

## Risk Factors Comparison 2024-03-15 to 2023-03-10 Form: 10-K

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The following risk factors and other information included in this Annual Report should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks occur, our business, financial condition, operating results, and cash flows could be materially and adversely affected.

**RISKS RELATING TO OUR BUSINESS**

**Risks Related to Our Operations**

~~Our business has been and will continue to be negatively impacted by the COVID-19 pandemic, and COVID-19 related impacts have had a material adverse effect on the Company's business, operating results and financial condition. The ongoing COVID-19 pandemic has resulted in a global slowdown of economic activity, particularly in the airline industry, and its impacts are expected to continue to persist and result in reduced demand for air travel for the foreseeable future. We have experienced, and expect to continue to experience, diminished demand for leases of our engines and aircraft as a result of the COVID-19 pandemic. These COVID-19 pandemic-related impacts have, in the aggregate, had a material adverse impact on our business, results of operations and financial condition. We are unable to predict the extent or duration of these impacts as they will depend on future developments, which are highly uncertain and cannot be predicted at this time, such as the incidence and extent of outbreaks associated with new variants of the virus, the availability and effectiveness of treatments for COVID-19, such as vaccines, and the timing and extent that passenger airline travel will increase and recover to levels before the pandemic. Challenges for our Company include possible declines in the values of aircraft, engines and related aircraft equipment in our portfolio, lower market rents for engines and aircraft offered for lease by us, and continued and further reductions in demand by potential and existing customers for additional or replacement engines offered by us. In addition, the significant cash flow issues faced by airlines, including some of our customers, may cause some of our customers to be unable to timely meet their lease obligations to us or go out of business. Any nonpayment or late payment of lease payments by a significant lessee or combination of lessees could in turn impose limits on our ability to fund our ongoing operations. Even after the COVID-19 pandemic has subsided, we may experience materially adverse impacts to our business due to a lingering economic recession or otherwise. Additionally, concerns over the economic impact of COVID-19 have caused extreme volatility in financial and other capital markets which has and may continue to adversely impact the market value of our common stock and may adversely affect our ability to access capital markets.~~ We are affected by the risks faced by commercial aircraft operators and MROs because they are our customers. We operate as a supplier of engines, aircraft and related parts ("aviation equipment") to commercial aircraft operators and MROs and are indirectly impacted by all the risks facing commercial aircraft operators and MROs today. The ability of each lessee to perform its obligations under the relevant lease and the demand of companies to purchase aviation equipment will depend primarily on the lessee's (or in the case of parts and materials, the purchaser's) financial condition and cash flow. This may be affected by factors beyond our control, including:

- general economic conditions in the countries in which our customers operate, including changes in gross domestic product;
- demand for air travel and air cargo shipments;
- increased competition;
- the availability of government support, which may be in the form of subsidies, loans (including export / import financing), guarantees, equity investments or otherwise;
- changes in interest rates and the availability and terms of credit available to commercial aircraft operators including covenants in financings, terms imposed by credit card issuers, collateral posting requirements contained in fuel hedging contracts and the ability of airlines and MROs to make or refinance principal payments as they come due;
- geopolitical and other events, including those arising from war, ~~such as the escalating conflict between Russia and Ukraine~~, concerns about security, terrorism, war, pandemics and similar public health concerns and political instability;
- changing political conditions, including risk of rising protectionism and imposition of new trade barriers;
- inclement weather and natural disasters;
- environmental compliance and other regulatory costs, including noise regulations, emissions regulations, climate change initiatives, and aircraft age limitations;
- **cyber risk potential and actual cyberattacks**, including information hacking, viruses and malware;
- labor contracts, labor costs and strikes or stoppages at commercial aircraft operators;
- operating costs, including the price and availability of fuel, maintenance costs, and insurance costs and coverages;
- technological developments;
- airport access and air traffic control infrastructure constraints;
- industry capacity, utilization and general market conditions; and
- market prices for aviation equipment.

To the extent that our customers are negatively affected by these risk factors, we may experience:

- a decrease in demand for some types of aviation equipment in our portfolio;
- greater credit risks from our customers, and a higher incidence of lessee defaults and corresponding repossessions;
- an inability to quickly lease engines and aircraft on commercially acceptable terms when these become available through our purchase commitments and regular lease terminations;
- shorter lease terms, which may increase our expenses and reduce our utilization rates; and
- fewer opportunities to manage aviation equipment for other companies, and / or less profitable terms.

Our operating results vary and comparisons to results for preceding periods may not be meaningful. Due to a number of factors, including the risks described in this ITEM 1A, our operating results may fluctuate. These fluctuations may also be caused by:

- the timing and number of purchases and sales of engines or aircraft;
- the timing and amount of maintenance reserve revenues recorded resulting from the termination of long-term leases, for which significant amounts of maintenance reserves may have accumulated;
- the termination or announced termination of production of particular aircraft and engine types;
- the retirement or announced retirement of particular aircraft models by aircraft operators;
- the operating history of any particular engine, aircraft or engine or aircraft model;
- the length of our operating leases; and
- the timing of necessary overhauls of engines and aircraft.

These risks may reduce our utilization rates, lease margins, maintenance reserve revenues, and proceeds from engine and aircraft sales, and result in higher legal, technical, maintenance, storage and

insurance costs related to repossession and the cost of engines being off lease. As a result of the foregoing and other factors, the availability of engines and aircraft for lease or sale periodically experiences cycles of oversupply and undersupply of given engine or aircraft models. The incidence of an oversupply of engines or aircraft may produce substantial decreases in lease rates and the appraised and resale value of aviation equipment and may increase the time and costs incurred to lease or sell engines. We anticipate that fluctuations from period to period will continue in the future. As a result, we believe that comparisons to results for preceding periods may not be meaningful and that results of prior periods should not be relied upon as an indication of our future performance. We and our customers operate in a highly regulated industry and changes in laws or regulations may adversely affect our ability to lease or sell our engines or aircraft. Licenses and consents We and our customers operate in a highly regulated industry. A number of our leases require specific governmental or regulatory licenses, consents or approvals. These include consents for certain payments under the leases and for the export, import, or re-export of our engines or aircraft. Consents needed in connection with future leasing or sale of our engines or aircraft may not be received timely or have economically feasible terms. Any of these events could adversely affect our ability to lease or sell engines or aircraft. Civil aviation regulation Users of engines and aircraft are subject to general civil aviation authorities, including the FAA and the EASA, who regulate the maintenance of engines and issue airworthiness directives. Airworthiness directives typically set forth special maintenance actions or modifications to certain engine and aircraft types or series of specific engines that must be implemented for the engine or aircraft to remain in service. Also, airworthiness directives may require the lessee to make more frequent inspections of an engine, aircraft, or particular engine parts. Each lessee of an engine or aircraft generally is responsible for complying with all airworthiness directives. However, if the engine or aircraft is off lease, we may be forced to bear the cost of compliance with such airworthiness directives, and if the engine or aircraft is leased, subject to the terms of the lease, if any, we may be forced to share the cost of compliance. Environmental regulation Governmental regulations of noise and emissions levels may be applicable where the related airframe is registered, and where the aircraft is operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with Stage III noise requirements. In addition to the current Stage III compliance requirements, the U. S. and the ICAO have adopted a more stringent set of “Stage IV” standards for noise levels which apply to engines manufactured or certified from 2006 onward. At this time, the U. S. regulations do not require any phase-out of aircraft that qualify only for Stage III compliance, but the EU has established a framework for the imposition of operating limitations on non- Stage IV aircraft. These regulations could limit the economic life of our engines and aircraft or reduce their value, could limit our ability to lease or sell the non-compliant engines or aircraft or, if modifications are permitted, require us to make significant additional investments in the engines or aircraft to make them compliant. The U. S. and other jurisdictions are imposing more stringent limits on the emission of nitrogen oxide, carbon monoxide, and carbon dioxide emissions from engines, consistent with ICAO standards. These limits generally apply only to engines manufactured after 1999. In 2005, the EU launched an Emissions Trading System limiting greenhouse gas emissions by various industries and persons, including aircraft operators. Concerns over global warming, climate change, or other environmental issues could result in more stringent limitations on the operation of older, non-compliant engines and aircraft. Failure to comply with anti-corruption laws, trade controls, economic sanctions and similar laws and regulations could subject us to penalties and other adverse consequences. Our operations are subject to U. S. and foreign anti-corruption and trade control laws and regulations, such as the Foreign Corrupt Practices Act (“FCPA”) and other anti-bribery laws in other jurisdictions, including the UK Bribery Act 2010, export controls, and economic sanctions programs, including those administered by the U. S. Department of State, U. S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), and the Bureau of Industry and Security (“BIS”) of the Department of Commerce. As part of our business, we may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA’s prohibition on providing anything of value to foreign officials in connection with obtaining or retaining business or securing business advantage. In addition, we must comply with various laws and regulations relating to the export of products and technology from the U. S. and other countries having jurisdiction over our operations. Obtaining the necessary export license or other authorization for a particular lease may be time-consuming and may result in the delay or loss of leasing opportunities. We are also subject to certain economic and trade sanctions programs that are administered by OFAC, which prohibit or restrict transactions to or from, or dealings with, specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially designated nationals of those countries. It is possible that, without our knowledge, engines or other equipment that we export end up in the possession of individuals or entities that have been designated by OFAC or are located in a country subject to sanctions. We have established policies and procedures designed to assist with our compliance with these laws and regulations. However, maintaining and enhancing our policies and procedures in response to changing laws and regulations or business circumstances can be costly and place restrictions on our operations, and we cannot guarantee that the precautions we take will prevent violations of anti-corruption and trade control laws and regulations. Violations of these regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, the costs associated with responding to a government investigation and remediating any violations can be substantial. Accordingly, violations could adversely affect, among other things, our reputation, business, financial condition, results of operations, and cash flows. Our aircraft, engines or parts could cause bodily injury or property damage, exposing us to liability claims. We are exposed to potential liability claims if the use of our aircraft, engines or parts is alleged to have caused bodily injury or property damage. Our leases require our lessees to indemnify us against these claims and to carry insurance customary in the air transportation industry, including liability, property damage, and all-risk hull and all-risk insurance on our engines and on our aircraft at agreed upon levels. We can give no assurance that one or more catastrophic events will not exceed insurance coverage limits or that lessees’ insurance will cover all claims that may be asserted against us. Any insurance coverage deficiency or default by lessees under their indemnification or insurance obligations may reduce our

recovery of losses upon an event of loss or subject the Company to exposures that result in monetary losses for which recovery is unavailable. Our financial reporting for lease revenue may be adversely impacted by any future change to lease accounting, as well as any future change to current tax laws or accounting principles pertaining to operating or other lease financing. Our lessees enjoy favorable accounting and tax treatment generally by using operating leases. Changes in tax laws or accounting principles that make operating leases less attractive to our lessees could have a material adverse effect on demand for our leases and on our business. Our consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). If there are future changes in GAAP with regard to how we and our customers must account for leases, it could change the way we and our customers conduct our businesses and, therefore, could have a potential adverse effect on our business. We may not be adequately covered by insurance. By virtue of holding title to engines and aircraft, parties suffering damage as a result of the malfunction of an engine or aircraft may assert that lessors are strictly liable for the resulting losses. Such liability may be asserted even under circumstances in which the lessor is not directly controlling the operation of the relevant aircraft. While we maintain contingent insurance covering losses not covered by our lessees’ insurance, such coverage may not be available in circumstances in which the lessees’ insurance coverage is insufficient. In addition, if a lessee is not obligated to maintain sufficient insurance, we may incur the costs of additional insurance coverage during the related lease. We are required under certain of our debt facilities to obtain political risk insurance for leases to lessees in specified jurisdictions. We can give no assurance that such insurance will be available at commercially reasonable rates, if at all. We and our lenders generally are named as additional insureds on liability insurance policies carried by our lessees and are usually the loss payees for damage to our engines and aircraft. However, an uninsured or partially insured claim, or a claim for which third-party indemnification is not available, could have a material adverse effect upon us. A loss of an aircraft in which we lease the airframe, an engine or other leased equipment could result in significant monetary claims for which there may not be sufficient insurance coverage. Natural disasters, public health emergencies, ~~such as the outbreak of the COVID-19 virus~~, and other business disruptions could cause significant harm to our customer base, which may materially adversely affect our business, results of operations, and financial condition. ~~Our business has been adversely impacted by the effects of the COVID-19 pandemic, which has significantly impacted the airline industry. A number of countries have imposed travel restrictions and mandatory quarantine periods causing significant economic disruption, a reduction in commercial airline traffic and flight cancellations. The continuing spread of the virus to other countries and regions may result in the imposition of additional restrictions, increased flight cancellations and greater reluctance to travel, all of which may lead to greater economic disruption and a broader adverse impact on air travel and the aviation industry, resulting in lower demand for leases of our aircraft and engines and possibly impacting the ability of our lessees to satisfy their payment obligations to us. The International Air Transport Association recently estimated that the airline industry has lost over \$9.7 billion in sales in 2022 due to reductions in air travel and flight cancellations as a result of the coronavirus.~~ Our U. S. and international operations and warehouse facilities are also susceptible to losses and interruptions caused by floods, hurricanes, earthquakes, typhoons, and similar natural disasters, **public health emergencies**, as well as power outages, telecommunications failures, and similar events. A decrease in air travel, lack of demand for air travel, or downturn in the aviation industry caused by public health emergencies or natural disasters could result in lower utilization of our engine and aircraft assets, which could in turn materially and adversely affect our business, financial condition and results of operations. In addition, the occurrence of natural disasters and health emergency or similar events in any of the regions in which we operate could disrupt and materially and adversely impact the operations of our business. **Cyberattacks or other information security breaches could adversely affect our business, operating results and financial condition. Our operations are becoming increasingly dependent on information technologies. Threats to our information technology systems continue to grow, and include, among other things, power outages, natural disasters, malware, ransomware, phishing, computer viruses, human error, and unexpected complications as our information technology systems are maintained or upgraded. Significant damage or interruption to our information technology systems, including cyberattacks, could lead to the loss of sensitive information, including that of our customers, suppliers, and employees, result in operational disruption, or require expensive investment to fix or replace our information technology systems. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs, and liabilities. In turn, this could adversely affect our business strategy, operating results, and financial condition. We have been subject to cybersecurity incidents in the past and may be again in the future. For example, on January 31, 2024, we detected unauthorized activity on portions of our information technology systems. As the investigation of the incident is ongoing as of the date of this Annual Report on Form 10-K, the full scope, nature and impact of the incident are not yet known. The Company has not yet determined whether the incident is reasonably likely to materially adversely impact the Company’s financial condition or results of operations. Due to the evolving nature and increased sophistication of these cybersecurity threats, the potential impact of any future incident cannot be predicted with certainty. Although we employ a number of measures to prevent, detect and mitigate these threats, even the most well-protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk. Any such incidents could have a material adverse effect on our results of operations and financial condition, especially if we fail to maintain sufficient insurance coverage to cover liabilities incurred or are unable to recover any funds lost in data, security and / or system breaches, and could result in a material adverse effect on our business and results of operations. Moreover, we may face increased costs as we continue to evolve our cyber defenses in order to contend with changing risks, and possible increased costs of complying with cybersecurity laws and regulations. These costs and losses**

**associated with these risks are difficult to predict and quantify, but could have a significant adverse effect on our operating results.**

Risks Related to Our Aviation Assets The value and lease rates of our engines and aircraft could decline. The value of a particular model of engine depends heavily on the types of aircraft on which it may be installed and the supply of available engines. We believe engine values tend to be relatively stable so long as there is sufficient demand for the host aircraft, and the demand for aircraft depend on numerous factors, including age, technology, and customer preference. We believe the value of an engine begins to decline rapidly once the host aircraft begins to be retired from service and / or is used for spare parts in significant numbers. Certain types of engines and aircraft may be used in significant numbers by commercial aircraft operators that are currently experiencing financial difficulties. If such operators were to go into liquidation or similar proceedings, the resulting over- supply of engines and aircraft from these operators could have an adverse effect on the demand for the affected engine and aircraft types and the value of such aviation equipment. Upon termination of a lease, we may be unable to enter into new leases or sell the affected aviation equipment on acceptable terms. We directly or indirectly own the aviation equipment that we lease to customers and bear the risk of not recovering our entire investment through leasing and selling the applicable equipment. Upon termination of a lease, we seek to enter a new lease or to sell or part- out the applicable aviation equipment. We also selectively sell aviation equipment on an opportunistic basis. We cannot give assurance that we will be able to find, in a timely manner or at all, a lessee or a buyer for aviation equipment coming off- lease or for the associated parts. If we do find a lessee, we may not be able to obtain satisfactory lease rates and terms (including maintenance and redelivery conditions) or rates and terms comparable to our current leases, and we can give no assurance that the creditworthiness of any future lessee will be equal to or better than that of the existing lessees of our equipment. As of December 31, ~~2022~~ **2023**, engines on- lease with lease terms of 12 months or less and engines off- lease constituted approximately ~~65-57~~ % of our assets. These engines may frequently need to be remarketed, which could drive up our operating costs associated with such equipment. Such higher operating costs could have a material, adverse impact on our results of operations and profitability. Although leases of engines account for most of our revenue, leases of aircraft expose us to greater risks than leases of engines and these risks could materially impact our financial condition and results of operations. We are exposed to a number of risks related to our aircraft leasing activities. For example, leases of aircraft subject us to greater maintenance risks because the maintenance fees we charge may not cover aircraft maintenance costs that may be higher than anticipated. In addition, we face greater credit risk from lessees in this business as the assets that we lease to them tend to have higher net book values than individual engines. Moreover, aircraft technology is constantly improving and, as a result, particular models and types of aircraft tend to become less in demand and ultimately obsolete over time as newer, more advanced and efficient aircraft become available. Consequently, we may experience difficulty in leasing or selling aircraft. Any of these risks could have a material adverse impact on our financial condition and results of operations. We carry the risk of maintenance for our leased assets. Our maintenance reserves may be inadequate or lessees may default on their obligations to perform maintenance, which could increase our expenses. Under most of our engine and aircraft leases, the lessee makes monthly maintenance reserve payments to us based on the asset' s usage and management' s estimate of maintenance costs. A certain level of maintenance reserve payments on the WEST III, WEST IV, WEST V ~~and~~, WEST VI, ~~and~~ WEST VII engines are held in related engine reserve restricted cash accounts. Generally, the lessee under long- term leases is responsible for all scheduled maintenance costs, even if they exceed the amounts of maintenance reserves paid. As of December 31, ~~2022~~ **2023**, ~~109-67~~ of our leases comprising approximately ~~30-24~~ % of the net book value of our on- lease assets do not provide for any monthly maintenance reserve payments to be made by lessees, and we can give no assurance that future leases of our engines or aircraft will require maintenance reserves. In some cases, including engine and aircraft repossessions, we may decide to pay for refurbishments or repairs if the accumulated use fees are inadequate. We can give no assurance that our operating cash flows and available liquidity reserves, including the amounts held in the reserve restricted cash accounts, will be sufficient to fund necessary engine and aircraft maintenance. Actual maintenance reserve payments by lessees and other cash that we receive may be significantly less than projected as a result of numerous factors, including defaults by lessees. Furthermore, we can provide no assurance that lessees will meet their obligations to make maintenance reserve payments or perform required scheduled maintenance or, to the extent that maintenance reserve payments are insufficient, to cover the cost of refurbishments or repairs. Failures by lessees to meet their maintenance and recordkeeping obligations under our leases could adversely affect the value of our leased engines and aircraft and our ability to lease the engines and aircraft in a timely manner following termination of the leases. The value and income producing potential of an engine or aircraft depends heavily on it being maintained in accordance with an approved maintenance system and complying with all applicable governmental directives and manufacturer requirements. In addition, for an engine or aircraft to be available for service, all records, logs, licenses and documentation relating to maintenance and operations of the engine or aircraft must be maintained in accordance with governmental and manufacturer specifications. Our leases make the lessees primarily responsible for maintaining the engines or aircraft, keeping related records and complying with governmental directives and manufacturer requirements. Over time, certain lessees have experienced, and may experience in the future, difficulties in meeting their maintenance and recordkeeping obligations as specified by the terms of our leases. Our ability to determine the condition of the engines or aircraft and whether the lessees are properly maintaining our assets is generally limited to the lessees' reporting of monthly usage and any maintenance performed, confirmed by periodic inspections performed by us and third parties. A lessee' s failure to meet its maintenance or recordkeeping obligations under a lease could result in: • a grounding of the related engine or aircraft; • a repossession that would likely cause us to incur additional and potentially substantial expenditures in restoring the engine or aircraft to an acceptable maintenance condition; • a need to incur additional costs and devote resources to recreate the records prior to the sale or lease of the engine or aircraft; • loss of lease revenue while we perform refurbishments or repairs and recreate records; and • a lower lease rate and / or shorter lease term under a new lease entered into by us following repossession of the engine or aircraft. Any of these events may adversely affect the value of the engine or aircraft, unless and until remedied, and reduce our



revenues and increase our expenses. If aviation equipment is damaged during a lease and we are unable to recover from the lessee or through insurance, we may incur a loss. The advent of superior engine and aircraft technology and higher production levels could cause our existing portfolio of aviation equipment to become outdated and therefore less desirable. As manufacturers introduce technological innovations and new types of engines and aircraft, certain engines and aircraft in our existing portfolio of aviation equipment may become less desirable to potential lessees or purchasers. This next generation of engines and aircraft is expected to deliver improved fuel consumption and reduced noise and emissions with lower operating costs compared to current- technology aircraft. The introduction of new models of engines and aircraft and the potential resulting overcapacity in supply, could adversely affect the residual values and the lease rates for our engines and aircraft, our ability to lease or sell our engines and aircraft on favorable terms, or at all, or result in us recording future impairment charges. Our customers face intense competition and some carriers are in troubled financial condition. As a general matter, commercial aircraft operators with weak capital structures are more likely than well- capitalized operators to seek operating leases, and, at any point in time, investors should expect a varying number of lessees and sub- lessees to experience payment difficulties. As a result of such commercial aircraft operators' weak financial condition and lack of liquidity, a portion of lessees over time may be significantly in arrears in their rental or maintenance payments and may default on their lease obligations. Given the size of our portfolio of engines and aircraft, we expect that from time to time some lessees will be slow in making, or will fail to make, their payments in full under their leases. As of December 31, ~~2022-2023~~, we had an aggregate of approximately \$ ~~7-10~~. ~~4-5~~ million in lease rent and \$ ~~5-8~~. ~~9~~ million in maintenance reserve payments more than 30 days past due as compared to \$ ~~6-7~~. ~~8-4~~ million in lease rent and \$ ~~4-5~~. ~~1-9~~ million in maintenance reserve payments more than 30 days past due as of December 31, ~~2021-2022~~. Our inability to collect receivables or to repossess engines, aircraft or other leased equipment in the event of a default by a lessee could have a material adverse effect on us. We may not correctly assess the credit risk of each lessee or may not be in a position to charge risk- adjusted lease rates, and lessees may not be able to continue to perform their financial and other obligations under our leases in the future. A delayed, reduced, or missed rental payment from a lessee may decrease our revenues and cash flow and may adversely affect our ability to make payments on our indebtedness or to comply with financial covenants in our loan documents (see " Our Financing Facilities Impose Restrictions on our Operations "). While we typically experience some level of delinquency under our leases, default levels may increase over time, particularly as our portfolio of engines and aircraft ages and if economic conditions deteriorate. Various airlines have filed for bankruptcy in the U. S. and in foreign jurisdictions, with some seeking to restructure their operations and others ceasing operations entirely. In the case of airlines that are restructuring, such airlines often reduce their flights or eliminate the use of certain types of aircraft and the related engine types. Applicable bankruptcy laws often allow these airlines to terminate leases early and to return our engines or aircraft without meeting the contractual return conditions. In that case, we may not be paid the full amount, or any part, of our claims for these lease terminations. Alternatively, we might negotiate agreements with those airlines under which the airline continues to lease the engine or aircraft, but under modified lease terms. If requests for payment restructuring or rescheduling are made and granted, reduced or deferred rental payments may be payable over all or some part of the remaining term of the lease, although the terms of any revised payment schedules may be unfavorable and such payments may not be made. In the case of an airline which has ceased operations entirely, in addition to the risk of nonpayment, we face the enhanced risk of deterioration or total loss of an engine or aircraft while it is under uncertain custody and control. In that case, we may be required to take legal action to secure the return of the engine or aircraft and its records or, alternatively, to negotiate a settlement under which we can immediately recover the engine or aircraft and its records in exchange for waiving subsequent legal claims. We may not be able to repossess an engine or aircraft when the lessee defaults, and even if we are able to repossess the engine or aircraft, we may have to expend significant funds in the repossession, remarketing and leasing of the asset. When a lessee defaults and such default is not cured in a timely manner, we typically seek to terminate the lease and repossess the engine or aircraft. If a defaulting lessee contests the termination and repossession or is under court protection, enforcement of our rights under the lease may be difficult, expensive and time- consuming. We may not realize any practical benefits from our legal rights, and we may need to obtain consents to export the engine or aircraft. As a result, the relevant asset may be off- lease or not producing revenue for a prolonged period. In addition, we will incur direct costs associated with repossessing our engine or aircraft. These costs may include legal and similar costs, the direct costs of transporting, storing and insuring the engine or aircraft, and costs associated with necessary maintenance and recordkeeping to make the asset available for lease or sale. During this time, we will realize no revenue from the leased engine or aircraft, and we will continue to be obligated to pay any debt financing applicable to the asset. If an engine is installed on an airframe, the airframe may be owned by an aircraft lessor or other third party. Our ability to recover engines installed on airframes may depend on the cooperation of the airframe owner.

**Risks Related to Our Orders of New Engines** We have committed to purchase new engines in ~~2023-2024~~ with an aggregate value of up to \$ ~~98-138~~. ~~2-8~~ million. Our ability to lease these assets on favorable terms, if at all, may be adversely affected by risks to the commercial airline industry generally. If we are unable to obtain commitments for the remaining deliveries or otherwise satisfy our contractual obligations to the engine manufacturers, we will be subject to several potential risks, including:

- forfeiting advance deposits, as well as incurring certain significant costs related to these commitments, such as contractual damages and legal, accounting, and financial advisory expenses;
- defaulting on any future lease commitments we may have entered into with respect to these engines, which could result in monetary damages and strained relationships with lessees;
- failing to realize the benefits of purchasing and leasing the engines; and
- risking harm to our business reputation, which would make it more difficult to purchase and lease engines in the future on agreeable terms, if at all.

**Risks Related to Our Capital Structure** Our future growth and profitability will depend on our ability to acquire aviation equipment and make other strategic investments. As a result, our inability to obtain sufficient capital to finance these acquisitions would constrain our ability to grow our portfolio and to increase our revenues. Our business is capital intensive and highly leveraged. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on the availability and cost of debt and equity

capital. Additionally, our ability to borrow against our portfolio of engines, aircraft, and strategic investments is dependent, in part, on the appraised value of such engines, aircraft, and investments. If the appraised value of our portfolio declines, we may be required to either refrain from borrowings or reduce the principal outstanding under certain of our debt facilities. A significant increase in our cost to acquire engines and aircraft, or in our cost of strategic investments, due to increased interest expense or cost of capital will make it more difficult for us to make accretive acquisitions. The disruptions may also adversely affect our ability to raise additional capital to fund our continued growth. Although we have adequate debt commitments from our lenders, assuming they are willing and able to meet their contractual obligation to lend to us, market disruptions may adversely affect our ability to raise additional equity capital to fund future growth, requiring us to rely on internally generated funds. This would lower our rate of capital investment which, in turn, could materially and adversely affect the business and the Company's results of operations. We can give no assurance that the capital we need will be available to us on favorable terms, or at all. Our inability to obtain sufficient capital, or to renew or expand our credit facilities, could result in increased funding costs and would limit our ability to:

- meet the terms and maturities of our existing and future debt facilities;
- add new equipment to our portfolio;
- fund our working capital needs and maintain adequate liquidity; and
- finance other growth initiatives.

Our financing facilities impose restrictions on our operations. We have, and expect to continue to have, various credit and financing arrangements with third parties. These financing arrangements are secured by all or substantially all of our assets. Our existing credit and financing arrangements require us to meet certain financial condition tests. Our revolving credit facility prohibits our purchasing or redeeming stock, or declaring or paying dividends on shares of any class or series of our common or preferred stock if an event of default under such facility has or will occur and remains uncured. The agreements governing our debt, including the issuance of notes by WEST III, WEST IV, WEST V and WEST VI, and WEST VII also include restrictive financial covenants. A breach of those and other covenants could, unless waived or amended by our creditors, result in a cross-default to other indebtedness and an acceleration of all or substantially all of our debt. We have obtained waivers and amendments to our financing agreements in the past, but we cannot provide any assurance that we will receive such waivers or amendments in the future if we request or require them. If our outstanding debt is accelerated at any time, we likely would have little or no cash or other assets available after payment of our debts, which could cause the value or market price of our outstanding equity securities to decline significantly and we would have few, if any, assets available for distributions to our equity holders in liquidation. We are exposed to interest rate risk on our leases, which could have a negative impact on our margins. We are affected by fluctuations in interest rates. Our lease rates are generally fixed, and a portion of our debt bears variable rate interest based on one-month London Interbank Offered term Secured Overnight Financing Rate ("LIBOR SOFR"), so changes in interest rates directly affect our lease margins. From time to time, we seek to reduce our interest rate volatility and uncertainty through hedging with interest rate derivative contracts with respect to a portion of our debt. Our lease margins, as well as our earnings and cash flows may be adversely affected by increases in interest rates. To the extent we do not have hedges or other derivatives in place, or if our hedges or other derivatives do not mitigate our interest rate exposure from an economic standpoint, we would be adversely affected by increasing interest rates. The As reported by Intercontinental Exchange, the one-month term SOFR and the one-month London Inter-Bank Offered Rate ("LIBOR") was approximately 5.38% and 4.39% and 0-10% on December 31, 2023 and 2022 and 2021, respectively. Changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, may adversely affect interest rates on our current or future indebtedness and may otherwise adversely affect our financial condition and results of operations. Certain of our indebtedness is made at variable interest rates that use LIBOR (or metrics derived from or related to LIBOR), as a benchmark for establishing the interest rate. On July 27, 2017, the UK's Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. Subsequently, the UK's Financial Conduct Authority announced the date has been moved to June 2023. These reforms may cause LIBOR to cease to exist, new methods of calculating LIBOR to be established, or alternative reference rates to be established. The potential consequences cannot be fully predicted and could have an adverse impact on the market value for or value of LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us. Changes in market interest rates may influence our financing costs, returns on financial investments and the valuation of derivative contracts and could reduce our earnings and cash flows. In addition, any transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR, reductions in the value of certain instruments or the effectiveness of related transactions such as hedges, increased borrowing costs, uncertainty under applicable documentation, or difficult and costly consent processes. This could materially and adversely affect our results of operations, cash flows, and liquidity. We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative rates or benchmarks. In December 2022, the FASB issued Accounting Standards Update ("ASU") ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848," which extended the sunset date to apply the relief in Topic 848 from December 31, 2022 to December 31, 2024. The amendment in this guidance should be applied on a prospective basis and, for companies with a fiscal year ending December 31, are effective December 1, 2022. When the transition occurs, the Company expects to apply this expedient to its existing debt instruments and interest rate swaps that reference LIBOR, and to any other new transactions that reference LIBOR or another reference rate that is discontinued, through December 31, 2024. The adoption of this ASU did not impact the Company's consolidated financial statements and related disclosures. An increase in interest rates or in our borrowing margin would increase the cost of servicing our debt and could reduce our profitability. A significant portion of our outstanding debt bears interest at floating rates. As a result, to the extent we have not hedged against rising interest rates, an increase in the applicable benchmark interest rates would increase our cost of servicing our debt and could materially and adversely affect our results of operations, financial condition, liquidity, and cash flows. In addition, we regularly refinance our indebtedness. If interest rates or our borrowing margins increase between the time an existing financing arrangement was consummated and the time such financing arrangement is refinanced, the cost of servicing our debt would increase and our results of operations,

financial condition, liquidity, and cash flows could be materially and adversely affected. We have risks in managing our portfolio of engines to meet customer needs. The relatively long life cycles of aircraft and jet engines can be shortened by world events, government regulation, or customer preferences. We seek to manage these risks by trying to anticipate demand for particular engine and aircraft types, maintaining a portfolio mix of engines that we believe is diversified and that will have long-term value and will be sought by lessees in the global market for jet engines, and by selling engines and aircraft that we expect will experience obsolescence or declining usefulness in the foreseeable future. **The Each of the WEST finance vehicles have various III structured facility includes restrictions and limitations on how we, as servicer, are allowed to manage the trusts. These restrictions sale of assets in that facility including include, with respect but are not limited to pro forma, total replacement funds held during a given twelve- month period and lifetime of the trust, below value dispositions as well as** limitations on ~~assets sales~~ subject to part-out agreements, a 20% limitation on sales, and also, in certain situations, with respect to a 25% limit on assets sold below a specific dollar threshold. The WEST IV structured facility includes restrictions and limitations on the sale of assets in that facility including, with respect to pro forma limitations on assets subject to part-out agreements, a 20% limitation on sales, and also, in certain situations, with respect to a 25% limit on assets sold below a specific dollar threshold. The WEST V structured facility includes restrictions and limitations on the sale of assets in that facility including, with respect to pro forma limitations on assets subject to part-out agreements, a 15% limitation on sales prior to March 2022 and a 20% limitation on sales prior to March 2024, and also, in certain situations, with respect to a 25% limit on assets sold below a specific dollar threshold. The WEST VI structured facility includes restrictions and limitations on the sale of assets in that facility including, with respect to pro forma limitations on assets subject to part-out agreements, a 15% limitation on sales prior to May 2023 and a 20% limitation on sales prior to May 2025, and also, in certain situations, with respect to a 10% limit on assets sold below a specific dollar threshold per calendar year. These limitations on our ability to sell equipment in our portfolio could diminish our ability to manage and optimize our portfolio of airline equipment and, as a result, could have a material and adverse impact on our results of operations, financial condition, liquidity, and cash flows. Our inability to maintain sufficient liquidity could limit our operational flexibility and also impact our ability to make payments on our obligations as they come due. In addition to being capital intensive and highly leveraged, our business also requires that we maintain sufficient liquidity to enable us to contribute the non-financed portion of engine and aircraft purchases as well as to service our payment obligations to our creditors as they become due, despite the fact that the timing and amounts of payments under our leases do not match the timing under our debt service obligations. Our restricted cash is unavailable for general corporate purposes. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on our ability to continue to maintain sufficient liquidity, cash, and available credit under our credit facilities. Our liquidity could be adversely impacted if we are subjected to one or more of the following: a significant decline in lease revenues, a material increase in interest expense that is not matched by a corresponding increase in lease rates, a significant increase in operating expenses, or a reduction in our available credit under our credit facilities. If we do not maintain sufficient liquidity, our ability to meet our payment obligations to creditors or to borrow additional funds could become impaired as could our ability to make dividend payments or other distributions to our equity holders. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Position, Liquidity and Capital Resources.” Inflation may adversely affect us by increasing costs beyond what we can recover through price increases. Recently, inflation has increased throughout the U. S. economy. Inflation can adversely affect us by increasing the costs of labor and other costs as well as by reducing demand for air travel. In addition, inflation is often accompanied by higher interest rates, which could reduce the fair value of our outstanding debt obligations. In an inflationary environment, depending on airline industry and other economic conditions, we may be unable to raise prices enough to keep up with the rate of inflation, which would reduce our profit margins. We have experienced, and continue to experience, increases in the prices of labor and other costs of providing service. Continued inflationary pressures could impact our profitability. Risks Related to The Common Stock Trading Price The Company’s **Common-Common Stock stock** trading price may be affected by numerous factors that may impose a financial risk on the Company’s stockholders. The trading price of our common stock may fluctuate due to many factors, including but not limited to the following: • risks relating to our business described in this Annual Report; • sales or purchases of our securities by a few stockholders or even a single significant stockholder; • general economic conditions; • changes in accounting mandated under GAAP; • quarterly variations in our operating results; • our financial condition, performance and prospects; • changes in financial estimates by us; • the level, direction and volatility of interest rates and expectations of changes in rates; • the market for securities similar to our common stock; • changes in our capital structure, including additional issuances by us of debt or equity securities; and • failure to maintain effective internal controls over financial reporting. In addition, the U. S. stock markets have experienced price and volume volatility that have affected many companies’ stock prices, often for reasons unrelated to the operating performance of those companies. Risks Related to Our Foreign Operations A substantial portion of our lease revenue comes from foreign customers, subjecting us to divergent regulatory requirements. For the year ended December 31, **2022-2023, 60-66%** of our lease rent revenue was generated by leases to foreign customers. Such international leases present risks to us because certain foreign laws, regulations, and judicial procedures may not be as protective of lessor rights as those which apply in the U. S. We are also subject to risks of foreign laws that affect the timing and access to courts and may limit our remedies when collecting lease payments and recovering assets. We also can give no assurance that political instability abroad and changes in the policies of foreign nations will not present expropriation risks in the future that are not covered by insurance. Substantially all of our leases require payments in U. S. dollars but many of our customers operate in other currencies; if foreign currencies devalue against the U. S. dollar, our lessees may be unable to make their payments to us. Substantially all of our current leases require that payments be made in U. S. dollars. If the currency that our lessees typically use in operating their businesses devalues against the U. S. dollar, those lessees could encounter difficulties in making payments in U. S. dollars. Furthermore, many foreign countries have currency and exchange laws regulating international payments that may impede or prevent payments

from being paid to us in U. S. dollars. Future leases may provide for payments to be made in euros or other foreign currencies. Any change in the currency exchange rate that reduces the amount of U. S. dollars obtained by us upon conversion of future lease payments denominated in euros or other foreign currencies, may, if not appropriately hedged by us, have a material adverse effect on us and increase the volatility of our earnings. If payments on our leases are made in foreign currency, our risks and hedging costs will increase. We operate globally and are affected by our customers' local and regional economic and other risks. We believe that our customers' growth and financial condition are driven by economic growth in their service areas. The largest portion of our foreign lease revenues comes from ~~Europe~~ **the Asia- Pacific and** ~~European~~ **regions. Some of these** airline operations are among the most heavily regulated in the world. At the same time, low- cost carriers have exerted substantial competitive and financial pressure on major **Asia- Pacific and** ~~European~~ airlines. Low- cost carriers are having similar effects in North America and elsewhere. Our operations may also be affected by political or economic instability ~~, such as those arising from the escalating conflict between Russia and Ukraine;~~ in the areas ~~, countries or regions where~~ we have customers ~~, particularly Europe~~. We may not be able to enforce our rights as a creditor if a lessee files for bankruptcy outside of the U. S. When a debtor seeks protection under the United States Bankruptcy Code (" Bankruptcy Code "), creditors are automatically stayed from enforcing their rights. In the case of U. S.- certificated airlines, Section 1110 of the Bankruptcy Code provides certain relief to lessors of aircraft equipment. Section 1110 has been the subject of significant litigation, and we can give no assurance that Section 1110 will protect our investment in aircraft or engines in the event of a lessee' s bankruptcy. In addition, Section 1110 does not apply to lessees located outside of the U. S. and applicable foreign laws may not provide comparable protection. Liens on our engines or aircraft could exceed the value of such assets, which could negatively affect our ability to repossess, lease or sell a particular engine or aircraft. Liens that secure the payment of repairers' charges or other liens may, depending on the jurisdiction, attach to engines and aircraft. Engines also may be installed on airframes to which liens unrelated to the engines have attached. These liens may secure substantial sums that may, in certain jurisdictions or for limited types of liens, exceed the value of the particular engine or aircraft to which the liens have attached. In some jurisdictions, a lien may give the holder the right to detain or, in limited cases, sell or cause the forfeiture of the engine or aircraft. Such liens may have priority over our interest as well as our creditors' **interest interests** in the engines or aircraft, either because they have such priority under applicable local law or because our creditors' security interests are not filed in jurisdictions outside the U. S. These liens and lien holders could impair our ability to repossess and lease or sell the engines or aircraft. We cannot give assurance that our lessees will comply with their obligations to discharge third- party liens on our assets. If they do not, we may, in the future, find it necessary to pay the claims secured by such liens to repossess such assets. In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine. In some jurisdictions, an engine affixed to an aircraft may become an accession to the aircraft, so that the ownership rights of the owner of the aircraft supersede the ownership rights of the owner of the engine. If an aircraft is security for the owner' s obligations to a third party, the security interest in the aircraft may supersede our rights as owner of the engine. This legal principle could limit our ability to repossess an engine in the event of a lessee bankruptcy or lease default while the aircraft with the engine installed remains in such a jurisdiction. We may suffer a loss if we are not able to repossess engines leased to lessees in these jurisdictions. Changes to trade policy, tariff, sanction and import / export regulations may have a material adverse effect on our business, financial condition and results of operations. Changes in U. S. or international, political, regulatory and economic conditions or in laws and policies governing foreign trade and investment in the territories or countries where we currently conduct our business, could adversely affect our business. The executive branch of the U. S. government has instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the U. S., economic sanctions on corporations or countries, and other government regulations affecting trade between the U. S. and other countries that will affect the manner in which we conduct our business. Trading partners of the U. S. have also implemented and threatened retaliatory tariffs and / or other impediments to trade. As a result of new or threatened tariffs, sanctions and / or impediments to trade, both from the U. S. and other countries, there may be greater restrictions and economic disincentives on international trade. The new or threatened tariffs, sanctions and other changes in trade policy could trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing tariffs and / or economic sanctions on certain U. S. goods. We do a significant amount of business that would be impacted by changes to the trade policies of the U. S. and foreign countries (including governmental action related to tariffs, international trade agreements, or economic sanctions). Such changes have the potential to adversely impact the U. S. economy or certain sectors thereof, our industry, and the global demand for our products and services, and as a result, could have an adverse effect on our business, financial condition, and results of operations. The effects of the UK' s withdrawal from the EU (" Brexit "), including on trade agreements, are not yet known and the uncertainty creates challenges and risks which may materially and adversely affect our business. On June 23, 2016, the UK voted in favor of a referendum to leave the EU, commonly referred to as " Brexit ," and the UK ceased to be a member of the EU on January 31, 2020. ~~A transition period through December 31, 2020 was established to allow the UK and the EU to negotiate the terms of the UK' s withdrawal.~~ ~~However, there~~ **There** is continued uncertainty surrounding the future relationship between the UK and the EU, including any trade agreements between them, which could adversely affect European and worldwide economic and market conditions, and contribute to instability in global financial and foreign exchange markets. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which European Laws to replace or replicate. The ultimate effects of Brexit will depend on the specific terms of any agreement the UK and the EU reach to provide access to each other' s respective markets. We have a presence in the UK and certain EU countries, including Ireland, and France. During **2022 2023**, we derived approximately ~~60-66~~ % of our core lease rent revenue from international business. The consequences of Brexit could introduce significant uncertainties into global financial markets and adversely impact the markets in which we and our customers operate. Risks Related to Our Small Size and Corporate Structure Intense competition in our industry, particularly



with major companies with substantially greater financial, personnel, marketing and other resources, could cause our revenues and business to suffer. The engine and aircraft leasing industry is highly competitive and global. Our primary competitors include AerCap Holdings N. V., ~~GE Capital Aviation Services~~, Shannon Engine Support Ltd., Pratt & Whitney, Rolls-Royce Partners Finance and Engine Lease Finance Corporation, and FTAI Aviation LTD. Our primary competitors generally have significantly greater financial, personnel and other resources, as well as a physical presence in more locations, than we do. In addition, competing engine lessors may have lower costs of capital and may provide financial or technical services or other inducements to customers, including the ability to sell or lease aircraft, offer maintenance and repair services, or provide other forms of financing that we do not provide. We cannot give assurance that we will be able to compete effectively or that competitive pressures will not adversely affect us. There is no organized market for the spare engines or the aircraft we purchase. Typically, we purchase engines and aircraft from commercial aircraft operators, engine manufacturers, MROs and other suppliers. We rely on our representatives, advertisements, and reputation to generate opportunities to purchase and sell engines and aircraft. The market for purchasing engine and aircraft portfolios is highly competitive, generally involving an auction bidding process. We can give no assurance that engines and aircraft will continue to be available to us on acceptable terms and in the types and quantities we seek consistent with the diversification requirements of our debt facilities and our portfolio diversification goals. Substantially all of our assets are pledged to our creditors. Substantially all of our assets are pledged to secure our obligations to creditors. Our revolving credit banks have a lien on all of our assets, including our residual interests in WEST III, WEST IV, WEST V and WEST VI, and WEST VII. Due to WEST III's, WEST IV's, WEST V's and WEST VI's, and WEST VII's bankruptcy remote structure structures, that interest is subject to the prior payments of WEST III's, WEST IV's, WEST V's and WEST VI's, and WEST VII's debt and other obligations. Therefore, our rights and the rights of our creditors to participate in any distribution of the assets of WEST III, WEST IV, WEST V and WEST VI, and WEST VII upon liquidation, reorganization, dissolution or winding up will be subject to the prior claims of WEST III's, WEST IV's, WEST V's and WEST VI's, and WEST VII's creditors. Similarly, the rights of our shareholders are subject to satisfaction of the claims of our lenders and other creditors. We may be unable to manage the expansion of our operations. We can give no assurance that we will be able to manage effectively the current and potential expansion of our operations, or that if we are successful expanding our operations that our systems, procedures, or controls will be adequate to support our operations, in which event our business, financial condition, results, and cash flows could be adversely affected. Any acquisition or expansion involves various risks, which may include some or all of the following: • incurring or assuming additional debt; • diversion of management's time and attention from ongoing business operations; • future charges to earnings related to the possible impairment of goodwill and the write down of other intangible assets; • risks of unknown or contingent liabilities; • difficulties in the assimilation of operations, services, products and personnel; • unanticipated costs and delays; • risks that the acquired business does not perform consistently with our growth and profitability expectations; • risks that growth will strain our infrastructure, staff, internal controls, and management, which may require additional personnel, time, and expenditures; and • potential loss of key employees and customers. Any of the above factors could have a material adverse effect on us. We are subject to governmental regulation and our failure to comply with these regulations could cause the government to withdraw or revoke our authorizations and approvals to do business and could subject us to penalties and sanctions that could harm our business. Governmental agencies throughout the world, including the FAA, highly regulate the manufacture, repair, and operation of all aircraft operated in the U. S. and equivalent regulatory agencies in other countries, such as the EASA in Europe, regulate aircraft operated in those countries. We include, with the aircraft, engines and related parts that we purchase, lease and sell to our customers, documentation certifying that each part complies with applicable regulatory requirements and meets applicable standards of airworthiness established by the FAA or the equivalent regulatory agencies in other countries. Specific regulations vary from country to country, although regulatory requirements in other countries are generally satisfied by compliance with FAA requirements. With respect to a particular engine or engine component, we utilize FAA and / or EASA certified repair stations to repair and certify engines and components to ensure marketability. The revocation or suspension of any of our material authorizations or approvals would have an adverse effect on our business, financial condition, and results of operations. New and more stringent government regulations, if adopted and enacted, could have an adverse effect on our business, financial condition, and results of operations. In addition, certain product sales to foreign countries require approval or licensing from the U. S. government. Denial of export licenses could reduce our sales to those countries and could have a material adverse effect on our business. We are effectively controlled by one principal stockholder, who has the power to contest the outcome of most matters submitted to the stockholders for approval and to affect our stock prices adversely if he were to sell substantial amounts of his common stock. Charles F. Willis, IV is the founder of WLFC, has served as a Director since our establishment in 1985, served as Chief Executive Officer from 1985 until April 2022, served as President until July 2011, and has served as Chairman of the Board of Directors from 1996 until April 2022, when he became Executive Chairman. Mr. Willis has over 45-55 years of experience in the aviation industry which includes serving as President of Willis Lease's predecessor, Charles F. Willis Company, which purchased, financed, and sold a variety of large commercial transport aircraft and provided consulting services to the aviation industry, Assistant Vice President of Sales at Seaboard World Airlines, a freight carrier, and various positions at Alaska Airlines, including positions in the flight operations, sales and marketing departments. Mr. Willis brings to the Board significant senior leadership, sales and marketing, industry, technical and global experience, as well as a deep institutional knowledge of the Company, its operations and customer relations. As of December 31, 2022-2023, Mr. Willis beneficially owned or had the ability to direct the voting of 3, 073-077, 706-610 shares of our common stock, representing approximately 46-45% of the issued shares of our common stock. As a result, Mr. Willis effectively controls the Company and has the power to contest the outcome of substantially all matters submitted to our stockholders for approval, including the election of the Company's board of directors. In addition, future sales by Mr. Willis of substantial amounts of the Company's common stock, or the potential for such sales, could adversely affect the prevailing

market price of the Company's common stock. If the negotiation over a possible "take-private" transaction involving our company is not completed, our business could be harmed and our stock price could decline. Since November 2022, an independent committee established by our Board of Directors has been reviewing and negotiating a proposal in which Mitsui & Co., Ltd., a Japanese limited company, Fuyo General Lease Co., Ltd., JA Mitsui Leasing, Ltd., and CFW Partners, L.P. ("CFW") would acquire all of the outstanding shares of the Company's common stock not already owned by CFW, or Charles F. Willis, IV, Austin Chandler Willis and their ~~the~~ respective affiliates. This would result in the Company's becoming a privately held company. While the parties are negotiating in good faith a potential transaction, a complete proposal has not been submitted for ~~such sales~~ consideration by the independent committee, ~~could adversely affect~~ including indicative financing terms, and there ~~the prevailing~~ can be no assurance regarding the terms and details of any transaction, that any future proposal will be made, that any proposal will be accepted by the independent committee or that any take-private transaction will ultimately be consummated. If the negotiations cease or the potential transaction is terminated, the market price of our ~~the Company's~~ common stock will likely decline as the result of publicly disclosed prices communicated to the independent committee over the course of negotiations. In addition, our stock price may decline as a result of the fact that we have incurred and will continue to incur significant expenses related to the potential transaction prior to its execution or closing that will not be recovered if the potential transaction is not completed. As a consequence of the failure of the potential transaction to be completed, as well as of some or all of these potential effects of the termination of the potential transaction, our business could be harmed in that concerns about our viability are likely to increase, making it more difficult to retain employees and existing customers and to generate new business. The possibility of a "take-private" transaction could harm our business, revenue and results of operations. While negotiations with the independent committee are continuing and a potential transaction could occur, it creates uncertainty about our future. In prior years, there have been take-private negotiations that did not result in a take-private transaction. As a result of this uncertainty, customers may decide to delay, defer, or cancel purchases of our products pending completion of the potential transaction or termination of the potential transaction. If these decisions represent a significant portion of our anticipated revenue, our results of operations and quarterly revenues could be substantially below the expectations of investors. In addition, while negotiations are ongoing and a potential transaction could occur, we are subject to a number of risks that may harm our business, revenue and results of operations, including: • the diversion of management and employee attention and the unavoidable disruption to our relationships with customers and vendors may detract from our ability to grow revenues and minimize costs; • we have and will continue to incur significant expenses related to the potential transaction prior to its completion; and • we may be unable to respond effectively to competitive pressures, industry developments and future opportunities. Our business might suffer if we were to lose the services of certain key employees. Our business operations depend upon our key employees, including our executive officers. Loss of any of these employees, particularly our Executive Chairman, could have a material adverse effect on our business as our key employees have knowledge of our industry and customers and would be difficult to replace. We are the servicer and administrative agent for the WEST III, WEST IV, WEST V and, WEST VI, and WEST VII facilities and our cash flows would be materially and adversely affected if we were removed from these positions. We are the servicer and administrative agent with respect to engines in the WEST III, WEST IV, WEST V and, WEST VI, and WEST VII facilities. We receive monthly fees of 11.5% as servicer (3.5% of which is subordinated in each case) and 2.0% as administrative agent of the aggregate net rents actually received by WEST III, WEST IV, WEST V and, WEST VI, and WEST VII on their engines. We may be removed as servicer and or administrative agent of our WEST III, WEST IV, WEST V and, WEST VI, and WEST VII facilities by an affirmative vote of a requisite number of the WEST III, WEST IV, WEST V and, WEST VI, and WEST VII note holders. Such vote could happen upon the occurrence of certain specified events as outlined in the WEST III, WEST IV, WEST V and, WEST VI, and WEST VII servicing and administrative agency agreements. As of December 31, 2022-2023, we were in compliance with the financial covenants set forth in the WEST III, WEST IV, WEST V and, WEST VI, and WEST VII servicing and administrative agency agreements. There can be no assurance that we will be in compliance with these covenants in the future or will not otherwise be terminated as servicer or administrative agent for the WEST III, WEST IV, WEST V and, WEST VI, and WEST VII facilities. If we are removed from such role with those facilities, our expenses would increase as our consolidated VIE's WEST III, WEST IV, WEST V and, WEST VI, and WEST VII would have to hire an outside provider to replace the servicer and administrative agent functions, and we would be materially and adversely affected. Consequently, our business, financial condition, results of operations and cash flows would be adversely affected. Provisions in Delaware law and our charter and bylaws might prevent or delay a change of control. Certain provisions of law, our amended certificate of incorporation, bylaws and amended rights agreement could make the following more difficult: (1) an acquisition of us by means of a tender offer, a proxy contest or otherwise, and (2) the removal of incumbent officers and directors. Our board of directors has authorized the issuance of shares of 6.5% Series A Preferred Stock and 6.5% Series A-2 Preferred Stock, by us and to Development Bank of Japan Inc. ("DBJ"), with American Stock Transfer and Trust Company serving as rights agent. The rights agreement could make it more difficult to proceed with and tends to discourage a merger, tender offer or proxy contest. Our amended certificate of incorporation also provides that stockholder action can be taken only at an annual or special meeting of stockholders and may not be taken by written consent and, in certain circumstances relating to acquisitions or other changes in control, requires an 80% super majority vote of all outstanding shares of our common stock. Our bylaws also limit the ability of stockholders to raise matters at a meeting of stockholders without giving advance notice.