



# Air Lease Corporation

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**Differentiating Air Lease ABS Transactions**  
*Airline Economics Growth Frontiers Korea 2018*



# Forward Looking Statements & Non-GAAP Measures

Statements in this presentation that are not historical facts are hereby identified as “forward-looking statements,” including any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance that are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “anticipate,” “believes,” “can,” “could,” “may,” “predicts,” “potential,” “should,” “will,” “estimate,” “plans,” “projects,” “continuing,” “ongoing,” “expects,” “intends” and similar words or phrases. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. We wish to caution you that our actual results could differ materially from those anticipated in such forward-looking statements as a result of several factors, including the following:

- our inability to make acquisitions of, or lease, aircraft on favorable terms;
- our inability to sell aircraft on favorable terms;
- our inability to obtain additional financing on favorable terms, if required, to complete the acquisition of sufficient aircraft as currently contemplated or to fund the operations and growth of our business;
- our inability to effectively oversee our managed fleet
- our inability to obtain refinancing prior to the time our debt matures;
- impaired financial condition and liquidity of our lessees;
- deterioration of economic conditions in the commercial aviation industry generally;
- increased maintenance, operating or other expenses or changes in the timing thereof;
- changes in the regulatory environment; and
- potential natural disasters and terrorist attacks and the amount of our insurance coverage, if any, relating thereto.

We also refer you to the documents the Company files from time to time with the Securities and Exchange Commission (“SEC”), specifically the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, which contains and identifies important factors that could cause the actual results for the Company on a consolidated basis to differ materially from expectations and any subsequent documents the Company files with the SEC. All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations, and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. If any such risks or uncertainties develop, our business, results of operation and financial condition could be adversely affected.

The Company has an effective registration statement (including a prospectus) with the SEC. Before you invest in any offering of the Company’s securities, you should read the prospectus in that registration statement and other documents the Company has filed with the SEC for more complete information about the Company and any such offering. You may obtain copies of the Company’s most recent Annual Report on Form 10-K and the other documents it files with the SEC for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the Company will arrange to send such information if you request it by contacting Air Lease Corporation, General Counsel and Secretary, 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067 (310) 553-0555.

In addition to financial results prepared in accordance with U.S. generally accepted accounting principles, or GAAP, this presentation contains certain non-GAAP financial measures. Management believes that in addition to using GAAP results in evaluating our business, it can also be useful to measure results using certain non-GAAP financial measures. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures with their most direct comparable GAAP financial results set forth in the Appendix section.

# ALC Management Platform

➤ Air Lease has developed three verticals within its business, providing a long term growth strategy to maintain key financial strength

- Investment grade rated with a young, largely unencumbered fleet
- Orderbook strategy that takes advantage of bulk pricing
- Strong relationships across airline industry
- Significant experience managing mid-life aircraft, which are critical for global airline operations



- Joint venture with Napier Park
- Accommodates incremental airline demand yet manages capacity constraints
- Credit positive tool to manage leverage, concentrations, portfolio age and an incremental funding source for ALC
- 12-year term allows for long dated management of aircraft assets and earnings power

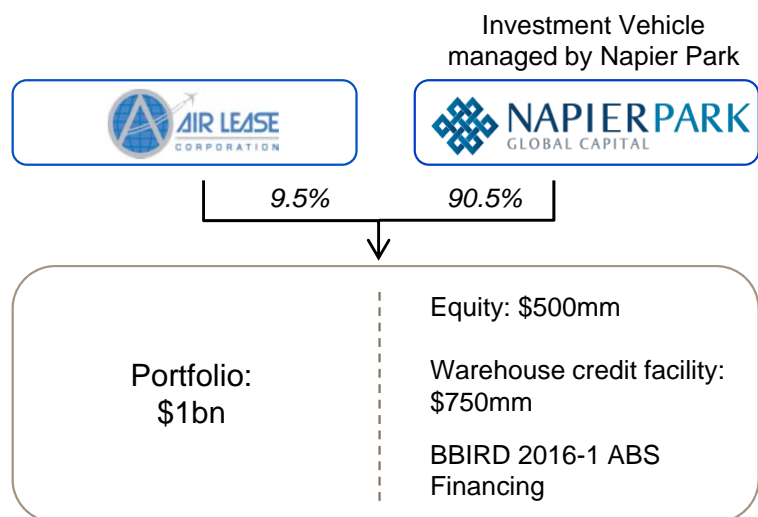


- The Thunderbolt Aircraft Leasing ("TBOLT") platform represents a strategic initiative to enable ALC to sell aircraft into managed vehicles and enhance investment grade metrics
- Allows ALC to maintain airline relationship as ALC continues to act as servicer
- We expect programmatic issuances as aircraft age in ALC's fleet

# Blackbird Capital I Overview

## Blackbird Capital I Joint Venture

- In November 2014, ALC entered into Blackbird Capital I LLC with Napier Park for the purpose of investing in commercial aircraft and leasing them to airlines around the world
- 90.5% owned by third party long-term institutional investors managed by Napier Park and 9.5% owned by ALC
- Acquired over \$1.0bn of aircraft assets



## \$800MM ABS financing for Blackbird Capital I

- First aircraft ABS transaction serviced by ALC
- Largest investor base with orders from 40 unique investors
- Innovative yet easy to understand structure, featuring first 'AA' note post-crisis

### Pricing Summary

- Strong investor demand led to oversubscription levels of ~10x, ~2x and ~6x on the AA, A and B series, respectively

### BBIRD 2016-1 (November 4, 2016) (144A / Reg S)

Class	Size (\$mm)	WAL (to ARD) <sup>1</sup>	Rating (S/K)	Yield
AA	200	4.20	AA/AA	2.50%
A	540	6.10	A/A	4.25%
B	60	6.10	BBB/BBB	5.75%
<b>Total/Avg</b>	<b>800</b>	<b>5.63</b>		<b>4.05%</b>

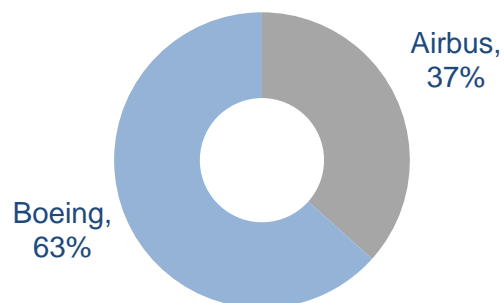
# Blackbird Capital II

## *Successful continuation of the Blackbird program*

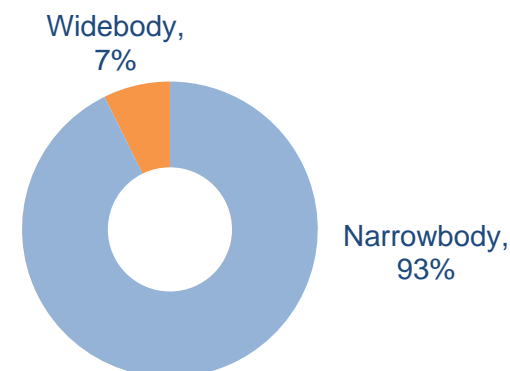
- The second joint venture, Blackbird Capital II, closed on August 3, 2017
- First round of equity commitments totaled \$231 million, with the ability to add additional commitments over the next 18 months
- \$650 million committed warehouse credit facility
- Investment window for Blackbird Capital II extended from two to four years, allowing for additional flexibility to purchase incremental aircraft alongside ALC's forward fleet planning work with airlines
- ALC will provide management services over a 12 year period to the joint venture for a servicing fee based upon aircraft assets under management
- The first two aircraft have been delivered into the fund
- Through the joint venture, ALC will manage additional aircraft lease transactions to better serve its airline customers and may grow the size of fund as opportunities develop

# Thunderbolt Portfolio Overview

## Aircraft by Manufacturer



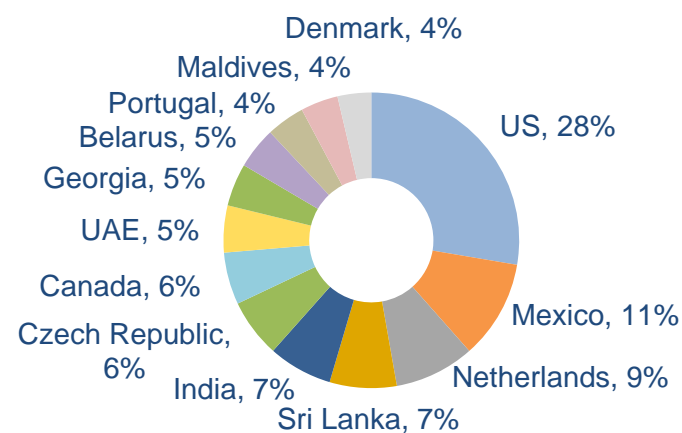
## Aircraft by Type



## Fleet Metrics

Fleet size	19 aircraft
Weighted average fleet age	12.57 years
Weighted average remaining lease term	3.19 years
Contracted Minimum Rentals	\$172.1M

## Aircraft by Country



# TBOLT 2017 ABS Debt Summary



## Thunderbolt Aircraft Lease 2017

**\$344,700,000**

**April 2017**

**144A & Reg S Transaction**

### Transaction Highlights

- First mid-life and second overall aircraft ABS transaction serviced by ALC
- True mid-life portfolio features a weighted average age of approximately 12.5<sup>(1)</sup> years (no aircraft older than 15 years) and weighted average remaining lease term of approximately 3.4 years<sup>(1)</sup>
- Tied with BBIRD 2016-1 for largest investor base in aircraft ABS with 56 orders from 40 unique debt investors, notable given mid-life assets significantly smaller debt size

### Debt Pricing Summary

- Strong investor demand led to oversubscription levels of ~7.6x, ~2.7x and ~5.1x on the Series A, B and C, respectively which allowed the transaction to tighten materially from whisper to pricing
- Debt process completed in approx. 6 weeks and pre-marketed, announced and priced in just over 1 week

TBOLT 2017 (April 25, 2017)							
Class	Size (\$MM)	Initial LTV <sup>(2)</sup>	WAL (to ARD)	Rating (S/K)	Spread	Yield	Coupon
A	\$253.40	58.1%	5.19	A/A	+226	4.250%	4.212%
B	\$69.30	73.9%	5.19	BBB-/BBB	+401	6.000%	5.750%
C	\$22.00	79.0%	3.57	BB/BB-	+581	7.625%	4.500%
<b>Total</b>	<b>\$344.70</b>		<b>5.08</b>	<b>Triple-B WA:</b>	<b>+278</b>	<b>4.760%</b>	<b>4.540%</b>



<sup>1</sup> WA Age and Lease Term Calculations as of 2/28/2017 and calculated as a percent of the average of the Maintenance Adjusted Initial Appraised Values (as defined in the Offering Memorandum) provided by BK, CV and IBA

<sup>2</sup> Based as a percentage of the Average of the Maintenance Adjusted Initial Appraised Values (as defined in the Offering Memorandum) provided by BK, CV and IBA

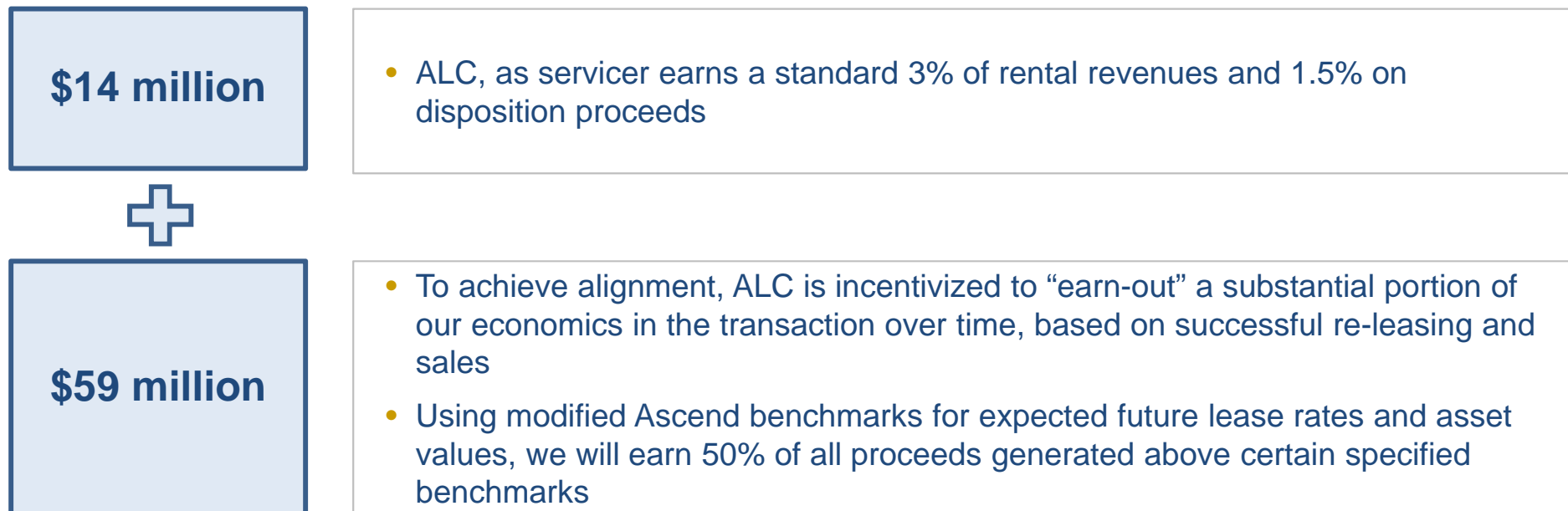
# Thunderbolt Strategy and Anticipated Economics

## Alignment of Interest

*TBOLT's innovative earn-out structure is unique versus other recent portfolio sale transactions, providing for alignment of interest between debt, equity and ALC*

- TBOLT is an important platform to ALC, which will enable us to maintain a larger presence in the mid-life market as a servicer, with third party equity investors to finance portfolios in the term ABS market
  - Alignment of interest is critically important to investors in these partnerships

Over the expected 7 year term of Thunderbolt, ALC's earn-out fees will be back loaded based on performance





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## Differentiating Air Lease ABS Transactions

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# TBOLT 2017: Structural Highlights

The TBOLT transaction represents the first globally distributed 144A / Reg S mid-life aircraft portfolio sale by a stand alone investment grade rated aircraft leasing company

## **LTV**

The lowest LTV for the Series A and Series B notes versus recent mid-life aircraft ABS

## **Cash Security**

All security deposits pledged to the transaction, \$30MM funded maintenance reserve account at inception, 17 month liquidity facility

## **Amortization**

The senior notes amortize based on a 14 year straight line (year 0-5) and 10 year straight line (year 6-7) rather than punitive partial cash sweeps in later years of the transaction

## **Protective Disposition Waterfall**

Prior to the ARD, "Excess Proceeds" payments will be directed down the disposition waterfall to retire the debt first. All Disposition and Excess Proceeds payments will retire 105% of allocable debt

## **Skin in the Game**

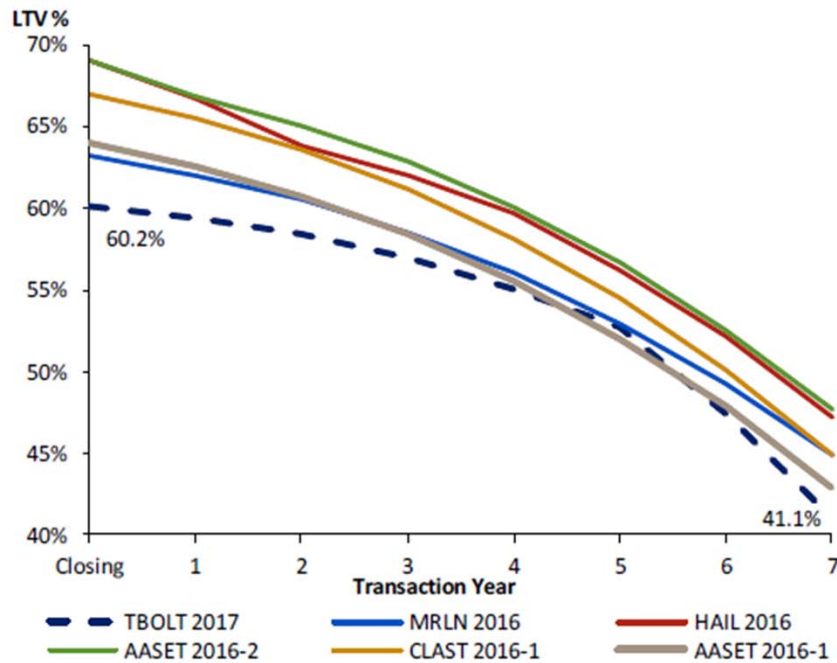
ALC's "earn-out" structure demonstrates increased alignment of interest versus a pro-rata slice of equity

# TBOLT 2017: Transaction De-Levering Comparison

## TBOLT has the lowest initial LTV amongst recent comparable mid-life deals

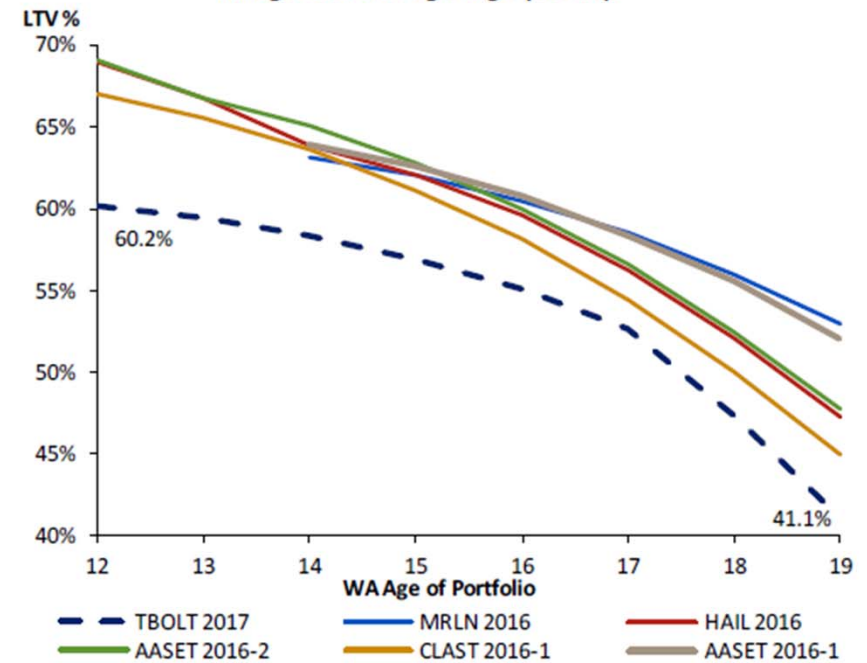
- The Series A Note LTV of the TBOLT 2017 portfolio at every equivalent weighted average age is lower compared to the other portfolios, some of which are still years from ARD at TBOLT 2017's ARD
- To accurately compare LTVs across transactions they must be looked at in the context of a portfolio's weighted average age (TBOLT 2017 relative to the weighted average age of comparable portfolios)

**Series A Scheduled Transaction LTV<sup>(1)</sup> Profile  
(Transaction Years 1-7)**



	TBOLT 2017	MRLN 2016	HAIL 2016	AASET 2016-2	CLAST 2016-1	AASET 2016-1
<b>Initial LTV</b>	60.2%	63.2%	69.0%	69.1%	67.0%	64.0%
<b>Ending LTV</b>	41.1%	45.0%	47.3%	47.7%	45.0%	43.0%

**Series A LTV<sup>(1)</sup> Profile of Comparable Portfolio  
Weighted Average Age (12-19)**



	TBOLT 2017	MRLN 2016	HAIL 2016	AASET 2016-2	CLAST 2016-1	AASET 2016-1
<b>WA Age ~12yr LTV</b>	60.2%	-	69.0%	69.1%	67.0%	-
<b>WA Age ~19yr LTV</b>	41.1%	53.0%	47.3%	47.7%	45.0%	52.0%

# TBOLT 2017: Mid-Life Aircraft ABS Market Comparison

TBOLT is a strategically important platform to ALC, whose goal is to create an aircraft ABS platform that is highly reputable, highly liquid and investor friendly for both debt & equity

	TBOLT 2017	Other Mid-Life Aircraft ABS
<i>Quality of Servicer</i>	Highest Rated Stand Alone Lessor	Niche / Generally Short Operating History
<i>Servicer Corporate Ratings</i>	BBB / BBB / A- (S&P / Fitch / Kroll)	Not rated
<i>Issuance Format</i>	144A / Reg S Bond	Mostly Loan Format
<i>Amortization</i>	Faster Amortization in Later Years	Partial Cash Sweeps in Later Years
<i>Age Distribution</i>	True mid-life (no aircraft >15 years old and no aircraft beyond useful life by ARD)	Wide Age Distribution (30 – 50% of portfolio >15 years old)
<i>Initial LTV</i>	Lowest	Higher
<i>Ongoing Monitoring</i>	Bloomberg / Intex <sup>(1)</sup> / Public Earnings Calls / Investor Days <sup>(2)</sup> / Servicer Reports	Servicer Reports
<i>Liquidity</i>	Several Banks Actively Making Secondary Markets	Illiquid Buy-to-Hold (1 – 2 banks)

# Thunderbolt ABS Debt Marketing Continuum

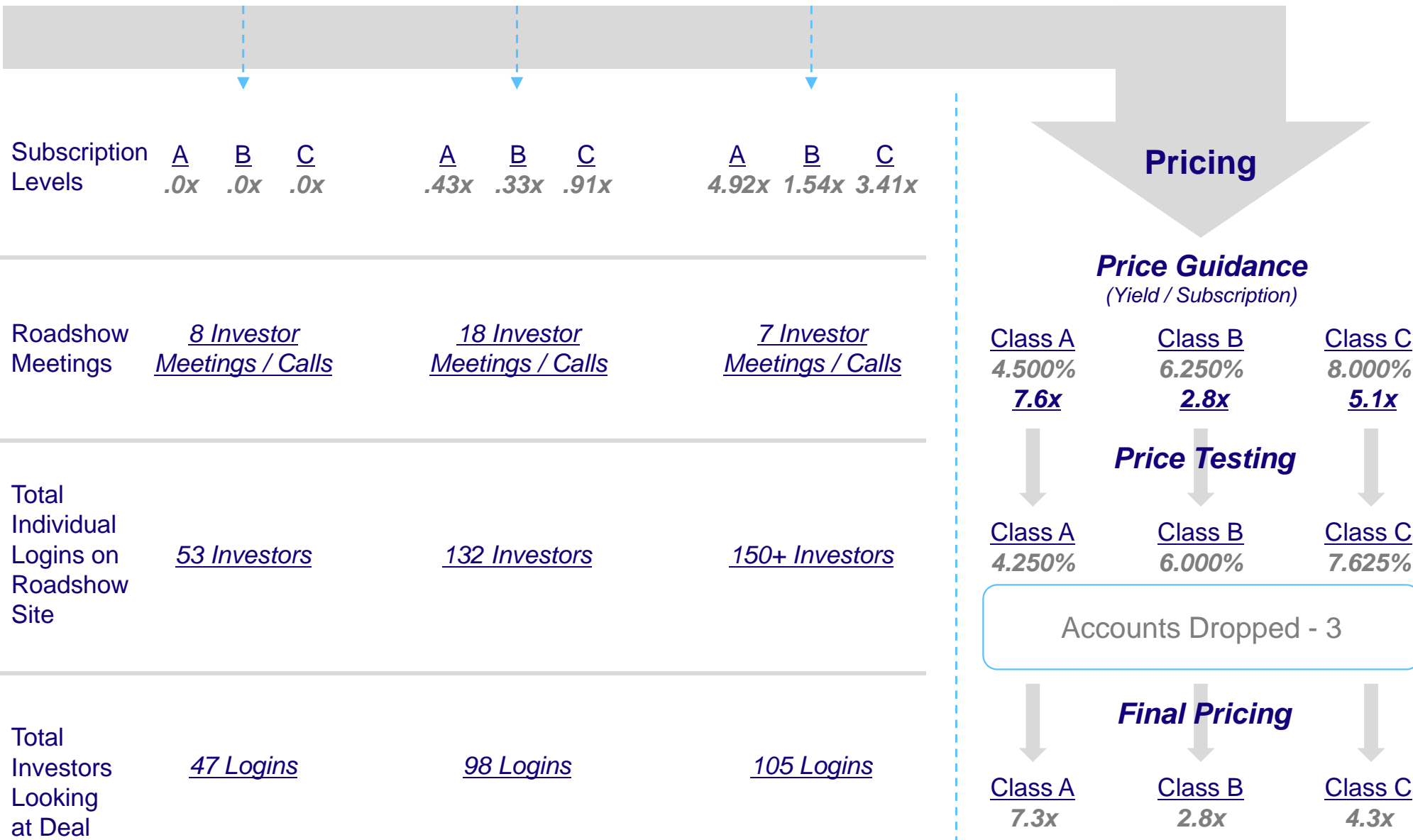
Announce Transaction  
with Preliminary OM  
(4/17/2017)

NY, CT, PA, Baltimore,  
Omaha Roadshow  
(4/18 – 4/20)

Indianapolis &  
Chicago Roadshow  
(4/21/2017)

**IPTs**

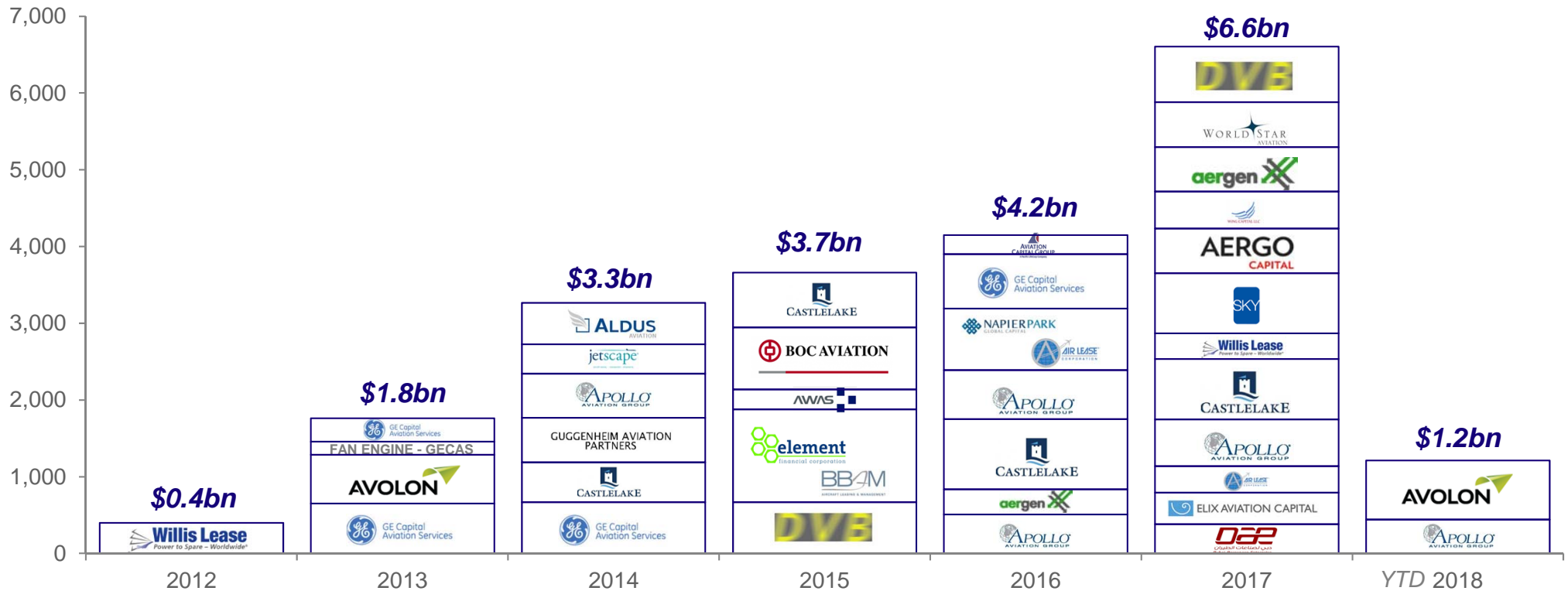
A / High 4s  
B / Lo 6s  
C Low 8s



# Aviation ABS Market – ABS Debt Issuance Volume

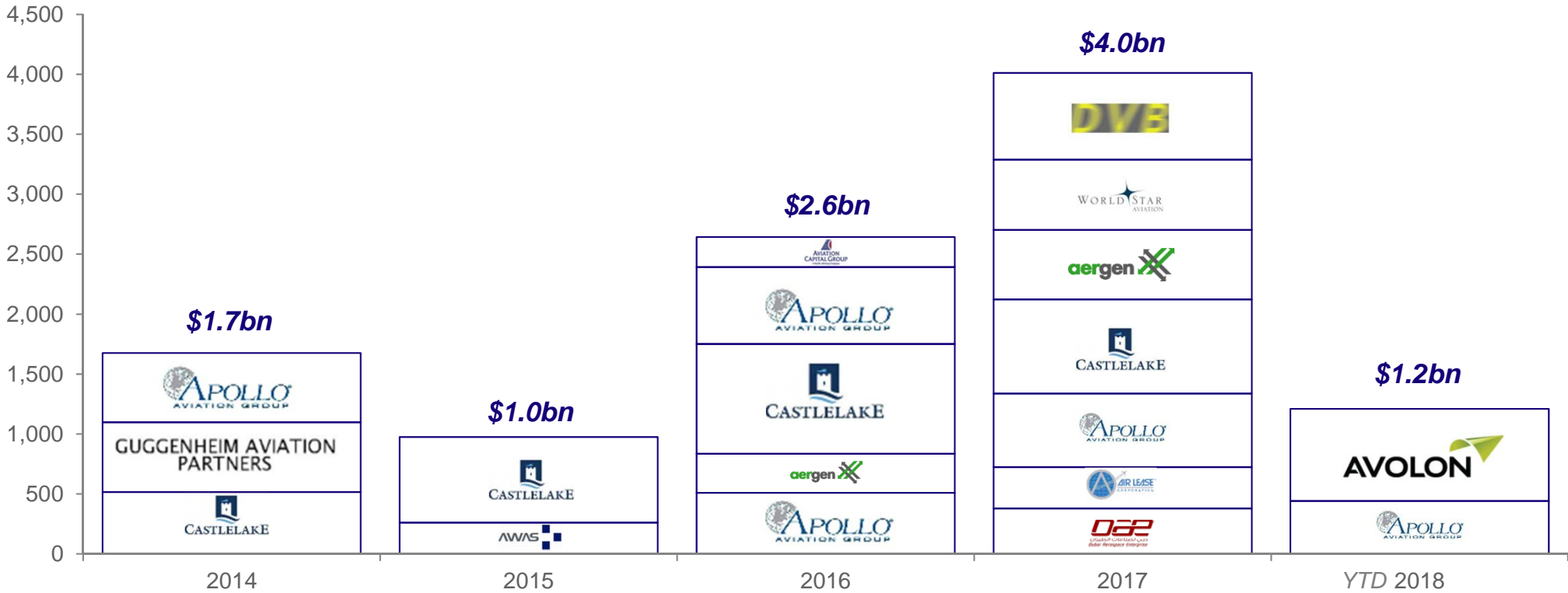
- The market has evolved since 2012:
  - Transactions shifted from club deals in loan format to widely distributed 144A bond deals
  - The collateral featured has expanded from young narrowbodies in the first few deals to include widebodies, niche regional aircraft (e.g., Aldus and Jetscape) as well as mid-life (including ALC's Thunderbolt transaction) and older/part-out collateral (e.g., Castlake, Apollo)

## Aviation ABS Issuance (2012 –2018)



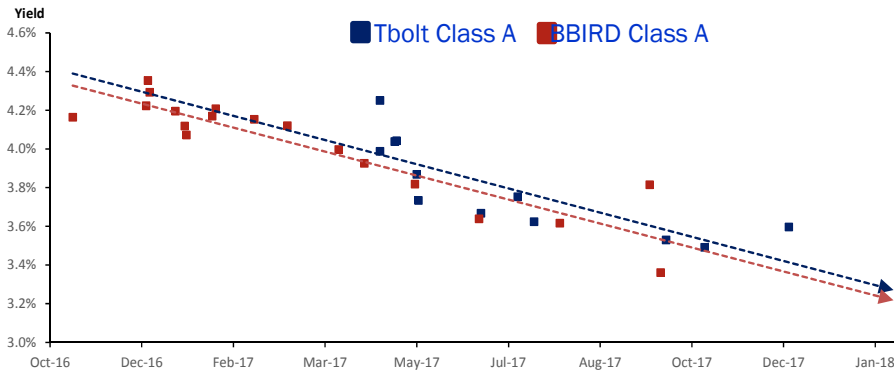
# Aviation ABS Market – Mid-Life Transactions over \$9 Billion

## Mid-Life Aircraft ABS (2014 – 2018)



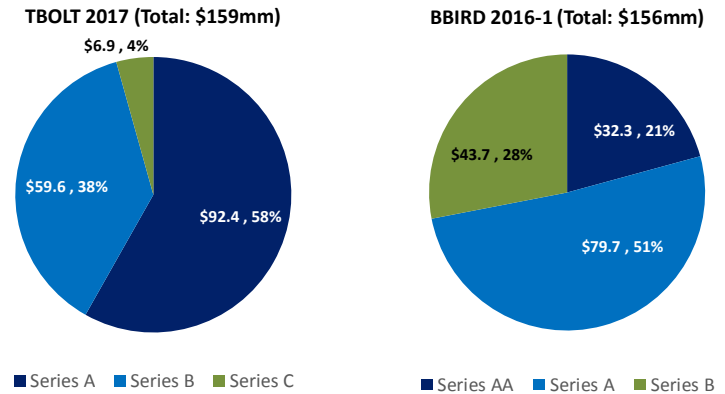
# Securitization Platform Overview – ALC ABS Secondary Trading Activity

## Secondary Trade Since Pricing<sup>1</sup>



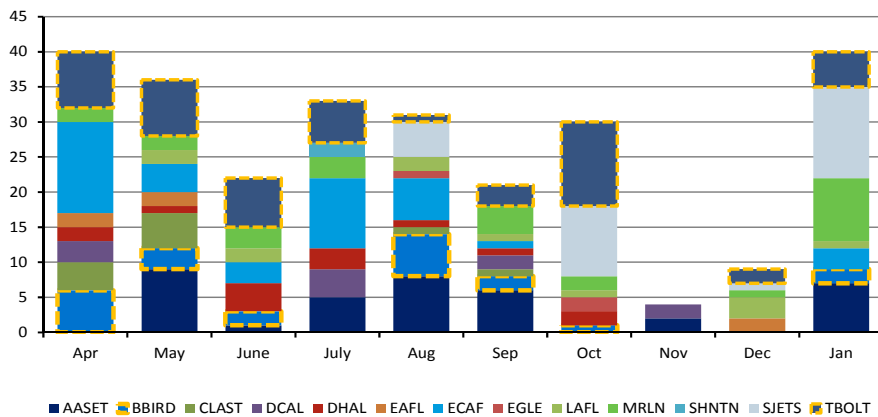
- TBOLT and BBIRD Class A yields have tightened significantly on the secondary trading markets between ~65 – 90 basis points, respectively

## Secondary Trading Volumes<sup>1</sup>



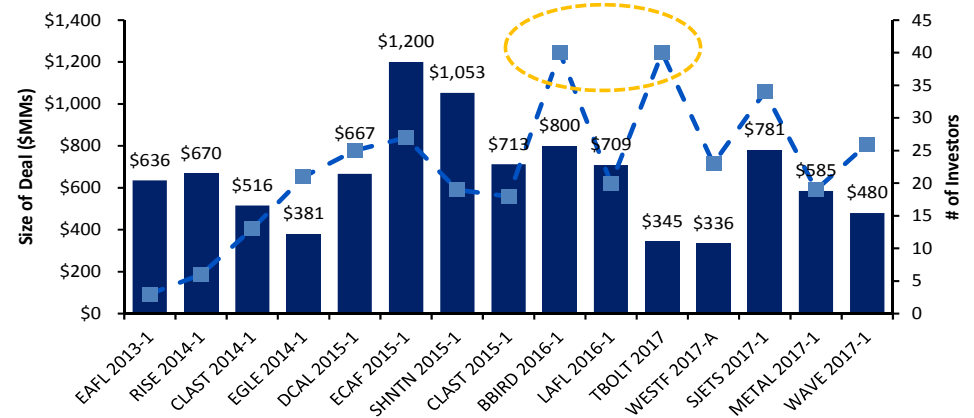
- Since the closings on April 2017 and November 2016, TBOLT and BBIRD platforms have been one of the most liquid names in the aircraft ABS secondary thanks to strong investor participation and strong support from our core bank group

## Aircraft ABS 3.0 Trading Summary (# of Trades)<sup>1</sup>



- TBOLT and BBIRD bonds continue to be actively traded in the secondary market

## Investor Participation<sup>1</sup>



- TBOLT 2017 remains tied with BBIRD 2016-1 for largest initial investor base in aircraft ABS with orders from 40 unique investors



# Awards – Thunderbolt & Blackbird

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*Overall Deal of the Year  
Thunderbolt (2017)*

The logo for Thunderbolt, consisting of two stylized blue arrows pointing upwards and to the right, above the word "Thunderbolt" in blue.

*Overall Deal of the Year  
Blackbird (2016)*

The logo for BlackbirdCapital, featuring a stylized blue "B" icon followed by the text "BlackbirdCapital" in blue.

*Capital Markets Deal of the Year  
Blackbird (2016)*

The logo for BlackbirdCapital, featuring a stylized blue "B" icon followed by the text "BlackbirdCapital" in blue.

*Best Capital Markets Deal  
Blackbird (2016)*

The logo for BlackbirdCapital, featuring a stylized blue "B" icon followed by the text "BlackbirdCapital" in blue.

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