Risk Factors Comparison 2024-02-15 to 2023-02-16 Form: 10-K

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The following important risk factors, and those risk factors described elsewhere in this report or in our other filings with the **SEC** ~~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 capital requirements and debt financings **We** ~~Our substantial indebtedness~~ will require significant capital to refinance our outstanding indebtedness and to acquire aircraft; our inability to make our debt payments and obtain incremental capital may have a material adverse effect on our business. We and our subsidiaries have a significant amount of indebtedness. As of December 31, ~~2022~~ **2023** , our total consolidated indebtedness, net of discounts and issuance costs, was approximately $ ~~18~~ **19** . ~~6~~ **2** billion and our interest payments were approximately $ ~~533~~ **693** . ~~9~~ **8** million for the year ended December 31, ~~2022~~ **2023** . We expect these amounts to grow as we acquire more aircraft. Our level of debt could have important consequences, including making it more difficult for us to satisfy our debt payment obligations and requiring a substantial portion of our cash flows to be dedicated to debt service payments; limiting our ability to obtain additional financing; increasing our vulnerability to negative economic and industry conditions; increasing our interest rate risk; and limiting our flexibility in planning for and reacting to changes in our industry. Growing our fleet will require us to obtain substantial capital through additional financing, which may not be available to us on favorable terms or at all. As of December 31, ~~2022~~ **2023** , we had ~~398~~ **334** new aircraft on order with an estimated aggregate purchase price of approximately $ ~~25~~ **21** . ~~5~~ **7** billion. In addition to utilizing cash flow from operations to meet these commitments and to maintain an adequate level of unrestricted cash, we will need to raise additional funds by accessing committed debt facilities, securing additional financing from banks or through capital markets offerings. We also need to maintain access to the capital and credit markets and other sources of financing in order to repay or refinance our outstanding debt obligations. Our access to financing sources depends upon a number of factors over which we have limited control, including general market conditions and interest rate fluctuations; periods of unexpected market disruption and volatility; the market ~~'~~ **’** s view of the quality of our **business and** assets, perception of our growth potential and assessment of our credit risk; the relative attractiveness of alternative investments; and the trading prices of our debt ~~securities~~ and ~~preferred and common~~ equity securities. Depending on market conditions at the time and our access to capital, we may also have to rely more heavily on **less efficient forms of debt financing or** additional equity issuances ~~or on less efficient forms of debt financing~~ that may require a larger portion of our cash flow from operations to service, thereby reducing funds available for our operations, future business opportunities and other purposes. Further, the issuance of additional shares of ~~our outstanding~~ preferred stock ~~or any other preferred stock approved by our board of directors pursuant to our charter~~ may result in such preferred stockholders having rights, preferences or privileges senior to existing Class A common stockholders, who would not have the ability to approve such issuance. These alternative measures may not be successful and may not permit us to make required repayments on our debt or meet our **cash requirements, including** aircraft purchase commitments ~~as they come due and other cash needs~~ . The issuance of additional equity may be dilutive to existing shareholders or otherwise may be on terms not favorable to us or existing shareholders. If we are unable to generate sufficient cash flows from operations and cannot obtain capital on terms acceptable to us, we may be forced to seek alternatives, such as to reduce or delay investments and aircraft purchases, or to sell aircraft. We also may not be able to satisfy funding requirements for any aircraft acquisition commitments then in place, which could force us to forfeit our deposits and / or expose us to potential breach of contract claims by our lessees and manufacturers. As a result of these risks and repercussions, our inability to make our debt payments and / or obtain incremental capital to fund future aircraft purchases may have a material adverse effect on our business. Cost of borrowing or interest rate increases may adversely affect our net income and our ability to compete in the marketplace. We finance our business through a combination of short- term and long- term debt financings, with most bearing interest at a fixed rate and some bearing interest at a floating rate ~~that varies with changes in the applicable reference rate~~ . As of December 31, ~~2022~~ **2023** , we had $ ~~17~~ **16** . ~~2~~ **4** billion of fixed rate debt and $ ~~1~~ **3** . ~~6~~ **0** billion of floating rate debt outstanding. Further, we have outstanding preferred stock with an aggregate stated amount of $ 850. 0 million that currently pays dividends at a fixed rate, but will alternate to paying dividends based on a floating rate after the initial five years from issuance **, with the first $ 250. 0 million of preferred stock alternating to floating rate dividends on March 15, 2024** . Any increase in our cost of borrowing directly impacts our net income. **Beginning in** ~~Throughout the fiscal year ended December 31,~~ 2022, market interest rates increased substantially, with the ~~federal funds rate increasing from approximately 0. 25 % in the beginning of 2022 to approximately 4. 25 % at the end of 2022 and such increases may continue in the future. If the composite interest rate on~~ **one - month** ~~our outstanding floating rate debt were to increase by 1. 0 %, we would expect to incur additional annual interest expense on our existing indebtedness as of December 31, 2022, of approximately $ 16. 3 million. Our cost of borrowing is affected primarily by the market' s assessment of our credit risk and fluctuations in interest rates and general market conditions. Interest rates that we obtain on our debt financings can fluctuate based on, among other things, changes in views of our credit risk, fluctuations in U. S. Treasury rates and the~~ Secured Overnight Financing Rate (“ SOFR ”) **increasing from approximately 0. 06 % at the beginning of 2022 to approximately 5. 35 % at the end of 2023 and these interest rate increases have increased our borrowing costs. During 2023, our composite cost of funds increased from 3. 07 % at December 31, 2022 to**

3. 77 % at December 31, 2023. Our cost of borrowing is affected primarily by the market' s assessment of our credit risk and fluctuations in interest rates and general market conditions. Interest rates that we obtain on our debt financings can fluctuate based on, among other things, changes in views of our credit risk, fluctuations in U. S. Treasury rates and SOFR , as applicable, changes in credit spreads, and the duration of the debt being issued. Increased interest rates prevailing in the market at the time of our incurrence of new debt will also increase our interest expense. Moreover, if interest rates continue to rise sharply, we will not be able to immediately offset the negative impact on our net income by increasing lease rates, even if the market were able to bear the increased lease rates. Our leases are generally **entered into 18- 36 months in advance of aircraft delivery and are** for multiple years with fixed lease rates over the life of the lease **.** ~~and, therefore~~ **Therefore** , lags will exist because our lease rates with respect to a particular aircraft cannot generally be increased until the expiration of the lease. Higher interest expense and the need to offset higher borrowing costs by increasing lease rates may ultimately impact our ability to compete with other aircraft leasing companies in the marketplace, especially if those companies have lower cost of funding. Decreases in interest rates may also adversely affect our business. Since our fixed rate leases are based, in part, on prevailing interest rates at the time we enter into the lease, if interest rates decrease, new fixed rate leases we enter into may be at lower lease rates and our lease revenue will be adversely affected ~~. In addition, certain of our debt instruments and equity securities that accrue dividends at a floating rate include the London Interbank Offered Rate (" LIBOR ") as the benchmark or reference rate. The Chief Executive of the U. K. Financial Conduct Authority (the " FCA "), which regulates LIBOR, publicly announced that publication of certain tenors of U. S. dollar LIBOR (including overnight and one, three, six and 12 months) will permanently cease after June 30, 2023. While all of the agreements governing our LIBOR linked debt and Series A Preferred Stock obligations that are set to mature after June 30, 2023, contain LIBOR transition fallback provisions, the lack of a standard market practice and inconsistency in fallback provisions in recent years is reflected across these agreements. For example, our Series A Preferred Stock contains LIBOR fallback provisions that will allow for the use of an alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution that is consistent with market practice regarding a substitute for three- month LIBOR. If we determine there is no such alternative reference rate, then we must select an independent financial advisor to determine a substitute rate for LIBOR, and if an independent financial advisor cannot determine an alternative reference rate, the dividend rate, business day convention and manner of calculating dividends applicable during the fixed- rate period of the Series A Preferred Stock will be in effect. The implementation of a substitute reference rate for the calculation of interest rates under our LIBOR linked debt obligations and our Series A Preferred Stock may cause us to incur expenses in effecting the transition and may result in disputes with our lenders or holders of Series A Preferred Stock over the appropriateness or comparability to LIBOR of the substitute reference rate selected. In addition, any substitute reference rates could result in interest and dividend payments that do not correlate over time with the payments that would have been made on our indebtedness or Series A Preferred Stock, as applicable, if LIBOR was available in its current form~~ . If any of these circumstances occur, our net income and / or our ability to compete in the marketplace may be adversely affected. Negative changes in our credit ratings may limit our ability to obtain financing or increase our borrowing costs, which may adversely impact our net income and / or our ability to compete in the marketplace. We are currently subject to periodic review by independent credit rating agencies S & P, Fitch and Kroll, each of which currently maintains an investment grade rating with respect to us, and we may become subject to periodic review by other independent credit rating agencies in the future. Our ability to obtain debt financing and our cost of debt financing is dependent, in part, on our credit ratings and we cannot assure you that these credit ratings will remain in effect or that a rating will not be lowered, suspended or withdrawn. Maintaining our credit ratings depends in part on strong financial results and other factors, including the outlook of the rating agencies on our sector and on the market generally. Ratings are not a recommendation to buy, sell or hold any security, and 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 review for a downgrade, could increase our borrowing costs and limit our access to the capital markets, which may adversely impact our net income and / or our ability to compete in the marketplace. Certain of our debt agreements contain covenants that impose restrictions on us and our subsidiaries that may limit our flexibility to operate our business. Some of the agreements governing our indebtedness contain financial and non- financial covenants. **Most of** ~~For instance,~~ our ~~unsecured revolving~~ credit ~~facility~~ **facilities** ~~requires~~ **require** us to comply with certain financial maintenance covenants (measured at the end of each ~~fiscal~~ quarter) including minimum consolidated shareholders' equity, minimum consolidated unencumbered assets, and an interest coverage test. Complying with such covenants may at times necessitate that we forego other opportunities, including incurring additional indebtedness, declaring or paying certain dividends and distributions or entering into certain transactions, investments, acquisitions, loans, guarantees or advances. Moreover, our failure to comply with any of these covenants could constitute a default and could accelerate some, if not all, of the indebtedness outstanding under such agreements and could create cross- defaults under other debt agreements, which would have a negative effect on our business and our ability to continue as a going concern. In addition, for our secured debt, if we are unable to repay such indebtedness when due and payable, the lenders under our secured debt could proceed against, among other things, the aircraft or other assets securing such indebtedness. As the result of the existence of these financial and non- financial covenants and our need to comply with them, the flexibility we have to operate our business may be limited. Operational risks relating to our business We may be unable to generate sufficient returns on our aircraft investments which may have an adverse impact on our net income. Our **financial performance is** ~~business model and results are~~ driven by our ability to acquire strategically attractive commercial passenger aircraft, profitably lease and re- lease them, and finally sell such 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. We rely on our ability to negotiate and enter into leases with favorable lease terms and to evaluate the ability of lessees to perform their obligations to us prior to receiving the delivery of our orderbook aircraft from the manufacturers. When our leases expire or our aircraft are returned prior to the date contemplated in the lease, we bear the risk of re- leasing or selling the aircraft. Because our leases are predominantly operating leases, only a portion of an aircraft' s value is recovered by the revenues generated from the lease and we may not be able to realize the aircraft' s residual value after lease expiration. Our ability to profitably purchase, lease, re- lease, sell or otherwise dispose of our aircraft will depend on conditions in the airline industry and general market and competitive conditions at the time of purchase, lease and disposition. In addition to factors linked to the aviation industry in general, other factors that may affect our ability to generate adequate returns from our aircraft include the maintenance and operating history of the airframe and engines, the number of operators using the particular type of aircraft, and aircraft age. If we are unable to generate sufficient returns on our aircraft due to any of the above factors within or outside of our control, it may have an adverse impact on our net income. Failure to ~~close~~ **satisfy** our aircraft acquisition commitments would negatively affect our ability to further grow our fleet and net income. As of December 31, ~~2022~~ **2023** , we had entered into binding purchase commitments to acquire a total of ~~398~~ **334** new aircraft for delivery through ~~2029~~ **2028** . If we are unable to complete the purchase of such aircraft, we would face several risks, including forfeiting deposits and progress payments and having to pay and expense certain significant costs relating to these commitments; not realizing any of the benefits of completing the acquisitions; damage to our reputation and relationship with aircraft manufacturers; and defaulting on our lease commitments, which could result in monetary damages and damage to our reputation and relationships with lessees. If we determine that the capital required to satisfy these commitments is not available on terms we deem attractive, we may eliminate or reduce any then- existing dividend program to preserve capital to apply to such commitments. These risks, whether financial or reputational, would negatively affect our ability to further grow our fleet and net income. Failure to complete our planned aircraft sales could affect our net income and may lead us to use alternative sources of liquidity. Proceeds from the sale of aircraft in our owned portfolio help to supplement our liquidity position and contribute to our net income. We currently expect to sell approximately $ 1. ~~0~~ **5** billion ~~to $ 2. 0 billion~~ in aircraft ~~in~~ **for the full year** ~~2023~~ **2024** . If we are unable to complete the sales of such aircraft on the timeline anticipated, or at all, it could impact our net income and may lead us to use alternative sources of liquidity to fund our operations such as additional capital markets issuances or borrowings under our ~~revolving~~ credit ~~facility or other debt~~ facilities. The failure of an aircraft or engine manufacturer to meet its delivery obligations to us may negatively impact our ability to grow our fleet and our earnings. The supply of commercial aircraft is dominated by a limited number of airframe and engine manufacturers. As a result, we depend on these manufacturers' ability to remain financially stable, produce products and related components which meet airlines' demands and regulatory requirements, and fulfill any contractual obligations they have to us, which is in turn dependent on a number of factors over which we have little or no control. Those factors include the availability of raw materials and manufactured components, changes in highly exacting performance requirements and product specifications, economic conditions, changes in the regulatory environment and labor relations and negotiations between manufacturers and their respective workforces. If manufacturers fail to meet their contractual obligations to us, we may experience: • missed or late aircraft deliveries and potential inability to meet our contractual delivery obligations owed to our lessees, resulting in potential lost or delayed revenues, and strained customer relationships; • an inability to acquire aircraft and engines resulting in lower growth or contraction of our aircraft fleet; • reduced demand for a particular manufacturer' s product, which may lead to reduced market lease rates and lower aircraft residual 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 **or increased maintenance requirements** , resulting in a decline in residual value and lease rates of such aircraft and impair our ability to lease or dispose of such aircraft **or engines** on favorable terms or at all. There have been well- publicized delivery delays by airframe and engine manufacturers. For example, we have experienced **ongoing** delivery delays of **Airbus and** Boeing ~~and Airbus~~ aircraft ~~due to~~ **and have been advised delays could extend through 2028. Additionally, recent events surrounding the 737- 9 MAX and the FAA' s increased oversight of Boeing' s quality control procedures and constraints placed on 737 MAX program production may result in further delivery delays. In addition, a** manufacturing ~~related issues. Although Boeing~~ **flaw impacting certain Pratt & Whitney engines is resulting in accelerated engine removal** and **incremental shop visits** ~~Airbus have expressed their desire to increase production rates on several aircraft types~~ , **which may result in** ~~they have yet to meaningfully increase production. At their current production pace, we do not currently see this improving the~~ delivery ~~delay~~ **delays** ~~situation through at least~~ **of these engines for new aircraft. As a result of airframe and engine delays, our orderbook delivery schedule could continue to be subject to material changes and delivery delays are expected to extend beyond** ~~2023~~ **2024** . Our leases and purchase agreements with **Airbus and** Boeing ~~and Airbus~~ typically provide for cancellation rights starting at one year after the original contractual delivery date, regardless of cause. If there are delivery delays greater than one year for aircraft that we have made future lease commitments, some or all of our affected lessees could elect to cancel their lease with respect to such delayed aircraft. Any such cancellation could strain our relationship with such lessee going forward and would negatively affect our business. Should the severity of the delivery delays from the manufacturers continue or worsen, or should new delays arise, such delays may negatively impact our ability to grow our fleet and our earnings. If our aircraft become obsolete or experience a decline in customer demand, our ability to lease and sell those aircraft and our results of operations may be negatively impacted and may result in impairment charges. Aircraft are long- lived assets, requiring long lead times to develop and manufacture, with models becoming obsolete or less in demand over time, in particular when newer, more advanced aircraft are manufactured. Our fleet, as well as the aircraft that we have on order, have exposure to a decline in customer demand or obsolescence, particularly if unanticipated events occur which shorten the life cycle of such aircraft types, including: the introduction of superior aircraft or technology, such as new airframes or engines with higher fuel efficiency; the entrance of new manufacturers which could offer aircraft that are more attractive to our target lessees, including manufacturers of alternative technology aircraft; the advent of alternative transportation technologies which could make travel by air less desirable; government regulations, including those limiting noise and emissions and the age of aircraft operating in a jurisdiction; the costs of operating an aircraft, including maintenance which increases with aircraft age; and compliance with airworthiness directives.

Obsolescence of certain aircraft may also trigger impairment charges, increase depreciation expense or result in losses related to aircraft asset value guarantees, if we provide such guarantees. The demand for our aircraft is also affected by other factors outside of our control, including: air passenger demand; air cargo demand; air travel restrictions; airline financial health; changes in fuel costs, interest rates, foreign currency, inflation and general economic conditions; technical problems associated with a particular aircraft **or engine** model; airport and air traffic control infrastructure constraints; and the availability and cost of financing. As demand for particular aircraft declines, lease rates for that type of aircraft are likely to correspondingly decline, the residual values of that type of aircraft could be negatively impacted, and we may be unable to lease or sell such aircraft on favorable terms, if at all. In addition, the risks associated with a decline in demand for a particular aircraft model or type increase if we acquire a high concentration of such aircraft. If demand declines for a model or type of aircraft of which we own or of which we have a relatively high concentration, or should the aircraft model or type become obsolete, our ability to lease or sell those aircraft and our results of operations may be negatively impacted and may result in impairment charges. The value and lease rates for aircraft that we own or acquire could decline resulting in an impact to our earnings and cash flows. From time to time, aircraft values and lease rates have experienced declines due to a variety of factors outside of our control. These factors may impact the aviation industry as a whole or may be more specific to certain types of aircraft in our fleet. For example, the effects of ~~COVID- 19~~ pandemic related travel restrictions, as well as, groundings and aircraft production delays, have each impacted ~~,~~ and may continue to impact lease rates or our ability to lease certain aircraft in our fleet or orderbook. Other factors include, but are not limited to: manufacturer production levels and technological innovation; the number of airlines operating the aircraft; our lessees' failure to maintain our aircraft; the impact of decisions by the regulatory authority under which the aircraft is operated and any applicable airworthiness directives, service bulletins or other regulatory action that could prevent or limit utilization of the aircraft. As a result of these factors, our earnings and cash flows may be impacted by any decrease in the value of aircraft that we own or acquire or decrease in market rates for leases for these aircraft **. Inflationary pressure may have a negative impact on our financial results, including by diminishing the value of our leases. After a sustained period of relatively low inflation rates, current rates of inflation are above or near recent historical highs in the United States, the European Union, the United Kingdom and other countries. High rates of inflation may have a number of adverse effects on our business. Inflation may increase the costs of goods, services and labor used in our operations, thereby increasing our expenses. Because the majority of our income is derived from leases with fixed rates of payment, high rates of inflation will cause a greater decrease in the value of those payments than had the rates of inflation remained lower. In addition, because our leases are generally for multi- year periods, there has been a lag in our ability to adjust the lease rates for a particular aircraft for corresponding increases in interest rates. High rates of inflation may also lead policymakers to attempt to decrease demand or to adopt higher interest rates to combat inflationary pressures, which could increase our exposure to the risks detailed in " Risks relating to our capital requirements and debt financings — Cost of borrowing or interest rate increases may adversely affect our net income and our ability to compete in the marketplace. " Our suppliers and lessees may also be subject to material adverse effects as a result of high rates of inflation, including as a result of the impact on their financial conditions, changes in demand patterns, price volatility, and supply chain disruption** . 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 which may impact our financial results. 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 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~~ **its** 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 may have a significant impact on our financial results. The occurrence of unexpected events or changing conditions may also result in impairment charges. 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 Estimates — Flight equipment. " If we were to record an impairment charge on aircraft, or if we were to dispose of aircraft for a price that is less than its depreciated book value on our balance sheet, it would reduce our total assets and shareholders' equity **and increase our debt to equity ratio** . For example, during the year ended December 31, 2022, we recognized a net loss from asset write- offs of our interest in owned and managed aircraft detained in Russia as a result of the Russia- Ukraine conflict totaling approximately $ 771. 5 million. Depending on the size of the impairment, a reduction in our shareholders' equity may negatively impact our **assigned credit rating from ratings agencies or our** ability to comply with **financial maintenance** covenants in certain of our agreements governing our indebtedness ~~requiring us~~ **. If we are unable** to **comply with financial maintenance covenants** ~~maintain a minimum net worth and interest coverage ratio~~ , ~~and~~ **it** could result in an event of default under such agreements. For these reasons, our financial results may be impacted. The Russian- Ukraine conflict and the impact of related sanctions may continue to impact our business. We terminated our leasing activities and wrote- off our interests in owned and managed aircraft detained in Russia during 2022 due to the Russian- Ukraine conflict and related sanctions, which may continue to impact our business, the business of our airline customers and global macroeconomic conditions. Some of our customers are impacted by closures of Russian and Ukrainian airspace, ~~increases~~ **instability** in fuel and energy prices, and disruptions of the global supply chain.

Ongoing ~~Airspace~~ **airspace** closures **require** ~~have resulted in~~ certain of our airline customers **to** re- ~~routing~~ **route** flights to avoid such airspace which has resulted in increased flight times and fuel costs. Any of these factors could cause our lessees to incur higher costs and to generate lower revenues which could adversely affect their ability to make lease payments which ~~,~~ in turn ~~,~~ could impact our financial results. **We** ~~A large number of our aircraft are on lease to airlines in China and, therefore, we~~ have concentrated **customer** exposure ~~to~~ **and economic, legal and** political ~~, legal and economic~~ risks associated with ~~China and any~~ **these lessees, including** adverse ~~event~~ **events** involving ~~China~~ **the regions in which these lessees operate** may have an adverse effect on our financial condition. Through our lessees and the countries in which they operate, we are exposed to the specific economic **, legal** and political conditions and associated risks of those jurisdictions. **As** ~~Approximately 11. 4 %~~ of ~~our aircraft~~ **December 31** , ~~based on~~ **2023, we had concentrated customer exposure with our top five lessees by** net book value ~~as of December 31~~ , ~~2022~~ **listed below under " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Our Fleet "** , ~~are operated~~ **and we also had approximately 6. 8 % of our aircraft** by **net book value on lease to** lessees ~~based~~ **located** in China ~~, giving~~ **. The concentration of our aircraft in the regions in which these lessees operate exposes** us ~~increased exposure~~ to economic **, legal** and political conditions in ~~China~~ **these regions** , as well as changes in government relations between ~~China~~ **any of these regions** and the U. S., including trade disputes and trade barriers ~~. We also have an office in Hong Kong and structure certain leases through our Hong Kong subsidiary~~ . Risks related to concentrated exposure can include economic recessions, financial, public health and political emergencies, burdensome local regulations, trade disputes, and ~~in extreme cases,~~ increased risks of requisition of our aircraft and risks of wide- ranging sanctions prohibiting us from leasing flight equipment in certain jurisdictions. An adverse **economic, legal or** political ~~or economic~~ event in or related to ~~China~~ **these regions** , or deterioration of government relations between the U. S. and ~~China~~ **these regions** , could affect the ability of ~~our~~ **these** lessees ~~in China~~ to meet their obligations to us, or expose us to various associated legal or political risks, which could have an adverse effect on our financial condition. We are dependent on the ability of our lessees to perform their payment and other obligations to us under our leases and their failure to do so may materially and adversely affect our financial results and cash flows. We generate substantially all of our revenue from leases of aircraft to commercial airlines and our financial performance is driven by the ability of our lessees to perform their payment and other obligations to us under our leases. The airline industry is cyclical, economically sensitive and highly competitive, and our lessees are affected by several factors over which we and they have limited control, including: air passenger demand; changes in fuel costs, interest rates, foreign currency, inflation, labor difficulties, including pilot shortages, wage negotiations or other labor actions; increases in other operating costs, such as increased insurance costs, general economic conditions and governmental regulation and associated fees affecting the air transportation business. In recent years, ~~the airline industry has been substantially impacted by the COVID- 19 pandemic. In addition,~~ geopolitical events such as changes in national policy or the imposition of sanctions, including new sanctions, trade barriers or tariffs, as well as events leading to political or economic instability such as war, prolonged armed conflict and acts of terrorism; epidemics, pandemics and natural disasters; availability of financing, including availability of governmental support; airline financial health may also have an impact. Finally, our lessees may also be affected by aircraft accidents, in particular a loss if the aircraft is damaged or destroyed by an event **for which** ~~specifically excluded from~~ insurance **coverage is prohibited or limited** ~~policies such as dirty bombs, biohazardous materials and electromagnetic pulsing~~ . These factors could cause our lessees to incur higher costs and to generate lower revenues which could adversely affect their ability to make lease payments. In addition, lease default levels will likely increase over time if economic conditions deteriorate. A majority of our lessees received lease deferrals or other accommodations during the COVID- 19 pandemic **,** and we may agree to deferrals, restructurings and terminations in the ordinary course of our business in the future. If a lessee delays, reduces, or fails to make lease payments when due and if we are unable to agree on a lease payment deferral or lease restructuring and we elect to terminate the lease, we may not receive all or any payments still outstanding, and we may be unable to re- lease the aircraft promptly and at favorable rates, if at all. While deferrals generally shift the timing of payments to a later period, restructurings and terminations generally permanently reduce our lease revenue. If we perform a significant number of restructurings and terminations, the associated reduction in lease revenue could materially and adversely affect our financial results and cash flows. Lessee defaults and reorganizations, bankruptcies or similar proceedings, may result in lost revenues and additional costs. From time to time, an airline may seek reorganization or protection from creditors under its local laws or may go into liquidation. Some of our lessees have defaulted on their lease obligations or filed for bankruptcy or otherwise sought protection from creditors (collectively referred to as " bankruptcy "). One of our lessees is subject to bankruptcy proceedings as of February 15, ~~2023~~ **2024** and lessee bankruptcies may increase in the future. Based on historical rates of airline defaults and bankruptcies, we expect that we will experience additional lessee defaults and bankruptcies in the ordinary course of our business. When a lessee defaults on its lease or files for bankruptcy, we typically incur significant additional costs, including legal and other expenses associated with court or other governmental proceedings. We could also incur substantial maintenance, refurbishment or repair costs if a defaulting lessee fails to pay such costs when necessary to put the aircraft in suitable condition for remarketing or sale. We may also incur storage costs associated with aircraft that we repossess and are unable to place immediately with another lessee, and we may not ultimately be able to re- lease the aircraft at a similar or favorable lease rate. It may also be necessary to pay off liens including fleet 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. When a lessee fails to fulfill their obligations under the lease or enters into bankruptcy proceedings, the lessee may not make lease payments or may return aircraft to us before the lease expires. When a lessee files for bankruptcy with the intent of reorganizing its business, we may agree to adjust our lease terms, including reducing lease payments by a significant amount. Certain jurisdictions give rights to the trustee in a bankruptcy 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. If one or more airline bankruptcies result in a larger number of aircraft being available for purchase or lease over a short period of time, aircraft values and aircraft lease rates may be depressed, and additional grounded aircraft and lower market values could adversely affect our ability to sell our aircraft or lease or remarket our aircraft at favorable rates or at all. 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. When a defaulting lessee is in bankruptcy additional limitations may apply. 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 be able to export or deregister and profitably redeploy the aircraft in a timely manner or at all. 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. Upon a lessee default, we may incur significant costs in connection with repossessing our aircraft and we may be delayed in repossessing our aircraft or are unable to obtain possession of our aircraft. As a result of the time and process involved with lessee defaults, reorganizations, bankruptcies or similar proceedings as described above, which can vary by airline and jurisdiction among other factors, we may experience lost revenues and additional costs. We may experience increased competition from other aircraft lessors which may impact our ability to execute our long- term strategy. The aircraft leasing industry is highly competitive. Some of our competitors have greater resources, lower capital costs ~~or~~ **, the ability to** provide financial or maintenance services, or other inducements to potential lessees or buyers that we ~~cannot~~ **do not have** , which could ~~make~~ **help** them ~~able to~~ compete more effectively in certain markets we operate in. In addition, some 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 primary competitors are other aircraft leasing companies. The barriers to entry in the aircraft ~~acquisition~~ **sale** and ~~leasing~~ **leaseback** market are comparatively low, and new entrants with private equity, hedge fund, or other funding sources appear from time to time. Lease competition is driven by lease rates, aircraft availability dates, lease terms, relationships, aircraft condition, specifications and configuration of the aircraft necessary to meet the customer' s needs. Competition in the used aircraft market is driven by price, the terms of the lease to which an aircraft is subject and the creditworthiness of the lessee, if any. Our inability to compete successfully with our competitors may impact our ability to execute our long- term strategy. Our lessees may fail to adequately insure our aircraft or fulfill their indemnity obligations, or we may not be able to adequately insure our aircraft, which may result in increased costs and liabilities. When an aircraft is on lease, we do not directly control its operation. Nevertheless, because we hold title to the aircraft, we could be sued or held strictly liable for losses resulting from the operation of such aircraft, or may be held liable for losses on other legal theories or claims may be made against us as the owner of an aircraft requiring us to expend resources in our defense. As a result, we separately purchase contingent liability insurance and contingent hull insurance on all aircraft in our owned fleet. While we believe our insurance is adequate both as to coverages and amounts based on industry standards in the current market, we cannot assure you that we are adequately insured against all risks and in all territories in which our aircraft operate. For example, ~~following the~~ Russia ~~-~~**,** Ukraine ~~conflict~~ , ~~Russia, Ukraine and~~ Belarus **and the Republic of Sudan** are now generally excluded from coverage in our contingent liability, contingent hull and contingent hull war insurance consistent with insurance market terms available at the time these policies were last renewed. We also separately require our lessees to obtain specified levels of insurance customary in the aviation industry and indemnify us for, and insure against, liabilities arising out of the lessee' s 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, could necessitate our taking some corrective action such as terminating the lease or securing insurance for the aircraft. 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 we or 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, aviation insurers significantly reduced the amount of~~ insurance coverage **is** ~~available~~ **unavailable for claims resulting from dirty bombs, bio- hazardous materials and electromagnetic pulsing. Following the Russia- Ukraine conflict, insurance coverage** for claims resulting from acts of terrorism, war ~~, dirty bombs, bio- hazardous materials, electromagnetic pulsing~~ or ~~similar events, and~~ **confiscation are subject to** increased ~~the~~ **coverage limitations and increased** premiums **. Even where we, or our lessees, have insurance, we or they may face difficulties in recovering losses under such policies. Disputes with insurers over the extent of coverage are common and insurance claims may take years to fully resolve and we, or our lessees, may not ultimately be successful in recovering losses under insurance policies. Pursuing insurance claims may also require us to incur legal, regulatory and other enforcement costs** for **which we may not be entitled to reimbursement. For example, as described in " Item 3. Legal Proceedings, " we and certain of our subsidiaries have submitted insurance claims to recover losses relating to aircraft**

detained in Russia, and such **claims remain outstanding** ~~third- party war risk~~ and **subject to litigation** ~~terrorism liability insurance and coverage in general. Similarly, following the Russia- Ukraine conflict, aviation insurers have, in some cases, reduced the scope of insurance coverage provided by policies and increased insurance premiums~~ . Accordingly, our or our lessees' insurance coverage could be insufficient to cover all claims that could be asserted against us arising from the operation of our aircraft. Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by us if we are sued and are required to make payments to claimants. Moreover, our **and our** lessees' insurance coverage is dependent on the financial condition of insurance companies, which might ~~not~~ be ~~able~~ **unable or unwilling** to pay claims. Our or our lessees' failure to adequately insure our aircraft, or our lessees' failure to fulfill their indemnity obligations to us, could reduce insurance proceeds otherwise payable to us in certain cases, may result in increased costs and liabilities for our business. We may experience the death, incapacity or departure of one of our key officers which may negatively impact our business. We believe that 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. Our future success will depend, to a significant extent, upon the continued service of our senior management team, 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 for their services at Air Lease Corporation, although one of our Irish subsidiaries has limited duration employment agreements under which Mr. Udvar- Házy ~~or~~ **and** Mr. Plueger may terminate their employment at any time. If we were to lose the services of any of the members of our senior management team, it may negatively impact our business. A cyberattack could lead to a material disruption of our information technology (" IT ") systems or the IT systems of our third- party providers 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. We depend on our and our third- party provider' s IT systems to conduct our operations. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, ransomware attacks, social- engineering attacks (including through phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), fire and natural disasters **, and other similar threats** . In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to ~~, for example,~~ applicable laws or regulations prohibiting such payments. Damage or interruption to such IT systems may require significant investment to fix or replace, and we may suffer operational interruptions. Potential interruptions associated with the implementation of new or upgraded systems and technology or with maintenance of existing systems could also disrupt or reduce operational efficiency. Remote work **by our employees also** ~~has become more common and has increased~~ **increases** risks to our **IT** ~~information technology~~ systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home and while traveling. Parts of our business depend on the secure operation of our and our third- party providers' IT systems to manage, process, store, and transmit **sensitive information, including our proprietary information and that of our customers, suppliers and employees and** aircraft leasing information. We have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks. A cyberattack could adversely impact our daily operations and lead to the loss of sensitive information, including our 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, reputational harm, interruptions in our operations, additional costs and liabilities. Applicable data privacy and security obligations may also require us to notify relevant stakeholders of cyberattacks **or make disclosures to applicable regulatory bodies** . Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. While we devote ~~substantial~~ resources to maintaining **and developing** ~~adequate levels of~~ cyber- security **measures** , our resources and technical sophistication may be unable to prevent all types of cyberattacks. We take steps to detect and remediate vulnerabilities in our IT systems, but we may not be able to detect and remediate all vulnerabilities **including on** ~~because the threats and techniques used to exploit the vulnerability change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after~~ a **timely basis** ~~cyberattack has occurred~~ . These vulnerabilities pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures designed to address ~~any such~~ identified vulnerabilities. A cyberattack leading to a ~~significant~~ disruption of our IT systems or of those of our third- party providers may negatively affect our ability to conduct our business effectively and may result in lost revenues and additional costs. Conflicts of interest between us and clients utilizing our fleet management services could arise which may result in legal challenges or reputational harm. Conflicts of interest may arise between us and customers from our managed business who hire us to perform fleet management services such as leasing, **acquisition** ~~remarketing, lease management~~ and sales services. These conflicts may arise because services we provide for these clients are also services which we provide for our own fleet, including placement of aircraft with lessees. Our current fleet management services agreements provide that we will use our reasonable commercial efforts in providing services. Nevertheless, despite these contractual waivers, competing with our fleet management clients in practice may result in strained relationships with them. Any conflicts of interest that arise between us and the clients which utilize our fleet management services may result in legal challenges or reputational harm to our business. We may encounter disputes, deadlock or other conflicts of interest with investment partners of entities in which we have minority interests and for which we serve as manager of the aircraft owned by the entities which may result in legal challenges, reputational harm or loss of fee income. We own non- controlling interests in entities that invest in aircraft and lease them to airlines or facilitate the sale and continued management of aircraft assets. Additionally, we may also acquire interests in similar entities controlled 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 may fail to fund their share of required capital contributions or 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. The agreements governing these entities typically provide the non- managing investment partner certain veto rights over various significant actions and 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, our reputation may be harmed and we would lose the benefit of future management fees. In addition, 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 may result in losses on our investment and potential legal challenges or reputational harm. Macroeconomic and global risks relating to our business Events outside of our control, including the threat or realization of epidemic diseases such as the COVID- 19 pandemic, natural disasters, terrorist attacks, war or armed hostilities between countries or non- state actors, may adversely affect the demand for air travel, the financial condition of our lessees and of the aviation industry more broadly, and may ultimately impact our business. Air travel has historically been disrupted, sometimes severely, by the occurrence of ~~unexpected~~ events outside of our and our lessees control **and** ~~. As noted above, the~~ **these disruptions have** ~~Russian invasion of Ukraine and the impact of sanctions imposed by the United States, the European Union, United Kingdom and others has~~ adversely affected **, and may in the future adversely affect,** our business and financial condition. For **example** ~~the year ended December 31~~ , **the** ~~2022, we recorded a net write- off of our interests in our owned and managed aircraft that are detained in Russia totaling approximately $ 771. 5 million. The~~ COVID- 19 pandemic ~~has recently~~ **and related travel restrictions significantly** impacted air travel and our results of operations **through** ~~. According to IATA, December 2022 global domestic and international passenger traffic was 20 % and 25 %, respectively, lower compared to December 2019 passenger volume. As of December 31, 2022, we had $ 148. 1 million in outstanding deferred rentals. In addition to lease deferral arrangements, we have from time to time agreed to restructure some of our lease agreements. As part of our lease restructuring agreements, we have typically modified our existing leases by extending the lease term and reducing our lease rates. We have also experienced and may still experience other impacts from COVID- 19, including~~ weaker demand for used aircraft, **increased** defaults, bankruptcies or reorganizations of our lessees, **increased requests for lease deferrals, and** delays in delivery of aircraft ~~, declines in placements of aircraft in our orderbook, and increased costs of borrowing. While we cannot currently reasonably estimate the extent to which these events will continue to impact our business, we expect our business, results of operations and financial condition will continue to be negatively impacted in the near term. In addition to the recent COVID- 19 pandemic, passenger demand for air travel has also been negatively impacted in the past by other epidemic diseases, such as severe acute respiratory syndrome, bird flu, swine flu, the Zika virus, and Ebola~~ . Future epidemic diseases and other diseases, or the fear of such events could provoke responses that negatively affect passenger air travel. Air travel has also been disrupted ~~in the past~~ by ~~terrorist attacks, war or armed hostilities between countries or non- state actors, including the fear of such events, and~~ the occurrence of natural disasters and other natural phenomena, such as extreme weather conditions, floods, earthquakes, and volcanic eruptions ~~, which~~ **. Disruptions due to natural disasters** may become more frequent or severe **because** ~~as a result~~ of climate change. **Terrorist attacks, war or armed hostilities between countries or non- state actors, including the fear of such events may adversely affect our business and financial condition. For example, as a result of the Russia- Ukraine conflict, we recorded a net write- off of our interests in our owned and managed aircraft detained in Russia totaling approximately $ 771. 5 million for the year ended December 31, 2022. In addition, the escalating conflict between Hamas and Israel resulted in a declaration of war from Israel. As of December 31, 2023, we had two aircraft in our owned fleet on lease to one customer in Israel and a limited number of customers who operate aircraft in the region. While we cannot predict the extent of the ongoing conflict in the Middle East or whether such conflict may extend to regions outside of Israel and the Gaza Strip, we do not currently expect our business, results of operations or financial condition will be materially impacted. In addition, we have lessees in China that could be impacted by rising tensions between China and the United States. As of December 31, 2023, we had 42 aircraft in our flight equipment subject to operating lease on lease to customers in China.** The occurrence of any ~~such~~ **of the** ~~event~~ **events described above** , or multiple such events, could cause our lessees to experience decreased passenger demand, to incur higher costs ~~and~~ **, or** to generate lower revenues, which could adversely affect their ability to make lease payments to us or to obtain the types and amounts of insurance we require. This in turn could lead to lease restructurings and repossessions, 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 which may ultimately impact our business. Aircraft oversupply in the industry could decrease the value and lease rates of the aircraft in our fleet resulting in an impact to our earnings and cash flows. The aircraft leasing business has experienced periods of aircraft oversupply at various times in the past, including during the COVID- 19 pandemic, as a result of the 2008 financial crisis and during the period following the September 11, 2001 terrorist attacks. 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 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. Oversupply may produce sharp and prolonged decreases in market lease rates and residual values and may affect our ability to remarket or sell at a profit, or at all, some of the aircraft in our fleet which would impact our earnings and cash flows. Export restrictions and tariffs may impact where we can place and deliver our aircraft and negatively impact our ability to execute on our long- term strategy. Existing export restrictions impact where we can place and deliver our aircraft. New export restrictions, including those implemented quickly or as a result of geopolitical events, may impact where we can place and deliver our aircraft or the ability of our lessees to operate our aircraft in certain jurisdictions, which may negatively impact our earnings and cash flows. For example, in early 2022, in connection with the ongoing conflict between Russia and Ukraine, the United States, European Union, United Kingdom and others imposed economic sanctions and export controls against certain industry sectors and parties in Russia. These sanctions include closures of airspace for aircraft operated by Russian airlines, bans on the leasing or sale of aircraft to Russian controlled entities, bans on the export and re-export of aircraft and aircraft components to Russian controlled entities or for use in Russia, and corresponding prohibitions on providing technical assistance, brokering services, insurance and reinsurance, as well as financing or financial assistance. **While** ~~In response to such actions, in March 2022~~ we terminated all of our leasing activities in Russia **in March 2022, these sanctions and export controls continue to place restrictions on where and how certain of our lessees can operate aircraft they lease from us** . Tariffs can also impact our ability to place and deliver aircraft. Our leases are primarily structured as triple net leases, whereby the lessee is responsible for all operating costs including the costs associated with the importation of the aircraft. As a result, increased tariffs will result in a higher cost for imported aircraft that our lessees may not be willing to assume and which could adversely impact demand for aircraft, creating an oversupply of aircraft and potentially placing downward pressure on lease rates and aircraft market values. For example, in October 2019, the Office of the U. S. Trade Representative announced a 10 % tariff on new aircraft imported from Europe, including Airbus aircraft. In March 2020, the tariffs on aircraft were raised to 15 %. In November 2020, the E. U. announced a 15 % tariff on new aircraft imported into the E. U. from the U. S., including Boeing aircraft. In June 2021, the U. S. and the E. U. agreed to temporarily suspend all retaliatory tariffs related to new aircraft imports for five years. We cannot predict what further actions may ultimately be taken with respect to export controls, tariffs or trade relations between the U. S. and other countries. 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 export controls, capital controls or tariffs, may affect the demand for aircraft from our orderbook, increase the cost of aircraft components, delay production, impact the competitive position of certain aircraft manufacturers or prevent aircraft manufacturers from being able to sell aircraft in certain countries. In turn, this may impact where we can place and deliver our aircraft which may negatively impact our ability to execute on our long- term strategy. We are subject to the economic and political risks associated with doing business around the world, including in emerging markets, which may expose our business to heightened risks and negatively impact our earnings and cash flows. The emerging market countries in which we operate could face 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. This can result in economic and political instability which could negatively affect the ability of our lessees to meet their lease obligations leading to higher default rates, which could cause us to record asset write- offs. For example, during the year ended December 31, 2022, we recognized a net loss from asset- write- offs of our interests in owned and managed aircraft detained in Russia as a result of the Russia- Ukraine conflict totaling approximately $ 771. 5 million. We also may experience challenges in leasing or re- leasing aircraft in markets experiencing economic instability. In addition, legal systems in all markets in which we operate may have different liability standards, which could make it more difficult for us to enforce our legal rights in such countries, while legal systems in emerging market countries may also be less developed and less predictable. Doing business in countries around the world, including in emerging markets, has and may continue to expose our business to heightened risks and negatively impact our earnings and cash flows. Changes in fuel costs could negatively affect our lessees **' ability to honor the terms of their leases** and by extension the demand for our aircraft ~~which may impact our ability to execute on our long- term strategy~~ . Historically, fuel prices have fluctuated widely depending primarily on international market conditions, geopolitical and environmental events, and currency exchange rates. The cost of fuel represents a major expense to airlines that is not within their control **.** ~~, and significant~~ **Significant** increases in fuel costs or **ineffective** hedges ~~that inaccurately assess the direction of fuel costs~~ can adversely affect their operating results. Due to the competitive nature of the aviation industry, operators may be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully offsets increased fuel costs. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. Airlines that do hedge their fuel costs can also be adversely affected by swift movements in fuel prices if such airlines are required as a result to post cash collateral under hedge agreements. Therefore, if fuel prices materially increase or show significant volatility, our lessees are likely to incur higher costs or generate lower revenues, which may affect their ability to meet their obligations to us. A sustained period of lower fuel costs may also adversely affect regional economies ~~that depend on oil revenue, including those~~ in which certain of our lessees operate **or demand for fuel- efficient aircraft** . Should changes in fuel costs negatively affect our lessees or demand for our aircraft, **we** ~~our ability to execute our long- term strategy~~ may ~~be impacted~~ **experience lost revenues and reduced net income** . The appreciation of the U. S. dollar could negatively impact our lessees' ability to honor the terms of their leases, which are generally denominated in U. S. dollars, and may result in lost revenues and reduced net income. 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, ~~2022~~ **2023** , more than 95 % of our revenues were derived from customers who have their principal place of business outside the U. S. and most leases designated payment currency is 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. This is particularly true for non- U. S. airlines whose operations are primarily domestic. Shifts in foreign exchange rates can be significant, are difficult to predict, and can occur quickly ~~as evidenced by the significant appreciation of the U. S. dollar in 2022~~ . Should our lessees be unable to honor the terms of their leases due to the appreciation of the U. S. dollar, we may experience lost revenues and reduced net income. Regulatory, tax and legal risks relating to our business Income and other taxes could negatively affect our business and operating results due to our multi-jurisdictional 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. Further, any changes in tax laws in any of the jurisdictions that subject us to income or other taxes, such as increases in tax rates or limitations on our ability to deduct certain expenses from taxable income, such as depreciation expense and interest expense, could materially affect our tax obligations and effective tax rate. To the extent such changes are within the United States, we may be disproportionately impacted as compared to our competitor aircraft lessors. For example, certain provisions of the Tax Cuts and Jobs Act that phased into effect in 2022 ~~may~~ limit our ability to deduct interest expense from taxable income in future financial statements. ~~Further~~ **Also** , in August 2022, United States Congress passed the Inflation Reduction Act of 2022. The key tax provisions applicable to us are a 15 % corporate minimum tax on adjusted book income **. Further, the base erosion** and **profit shifting (" BEPS ") project that was undertaken by the Organization for Economic Cooperation and Development (" OECD "),** a ~~1~~ **coalition of member countries, could result in changes in the tax laws of many of the foreign jurisdictions in which we do business, including Ireland and Hong Kong. The OECD is recommending additional changes to numerous long- standing tax principles, including the implementation of a minimum global effective tax rate of 15** % ~~excise~~ **, which could impact our effective** tax ~~on stock repurchases effective January 1, 2023~~ **rate and increase our cash tax payments in future years if these changes are adopted** . We currently do not expect these changes to have a material impact on our financial position; however, we will continue to evaluate the impact as further information becomes available. Environmental regulations, fees, taxes and reporting, and other concerns may negatively affect demand for our aircraft, reduce travel and ultimately impact the operating results of our customers. The airline industry is subject to increasingly stringent and evolving federal, state and local environmental laws, regulations, fees, taxes and reporting of air emissions, water surface and subsurface discharges, safe drinking water, aircraft noise, the management of hazardous substances, oils and waste materials and other regulations affecting aircraft operations. Governmental regulations and reporting regarding aircraft and engine noise and emissions levels apply based on where the relevant aircraft is registered and operated. These regulations, as well as the potential for new and more stringent regulations, could limit the economic life of 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. Further, compliance with current or future regulations, fees, taxes and reporting imposed to address environmental concerns could cause our lessees to incur higher costs and to generate lower revenues, which could adversely affect their ability to make lease payments to us. The airline industry has come under scrutiny by the press, public and investors regarding environmental impacts of air travel. If such scrutiny results in reduced air travel, it may negatively affect demand for our aircraft, lessees' ability to make lease payments and reduce the value we receive for our aircraft upon sale. In addition, increased focus on the environmental impact of air travel has led to the emergence of numerous sustainability initiatives, including the development of sustainable aviation fuel, and electric and hydrogen powered aircraft. While these sustainability initiatives are in the early stages of development, if alternative aircraft technology develops to the point of commercial viability and become widely accepted, we may not be able to adjust our orderbook in a timely manner and could be required to incur increased costs and significant capital investments to transition to such technology. Climate change may have a long- term impact on our business. There are inherent climate- related risks wherever our business is conducted. Changes in market dynamics, stakeholder expectations, local, national and international climate change policies, could disrupt our business and operations. Various countries, including the United States and the European Union, have announced sustainability initiatives to reduce carbon emissions, explore sustainable aviation fuels **, require tracking** and **disclosure of emissions metrics, or the** ~~establish~~ **establishment of** sustainability measures and targets. Climate and environmental ~~objectives~~ **regulations** may impact the types of aircraft we target for investment and the demand for certain aircraft and engine types, and could result in a significant increase in our costs and expenses and adversely affect future revenue, cash flows and financial performance. Failure to address climate ~~change~~ **regulations and policies** could result in greater exposure to economic and other risks ~~and impact our ability to adhere to developing climate goals~~ . **Corporate responsibility** ~~Environmental, social~~ and **sustainability** ~~governance (" ESG ")~~ matters may impose additional costs and expose us to new risks. Public ~~ESG and~~ sustainability reporting is becoming more broadly expected by investors, shareholders, regulatory agencies and other third parties. Certain **financial organizations and** organizations that provide corporate governance and other corporate risk information to investors have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ~~ESG or "~~ sustainability ~~"~~ metrics. ~~Many~~ **Some financial institutions and** investment funds focus on positive ~~ESG~~ **sustainability** business practices and sustainability scores when making investments and may consider a company' s ~~ESG or~~ sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ~~ESG~~ **sustainability** ~~disclosure~~ **disclosures** or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable. **Our** ~~Board diversity is an ESG topic that is, in particular, receiving heightened attention by investors, shareholders, lawmakers and listing exchanges. We may also face reputational damage in the~~

~~event our~~ corporate responsibility **reporting, disclosure controls,** initiatives or objectives, including with respect to board diversity **and climate- related matters** , ~~do~~ **may** not meet the standards set by ~~our investors~~ - **investor** , **regulator** ~~shareholders, lawmakers~~ , listing ~~exchanges~~ - **exchange, ratings agency** or other ~~constituencies~~ **stakeholder expectations** , **which may harm** ~~or~~ **our** ~~if we are unable~~ **reputation, customer relationships, access** to **capital,** ~~achieve an acceptable ESG~~ or ~~sustainability rating from third party rating services~~ **expose us to liability or other regulatory action** . Risks and requirements related to transacting business in foreign countries may result in increased liabilities including penalties and fines as well as reputational harm. 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 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 "), laws and regulations applicable to our operations in Ireland and Hong Kong 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, or 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. Failure to implement changes may subject us to fines, penalties and other sanctions. We have ~~in place~~ training programs **in place** for our employees with respect to FCPA, OFAC, UKBA, export controls and similar laws and regulations, but we cannot assure that our employees, consultants, sales agents, or associates will not engage in unlawful conduct for which we may be held responsible or that our business partners **, including our lessees** will not engage in conduct that could affect their ability to perform their contractual obligations and result in our being held liable for such conduct. Violation of laws or regulations may result in increased liabilities including penalties and fines as well as reputational harm. A lessee' s failure to obtain required licenses, consents and approvals could negatively affect our ability to remarket or sell aircraft. Airlines are subject to extensive regulation in the jurisdictions in which they are registered and operate. As a result, we expect some 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 aircraft. Subsequent changes in applicable law or administrative practice may require additional licenses and consents or result in revocation of prior licenses and consents. Furthermore, consents needed in connection with our repossession or sale of an aircraft may be withheld. Any of these events could negatively affect our ability to remarket or sell aircraft. Data privacy risks, including evolving laws, regulations, and other obligations and compliance efforts, may result in business interruption and increased costs and liabilities. Laws, regulations and other obligations (including applicable guidance, industry standards, external and internal privacy and security policies and contractual requirements) 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, and the interpretation and application of many existing privacy and data protection laws and regulations in the U. S. ~~, Europe~~ (including ~~the E. U.' s General Data Protection Regulation and~~ the California Consumer Privacy Act, as amended (" CCPA ")) **, Europe (including the E. U.' s General Data Protection Regulation)** and elsewhere impose stringent obligations. For example, the CCPA, which applies to business representative and other types of personal data **of California residents** , provides for civil penalties of up to $ 7, 500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Such laws and regulations may be interpreted or applied in a manner that is inconsistent with each other and may complicate our existing data management practices. Evolving compliance and operational requirements under the privacy laws of the jurisdictions in which we operate, regulations, and other obligations have become increasingly burdensome and complex. Privacy- related claims or lawsuits initiated by governmental bodies, customers or other third parties, irrespective of the merits, could be time consuming, result in costly enforcement actions (including regulatory proceedings, investigations, fines, penalties, audits, and inspections), litigation (including class action claims) **or mass arbitration demands** , penalties and fines, require us to change our business practices or cause business interruptions and may lead to administrative, civil, or criminal liability. ~~General risk~~ **Risk** factors relating to investment in our **Class A common** stock Provisions in Delaware law and our restated certificate of incorporation and amended and restated bylaws may inhibit a takeover of us, which could entrench management or cause the price of our Class A common stock to decline. Our restated certificate of incorporation and amended and restated bylaws contain provisions that may discourage unsolicited takeover proposals that stockholders consider to be in their best interests, including the ability of our board of directors to issue new series of preferred stock, prohibitions on stockholders calling special meetings, and advance notice requirements for stockholder proposals and director nominations. Further, we have not opted out of Section 203 of the Delaware General Corporation Law, which prohibits a public Delaware corporation from engaging in certain business combinations with an " interested stockholder " (as defined in such section) for three years following the time that such stockholder became an interested stockholder without the prior consent of our board of directors. Section 203 of the Delaware General Corporation Law, and these charter and bylaws provisions, may make the removal of our management more difficult, impede a merger or other business combination or discourage a potential acquirer from making a tender offer for our Class A common stock, which 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 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. 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 **Securities** Exchange Act of 1934 **(the " Exchange Act ")** or Securities Act of 1933 **(the " Securities Act ")** , 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. The exclusive forum provision in our amended and restated bylaws 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. We may obtain financing or further increase our capital resources by issuing additional shares of Class A common stock, or ~~more~~ **additional** series of ~~our~~ preferred stock, or offering debt or additional equity securities, including commercial paper, medium- term notes, senior or subordinated notes, or new convertible or preferred securities. Issuing additional shares of Class A common stock or other equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our Class A common stock. Upon liquidation, holders of our debt securities, our outstanding preferred stock, and any new series of preferred stock, 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 outstanding preferred stock have preferences with respect to liquidating distributions and dividend payments which ~~limits~~ **limit** our ability to pay dividends to our Class A common stockholders, subject to certain conditions. Any new series of preferred stock could have similar or different preferences. Our decision to issue securities in the future will depend on market conditions and we cannot predict the amount, timing or nature of such issuances, which could be dilutive to Class A stockholders and reduce the market price of our Class A common stock. We may not be able to continue, or may elect to discontinue, paying dividends which may adversely affect our stock price. Current dividends may not be indicative of future dividends, and our ability to continue to pay or increase dividends to our shareholders is subject to our board of director' s discretion and depends on: our ability to comply with covenants imposed by our financing agreements and our outstanding preferred stock ~~,~~ that limit our ability to pay dividends and make certain restricted payments; difficulties in raising additional capital and our ability to finance our aircraft acquisition commitments; our ability to re- finance our long- term debt before it matures; our ability to negotiate favorable lease rates and other contractual terms; 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 fleet; our results of operations and general business conditions; legal restrictions on the payment of dividends and other factors that our board of directors deems relevant. In the future we may elect not to pay dividends, be unable to pay dividends or maintain or increase our current level of dividends, which may negatively affect our stock price. Future sales of our Class A common stock by our directors, executive officers or significant stockholders, or the perception these sales may occur, may cause our stock price to decline. If our directors, executive officers or other affiliates, sell substantial amounts of our Class A common stock in the public market, or are perceived as intending to sell, the price of our Class A common stock could decline. Shares of our Class A common stock underlying any outstanding restricted stock ~~units~~ **unit awards** are reserved for issuance under the Air Lease Corporation 2014 Equity Incentive Plan **or Air Lease Corporation 2023 Equity Incentive Plan, as applicable,** and have been registered on Form S- 8 under the Securities Act, and will become eligible for sale in the public markets upon vesting, subject to Rule 144 limitations applicable to affiliates or the registration of the resale with the SEC. **The** ~~Sale~~ **sale** of these shares could impair our ability to raise capital through the sale of equity or equity related securities. In addition, 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 SEC and such sales, or the perception they may occur, could adversely affect prices for our Class A common stock.