*].

Clause 11. BUYER'S REPRESENTATIVE AT SELLER FACILITY

11.1 Upon the Buyer's request, from time to time, commencing at a time prior to the Scheduled Delivery Month of the first Aircraft to be agreed between the parties and ending with the Delivery Date of the last Aircraft purchased hereunder, and subject to Clause 11.3 the Seller shall furnish, without charge, office space at the Seller Facility (including a lockable office conveniently located with complete office furniture and equipment, including telephone and internet connections for the sole use of the Buyer's representative) for a reasonable number of representative of the Buyer. The Buyer shall be responsible for all expenses of its representative and shall give the Seller [*] prior notice of the date of the first arrival of such representative.

11.2 The Buyer's representatives will be entitled to inspect the manufacture of the Aircraft and all materials and parts obtained by the Seller for the manufacture of the Aircraft (the "**Inspection**") on the following terms and conditions:

- (i) any Inspection will be conducted pursuant to the Seller's system of inspection and the relevant procedures of the Seller, as developed under the supervision of the relevant Aviation Authority;
- (ii) the Buyer's representative(s) will have access to such relevant technical documentation as is reasonably necessary for the purpose of the Inspection;
- (iii) any Inspection and any related discussions with the Seller and other relevant personnel by the Buyer's Inspector(s) will be at reasonable times during business hours and will take place in the presence of the relevant inspection department personnel of the Seller;
- (iv) the Inspections will be performed in a manner not to unduly delay or hinder the manufacture or assembly of the Aircraft or the performance of this Agreement by the Seller or any other work in progress at the Seller Facility or at the manufacture facilities of its Affiliates or any subcontractor, where the Aircraft or its parts are manufactured or assembled.

Clause 12. EXCUSABLE DELAY AND TOTAL LOSS

- 12.1** The Seller and any Affiliate of the Seller shall not be responsible or be deemed to be in default of its obligations under this Agreement on account of delays in delivery or failure to deliver or other delays or failures in the performance of this Agreement, any part hereof, due to causes reasonably beyond the Seller's control or not occasioned by the Seller's fault or negligence of which Seller has notified Buyer in accordance with this sub-Clause 12.1 ("**Excusable Delay**"), including but not being limited to: acts of God or the public enemy, natural disasters, fires, floods, explosions or earthquakes; epidemics or quarantine restrictions; serious accidents; total or constructive total loss; any law, decision, regulation, directive or other act (whether or not having the force of law) of any government or of the Council of the European Community or the Commission of the European Community or of any national, Federal, State, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, domestic or foreign; governmental priorities or regulations or orders affecting allocation of materials or facilities or a completed Aircraft; war, civil war and warlike operations, terrorism, insurrection or riots; strikes or labor troubles causing cessation, slow down or interruption of work; [*] inability after due and timely diligence to procure materials, accessories, equipment or parts; general hindrance in transportation. It is expressly understood and agreed that (i) any delay in delivery or otherwise in the performance of this Agreement by the Seller due in whole or in part to any delay in or failure of the delivery of, or any other event or circumstance relating to, [*] resume the performance of those obligations affected under this Agreement. Seller shall use due and timely diligence and all reasonable efforts to remove the cause or causes for delay.
- 12.2** In the event that the delivery of an Aircraft shall be delayed by reason of an Excusable Delay for a period of [*] after the end of the calendar month in which delivery is otherwise required hereunder, [*] terminate this Agreement with respect to such Aircraft upon notice given to the [*] after the expiration of such [*]. In the event such delay shall continue for [*] after the expiration of such [*] terminate this Agreement with respect to such Aircraft upon notice [*] after the end of such [*]. Such termination shall discharge all obligations and liabilities of the parties hereunder with respect to such Aircraft, [*]. Notwithstanding the provisions of Clause 19, the [*] terminate this Agreement as to any Aircraft under this Clause 12 by reason of an Excusable Delay if such delay is caused by the negligence or fault of the Buyer or its representatives.
- 12.3** If the Seller concludes, based on its appraisal of the facts, that, due to Excusable Delay, delivery of an Aircraft will be delayed for a period of [*] after the end of the calendar month in which delivery is otherwise required (unless the Seller concludes that, by reason of any Excusable Delay, delivery of such Aircraft will not occur), and as a result thereof in good faith and in accordance with its normal scheduling procedures internally reschedules delivery of such Aircraft to a date reflecting such delays, the Seller shall notify the Buyer in writing of such delay and rescheduling or, as the case may be, of such non-delivery, (i) in the event of such delay or non-delivery, [*] terminate this Agreement or (ii) in the event of such non-delivery, [*] terminate this Agreement as to such Aircraft in each case by giving written notice [*] after receipt by the Buyer of such notice of anticipated delay. Such

termination shall discharge all obligations and liabilities of the Buyer and the Seller hereunder to the extent related to such Aircraft, [*]. Notwithstanding the provisions of Clause 20, the [*] terminate this Agreement as to any Aircraft under this Clause 12 by reason of an Excusable Delay if such delay is caused by the negligence or fault of the Buyer or its representative.

12.4 If, following notice of an anticipated delay under sub-Clause 12.3, this Agreement, with respect to the affected Aircraft, is not terminated in accordance with the provisions of such sub-Clause, then the time of delivery otherwise required hereunder shall be extended by a period equal to the delay specified in such notice.

12.5 If an event occurs prior to delivery of an Aircraft which could result in such Aircraft being lost, destroyed or damaged beyond economic repair ("**Total Loss**"), the Seller will immediately notify Buyer of the occurrence of such event with the understanding that the Seller is still making its determination of what consequences such event has on the Aircraft. Should the Aircraft be subject to Total Loss prior to delivery further to such event, a further notice shall specify the earliest date reasonably possible, consistent with the Seller's other contractual commitments and production capabilities, by which the Seller would be able to deliver a replacement for such Aircraft. This Agreement shall terminate as to such Aircraft unless the Buyer gives the Seller written notice, [*] after receipt by the Buyer of the notice from the Seller of such Total Loss, that the Buyer desires the Seller to manufacture and deliver to the Buyer a replacement for such Aircraft. If the Buyer gives such notice to the Seller, the Seller shall manufacture and deliver to the Buyer, at the earliest date reasonably possible consistent with the Seller's other contractual commitments and production capabilities, an aircraft to replace the Aircraft subject to Total Loss, and the parties shall execute an amendment to the Agreement formalizing the termination of the Agreement with respect to the Aircraft subject to Total Loss and the sale by the Seller and the purchase by the Buyer of the replacement aircraft with the corresponding Scheduled Delivery Month provided by the Seller; provided, however, that nothing herein shall obligate the Seller to manufacture and deliver such replacement aircraft if such manufacture would require the reactivation of its production line for the model of aircraft purchased hereunder. The terms and conditions of this Agreement applicable to the Aircraft subject to Total Loss shall apply to the replacement aircraft. In the event of termination of this Agreement as to an Aircraft subject to Total Loss, the obligations and liabilities of the parties hereunder to the extent related to such Aircraft shall be discharged. [*]

12.6 The termination provisions set forth in this Clause 12 are in substitution for any other rights of termination set forth in the Uniform Commercial Code or any other applicable law, statute or regulation or otherwise by virtue of an Excusable Delay or the loss, destruction or damage beyond economic repair of an Aircraft.

12.7 Termination Rights Exclusive

If this Agreement is terminated as provided for under the terms of Clauses 12.3 or 12.5, such termination will discharge all obligations and liabilities of the parties hereunder with respect to such affected Aircraft and undelivered material, services, data or other items applicable thereto and to be furnished under the Agreement.

12.8 Remedies

THIS CLAUSE 12 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 13, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 12 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 12 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

Clause 13. NON-EXCUSABLE DELAY

- 13.1** Should an Aircraft not be Ready for Delivery to the Buyer [*] after the date specified in Schedule 2 hereof (as such date may be changed pursuant to this Agreement), except as a result of such delays or failures to deliver as are covered by Clause 12, the provisions of this Clause 13 shall be applicable [*].
- 13.2** Except as provided for in any other part of the Agreement, the total liability of the Seller under this Clause 13 with respect to any Aircraft shall in no event exceed the amount of [*] US Dollars [*] plus any amounts referred to in sub-Clauses 13.3 or 13.4 if applicable.
- 13.3** In the event that an Aircraft is not Ready for Delivery to the Buyer for [*] after the date specified in Schedule 2 hereof (as such date may be changed pursuant to this Agreement), the Buyer shall have the further right, exercisable by written notice to the Seller given [*] after the expiration of [*] to terminate this Agreement in respect only of the affected Aircraft; whereupon the Seller shall pay the Buyer, [*] after receipt of such notice, an amount equal to all Predelivery Payments made by the Buyer to the Seller in relation to such Aircraft [*].
- 13.4** In the event that an Aircraft is not Ready for Delivery to the Buyer for [*] after the date specified in Schedule 2 hereof (as such date may be changed pursuant to this Agreement), [*] shall have the right, exercisable by written notice [*] given [*] after expiration of such [*], to terminate this Agreement in respect only of the affected Aircraft whereupon the Seller shall pay the Buyer, [*] after such notice, an amount equal to all Predelivery Payments made by the Buyer to the Seller in relation to such Aircraft [*].
- 13.5** Notwithstanding anything to the contrary contained herein, the Buyer shall have the right to direct the Seller [*].
- 13.6** Remedies

THIS CLAUSE 13, AS AMENDED BY THE PARTIES IN WRITING, SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 12, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING WITHOUT LIMITATION ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE.

Clause 14. Not applicable.

Clause 15. TERMINATION

15.1 Termination for Insolvency

In the event that either the Seller or the Buyer:

- (a) makes a general assignment for the benefit of creditors or becomes insolvent;
- (b) files a voluntary petition in bankruptcy;
- (c) petitions for or acquiesces in the appointment of any receiver, trustee or similar officer to liquidate or conserve its business or any substantial part of its assets;
- (d) commences under the laws of any competent jurisdiction any proceeding involving its insolvency, bankruptcy, readjustment of debt, liquidation or any other similar proceeding for the relief of financially distressed debtors;
- (e) becomes the object of any proceeding or action of the type described in (c) or (d) above and such proceeding or action remains undismissed or unstayed for a period of [*]; or
- (f) is divested of a substantial part of its assets for a period of [*],

then any such event shall constitute an anticipatory breach of contract by such party (the "**Defaulting Party**") and the other party (the "**Non-Defaulting Party**"), at its option, shall have the right to [*] as liquidated damages for loss of a bargain and not as a penalty, and shall have the right to [*].

15.2 Termination for Failure to make Predelivery Payments and/or to Take Delivery

15.2.1 [*]

15.2.2 If the Buyer fails to comply with its obligations as set forth under Clause 8.4, or fails to pay the Final Price of the Aircraft, the Seller shall have the right to put the Buyer on notice to do so [*].

If the Buyer has not cured such default within such period, the Seller may, by written notice, terminate all or part of this Agreement with respect to undelivered Aircraft.

All costs referred to in Clause 8.4 and relating to the period between the notified date of delivery (as referred to in Clause 8.1.2) and the date of termination of all or part of this Agreement shall be borne by the Buyer.

15.3 Termination for Default under other Agreements

If the Buyer or any of its Affiliates fails to perform or comply with any material obligation expressed to be assumed by it in any other agreement between the Buyer or any of its Affiliates and the Seller or any of its Affiliates and such failure is not remedied within [*] after the Seller has given notice thereof to the Buyer, then the Seller may, by written notice, terminate all or part of this Agreement.

15.4 General

- 15.4.1** To the full extent permitted by law, the termination of all or part of this Agreement pursuant to Clauses 15.1, 15.2 and 15.3 shall become effective immediately upon receipt by the relevant party of the notice of termination sent by the other party without it being necessary for either party to take any further action or to seek any consent from the other party or any court having jurisdiction.
- 15.4.2** The right for either party under Clause 15.1 and for the Seller under Clauses 15.2 and 15.3 to terminate all or part of this Agreement shall be without prejudice to any other rights and remedies available to such party to seek termination of all or part of this Agreement before any court having jurisdiction pursuant to any failure by the other party to perform its obligations under this Agreement.
- 15.4.3** [*]
- 15.4.4** In the event of termination of this Agreement following a default from the Buyer, including but not limited to a default under Clauses 15.1, 15.2 and 15.3, the Seller without prejudice to any other rights and remedies available under this Agreement or by law, shall [*] corresponding to the Aircraft, services, data and other items covered by such termination.

Clause 16. NOTICES

- 16.1** Any Notice or request to be made under or in connection with this Agreement shall be in writing and in the English language, and shall be made or delivered:
- (a) by personal delivery;
 - (b) by way of an international express courier; or
 - (c) by email.
- 16.2** Any Notice or request made or delivered by one person to another under or in connection with this Agreement shall only be effective:
- (a) if by personal delivery, when it has been left at the relevant address for service as detailed below;
 - (b) if by way of international express courier, the earlier of:
 - (i) the time and date the international express courier company recorded such Notice or request as having been delivered to the relevant address for service as detailed below; or
 - (ii) [*] after being deposited with the international express courier company;
 - (iii) if by e-mail, when transmission has been confirmed by an email delivery receipt.
- 16.3** Any Notice or request which becomes effective, in accordance with Clause 16.2 (b) above:
- (a) after 5:00 pm in the place in which the party to whom such Notice or request is sent or made available has its address for the purpose of this Agreement; or
 - (b) on a non-Business Day,
- shall, in each case, be deemed only to become effective on the following Business Day.
- 16.4** The address and email address of each party for any Notice or request to be made or delivered under or in connection with this Agreement is:
- a) in the case of the Seller:

Airbus Canada Limited Partnership
13100 Boulevard Henri Fabre

Mirabel, QC
Canada
J7N 3C6

Email [*)

Attn: Chief Executive Officer,

With copy to:

Airbus
Attn to S.V.P. Contracts
2, rond-point Emile Dewoitine
31700 Blagnac
France

E-mail [*)

b) in the case of the Buyer:

AIR LEASE CORPORATION
2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067
Email: [*)

Attn: Legal Department,

or any substitute address, email address or department or officer as the party receiving the Notice or request may notify to the other party from time to time.

Clause 17. PATENT AND COPYRIGHT INDEMNITY

17.1 Indemnity

17.1.1 Subject to the provisions of Clause 17.2.3, the Seller will indemnify the Buyer from and against any damages, costs and expenses including legal costs (excluding damages, costs, expenses, loss of profits and other liabilities in respect of or resulting from loss of use of the Aircraft) resulting from any infringement [*] by the Airframe (or [*]) of:

(i) any British, French, German, Spanish, Canadian or U.S. patent;

and

(ii) any patent issued under the laws of any other country in which the Buyer may lawfully operate the Aircraft, provided that :

(1) from the time of design of such Airframe, accessory, equipment, part or software and until infringement claims are resolved, such country and the flag country of the Aircraft are each a party to the Chicago Convention on International Civil Aviation of December 7, 1944, and are each fully entitled to all benefits of Article 27 thereof,

or in the alternative,

(2) from such time of design and until infringement claims are resolved, such country and the flag country of the Aircraft are each a party to the International Convention for the Protection of Industrial Property of March 20, 1883 ("**Paris Convention**");

and

(iii) in respect of [*], any copyright, provided that the Seller's obligation to indemnify will be limited to infringements in countries which, at the time of infringement, are members of The Berne Union and [*].

17.1.2 Clause 17.1.1 will not apply to

(i) Buyer Furnished Equipment or Propulsion Systems; or

(ii) [*]; or

(iii) software not created by or specifically for the Seller.

17.1.3 If the Buyer, due to circumstances contemplated in Clause 17.1.1, is prevented from using the Aircraft (whether by a valid judgement of a court of competent jurisdiction or by a settlement arrived at between claimant, Seller and Buyer), the Seller will at its expense and discretion either:

(i) [*]; or

- (ii) [*] complying in all other respects with the requirements of this Agreement.

17.2 Administration of Patent and Copyright Indemnity Claims

17.2.1 If the Buyer receives a written claim or a suit is threatened or commenced against the Buyer for infringement of a patent or copyright referred to in Clause 17.1, the Buyer will:

- (i) forthwith notify the Seller, giving particulars thereof;
- (ii) furnish to the Seller all data, papers and records within the Buyer's control or possession relating to such patent or claim;
- (iii) refrain from admitting any liability or making any payment or assuming any expenses, damages, costs or royalties or otherwise acting in a manner prejudicial to the defense or denial of such suit or claim, it being agreed that nothing in this sub-Clause 17.2.1 (iii) will prevent the Buyer from paying such sums as may be required in order to obtain the release of the Aircraft, provided such payment is accompanied by a denial of liability and is made without prejudice;
- (iv) fully co-operate with, and render all such assistance to, the Seller as may be pertinent to the defence or denial of the suit or claim;
- (v) act in such a way as to mitigate damages and / or to reduce the amount of royalties which may be payable, and act to minimize costs and expenses.

17.2.2 The Seller will be entitled either in its own name or on behalf of the Buyer to conduct negotiations with the party or parties alleging infringement and may assume and conduct the defence or settlement of any suit or claim in the manner which, in the Seller's opinion, it deems proper.

17.2.3 The Seller's liability hereunder will be conditioned upon the strict and timely compliance by the Buyer with the terms of this Clause 17 and is in lieu of any other liability to the Buyer, whether express or implied which the Seller might incur at law as a result of any infringement or claim of infringement of any patent or copyright.

THE INDEMNITY PROVIDED IN THIS CLAUSE 17 AND THE OBLIGATIONS AND LIABILITIES OF THE SELLER UNDER THIS CLAUSE 17 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES ON THE PART OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY ARISING FROM OR WITH RESPECT TO LOSS OF USE OR REVENUE OR CONSEQUENTIAL DAMAGES), WITH RESPECT TO ANY ACTUAL OR ALLEGED PATENT INFRINGEMENT OR THE LIKE BY ANY AIRFRAME, PART OR SOFTWARE INSTALLED THEREIN AT DELIVERY, OR

THE USE OR SALE THEREOF, PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS CLAUSE WILL REMAIN IN FULL FORCE AND EFFECT. THIS INDEMNITY AGAINST PATENT AND COPYRIGHT INFRINGEMENTS WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER.

18.1 Waiver, Release and Renunciation

THIS AGREEMENT (INCLUDING ANY ANNEX HERETO) SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICE DELIVERED BY THE SELLER UNDER THIS AGREEMENT.

THE BUYER RECOGNIZES THAT THE RIGHTS, WARRANTIES AND REMEDIES IN THIS AGREEMENT (INCLUDING ANY ANNEX HERETO) ARE ADEQUATE AND SUFFICIENT TO PROTECT THE BUYER FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN THE GOODS AND SERVICES SUPPLIED UNDER THIS AGREEMENT. THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICE DELIVERED BY THE SELLER UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;
- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:

- (a) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
- (a) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
- (b) LOSS OF PROFITS AND/OR REVENUES;
- (c) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES AND SERVICE LIFE POLICY PROVIDED BY THIS AGREEMENT WILL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS CLAUSE 18 OR OF ANNEX B SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS CLAUSE 18 AND ANNEX B WILL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS CLAUSE 18, "SELLER" WILL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF IT SUPPLIERS AND SUB CONTRACTORS, ITS AFFILIATES AND ANY OF THEIR RESPECTIVES INSURERS.

18.2 Negotiated Agreement

The Buyer specifically recognizes that:

- (i) the Specification has been agreed upon after careful consideration by the Buyer using its judgment as a professional operator of, and maintenance provider with respect to, aircraft used in public transportation and as such is a professional within the same industry as the Seller;
- (ii) this Agreement, and in particular this Clause 18 and Annex B hereto, has been the subject of discussion and negotiation and is fully understood by the Buyer; and
- (iii) the price of the Aircraft and the other mutual agreements of the Buyer set forth in this Agreement were arrived at in consideration of, inter alia, the provisions of this Clause 18 and Annex B hereto, specifically including the waiver, release and renunciation by the Buyer set forth in this Clause.

Clause 19. ASSIGNMENT

19.1 Assignments

Except as hereinafter provided, neither party may sell, assign, novate or transfer its rights or obligations under this Agreement to any person without the prior written consent of the other, except that the Seller may sell, assign, novate or transfer its rights or obligations under this Agreement to any Affiliate without the Buyer's consent [*].

19.2 Assignments on Sale, Merger or Consolidation

The Buyer will be entitled to assign its rights under this Agreement [*] due to [*], provided any and all of the following provisions are accomplished:

- (i) the surviving or acquiring entity complies with [*];
- (ii) the surviving or acquiring entity has executed an assumption agreement, in form and substance reasonably acceptable to the Seller, agreeing to assume all of the Buyer's obligations under this Agreement;
- (iii) at the time, and immediately following the consummation, of the merger, consolidation or sale, no event of default exists or will have occurred and be continuing;
- (iv) there exists with respect to the surviving or acquiring entity no basis for a Termination Event;
- (v) following the sale, merger or consolidation, the surviving entity is in a financial condition at least equal to that of the Buyer immediately prior to the merger.

19.3 Notwithstanding the foregoing, [*].

19.4 [*]

19.5 Designations by Seller

The Seller may at any time by notice to the Buyer designate facilities or personnel of the Seller or any other Affiliate of the Seller at which or by whom the services to be performed under this Agreement will be performed. Notwithstanding such designation, the Seller will remain ultimately responsible for fulfillment of all obligations undertaken by the Seller in this Agreement.

19.6 Transfer of Rights and Obligations upon Reorganization

In the event that the Seller is subject to a corporate restructuring having as its object the transfer of, or succession by operation of law in, all or a substantial part of its assets and liabilities, rights and obligations, including those existing under this Agreement, to a person (the "**Successor**") that is an Affiliate of the Seller at the time of that restructuring, for the purpose of the Successor carrying on the business carried on by the Seller at the time of the restructuring,

such restructuring will be completed without consent of the Buyer following notification by the Seller to the Buyer in writing [*].

The Buyer recognizes that succession of the Successor to the Agreement by operation of law that is valid under the law pursuant to which that succession occurs will be binding upon the Buyer.

19.7 Successors

This Agreement shall inure to the benefit of and be binding upon each of the Seller and the Buyer and their respective successors.

Clause 20 **INDEMNITIES AND INSURANCE**

The Seller and the Buyer will each be liable for Losses (as defined below) arising from the acts or omissions of their respective directors, officers, agents or employees occurring during or incidental to such party's exercise of its rights and performance of its obligations under this Agreement, except as provided in Clauses 20.1 and 20.2.

20.1 Seller's Indemnities

The Seller will, except in the case of gross negligence or willful misconduct of the Buyer, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers harmless against all losses, liabilities, claims, damages, costs and expenses, including court costs and reasonable attorneys' fees ("**Losses**"), arising from:

- (a) claims for injuries to, or death of, the Seller's directors, officers, agents or employees, or loss of, or damage to, property of the Seller or its employees when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (b) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to the technical acceptance flights performed in accordance with Clause 8.2.2.

20.2 Buyer's Indemnities

The Buyer will, except in the case of gross negligence or willful misconduct of the Seller, its directors, officers, agents and/or employees, be solely liable for and (i) the Buyer will or, [*] to indemnify and hold the Seller, its Affiliates, its subcontractors, and each of their respective directors, officers, agents, employees and insurers, harmless against all Losses arising from:

- (a) claims for injuries to, or death of, the Buyer's, [*], directors, officers, agents or employees, or loss of, or damage to, property of the Buyer, [*], or its employees, when such Losses occur during or are incidental to

either party's exercise of any right or performance of any obligation under this Agreement, and

- (b) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to (i) the provision of Seller Representatives services under Article 1 of Annex A including services performed on board the aircraft or (ii) the provision of any training to the Buyer [*], pursuant to Article 3 of Annex A.

20.3 Notice and Defense of Claims

If any claim is made or suit is brought against a party or entity entitled to indemnification under this Clause 20 (the "**Indemnatee**") for damages for which liability has been assumed by the other party under this Clause 20 (the "**Indemnitor**"), the Indemnatee will promptly give notice to the Indemnitor and the Indemnitor (unless otherwise requested by the Indemnatee) will assume and conduct the defense, or settlement, of such claim or suit, as the Indemnitor will deem prudent. Notice of the claim or suit will be accompanied by all information pertinent to the matter as is reasonably available to the Indemnatee and will be followed by such cooperation by the Indemnatee as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

20.4 Insurance

For all training provided pursuant to Clause 3 of Annex A, to the extent of the Buyer's undertaking set forth in Clause 20.2, the Buyer will (to the extent any such training rights have not been assigned to an Operator) or will cause the Operator to:

- (a) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer's Comprehensive Aviation Legal Liability insurance policies, including War Risks and Allied Perils (such insurance to include the AVN 52E Extended Coverage Endorsement Aviation Liabilities or any further Endorsement replacing AVN 52E as may be available as well as any excess coverage in respect of War and Allied Perils Third Parties Legal Liabilities Insurance), and
- (b) with respect to the Buyer's Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Buyer's hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers.

Any applicable deductible will be borne by the Buyer, or the Operator whichever is providing the insurance. The Buyer will or will cause the Operator to furnish to the Seller, not less than [*] prior to the start of any training, certificates of insurance, in English, evidencing the limits of liability cover and period of insurance coverage in a form acceptable to the Seller from the Buyer's or the Operator's insurance broker(s), as applicable, certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Buyer's policies are primary and non-contributory to any insurance maintained by the Seller,
- (ii) such insurance can only be cancelled or materially altered by the giving of not less than [*] or such lesser period as may be customarily available in respect of War Risks and Allied Perils) prior written notice thereof to the Seller, and
- (iii) under any such cover, all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers have been waived.

Clause 21. LAW AND JURISDICTION

21.1 THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

Each of the Seller and the Buyer (i) hereby irrevocably submits itself to the nonexclusive jurisdiction of the courts of the state of New York, New York County, of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defense based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

21.2 EACH OF THE PARTIES HERETO WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM OR CROSS-CLAIM THEREIN.

21.3 THE PARTIES HEREBY ALSO AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS WILL NOT APPLY TO THIS TRANSACTION.

21.4.1 The Buyer for itself and its successors and assigns hereby designates and appoints the Secretary of the Buyer duly elected from time to time as its legal agent and attorney-in-fact upon whom all processes against the Buyer in any suit, action or proceeding in respect of any matter as to which it has submitted to jurisdiction under this Clause 21 may be served with the same effect as if the Buyer were a corporation organized under the laws of the State of New York and had lawfully been served with such process in such state, it being understood that such designation and appointments will become effective without further action on the part of its Secretary.

21.4.2 The assumption in Clause 21.4.1 made for the purpose of effecting the service of process will not affect any assertion of diversity by either party hereto initiating a proceeding in the New York Federal Courts or seeking transfer to the New York Federal Courts on the basis of diversity.

21.4.3 Service of process in any suit, action or proceeding in respect of any matter as to which the Seller or the Buyer has submitted to jurisdiction under Clause 21 may be made on the Seller by delivery of the same personally or by dispatching the same via Federal Express, UPS, or similar international air courier service

prepaid to, CT Corporation, New York City offices as agent for the Seller, it being agreed that service upon CT Corporation will constitute valid service upon the Seller or by any other method authorized by the laws of the State of New York, and (ii) may be made on the Buyer by delivery of the same personally or by dispatching the same by Federal Express, UPS, or similar international air courier service prepaid, return receipt requested to: Corporate Secretary, 111 Eighth Avenue, New York, NY 10011 USA, or by any other method authorized by the laws of the State of New York; provided in each case that failure to deliver or mail such copy will not affect the validity or effectiveness of the service of process.

21.5.1 The Buyer agrees [*].

21.5.2 The Seller shall, [*].

Clause 22 **CONFIDENTIALITY**

Each Party hereto shall be entitled to disclose this Agreement and any information exchanged in connection herewith [*]

Notwithstanding the foregoing, the Seller shall be entitled to disclose this Agreement and any information exchanged in connection herewith to its Affiliates [*] for the sole purpose of implementation hereof and to the extent necessary thereto and so long as they are bound by confidentiality obligations similar to those of this Clause 22.

Without prejudice to the above, the Buyer shall be entitled to disclose to any Operator, so long as they are bound by confidentiality obligations similar to those of this Clause 22, the following information [*].

Without limiting the generality of the foregoing, the Buyer will use its best efforts to limit the disclosure of the contents of this Agreement to the extent legally permissible in

- (i) any filing required to be made by the Buyer with any governmental agency and will make such applications as will be necessary to implement the foregoing, and
- (ii) any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto.

With respect to any public disclosure or filing, the Buyer agrees to submit to the Seller a copy of the proposed document to be filed or disclosed and will give the Seller a reasonable period of time in which to review said document. The Buyer and the Seller will consult with each other prior to the making of any public disclosure or filing, permitted hereunder, of this Agreement or the terms and conditions thereof.

The provisions of this Clause 22 will survive any termination of this Agreement.

Clause 23 AGREEMENT

- 23.1** This Agreement constitutes the entire Agreement between the Seller and the Buyer, and supersedes and cancels all prior agreements, negotiations, drafts, representations and communications, whether oral or written, between the Seller and the Buyer or their respective agents, with respect to or in connection with the subject matter of this Agreement.
- 23.2** No agreement or understanding varying or supplementing the terms and conditions hereof shall be binding on either the Seller or the Buyer unless an amendment to this Agreement is agreed to in writing and duly signed by the parties' authorized representatives.
- 23.3** If any of the provisions of this Agreement are for any reason declared by judgment of a court of competent jurisdiction to be unenforceable or ineffective, those provisions shall be deemed severable from the other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect.
- 23.4** *Intentionally left blank.*
- 23.5** The Seller and the Buyer confirm to each other they have each obtained the required authorizations and fulfilled any applicable conditions to enable each of them to enter into this Agreement.
- 23.6** The Buyer's and the Seller's obligations under Clauses [*], as applicable, shall survive the relevant termination of this Agreement, in accordance with their terms. Further, any obligation of either party under this Agreement which is expressly stated to survive any termination of this Agreement, shall survive any termination of this Agreement.
- 23.7** This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original and together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by email shall be as effective as delivery of a manually executed counterpart of this Agreement.
- 23.8** The failure of either party to enforce at any time any of the provisions of this Agreement, to exercise any right herein provided or to require at any time performance by the other party of any of the provisions hereof will in no way be construed to be a present or future waiver of such provisions nor in any way to affect the validity of this Agreement or any part hereof or the right of the other party thereafter to enforce each and every such provision. The express waiver by either party of any provision, condition or requirement of this Agreement will not constitute a waiver of any future obligation to comply with such provision, condition or requirement.
- 23.9.1** The Buyer represents and warrants to the Seller:
- (i) the Buyer is a corporation organized and existing in good standing under the laws of the State of Delaware and has the corporate power and authority to enter into and perform its obligations under this Agreement;

- (ii) neither the execution and delivery by the Buyer of this Agreement, nor the consummation of any of the transactions by the Buyer contemplated thereby, nor the performance by the Buyer of the obligations thereunder, constitutes a breach of any agreement to which the Buyer is a party or by which its assets are bound;
- (iii) this Agreement has been duly authorized, executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms.

23.9.2 The Seller represents and warrants to the Buyer:

- (i) the Seller is organized and existing in good standing under the laws of Canada and has the corporate power and authority to enter into and perform its obligations under the Agreement;
- (ii) neither the execution and delivery by the Seller of this Agreement, nor the consummation of any of the transactions by the Seller contemplated thereby, nor the performance by the Seller of the obligations thereunder, constitutes a breach of any agreement to which the Seller is a party or by which its assets are bound;
- (iii) this Agreement has been duly authorized, executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms.

(REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK - SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF this Agreement has been entered into on the date first written above.

AIRBUS CANADA LIMITED PARTNERSHIP,
duly acting and represented by its managing general partner,
AIRBUS CANADA MANAGING GP INC.,

Per: /s/ Philippe Balducchi

Name: Philippe Balducchi

Title: CEO

AIR LEASE CORPORATION

Per: /s/ John L. Plueger

Name: John L. Plueger

Title: CEO & President

SCHEDULE 1 - PRICE REVISION FORMULA

1 BASE PRICE

The Aircraft Base Price quoted in Clause 4.1 of the Agreement - and any other amounts set out in the Agreement as being revised in accordance with the provisions of this Schedule 1 - is subject to adjustment for changes in economic conditions as measured by data obtained from the US Department of Labor, Bureau of Labor Statistics, and in accordance with the provisions hereof.

2 BASE PERIOD

The Aircraft Base Price has been established in accordance with the average economic conditions prevailing in [*] and corresponding to a theoretical delivery in [*] as defined by "ECIb" and "ICb" index values indicated hereafter.

3 INDEXES

Labor Index: "Employment Cost Index for Workers in Aerospace manufacturing" hereinafter referred to as "**ECI336411W**", quarterly published by the US Department of Labor, Bureau of Labor Statistics, in "NEWS", and found in Table 9, "WAGES and SALARIES (not seasonally adjusted): Employment Cost Indexes for Wages and Salaries for private industry workers by industry and occupational group", or such other name that may be from time to time used for the publication title and/or table, (Aircraft manufacturing, NAICS Code 336411, **base month and year December 2005 = 100**).

The quarterly value released for a certain month (March, June, September and December) shall be the one deemed to apply for the two (2) preceding months.

Index code for access on the Web site of the US Bureau of Labor Statistics: CIU2023211000000I.

Material Index: "Industrial Commodities" (hereinafter referred to as "**IC**") as published in "PPI Detailed Report" (found in Table 9. "Producer price indexes and percent changes for commodity and service groupings and individual items not seasonally adjusted" or such other names that may be from time to time used for the publication title and/or table). (Base Year 1982 = 100).

Index code for access on the Web site of the US Bureau of Labor Statistics: WPU03THRU15.

4 REVISION FORMULA

$P_n = [*]$

Where :

P_n : Aircraft Base Price as revised at the Delivery Date of the Aircraft

P_b : Aircraft Base Price at economic $[*]$

$[*]$: $[*]$

$ECIn$: the arithmetic average of the latest published values of the ECI 336411W-Index available at the Delivery Date of the Aircraft for the $[*]$ month prior to the month of Delivery of the Aircraft

$ECIb$: ECI336411W-Index for $[*]$

ICn : the arithmetic average of the latest published values of the IC-Index available at the Delivery Date of the Aircraft for the $[*]$ prior to the month of Aircraft Delivery

ICb : IC-Index for $[*]$

5 GENERAL PROVISIONS

5.1 Roundings

The Labor Index average and the Material Index average shall be computed to the first decimal. If the next succeeding place is five (5) or more, the preceding decimal place shall be raised to the next higher figure.

Each quotient $[*]$ and $[*]$ shall be rounded to the nearest ten-thousandth (4 decimals). If the next succeeding place is five (5) or more, the preceding decimal place shall be raised to the next higher figure.

The $[*]$ shall be rounded to the nearest ten-thousandth (4 decimals).

The final price shall be rounded to the nearest whole number (0.5 or more rounded to 1).

5.2 Substitution of Indexes for Price Revision Formula

If:

- (i) the United States Department of Labor substantially revises the methodology of calculation of the Labor Index or the Material Index as used in the Price Revision Formula, or

- (ii) the United States Department of Labor discontinues, either temporarily or permanently, such Labor Index or such Material Index, or
- (iii) the data samples used to calculate such Labor Index or such Material Index are substantially changed;

the Seller shall select a substitute index for inclusion in the Price Revision Formula (the "**Substitute Index**").

The Substitute Index shall reflect as closely as possible the actual variance of the Labor Costs or of the material costs used in the calculation of the original Labor Index or Material Index as the case may be.

As a result of the selection of the Substitute Index, the Seller shall make an appropriate adjustment to the Price Revision Formula to combine the successive utilization of the original Labor Index or Material Index (as the case may be) and of the Substitute Index.

5.3 Final Index Values

The Index values as defined in Clause 4 above shall be considered final and no further adjustment to the base prices as revised at Delivery of the Aircraft shall be made after Aircraft Delivery for any subsequent changes in the published Index values.

5.4 Limitation

Should the sum [*] be less than 1, Pn shall be equal to [*].

SCHEDULE 2 - DELIVERY SCHEDULE

Aircraft	Scheduled Delivery Month
[*]	[*] 2021
[*]	[*] [*]
[*]	[*] [*]
[*]	[*] [*]
[*]	[*] [*]
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[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	2026

SCHEDULE 3 - STANDARD SPECIFICATION

Aircraft Model	Standard Specification	Design Weights		
		Maximum Take-Off Weight (MTOW)	Maximum Landing Weight (MLW)	Maximum Zero Fuel Weight (MZFW)
A220-100	[*] dated [*]	[*] kg	[*] kg	[*] kg
A220-300	[*] dated [*]	[*] kg	[*] kg	[*] kg

SCHEDULE 4 – BUYER SELECTED OPTIONAL FEATURES

SCHEDULE 4A: Buyer Selected Optional Features A220-100 Aircraft

[*]

SCHEDULE 4B: Buyer Selected Optional Features A220-300 Aircraft

[*]

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SCHEDULE 5 – CUSTOMIZATION MILESTONE CHART

[*]

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SCHEDULE 6 – CERTIFICATE OF ACCEPTANCE

In accordance with the terms of the _____ purchase agreement dated _____ and entered into between _____ (the **Customer**) and Airbus Canada Limited Partnership, acting through its managing general partner, Airbus Canada Managing GP Inc., as amended and supplemented from time to time (the **Purchase Agreement**), the technical acceptance tests relating to one Airbus A220-____ aircraft bearing manufacturer's serial number _____ and registration mark _____ (the **Aircraft**) have taken place in Mirabel, Canada.

In view of said tests having been carried out with satisfactory results, the Customer hereby approves the Aircraft as being in conformity with the provisions of the Purchase Agreement and accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance shall not impair the rights that may be derived from the warranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Customer has caused this instrument to be executed by its duly authorised representative this _____ day of _____ in Mirabel, Canada.

[CUSTOMER]

Name:

Title:

Signature:

SCHEDULE 7 – BILL OF SALE

Know all men by these presents that that Airbus Canada Limited Partnership, acting through its managing general partner, Airbus Canada Managing GP Inc., having its registered office at Airbus Canada Limited Partnership, 13100 Boulevard Henri Fabre, Mirabel, QC, Canada J7N 3C6, (the **Seller**), was, this ____ day of _____, the owner of the following airframe (the **Airframe**), the [engines/propulsion systems] as specified (the **[Engines/Propulsion Systems]**) and all appliances, components, parts, instruments, accessories, furnishings, modules and other equipment of any nature, excluding buyer furnished equipment, incorporated therein, installed thereon, attached or allocated thereto on the date hereof (the **Parts**):

AIRFRAME:

AIRBUS Model A220-____

[ENGINES/PROPULSION SYSTEMS]:

Model _____

MANUFACTURER'S SERIAL NUMBER:

ENGINE SERIAL NUMBERS:

LH: _____

RH: _____

REGISTRATION MARK:

The Airframe, [Engines/Propulsion Systems] and Parts are hereafter together referred to as the **Aircraft**.

The Seller did, on this ____ day of _____, sell, transfer and deliver all of its rights, title and interest in and to the Aircraft to the following entity, the said Aircraft to be the property thereof:

[Insert Name of Buyer]

[Insert Address of Buyer]

(the **Buyer**)

The Seller hereby warrants to the Buyer, its successors and assigns that (i) the Seller had good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer, (ii) there was conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others, (iii) the Seller shall defend such title forever against all claims and demands whatsoever.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by its duly authorised representative this ____ day of _____ in Mirabel, Canada.

**Airbus Canada Limited Partnership,
acting through its managing general partner, Airbus Canada Managing GP Inc.**

Name:

Title:

Signature:

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject: [*]

AIR LEASE CORPORATION ("the Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** ("the Seller") have entered into a Purchase Agreement ("the Agreement") dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1. [*]

2. [*]

3. MISCELLANEOUS

3.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

3.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

3.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

3.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

3.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°1

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject: [*]

AIR LEASE CORPORATION ("the Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** ("the Seller") have entered into a Purchase Agreement ("the Agreement") dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1. [*]

2. MISCELLANEOUS

2.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

2.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

2.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

2.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

2.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°2

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject: [*]

AIR LEASE CORPORATION ("the Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** ("the Seller") have entered into a Purchase Agreement ("the Agreement") dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1 **[*]**

2 **[*]**

3 MISCELLANEOUS

3.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

3.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

3.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

3.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

3.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°3

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject: **TECHNICAL MATTERS**

AIR LEASE CORPORATION ("the Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** ("the Seller") have entered into a Purchase Agreement (the "Agreement") dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1. [*]

2. [*]

3. [*]

4. [*]

5. [*]

6. [*]

7. [*]

8. [*]

9. [*]

8 MISCELLANEOUS

8.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

8.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned

or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

8.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

8.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

8.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°4

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject: [*]

AIR LEASE CORPORATION (the "Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** (the "Seller") have entered into a Purchase Agreement (the "Agreement") dated as of even date herewith which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220-100 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1 **[*]**

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3 **[*]**

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4 **[*]**

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5 **[*]**

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7 [*]

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10 MISCELLANEOUS

10.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement.

10.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

10.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

10.4 Law and Jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

10.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**

by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducci

Its : CEO & President

Its : CEO

Date : Dec 20, 2019

Date : _____

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December_____, 2019

Subject: [*]

AIR LEASE CORPORATION (the “Buyer”) and **AIRBUS CANADA LIMITED PARTNERSHIP** (the “Seller”) have entered into a Purchase Agreement (the “Agreement”) dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1 **[*]**

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2 **[*]**

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3 **[*]**

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4 **[*]**

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5 **[*]**

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7 [*]

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10 MISCELLANEOUS

10.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement. to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

10.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

10.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

10.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

10.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°5B

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject: **PURCHASE RIGHTS**

AIR LEASE CORPORATION ("the Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** ("the Seller") have entered into a Purchase Agreement ("the Agreement") dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1 PURCHASE RIGHTS

1.1 Scope

Subject to Clauses 1.2 to 1.8 below, the Seller shall grant the Buyer a right (the "**Purchase Right**") to purchase up to twenty-five (25) additional A220 aircraft [*] (each a "**Purchase Right Aircraft**").

1.2 [*]

1.3 [*]

1.4 [*]

1.5 [*]

1.6 [*]

1.7 [*]

1.8 [*]

2 MISCELLANEOUS

2.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

2.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

2.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

2.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

2.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°6

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.

December 20, 2019

Subject: **SPECIFIC TERMS**

AIR LEASE CORPORATION ("the Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** ("the Seller") have entered into a Purchase Agreement ("the Agreement") dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1. [*]

2. [*]

3. [*]

4. [*]

5. [*]

5 [*]

7 MISCELLANEOUS

7.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

7.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

7.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by both parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other party. In particular, each party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other party.

7.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

7.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°7

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

AIR LEASE CORPORATION

2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067, U.S.A.
December 20, 2019

Subject: **PRODUCT SUPPORT, WARRANTY AND SERVICE LIFE POLICY**

AIR LEASE CORPORATION (the "Buyer") and **AIRBUS CANADA LIMITED PARTNERSHIP** (the "Seller") have entered into a Purchase Agreement (the "Agreement") dated as of the date hereof which covers the manufacture and the sale by the Seller and the purchase by the Buyer of the A220 Aircraft as described in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Agreement.

The Parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

1 [*]

2. [*]

3. [*]

4. [*]

5 [*]

6 [*]

7 [*]

8 [*]

9 MISCELLANEOUS

9.1 Inconsistencies

In the event of any inconsistency between the terms of this Letter Agreement and the terms of the Agreement, the terms of this Letter Agreement shall prevail over the terms of the Agreement to the extent of such inconsistency, whereas the part of the Agreement not concerned by such inconsistency shall remain in full force and effect.

9.2 Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

9.3 Confidentiality

This Letter Agreement (and its existence) shall be treated by the Parties as confidential and shall not be released (or revealed) in whole or in part to any third party without the prior consent of the other Party. In particular, each Party agrees not to make any press release concerning the whole or any part of the contents and/or subject matter hereof or of any future addendum hereto without the prior consent of the other Party.

9.4 Law and jurisdiction

This Letter Agreement shall be governed by, and construed in accordance with, the laws of the state of New York, United States of America and the provisions of Clause 21 of the Agreement shall apply to this Letter Agreement.

9.5 Counterparts

This Letter Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

LETTER AGREEMENT N°8

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

AIR LEASE CORPORATION

**AIRBUS CANADA LIMITED
PARTNERSHIP**
by its managing general partner,
AIRBUS CANADA MANAGING GP INC.

By : /s/ John L. Plueger

By : /s/ Philippe Balducchi

Its : CEO & President

Its : CEO

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APPENDIX A – [*]

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ANNEX A

CUSTOMER SUPPORT SERVICES

This Annex A forms part of the Agreement and all defined terms used in this Annex A and defined elsewhere in the Agreement, including Annex B thereto, shall have the meaning ascribed to them in those other sections of the Agreement.

The Seller shall make available to the Buyer, or cause to be made available, the customer support services set out in this Annex A (collectively the “**Customer Support Services**”). It is understood by the Parties that any Customer Support Services provided are in consideration of the purchase and Delivery of Aircraft.

The Seller agrees that the Buyer shall be entitled to assign any of its rights and interests available under Article 1 (Seller Representative Services), Article 3 (Training Support and Services) and Article 4 (Technical Publications and Data), (together, the “**Support Rights**”) to the Initial Operator of any Aircraft by the way of a support rights assignment agreement (the “**SRA**”), in the mutually agreed form and substance of Attachment B to this Annex A.

Should the Buyer not take Delivery of any of the Aircraft then, in addition to any other rights and remedies available to the Seller under the Agreement or at law:

- (a) any of the Customer Support Services earned on a per Aircraft basis shall not be provided for such undelivered Aircraft; and
- (b) in the event that:
 - (i) the Customer Support Services to be earned on a per Aircraft basis have been provided in advance of the Delivery for such undelivered Aircraft; or
 - (ii) the Customer Support Services are not earned on a per Aircraft basis, in which case the prorated quantities of such Customer Support Services shall be calculated for such undelivered Aircraft,

then the quantities of such Customer Support Services or a prorated quantity thereof for such undelivered Aircraft shall be [*] paid by the Buyer to the Seller [*] within [*] of the Buyer receiving written request to that effect from the Seller.

Article 1. SELLER REPRESENTATIVE SERVICES

The Seller shall provide, or cause to be provided, [*] to the Buyer, the services of Seller Representatives, as described in this Article 1.

1.1 Seller Representatives**1.1.1** For the fleet of fifty (50) Aircraft, the Seller shall provide to the Buyer the services of Seller customer support representatives (each a “**Seller Representative**”), at each Initial Operator’s facility or such other locations as the Parties may agree from time to time, for a total of:

[*] man-months, earned at a rate of [*] per Aircraft.

For sake of clarity, man-month is unit of assigning any Seller Representative service provided per month, independent of the representative’s gender.

Except as otherwise mutually agreed between the Parties, the number of such Seller Representatives shall not exceed [*] per Initial Operator at any one time, unless otherwise mutually agreed.

It is agreed and understood by the Buyer that the man-months of Seller Representative services earned for each Aircraft include the statutory vacation period of the Seller Representatives, during which the Initial Operator shall have access to the services set out in Article 1.2.2.

1.1.2 Each Seller Representative, or any other employee of the Seller providing services to the Buyer hereunder, shall be acting in an advisory capacity only and shall at no time be deemed to be an employee or agent of the Buyer, either directly or indirectly.**1.1.3** Should the Buyer need to assign Seller Representative services exceeding the quantity of man-months specified in Clause 1.1.1, the Seller may provide such additional man-months subject to terms and conditions to be mutually agreed.**1.1.4** The Seller may [*], when necessary and applicable.**1.2 Availability****1.2.1** The Parties acknowledge and agree that during the period defined in Article 1.1, each Seller Representative may provide support to airlines other than any Initial Operator.**1.2.2** If, at the end of the Seller Representative’s assignment, as set out in Article 1.1, the Initial Operator needs technical assistance in an AOG situation, such Initial Operator shall have [*] access to:

- 1) Seller’s technical AOG service; and

- 2) the network of Seller Representatives located closest to the Initial Operator's main base and the contacts of which shall be provided to the Initial Operator.

1.3 Support at the Initial Operator's Facilities

If the Parties have agreed on a Seller Representative being based at an Initial Operator's facility for all or part of the man-months set out in Article 1.1, then the conditions of this Article 1.3 shall apply.

1.3.1 From the date of arrival of the first Seller Representative at the Initial Operator's facilities and for as long as [*] Seller Representative is present at such facilities, the Buyer shall cause the Initial Operator to provide free of charge a suitable, lockable office, conveniently located with respect to the Initial Operator's maintenance facilities, with complete office furniture and equipment including telephone and Internet connections for the sole use of the Seller Representative(s). All related communication costs shall be borne by [*].

1.3.2 If the Buyer or the Initial Operator requests any Seller Representative to travel on business to a city other than such representative's usual place of assignment, [*] as may be applicable.

1.3.3 The Buyer or the Initial Operator, as applicable, shall assist the Seller in obtaining from the civil authorities of the Initial Operator's country those documents that are necessary to permit each Seller Representative to live and work in the Initial Operator's country; should they not be obtained, the Parties shall agree on an alternate country from which such Seller Representative shall provide the services set out in this Article 1.

1.3.4 [*]:

- 1) the entry into or exit from the Initial Operator's country of the Seller Representatives; and
- 2) the entry into or the exit from the Initial Operator's country of such property of the Seller as is reasonably necessary for the purpose of providing the Seller Representative's services.

1.4 Withdrawal of the Seller Representative

The Seller shall have the right to withdraw its assigned Seller Representatives as it sees fit if conditions arise that are, in the Seller's reasonable opinion, dangerous to their safety or health or prevent them from fulfilling their tasks. In such case, the Initial Operator shall have access to the services set out in Clause 1.2.2 herein.

1.5 Indemnities

INDEMNIFICATION PROVISIONS APLICABLE TO THIS CLAUSE 1 ARE AS SET FORTH IN SCHEDULE 2D.

Article 2 INITIAL PROVISIONING, SPARE PARTS AND AOG SERVICE**2.1 Definitions**

The following expressions shall have the meaning ascribed thereto below unless otherwise expressly provided. All other capitalised terms and expressions used in this Article 2 but not defined hereunder shall have the same meaning ascribed thereto in the Agreement.

“Material” means the following categories of material:

- (i) Seller Spare Parts;
- (ii) Vendor Parts classified as repairable line maintenance parts (as such term is defined in SPEC 2000);
- (iii) Vendor Parts classified as expendable line maintenance parts (as defined in SPEC 2000);
- (iv) Vendor Parts classified as ground support equipment and specific-to-type tools.

“Order” means any order for Spare Parts issued by the Buyer;

“Propulsion System Part(s)” means an engine and any component, ground support equipment, tool, equipment, part, accessory or assembly related to an engine (including a nacelle and an auxiliary power unit (APU)), in each case for which the manufacturer or supplier thereof holds the design authority, including any such item furnished as a Spare Part;

“Seller Spare Part(s)” means any component, ground support equipment, tool, equipment or part for the Aircraft where (a) such item is manufactured by the Seller or its subcontractor(s) and for which the Seller holds the design authority and (b) such item is purchased as a Spare Part(s) from the Seller;

“Spare Parts” means all material, spare parts, assemblies, special tools and items of equipment, including ground support equipment, ordered for the Aircraft by Buyer from Seller. The term “Spare Parts” includes Seller Spare Parts, Propulsion System Parts and Vendor Parts, but excludes spare parts related to Buyer Furnished Equipment;

“SPEC 2000” means the “e-Business Specification for Materials Management” document published by the Air Transport Association of America;

“Vendor Part(s)” means any component, ground support equipment, tool, equipment or part for the Aircraft, other than a Propulsion System Part or Buyer Furnished Equipment, where (a) the manufacturer or supplier thereof holds the design authority and is not the Seller; and (b) such item is either installed or incorporated on the Aircraft at Delivery or furnished as a Spare Part.

2.2 Initial Provisioning

2.2.1 Initial Provisioning Conference

At least [*] prior to the first day of the Scheduled Delivery Month of the first Aircraft delivery to each Initial Operator (unless otherwise agreed), the Seller shall or shall cause an initial provisioning conference to be convened on a date and at a location to be mutually agreed between the Seller and Initial Operator. The aim of such conference is to:

- (a) discuss the operational parameters to be provided by the Initial Operator to the Seller to enable the preparation of the Initial Provisioning recommendation (the "**Initial Provisioning Material**"); and
- (b) review the Initial Operator's requirements with respect to ground support equipment and special tool requirements.

2.2.2 Initial Provisioning Data

Provisioning data for Initial Provisioning Material shall be provided to the Initial Operator at a date and in a format to be mutually agreed and generally in accordance with SPEC 2000, Chapter 1 (as such data may be amended from time to time by the Seller).

2.3 Spare Parts Availability and AOG Service

2.3.1 The Initial Operator may place Order(s) for Initial Provisioning Material and Spare Parts through a process to be mutually agreed. The Seller shall maintain, or shall cause to be maintained, a year-round emergency service twenty-four (24) hours per day on a seven (7) days a week basis. The Seller shall make reasonable efforts to support the Initial Operator from the spares warehouse that is the closest available to the Initial Operator's main base.

2.3.2 No minimum order value or minimum order quantities shall apply to emergency services.

2.3.3 Shipping information (airway bill number, flight number, etc.) shall be given to the Initial Operator by the Seller upon shipment.

2.4 Applicable Terms and Conditions

The terms and conditions for Initial Provisioning Materials shall be those applicable to the sale of Material in force at the time of receipt of each Order and as set out in the Seller's or its Affiliates then applicable general terms and conditions of supply.

Article 3 TRAINING SUPPORT AND SERVICES**3.1 General**

This Article 3 sets out the terms and conditions for the supply to the Buyer training support and services to support the operation of the Aircraft by the Initial Operator.

3.1.1 The Seller shall provide, or shall cause to be provided, [*], the training allowances set out in Exhibit A to this Annex A.

The training courses conducted pursuant to this Agreement are not “Ab Initio Training Courses”.

Training courses shall be conducted in English, using training aids written in English and using common aeronautical terminology.

3.1.2 The Seller and Initial Operator shall mutually agree on the scheduling of training courses during a training conference at a location to be mutually agreed (the “Training Conference**”) which shall be held, [*] no later than [*] prior to the Scheduled Delivery Month of the first Aircraft to be delivered to each Initial Operator to whom the Buyer has assigned training allowances.****3.2 Training Location****3.2.1 During the Training Conference, the Seller shall indicate to the corresponding Initial Operator the training location where the training shall take place (the “**Training Centre**”).****3.2.2 If the unavailability of facilities or scheduling difficulties make training by the Seller at any Seller’s Training Center impractical, the Seller will ensure that the Initial Operator is provided with such training at an alternate location designated by the Seller.****3.2.3 Upon the Initial Operator’s request, the Seller may also provide certain training at a location other than the Seller’s Training Centre, including one of the Initial Operator’s bases, if and when practicable for the Seller, under terms and conditions to be mutually agreed upon by the Initial Operator and the Seller. In such event, all additional charges related to living expenses and air travel will be borne [*].****3.2.4 If the Initial Operator requests training at a location as indicated in Clause [*] and requires such training to be an approved course by the Seller, the Initial Operator shall undertake that the training facilities will be approved prior to the performance of such training. The Initial Operator will, as necessary and in due time prior to the performance of such training, provide access to the training facilities set forth in Clause [*] to the Seller’s and the competent aviation authority’s representatives for approval of such facilities.**

3.3 Training Courses

3.3.1 Upon the Initial Operator's request, the Seller shall provide to the Buyer and/or any Initial Operator a description of requested training courses with information such as the aim/benefit of the course, the minimum and maximum number of trainees, the required qualification or any important specificity.

With respect to training courses performed under this Agreement:

- (a) for the duration of the training course at a Training Centre, the Seller shall make available to the trainees all necessary training media and training equipment; for the avoidance of doubt, such training equipment shall not include aircraft;
- (b) the equipment and curricula used for the training of flight, cabin and maintenance personnel shall not be fully customized but shall be configured as necessary to obtain the relevant Aviation Authority's approval and to support the Seller's training program;
- (c) training data and training documentation shall be made available to the trainees for the duration of the training course only [*], for the sole purpose of training, shall remain the property of the Seller and shall be returned to the Seller at the end of any training course;
- (d) at the end of each training course provided at a Training Centre each trainee shall receive either an attestation, indicating that the trainee has attended such course, or a certificate of course completion indicating the outcome of the relevant evaluation at the end of such training, as applicable. No such certificate or attestation shall represent authority or qualification by any Aviation Authority but may be presented to an Aviation Authority by the recipient in order to obtain relevant formal qualification.

In the event of training courses being provided by a training provider selected by the Seller as set forth in Clause 3.2.2, the Seller will cause such training provider to deliver a certificate of attestation, which will not represent authority or qualification by any Aviation Authority, but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

3.3.2 Timing of Requests, Rescheduling and Cancellation of Training Courses

Further to the Training Conference, the Seller shall issue training proposals to the Initial Operator for each Initial Operator (the "**Training Conference Proposal**").

With respect to any training request made outside of the Training Conference, the Initial Operator shall submit the request, [*] at the latest [*] prior to the desired course start date and the Seller shall, subject to its commercial and planning constraints, issue to the Initial Operator a proposal with the earliest available training schedule within a reasonable timeframe (each a "**Training Proposal**").

The Initial Operator shall provide written notification of its acceptance of the Training Conference Proposal or the Training Proposal, as applicable, within [*] of receipt thereof (or such longer period as may be accepted in writing by the Seller), after which the Initial Operator shall be deemed to have refused such proposal.

Without prejudice to the foregoing, the Initial Operator may, [*], cancel or reschedule, fully or partially, any confirmed training course irrespective of its location, subject to an advance notification, to the extent possible, of at [*] prior to the start of the relevant training course.

After such deadline, if the Initial Operator gives notice to the Seller:

- (a) less than [*] but more than [*] prior to the start date of such training, a cancellation or rescheduling fee corresponding to [*] of such training shall apply;
- (b) less than [*] prior to such training, a cancellation or rescheduling fee corresponding to [*] of such training shall apply.

If a training course becomes available less than [*] prior to its start date, the Seller may issue a Training Proposal to the Initial Operator and the Initial Operator shall confirm in writing its acceptance of such course within [*] subject to the provisions of this Article 3.3.2.

The above cancellation or rescheduling fee shall be applied through [*] or by [*].

3.3.3 All training allowances indicated in Exhibit A hereto are the total allowances granted for the entire fleet of fifty (50) Aircraft, unless otherwise specified herein.

3.3.4 If the Buyer does not use any or all of the training allowances provided pursuant to this Article 3 within the timeframe set out in Exhibit A, no compensation or credit of any nature shall be provided by the Seller.

3.3.5 Training Conversion

The Seller and the Buyer agree that, upon mutual agreement between the Seller and Initial Operator, and following Initial Operator's request, the training allowances assigned to Initial Operator by way of a fully executed SRA may be converted and exchanged by the Seller and Initial Operator, pursuant to the following:

- (i) Initial Operator shall send a written request to the Seller, [*] at least [*] prior to the desired course start date, describing which training allowances it wishes to increase and/or add, as applicable, and which training course allowances should be reduced in exchange. Such written request is referred to as the Training Program Modification Request (the "**TPM Request**"); and
- (ii) Seller shall confirm within a reasonable timeframe whether such TPM Request is acceptable to the Seller, in whole or in part, and, if so, provide

to Initial Operator the commercial conditions upon which the TPM Request may be agreed (the "**TPM Assessment**"); and

- (iii) Initial Operator shall countersign the TPM Assessment, such countersignature to be made by a duly authorized representative of the Initial Operator (the "**TPM Acceptance**").

Upon receipt of such TPM Acceptance, the Seller and Initial Operator agree that the commercial conditions set forth in the Seller's TPM Assessment shall be fully binding upon the Seller and Initial Operator and that such TPM Acceptance shall constitute an integral part of the Agreement, with respect to, and only to the extent applicable to, the training courses allowances (in terms of duration and/or number of trainees) provided as part of the training allowances.

For the avoidance of doubt, the TPM Assessment shall be provided at Seller's sole discretion and nothing in this Article 3.3.5 shall be deemed to be an obligation on the Seller to accept a TPM Request.

3.4 Prerequisites and Conditions

3.4.1 The Buyer acknowledges that the Initial Operator shall be responsible for ensuring that the trainees registered for each training course have the prerequisite knowledge and experience required for such course.

3.4.2 At the time of booking a training course, and in no event later than [*] prior to each course, the Initial Operator shall provide the Seller with a list of the trainees to attend each course, together with evidence of the qualification, proficiency and professional experience of each trainee and such other relevant and necessary information as the Seller may request.

If the Seller determines:

- prior to the start of a course, that a trainee does not meet the prerequisites of the course, such trainee shall not be enrolled in such course, and the Initial Operator may propose an alternative trainee if the timeframe allows; or
- at any time during a training course, that a trainee lacks the required skill level, such trainee shall be withdrawn from such course.

Without prejudice to the above and with the aim of reintegrating the trainee into the course from which he or she was withdrawn, the Seller and the Initial Operator shall discuss the possibility of directing the trainee to an intermediate level training module or such other training as may be required, at the Initial Operator's expense.

3.4.3 The Seller does in no case warrant and shall not be held liable for any trainee's performance as a result of any training provided hereunder. For the purposes of this Article 3.4.3, the "Seller" shall be understood to include the Seller, any of its suppliers and subcontractors, its Affiliates and any of their respective insurers.

3.5 Logistics

3.5.1 Travel and living expenses for the Buyer's trainees shall be borne by the Buyer.

The Buyer shall obtain all necessary authorisations, permits and visas necessary for its trainees to attend the training courses to be provided hereunder. Rescheduling or cancellation of training courses due to the Buyer's failure to obtain any such authorisations, permits and visas shall be subject to the provisions of Article 3.3.2.

3.5.2 Training at External Location – Seller's Instructors

3.5.2.1 In the event of training being provided at the Seller's request at any location other than the Seller's Training Centers, as provided for in Article 3.2, [*].

3.5.2.2 In the event of training being provided by the Seller's Instructor(s) at any location other than the Seller's Training Centers at the Initial Operator's request, [*].

3.5.2.3 Living Expenses

Except as provided for in Article 3.5.2.1 above, [*].

3.5.3 The Seller shall not be liable to the Buyer or the Initial Operator for any delay or cancellation in the performance of any training outside of a Training Centre arising as a result of the transportation of the Seller's personnel.

3.6 Conditions Specific to Certain Training

3.6.1 Provision of Aircraft

During any and all on-aircraft training (whether flight or maintenance training) to be performed pursuant to this Article 3, the Initial Operator shall provide, at its own cost, an aircraft it owns or operates for the performance of such training at a mutually agreed upon location. The Initial Operator shall bear full responsibility for the aircraft upon which the training is performed, including but not limited to any required maintenance, and all expenses such as fuel, oil or landing fees and the provision of insurance in accordance with Article 3.7 hereunder.

3.6.2 Validation of Licences

The Buyer shall, or shall cause the Initial Operator, to assist the Seller in obtaining the validation of the licenses of the Seller's pilot Instructors providing services under this Article 3 by the Aviation Authority of the country of registration of the aircraft on which the training is to be performed.

If there is any additional cost associated to the Seller's pilots Instructors licensees validation, such cost shall be borne by [*].

3.7 Indemnities and Insurance

INDEMNIFICATION PROVISIONS AND INSURANCE REQUIREMENTS APPLICABLE TO THIS CLAUSE 3 ARE AS SET FORTH IN SCHEDULE 2D. THE BUYER SHALL PROVIDE THE SELLER WITH AN ADEQUATE INSURANCE CERTIFICATE PRIOR TO ANY TRAINING ON AIRCRAFT.

EXHIBIT A**TRAINING ALLOWANCE**

All training allowances indicated in Exhibit A hereto are the total allowances granted for the entire fleet of fifty (50) Aircraft, unless otherwise specified herein.

The Seller shall provide to the Buyer the training courses set out in this Exhibit A during the period starting [*] prior to the Scheduled Delivery Month of the first Aircraft [*] and ending [*] after Delivery of such first Aircraft [*].

Notwithstanding the above, [*] of in this Exhibit A shall be provided by the Seller within a period starting [*] before and ending [*] after the corresponding Aircraft's Delivery.

Any deviation to the above training validity shall be mutually agreed between the Buyer and the Seller.

1 FLIGHT TRAINING**1.1 Pilot Initial Type Rating**

Pilot Initial Type Rating for [*] flight crews per Aircraft, each flight crew being comprised of two (2) pilots.

The Pilot Initial Type Rating course consists of ground school and simulator training.

1.2 [*] pilot instructor-months of flight supervision support services by flight supervision personnel, holding an International Civil Aviation Organisation ("ICAO") recognized license and medicals, for the purposes of providing advisory pilot support services to flight operation team, of providing assistance in the training of the Initial Operator's training captains and line captains and/or assisting in route proving or ferry flights.

Except if otherwise agreed to better match the Aircraft delivery schedule, the maximum number of pilot Instructors present at any one time to perform flight supervision support services shall not exceed [*].

This allowance shall be earned at a rate of [*] instructor-month per firmly delivered Aircraft.

1.3 Flight Attendant

[*] Flight Attendant Courses.

Each course shall be for up to [*] flight attendant instructors.

1.4 Flight Dispatcher Training

[*] Flight Dispatcher training courses.

Each training course shall be for up to [*] flight dispatcher personnel.

2. MAINTENANCE TRAINING

2.1 EASA type B1/B2 Training for [*] trainees, earned at a rate of [*] trainees per Aircraft, and

2.2 Engine Run-up Training for [*] trainees.

Article 4 TECHNICAL PUBLICATIONS AND DATA

Subject to the provisions of this Article 4, the Seller shall provide the Buyer [*] with certain technical documentation and/or technical data for the maintenance, operation, repair [*] of the Aircraft, as set out in this Article 4.

4.1 Technical Publications**4.1.1 Technical Publications Provided**

The Seller shall furnish to the Buyer [*] the technical publications set out in Attachment A to this Annex A (the “**Technical Publications**”) in digital format in the quantities specified in such Attachment A. The Technical Publications shall be in the English language and in accordance with ATA Specification 100 as applicable.

4.1.2 Additional Technical Publications

Any additional technical publications and associated revisions purchased by the Buyer or the Operator over and above those listed herein shall be subject to terms and conditions that can be made available to the Buyer or the Initial Operator upon request.

4.1.3 Shipment

Except for Technical Publications made available via the Seller’s web portal, all Technical Publications furnished hereunder shall be delivered to the Buyer FCA (Seller’s designated facility) (Incoterms 2010), at a time to be mutually agreed between [*], subject to [*] providing its shipping address and contact information to the Seller upon the Seller’s request.

4.2 Technical Data

The Buyer acknowledges and shall cause each Operator to acknowledge that any technical data, drawings, information, in whatever medium or format provided herein or purchased by the Buyer or the Operator, including any revisions thereto (“**Technical Data**”), shall only be used for the maintenance, operation, repair [*] of the Aircraft, solely for the Operator’s and/or Buyer’s own use. The use of the Technical Data by the Buyer and/or Operator may be further subject to the Seller or Vendor standard form software and/or data license agreement(s), as applicable.

4.3 Confidential and Proprietary Nature**4.3.1**

The Technical Publications and Technical Data are proprietary to the Seller and/or its Vendors, as applicable. Any and all intellectual property rights in the Technical Publications and Technical Data, including without limitation copyright, belong to the Seller and/or its Vendors, as applicable, and all Technical Publications and Technical Data shall be kept confidential by the Buyer and the Operator at all times. The Buyer agrees and shall cause each Operator to agree to use the Technical

Publications and Technical Data solely for the maintenance, operation, repair [*] of the Aircraft, solely for their own use.

The Technical Publications and Technical Data shall not be reproduced, disclosed, used or transferred to any third party without the Seller's prior consent and such third party entering into an appropriate confidentiality agreement. The Technical Publications and Technical Data shall not be used by the Buyer or any Operator for the design or manufacture of any aircraft or Spare Parts, including Seller Parts or items of equipment.

4.3.2 Notwithstanding Article 4.3.1, if the Buyer or Operator wishes to designate a third party to perform maintenance of the Aircraft and/or data processing on its behalf, the Buyer or the Operator shall inform the Seller thereof. The use of the Technical Publications and/or Technical Data by such third party shall be subject to applicable commercial conditions and to such third party entering with the Seller or Vendor into appropriate confidentiality agreement(s), standard form software and/or data license agreement(s), as applicable.

4.4 Revision Service

4.4.1 With respect to each Aircraft, the [*] revision service to the Technical Data shall last for a period commencing upon the Delivery of such Aircraft to the Initial Operator and continue [*].

4.4.2 The Technical Publications shall be revised to reflect the configuration of each Aircraft at Delivery, within [*] following the Delivery Date of each Aircraft. Standard documentation shall be provided at Delivery enabling the operation and maintenance of the aircraft during the period prior to the Technical Publications being provided to the Operator.

4.4.3 Provided the revision service is being supplied under the terms of this Assignment or of a subsequent purchase order, the Seller shall incorporate into the applicable documents all applicable Seller originated service bulletins, any Seller originated changes and any airworthiness directives as of the date of Delivery of the applicable Aircraft. The Technical Publications shall then contain both the original and revised configuration.

4.4.4 Vendor Technical Publications and Data

All Vendor Technical Publications and Technical Data, including any relevant revisions, shall be provided to the Buyer and/or the Operator either by the Seller or directly by Vendors, as applicable, at conditions to be agreed between the Buyer and the corresponding Vendor.

4.5 Specific Technical Data

4.5.1 Passenger Information Safety Cards

The Seller shall provide to each Initial Operator [*] reproducible master for the preparation of passenger information cards. [*], the Seller shall provide, in the

Seller's standard format, laminated passenger information cards in quantities requested.

4.5.2 Fly-Away-Kit

The Initial Operator shall be entitled to [*] Fly-Away-Kit (the "**FAK**") per Aircraft in paper format provided at the time of Delivery of each Aircraft.

Revision service is included in the Customer Support Services entitlement for each FAK for the duration of the revision service period.

4.6 Performance Software

For each Aircraft, the Seller shall provide to [*] the Computerised In-Flight Performance Software (the "**Performance Software**") and shall grant a license to use the Performance Software [*] from the Delivery of such Aircraft. At the end of the [*], the use of the Performance Software shall be provided at the then Seller's relevant commercial conditions.

4.7 Buyer's Obligation

The Buyer shall cause each Operator to abide by the provisions of this Clause 4.

Article 5 FLIGHT OPERATIONS AND TECHNICAL SUPPORT

The Buyer and/or the Operator shall have access to the Seller's Flight Operations Support Services available to answer the Buyer's and/or Operator's questions and address issues relating to day-to-day operations.

The Seller's technical AOG service shall be available to the Buyer and/or the Operators, 24 hours a day, 7 days a week.

Other services that may be required by the Buyer and/or Operators, including technical assistance, troubleshooting assistance and Aircraft repair assistance, may be provided and customized, at terms and conditions to be mutually agreed.

ATTACHMENT A

TO

ANNEX A

CUSTOMER SUPPORT SERVICES

FORMAT OF TECHNICAL PUBLICATIONS

When first provisioning its Technical Publications, the Buyer will be able to select Technical Publications in [*] available formats:

Navigator IETP Online Technical Publications (OTP) eService: IETP OTP is an online eService accessible via Internet and the Buyer's Customer Portal. Only one set is necessary. One (1) set includes all available Flight Operations and Maintenance publications listed in this Attachment A. Revision service occurs automatically with the IETP OTP as publications are kept at the most recent update.

Navigator Standalone: Navigator IETP Standalone is a digital viewer application and includes all publications in digital format that can be installed onsite at the Buyer's location on a single personal computer or on a corporate Intranet for multi-user accessibility. Revision service can be delivered to the Buyer either on CD-ROM via the Buyer's courier service or online via Digital Transfer Service (DTS). DTS requires good Internet connectivity.

Optional Media Formats

Technical Publications are also offered in **XML Structured Data**. This format is an optional and [*].

[*]

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[*]

**ATTACHMENT B
TO
ANNEX A**

SUPPORT RIGHTS ASSIGNMENT TEMPLATE

For avoidance of doubt, the template provided bellow is draft without prejudice, not contractual, subject to revisions from time to time as agreed between the Seller and the Buyer.

SUPPORT RIGHTS ASSIGNMENT

Dated []

between

AIR LEASE CORPORATION
as Assignor

and

[]

as Assignee

and

AIRBUS CANADA LIMITED PARTNERSHIP duly acting as and represented by its managing
general partner, **AIRBUS CANADA MANAGING GP INC.**
as Airbus Canada

in respect of one (1) Airbus A220 aircraft

bearing manufacturer's serial number []¹

¹ If MSN is not available at the time of signature of this document, please identify the aircraft by its CAC ID number.

[*]

ANNEX B

WARRANTY AND SERVICE LIFE POLICY

Article 1. Definitions

In this Annex B, the following terms shall have the meaning ascribed below unless expressly provided otherwise. This Annex B forms part of the Agreement and all other defined terms used in this Annex B and defined elsewhere in the Agreement, including Annex A thereto, shall have the meaning ascribed to them in those other sections of the Agreement.

“Aircraft Illustrated Parts Catalogue” means the manual containing information for the identification and requisition of Aircraft replacement parts, as amended from time to time by the Seller;

“Consumable(s)” means any items which are intended to be used only once, such as fuel, oil, lubricants, chemicals and other fluids and compounds (unless stipulated as reusable);

“Expendable(s)” means any items for which no authorised repair procedure exists or which are generally considered disposable, such as light bulbs, fuses, gaskets, seals, switches and rivets;

“Operator” means any operator of any Aircraft following its Delivery;

“Propulsion System Part(s)” means an engine and any component, ground support equipment, tool, equipment, part, accessory or assembly related to an engine (including a nacelle and an auxiliary power unit (APU)), in each case for which the manufacturer or supplier thereof holds the design authority, including any such item furnished as a spare part;

“Seller Part(s)” means any component, ground support equipment, tool, equipment or part for the Aircraft where (a) such item is manufactured by the Seller or its subcontractor(s) and for which the Seller holds the design authority and (b) such item is installed or incorporated on the Aircraft at Delivery;

“Seller Spare Part(s)” means any component, ground support equipment, tool, equipment or part for the Aircraft where (a) such item is manufactured by the Seller or its subcontractor(s) and for which the Seller holds the design authority and (b) such item is purchased as a spare part(s) from the Seller;

“Seller Warranty” means the warranty provided by the Seller to the Buyer pursuant to Article 2.1 hereof;

“Supplemental Type Certificate(s)” means a certificate issued by an airworthiness authority that approves a change to the type design of the Aircraft;

“Technical Data” shall have the meaning attributed to it in Annex A, Article 4.1;

“Vendor” means a manufacturer or supplier of a Vendor Part;

“Vendor Part(s)” means any component, ground support equipment, tool, equipment or part for the Aircraft, other than a Propulsion System Part or Buyer Furnished Equipment, where (a) the manufacturer or supplier thereof holds the design authority and is not the Seller; and (b) such item is either installed or incorporated on the Aircraft at Delivery or furnished as a spare part; and

“Vendor Warranty” means a warranty provided by a Vendor to the Buyer in respect of a Vendor Part.

Article 2. Seller Warranty

2.1 Scope and Term of the Warranty

2.1.1 Subject to Articles 2.7 and 2.8 of this Annex B, the Seller warrants that at Delivery of an Aircraft and for a period of [*] thereafter, whichever occurs first (the **"Warranty Period"**):

- (a) such Aircraft shall conform to the Specification, except that any matter described therein as a characteristic, estimate, target or approximation is excluded from this warranty;
- (b) such Aircraft shall be free from defects caused by the improper installation [*] by the Seller of a Vendor Part, Propulsion System Part or Buyer Furnished Equipment;
- (c) Seller Parts shall be free from defects in material or workmanship; and
- (d) Seller Parts shall be free from defects in design, having regard to the state of the art as of the date of such design.

2.1.2 The warranty set forth in Article 2.1.1 of this Annex B does not apply to: (i) Buyer Furnished Equipment; (ii) Propulsion System Parts or Vendor Parts (other than in respect of installation thereof as outlined in Article 2.1.1(b) above); (iii) Consumables or Expendables; or (iv) any part covered or affected by a Supplemental Type Certificate (or any other change made to the Aircraft in a manner that is not approved by the Seller).

2.2 Corrective Action

2.2.1 As to each defect covered by the warranty set out under Article 2.1 (**"Defect"**) which becomes apparent during the Warranty Period, the Seller's sole obligation and liability is limited to, at the Seller's election, correction by the repair, replacement or rework of the defective Seller Part, or the amendment of Technical Documentation if determined by the Seller, at its sole discretion, to be the appropriate correction. The Seller may alternatively elect to provide the Buyer with a credit memorandum of an amount equal to the [*].

2.2.2 Whenever any Seller Part, which contains a Defect for which the Seller is liable under Clause 2.1, has been corrected, replaced or repaired pursuant to the terms of this Clause 2.1, the period of the Seller's warranty with respect to [*].

2.2.3 In the case of a Defect relating to non-conformance with the Specification, the Seller shall [*], except to those portions of the Specification relating to performance or where it is expressly stated that they are estimates, approximations or design aims

2.3 Seller Warranty Disposition

2.3.1 Claim Submission

The Seller's obligations under this Article 2 are subject to a) a warranty claim being submitted in writing to the Seller's designated warranty administrator through the on-line submission form, by e-mail or in such other manner and form communicated by the Seller to the Buyer in writing and b) to the Buyer complying with the provisions of Article 2.7.

2.3.2 Claim Information and Substantiation

Claims shall include the following information, to the extent reasonably ascertainable and relevant:

- (a) Aircraft serial number;
- (b) Part number and serial number;
- (c) Seller purchase order and/or invoice number;
- (d) Quantity claimed to be defective;
- (e) Position on the Aircraft according to the Aircraft Illustrated Parts Catalogue;
- (f) The date the claimed Defect became apparent;
- (g) Flight hours (and cycles, if applicable) accrued on the part at the time the claimed Defect became apparent;
- (h) Description of claimed Defect including justification in support of the Buyer's assertion that warranty coverage applies;
- (i) Other relevant information such as photographs, detailed task cards, labour hours, references to Technical Documentation and detailed tear down reports; and
- (j) If applicable, a request for authorisation to perform Buyer in-house repairs in accordance with Article 2.4.

2.3.3 Approval, Audit and Transportation

The Seller shall notify the Buyer in writing of its disposition of each warranty claim received. The Seller shall use reasonable efforts to advise the Buyer of such disposition within [*] following the receipt of the complete claim.

All warranty claims shall be subject to audit and approval by the Seller. The Buyer shall cooperate with the Seller in the conduct of its investigation of a claim and any tests that may be required.

The Buyer shall pay all costs of transportation of the defective part(s) from the Buyer to the facility designated by the Seller. [*]

2.4 Buyer In-House Repair

- 2.4.1** The Buyer may perform the repair or re-work of a claimed Defect in a Seller Part in-house without prior authorization from the Seller where the estimated cost of such repair is less than or equal to [*] and provided that:
- (a) the Buyer has obtained approval from the relevant aviation authorities to perform the repair, if such approval is necessary;
 - (b) such repair is performed in accordance with all relevant Technical Documentation and/or the Seller's written instructions;
 - (c) such repair is only to the extent reasonably necessary to correct the claimed Defect; and
 - (d) such repair is on an Aircraft owned or operated by the Buyer and using the Buyer's own facilities and personnel.
- 2.4.2** If the cost claimed by the Buyer to correct a claimed Defect in a Seller Part exceeds [*], and provided that the requirements set out in Article 2.4.1 (a) to (d) above are complied with, the Buyer may request the Seller's authorisation to perform the repair or re-work of the Seller Part in-house by notifying the Seller in writing of such request before the commencement of such repair or re-work. Within [*] following receipt of such request, the Seller shall provide written notice to the Buyer approving or denying such request. The Seller agrees to use all reasonable efforts to ensure a prompt response and shall not unreasonably withhold authorization. If such request is approved, the Seller shall specify a reasonable estimate of the labour hours required for the repair or rework of the Defect by the Buyer. If such request is denied, the Seller shall advise the Buyer of the manner in which the Seller wishes to proceed.
- 2.4.3** The Seller's decision regarding the Buyer's request to perform an in-house repair or re-work in accordance with Article 2.4.1 or 2.4.2 shall not constitute a determination as to the existence of a Defect as described in Article 2.1. Following the in-house repair or re-work, the Seller will, acting reasonably, determine the Warranty coverage pursuant to Article 2.3 of such Warranty Claim based upon the claim details, reports from the Seller's Representatives if applicable, historical data logs, inspections, tests, findings during repair, defective analysis and other relevant documents and information. If the Seller approves such warranty claim, the Buyer shall be eligible for the reimbursement of (a) direct material costs [*], and (b) direct labour costs for in-house repair or re-work in accordance with Article 2.6. If the Seller rejects the Warranty Claim, then the Seller will provide the Buyer with a detailed explanation of the reasons why the Warranty Claim was rejected.
- 2.4.4** Subject to applicable safety rules, the Seller shall have the right to have a representative present as an observer during the disassembly, inspection, testing, and/or repair or re-work of any Seller Part claimed to be defective. Such representative shall not interfere with the Buyer's operations or personnel.

2.5 Disposal of Defective Material

- 2.5.1** The Seller maintains the right to have any Seller Part claimed to be defective returned to the Seller, [*], if the Seller determines that the nature of the claimed Defect requires technical investigation.
- 2.5.2** The Buyer shall retain, for a period of [*] following the submission of a claim to the Seller:
- (a) all Seller Parts defective beyond economical repair; and
 - (b) all defective parts removed from a Seller Part during repair or rework.
- 2.5.3** Such parts shall, at the Seller's discretion, either:
- (a) be returned to the Seller in accordance with the Seller's instructions within [*] of receipt of the Seller's request to such effect; or
 - (b) be authorised by a Seller representative to be scrapped or destroyed, in which case the Buyer shall provide to the Seller within [*]:
 - (i) a scrap or destruction tag including the following information: part number, nomenclature, part serial number, date of manufacture, description, Aircraft serial number the part was removed from and the scrap or destruction date; and
 - (ii) the removed identification plate on a serialized component.

2.6 Labour Reimbursement

- 2.6.1** For claims approved by the Seller, the Buyer shall be entitled to reimbursement for labour expenses incurred by the Buyer in accordance with Article 2.6.3 to:
- (a) remove the defective Seller Part from an Aircraft; and
 - (b) install the repaired, replacement or reworked Seller Part in to the Aircraft, as applicable.
- 2.6.2** For in-house repair claims performed by the Buyer and approved by the Seller in accordance with Article 2.4, in addition to (a) and (b) set out in Article 2.6.1 above the Buyer shall be entitled to reimbursement for labour [*].
- 2.6.3** Labour reimbursement approved by the Seller under this Article 2.6 shall be:
- (a) limited to only that portion of the labour directly related to [*] and not the maintenance work concurrently being carried out on the Aircraft and the Seller Part;
 - (b) limited to reimbursement for the [*];
 - (c) based on either:

- ☐ the in-house labour rate applicable pursuant to any existing agreement between the Seller and the Operator of the Aircraft; or
- ☐ a labour rate to be agreed between [*] and corresponding to the in-house warranty labour rate [*];

(d) [*].

2.6.4 For certainty, in no circumstances shall the Buyer be entitled to:

- (a) reimbursement for labour expenses (or any other costs or expenses) necessary to gain access to the defective part; or
- (b) reimbursement under Article 2.6.1 or 2.6.2 if the correction of the defective Seller Part is performed by the Seller.

2.7 Limitations and Exclusions

2.7.1 The Seller shall have no obligation or liability under this Annex B if:

- (a) the applicable Aircraft or Seller Part:
 - (i) has been repaired, altered or modified by any party other than the Seller or in any manner not specifically approved by the Seller;
 - (ii) has not been operated, maintained or inspected in accordance with the Technical Data or other relevant documentation furnished to the Buyer (including Service Bulletins, Reference Instruction Letters, Service Letters, In-Service Modsum's and Repair Engineering Orders);
 - (iii) has not been operated under normal airline use; has been subjected to misuse, abuse, foreign object damage or accident; or has been improperly stored or protected against the elements.
- (b) the Buyer does not:
 - (i) report the Defect in writing to the Seller's warranty administrator within [*] following such Defect becoming apparent, with evidence as may be reasonably requested by the Seller, acting reasonably, that the Defect is covered by the warranty set out in this Annex B;
 - (ii) dispatch a Seller Part to be corrected by the Seller within [*] following receipt of instruction from the Seller;
 - (iii) maintain reasonably complete records of operations and maintenance of the Aircraft and/or the Seller Part, as applicable, and make such records available to the Seller as the Seller may reasonably require; or

- (iv) allow the Seller reasonable opportunity to be present during the disassembly, inspection and testing of the Seller Part claimed to be defective.

2.7.2 The warranty set out in this Annex B shall not apply to [*] other written approval of the Seller.

2.7.3 The Buyer shall [*], with the agreement of the Seller Representative(s). Scrapped Seller Parts will be evidenced by a record of scrapped material certified by an authorized representative of the Buyer and will be kept in the Buyer's file for [*].

2.8 Normal Usage

The Buyer's rights under this Article 2 of Annex B are subject to the Aircraft and each component, equipment, accessory and part thereof being maintained, overhauled, repaired and operated in accordance with accepted industry standard practices and in accordance with the Seller's recommended written instructions, all Technical Data and any other instructions issued by the Seller, the Vendors and the Propulsion Systems Manufacturer and all applicable rules, regulations and directives of the relevant Aviation Authorities.

The Seller's liability under this Article 2 of Annex B will not extend to normal wear and tear nor to:

- i. any Aircraft or component, equipment, accessory or part thereof, which has been repaired, altered or modified after Delivery, [*];
- ii. any Aircraft or component, equipment, accessory or part thereof, which has been operated in a damaged state, [*];
- iii. any component, equipment, accessory and part from which the trademark, trade name, name, part or serial number or other identification marks have been removed.

2.9 Risk of Loss

THE SELLER WILL NOT BE LIABLE FOR, AND THE BUYER WILL INDEMNIFY THE SELLER AGAINST, ANY CLAIMS FROM ANY THIRD PARTIES FOR LOSSES DUE TO ANY DEFECT, NONCONFORMITY OR PROBLEM OF ANY KIND, ARISING OUT OF OR IN CONNECTION WITH ANY REPAIR OF ANY SELLER PART UNDERTAKEN BY THE BUYER UNDER ARTICLE 2.4 OR ANY OTHER ACTIONS UNDERTAKEN BY THE BUYER UNDER THIS ANNEX B, WHETHER SUCH CLAIM IS ASSERTED IN CONTRACT OR IN TORT, OR IS PREMISED ON ALLEGED, ACTUAL, IMPUTED, ORDINARY OR INTERNTIONAL ACTS OR OMISSIONS OF THE BUYER OR THE SELLER.

Article 3. Vendor Warranties and Service Life Policies

3.1 Warranties and Service Life Policies from Vendors

3.1.1 With respect to Vendor Parts installed on or incorporated on the Aircraft at Delivery, the Seller has agreed with Vendors, a warranty of a scope and duration consistent with industry standards for the corresponding type of Vendor Part (the '**Vendor Warranty Agreement**') that each such Vendor will make available to the Buyer prior to the Delivery of the first Aircraft. The Vendor Warranty Agreements shall contain enforceable warranties for such Vendors, the benefit of which is hereby accepted by the Buyer.

3.1.2 Except as specifically provided under this Article 3, the Seller shall have no liability or obligation in respect of any Vendor Parts, Propulsion System Parts, Expendables, Consumables or Buyer Furnished Equipment. The warranties for Vendor Parts, Propulsion System Parts and Buyer Furnished Equipment shall be the responsibility of the relevant Vendor, Propulsion System Part manufacturer or supplier of Buyer Furnished Equipment and a matter as between the Buyer and the applicable Vendor, Propulsion System Part manufacturer or supplier of Buyer Furnished Equipment. Nothing in this Article 3 shall be construed to add to, vary, modify, restrict, diminish, delete or cancel any warranty provided by Vendors, the Propulsion System Part manufacturer(s) or suppliers of Buyer Furnished Equipment under the applicable agreements.

3.2 Vendor Warranty and Service Life Policy Backstop

3.2.1 If any Vendor, under any standard warranty contained in a Vendor Warranty Agreement, defaults in the performance of any material obligation with respect thereto and [*] in the Vendor Warranty Agreement will apply.

3.2.2 If any Vendor, under any Vendor service life policy referred to in Article 3.1.1 defaults in the performance of any material obligation with respect thereto and [*] in the Vendor Warranty Agreement will apply.

3.2.3 At the Seller's request, the Buyer will assign to the Seller, and the Seller will be subrogated to, all of the Buyer's rights against the relevant Vendor with respect to and arising by reason of such default and the Buyer will provide reasonable assistance to enable the Seller to enforce the rights so assigned.

3.3 Interface Commitment

3.3.1 Interface Problem

If [*] (an "**Interface Problem**"), the Seller will, [*] and without additional charge to the Buyer except for transportation of the Seller's or its designee's personnel to the Buyer's facilities, promptly conduct or have conducted an

investigation and analysis of such problem to determine, if possible, the cause or causes of the problem and to recommend such corrective action as may be feasible. The Buyer will furnish to the Seller all data and information in the Buyer's possession relevant to the Interface Problem and will cooperate with the Seller in the conduct of the Seller's investigations and such tests as may be required.

At the conclusion of such investigation, the Seller will promptly advise the Buyer in writing of the Seller's opinion as to the cause or causes of the Interface Problem and the Seller's recommendations as to corrective action.

3.3.2 Seller's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of a Seller Part, the Seller will, if so requested by the Buyer and pursuant to the terms and conditions of Article 2, [*].

3.3.3 Vendor's Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of any Vendor Part, the Seller will, if so requested by the Buyer, [*].

3.3.4 Joint Responsibility

If the Seller determines that the Interface Problem is attributable partially to the design of a Seller Part and partially to the design of any Vendor Part, the Seller will, if so requested by the Buyer, seek a solution to the Interface Problem through cooperative efforts of the Seller and any Vendor involved.

The Seller will promptly advise the Buyer of such corrective action as may be proposed by the Seller and any such Vendor. Such proposal will be [*]. Such corrective action, [*], will constitute full satisfaction of any claim the Buyer may have against either the Seller or any such Vendor with respect to such Interface Problem.

3.4 General

3.4.1 All requests under this Article 3 will be directed to both the Seller and the affected Vendor.

3.4.2 Except as specifically set forth in this Article 3, this Article 3 will not be deemed to impose on the Seller any obligations not expressly set forth elsewhere in the Agreement.

Article 4. Service Life Policy

4.1 Applicability

The Service Life Policy (“SLP”) set out in this Article 4 shall apply if fleet-wide, repetitive failures occur in any of the components listed in Attachment A (the “**SLP Covered Component(s)**”).

4.2 Term and Corrective Action

If a failure has occurred [*] fleet-wide basis in any SLP Covered Component within [*], whichever occurs first, following Delivery of an Aircraft, the Seller shall, as promptly as practicable and at its option:

- a) design and/or furnish a correction for such failed SLP Covered Component; or
- b) furnish a replacement SLP Covered Component, or part thereof, and any other part required for such correction at the price set forth in Article 4.3 below ([*] but excluding industry standard parts such as bearings, bushings, nuts, bolts, Consumables, Expendables and similar low value items).

Any costs or expenses for maintenance, restoration, repositioning of Aircraft, installation of components and/or the implementation of corrective actions are not covered under this SLP.

4.3 Price of a Replacement SLP Covered Component

Any SLP Covered Component, or part thereof, which the Seller furnishes under Article 4.2 above shall be offered at the highest price calculated in accordance with the following formulae:

[*] [*] [*] [*] [*]

Where:

[*].

4.4 Conditions, Exclusions and Limitations

The following conditions, exclusions and limitations shall apply to the SLP:

- (a) the transportation costs for the return to the Seller’s designated facility, if practicable, of any failed SLP Covered Component necessary for failure investigation or redesigning studies shall be borne by the Buyer;
- (b) the Seller’s obligations under this SLP are conditional upon the submission by the Buyer of proof reasonably acceptable to the Seller that the failure is covered hereby;

- (c) the Buyer shall report any failure of a SLP Covered Component in writing to the Seller's warranty administrator within [*] after such failure becomes evident. Failure to provide such required notice shall release the Seller from all obligations with respect to such failure;
- (d) the Buyer shall (i) maintain reasonably complete records of operations and maintenance of the Aircraft and make such records available to the Seller as the parties may mutually agree and (ii) if applicable, allow the Seller reasonable opportunity to be present, at the Seller's cost, during the disassembly, inspection and testing of the applicable SLP Covered Component;
- (e) the Buyer shall maintain the Aircraft in accordance with the Technical Data and relevant documentation;
- (f) the Seller's obligations under this SLP shall not apply to any Aircraft which has not been correctly modified or repaired in accordance with the relevant Seller Technical Documentation which are furnished to the Buyer prior to receipt by the Seller of any notice from the Buyer of an occurrence which constitutes a failure in a SLP Covered Component. The provisions of this Article 4.4.1(f) shall not apply in the event that the Buyer furnishes evidence reasonably acceptable to the Seller that such failure was not caused by the Buyer's failure to so modify or repair the Aircraft;
- (g) this SLP shall not apply to a failure of a SLP Covered Component if the Seller reasonably determines that such failure may not reasonably be expected to occur on a fleet-wide and repetitive basis; and
- (h) this SLP shall not apply to a SLP Covered Component where the failure results from an accident, abuse, misuse, degradation, negligence or wrongful act or omission, unauthorised repair or modification, impact or foreign object damage or normal wear and tear to the SLP Covered Component.

4.5 Coverage

This SLP is neither a warranty, a performance guarantee nor an agreement to modify the Aircraft to conform to new developments in design and/or manufacturing art.

The Seller's sole obligation and liability under this SLP is to provide instructions to correct a SLP Covered Component or to furnish replacement part(s) at a reduced price as provided in this SLP.

The Buyer's sole remedy and relief for the non-performance of any obligation or liability of the Seller arising under or by virtue of this Service Life Policy shall be [*], limited to the amount the Buyer reasonably expends in procuring a correction or replacement for any SLP Covered Component that is the subject of a failure covered by this Service Life Policy and to which such non-performance is related.

The Buyer hereby waives, releases and renounces all claims to any further damages, direct, incidental or consequential, including loss of profits and all other rights, claims and remedies, arising under or by virtue of this Service Life Policy.

Article 5. General

5.1 No Duplication

The remedies provided to the Buyer under Article 2 and Article 4 of Annex B as to any defect in respect of the Aircraft or any part thereof are mutually exclusive and not cumulative. The Buyer will be entitled to the remedy that provides [*], as the Buyer may elect, pursuant to the terms and conditions of this Annex B for any particular defect for which remedies are provided under this Annex B; provided, however, that the Buyer will not be entitled to elect a remedy under both Article 2 and Article 4 for the same defect. The Buyer's rights and remedies herein for the non-performance of any obligations or liabilities of the Seller arising under these warranties will be in monetary damages limited to the amount the Buyer expends in procuring a correction or replacement for any covered part subject to a defect or non-performance covered by this Annex B, and the Buyer will not have any right to require specific performance by the Seller.

5.2 Export Control

The Parties shall, at all times, comply with all applicable sanctions, laws, financial and trade restrictions, export control laws, regulations and requirements, administered or enforced by (without limitation) the European Union, the United States of America, Canada, the United Kingdom and/or the United Nations authorities (the "**Export Regulations**").

Neither Party shall be obliged to perform any obligation under this Agreement if such performance would be in breach of any Export Regulations.

The Buyer undertakes to lease the Aircraft exclusively for the purposes of commercial aviation and that, unless authorized by all applicable Export Regulations, it will not directly or indirectly sell, import, export, re-export, lease, sublease or operate the Aircraft to or in (a) any country which is the subject of any applicable Export Regulations and/or (b) any person or entity subject to any sanction or embargo according to Export Regulations.

5.3 Survival

Notwithstanding any termination of the Agreement, the terms and conditions of this Annex B shall continue to apply to any Aircraft which, prior to such termination, were delivered to, and paid for in full by, the Buyer in accordance with the terms and conditions of the Agreement.

ATTACHMENT A

SLP COVERED COMPONENTS – A220 AIRCRAFT

1-1 Wing

[*]

1-2 Fuselage

[*]

1-3 Main Landing Gear

[*]

1-4 Nose Landing Gear

[*]

1-5 Vertical Stabilizer

[*]

1-6 Horizontal Stabilizer

[*]

1-7 Engine Strut

[*]

Air Lease Corporation
Non-Employee Director Compensation

Retainers

Annual Board Retainer:	\$ 80,000
Committee Member Retainer:	
Audit	\$ 15,000
Compensation	\$ 10,000
Nominating and Corporate Governance	\$ 10,000
Additional Retainer for Committee Chair:	
Audit	\$ 20,000
Compensation	\$ 10,000
Nominating and Corporate Governance	\$ 10,000
Lead Director Retainer:	\$ 50,000

As a matter of policy each director could elect to have his or her retainer paid in cash or shares of the Company's Class A Common Stock, or a combination thereof.

A non-employee director will receive a meeting fee of \$1,500 per meeting (i) if he or she attends a number of Board of Directors ("Board") meetings in excess of the number of scheduled meetings plus two additional Board meetings during the applicable calendar year or (ii) if he or she attends during the applicable calendar year a number of meetings of a committee on which he or she serves, in excess of the number of scheduled meetings plus two additional meetings of that committee for that year.

Non-employee directors may be paid a per diem fee of \$2,500 for non-ordinary course Board or committee activity (excluding any educational events) subject to the approval of the Company's Board, the Chairman of the Board or the Lead Director of the Board.

Equity Awards

Each non-employee director who joins the Company's Board receives an initial grant of restricted stock units ("RSUs") to be settled in shares of the Company's Class A Common Stock ("Initial Director Grant") with an aggregate value of \$180,000. Thereafter, each year the non-employee directors receive an annual RSU award to be settled in shares of the Company's Class A Common Stock (the "Annual Director Grant") with an aggregate value of \$130,000.

The value of all grants of RSUs is based on the closing price of the Company's Class A Common Stock on the date of grant. All RSUs awarded to the non-employee directors vest in full on the first anniversary of the grant date, and if the Board service of such a director terminates for any reason, other than following a change in control, the RSUs will vest on a daily prorated basis according to the number of days between the grant date and the termination of service, divided by 365. If the service terminates following a change in control, the RSUs will vest in full. The Initial Director Grants and the Annual Director Grants are made pursuant to the Air Lease Corporation 2014 Equity Incentive Plan or any successor plan.

Each director may annually elect to defer the receipt of his or her Annual Director Grant shares beyond the one-year vesting period. Directors may elect to defer his or her shares until separation from service or

alternatively, may elect a deferral period of five years or ten years from the date of grant, provided that shares will be distributed upon a separation from service, a change of control or at death, if earlier than the elected deferral date. Deferred RSUs receive dividend equivalents which are reinvested in additional RSUs based on the market price of the Company's Class A Common Stock on the date the dividends are paid.

Expense Reimbursement

The Company reimburses directors for travel and lodging expenses incurred in connection with their attendance at meetings and other expenses incurred in connection with their service to the Company.

**AIR LEASE CORPORATION AND CONSOLIDATED SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT**

<u>Name of Company/Jurisdiction of Incorporation or Formation</u>	<u>Percentage of Voting Securities Owned by the Registrant or a Subsidiary of the Registrant</u>
<i>Ireland</i> ALC Blarney Aircraft Limited	100

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Air Lease Corporation:

We consent to the incorporation by reference in the registration statement (No. 333-224828) on Form S-3 and (333-174708 and 333-195755) on Form S-8 of Air Lease Corporation of our reports dated February 14, 2020, with respect to the consolidated balance sheets of Air Lease Corporation and subsidiaries as of December 31, 2019 and 2018, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of Air Lease Corporation and subsidiaries.

/s/ KPMG LLP

Los Angeles, California
February 14, 2020

**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 Annual Report on Form 10-K 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: February 14, 2020

/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 Annual Report on Form 10-K 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: February 14, 2020

/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 Annual Report of Air Lease Corporation (the "Company") on Form 10-K for the year ended December 31, 2019 (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: February 14, 2020

/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 Annual Report of Air Lease Corporation (the "Company") on Form 10-K for the year ended December 31, 2019 (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: February 14, 2020

/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.
