



Air Lease Corporation Announces Third Quarter 2024 Results

Los Angeles, California, November 7, 2024 — Air Lease Corporation (ALC) (NYSE: AL) announces financial results for the three and nine months ended September 30, 2024.

“Demand for commercial aircraft remains high, and we are continuing to place aircraft at rising lease rates, while also harvesting solid gains on sales from our existing fleet – underscoring the deep value embedded in our young \$28 billion fleet and \$18 billion forward orderbook,” said John L. Plueger, Chief Executive Officer and President, and Steven F. Udvar-Házy, Executive Chairman of the Board.

Third Quarter 2024 Results

The following table summarizes our operating results for the three and nine months ended September 30, 2024 and 2023 (in millions, except per share amounts and percentages):

Operating Results

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ change	% change	2024	2023	\$ change	% change
Revenues	\$ 690.2	\$ 659.4	\$ 30.8	4.7 %	\$ 2,020.8	\$ 1,968.4	\$ 52.4	2.7 %
Operating expenses	(559.9)	(494.3)	(65.6)	13.3 %	(1,627.5)	(1,481.2)	(146.3)	9.9 %
Income before taxes	130.2	165.0	(34.8)	(21.1)%	393.3	487.2	(93.9)	(19.3)%
Net income attributable to common stockholders	\$ 91.6	\$ 122.0	\$ (30.4)	(24.9)%	\$ 279.5	\$ 362.3	\$ (82.8)	(22.9)%
Diluted earnings per share	\$ 0.82	\$ 1.10	\$ (0.28)	(25.5)%	\$ 2.50	\$ 3.25	\$ (0.75)	(23.1)%
Adjusted net income before income taxes ⁽¹⁾	\$ 140.2	\$ 177.0	\$ (36.8)	(20.8)%	\$ 423.8	\$ 519.7	\$ (95.9)	(18.5)%
Adjusted diluted earnings per share before income taxes ⁽¹⁾	\$ 1.25	\$ 1.59	\$ (0.34)	(21.4)%	\$ 3.79	\$ 4.67	\$ (0.88)	(18.8)%

Key Financial Ratios

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Pre-tax margin	18.9%	25.0%	19.5%	24.8%
Adjusted pre-tax margin ⁽¹⁾	20.3%	26.8%	21.0%	26.4%
Pre-tax return on common equity (trailing twelve months)	9.7%	10.6%	9.7%	10.6%
Adjusted pre-tax return on common equity (trailing twelve months) ⁽¹⁾	10.1%	11.5%	10.1%	11.5%

- (1) Adjusted net income before income taxes, adjusted diluted earnings per share before income taxes, adjusted pre-tax margin and adjusted pre-tax return on common equity have been adjusted to exclude the effects of certain non-cash items, one-time or non-recurring items that are not expected to continue in the future and certain other items. See note 1 under the Consolidated Statements of Operations included in this earnings release for a discussion of the non-GAAP measures and a reconciliation to their most comparable GAAP financial measures.

Highlights

- During the third quarter, we took delivery of 20 aircraft from our orderbook, representing approximately \$1.9 billion in aircraft investments, ending the period with 485 aircraft in our owned fleet and approximately \$32 billion in total assets.
- Sold nine aircraft during the third quarter for approximately \$340 million in sales proceeds. During the twelve months ended September 30, 2024, we sold \$1.4 billion in aircraft by net book value for sales proceeds of \$1.5 billion.
- We have approximately \$1.5 billion of aircraft in our sales pipeline¹, which includes \$741 million in flight equipment held for sale as of September 30, 2024 and \$745 million of aircraft subject to letters of intent.
- We have placed 100% and 95% of our committed orderbook on long-term leases for aircraft delivering through the end of 2025 and 2026, respectively, and have placed approximately 63% of our entire orderbook delivering through 2029.
- We ended the quarter with \$29.7 billion in committed minimum future rental payments consisting of \$17.6 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$12.1 billion in minimum future rental payments related to aircraft which will deliver during the last three months of 2024 through 2028.
- During the quarter, we entered into a variety of committed term loans totaling approximately \$1.0 billion, which displays our ability to access various financing alternatives.
- In September 2024, we issued \$300.0 million in 6.00% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series D.
- In October 2024, we redeemed all outstanding shares of our 6.150% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A.
- On November 6, 2024, our board of directors increased our quarterly cash dividend by 5%, from \$0.21 per share to \$0.22 per share on our outstanding Class A common stock. The next quarterly dividend of \$0.22 per share will be paid on January 9, 2025 to holders of record of our Class A common stock as of December 12, 2024.

Financial Overview

Our rental revenues for the three months ended September 30, 2024 increased by 3.5%, to \$625 million, as compared to the three months ended September 30, 2023. The increase in our rental revenues is primarily due to the growth of our fleet, partially offset by a decline in end of lease revenue of approximately \$12 million as compared to the prior period due to fewer aircraft returns during the three months ended September 30, 2024, as well as a slight decrease in our lease yields due to the sales of older aircraft with higher lease yields and the purchases of new aircraft with lower initial lease yields.

Our aircraft sales, trading and other revenues for the three months ended September 30, 2024 increased by 17%, to \$65 million, as compared to the three months ended September 30, 2023 primarily driven by an increase in gains from aircraft sales. We recorded \$42 million in gains from the sale of nine aircraft for the three months ended September 30, 2024, compared to \$39 million in gains from the sale of eight aircraft for the three months ended September 30, 2023.

Our net income attributable to common stockholders for the three months ended September 30, 2024, was \$92 million, or \$0.82 per diluted share, as compared to \$122 million, or \$1.10 per diluted share, for the three months ended September 30, 2023. The decrease from the prior year period is primarily due to higher interest expense, driven by the increase in our composite cost of funds and overall outstanding debt balance, partially offset by an increase in our revenues as discussed above.

Adjusted net income before income taxes during the three months ended September 30, 2024, was \$140 million, or \$1.25 per adjusted diluted share, as compared to \$177 million, or \$1.59 per adjusted diluted share, for the three months ended September 30, 2023. Adjusted net income before income taxes decreased primarily due to higher interest expense, driven by the increase in our composite cost of funds and overall outstanding debt balance, partially offset by an increase in our revenues as discussed above.

¹ Aircraft in our sales pipeline is as of September 30, 2024, and includes letters of intent and sale agreements signed through November 7, 2024.

Flight Equipment Portfolio

As of September 30, 2024, the net book value of our fleet increased to \$27.9 billion, compared to \$26.2 billion as of December 31, 2023. As of September 30, 2024, we owned 485 aircraft in our aircraft portfolio, comprised of 356 narrowbody aircraft and 129 widebody aircraft, and we managed 64 aircraft. The weighted average fleet age and weighted average remaining lease term of flight equipment subject to operating lease as of September 30, 2024 was 4.6 years and 7.1 years, respectively. We had a globally diversified customer base comprised of 117 airlines in 59 countries as of September 30, 2024.

The following table summarizes the key portfolio metrics of our fleet as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Net book value of flight equipment subject to operating lease	\$ 27.9 billion	\$ 26.2 billion
Weighted-average fleet age ⁽¹⁾	4.6 years	4.6 years
Weighted-average remaining lease term ⁽¹⁾	7.1 years	7.0 years
Owned fleet⁽²⁾	485	463
Managed fleet	64	78
Aircraft on order	287	334
Total	836	875
Current fleet contracted rentals	\$ 17.6 billion	\$ 16.4 billion
Committed fleet rentals	\$ 12.1 billion	\$ 14.6 billion
Total committed rentals	\$ 29.7 billion	\$ 31.0 billion

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

(2) As of September 30, 2024 and December 31, 2023, our owned fleet count included 23 and 14 aircraft classified as flight equipment held for sale, respectively, and 14 and 12 aircraft classified as net investments in sales-type leases, respectively, which are all included in Other assets on the Consolidated Balance Sheet.

The following table details the regional concentration of our flight equipment subject to operating leases:

Region	September 30, 2024	December 31, 2023
	% of Net Book Value	% of Net Book Value
Europe	41.0 %	37.7 %
Asia Pacific	36.4 %	39.8 %
Central America, South America, and Mexico	9.7 %	9.0 %
The Middle East and Africa	7.1 %	7.9 %
U.S. and Canada	5.8 %	5.6 %
Total	100.0 %	100.0 %

The following table details the composition of our owned fleet by aircraft type:

Aircraft type	September 30, 2024		December 31, 2023	
	Number of Aircraft	% of Total	Number of Aircraft	% of Total
Airbus A220-100	5	1.0 %	2	0.4 %
Airbus A220-300	17	3.5 %	13	2.8 %
Airbus A319-100	1	0.2 %	1	0.2 %
Airbus A320-200	26	5.4 %	28	6.0 %
Airbus A320-200neo	23	4.7 %	25	5.4 %
Airbus A321-200	21	4.3 %	23	5.0 %
Airbus A321-200neo	108	22.3 %	95	20.6 %
Airbus A330-200 ⁽¹⁾	13	2.7 %	13	2.8 %
Airbus A330-300	5	1.0 %	5	1.1 %
Airbus A330-900neo	26	5.4 %	23	5.0 %
Airbus A350-900	17	3.5 %	14	3.0 %
Airbus A350-1000	8	1.6 %	7	1.5 %
Boeing 737-700	2	0.4 %	3	0.6 %
Boeing 737-800	64	13.2 %	73	15.8 %
Boeing 737-8 MAX	58	12.0 %	52	11.2 %
Boeing 737-9 MAX	30	6.2 %	29	6.3 %
Boeing 777-200ER	1	0.2 %	1	0.2 %
Boeing 777-300ER	24	4.9 %	24	5.2 %
Boeing 787-9	26	5.4 %	25	5.4 %
Boeing 787-10	9	1.9 %	6	1.3 %
Embraer E190	1	0.2 %	1	0.2 %
Total ⁽²⁾	485	100.0 %	463	100.0 %

(1) As of September 30, 2024 and December 31, 2023, aircraft count includes two Airbus A330-200 aircraft classified as freighters.

(2) As of September 30, 2024 and December 31, 2023, our owned fleet count included 23 and 14 aircraft classified as flight equipment held for sale, respectively, and 14 and 12 aircraft classified as net investments in sales-type leases, respectively, which are all included in Other assets on the Consolidated Balance Sheet.

Debt Financing Activities

We ended the third quarter of 2024 with total debt financing, net of discounts and issuance costs, of \$20.2 billion. As of September 30, 2024, 81.0% of our total debt financing was at a fixed rate and 97.3% was unsecured. As of September 30, 2024, our composite cost of funds was 4.21%. We ended the quarter with total liquidity of \$7.5 billion.

As of the end of the periods presented, our debt portfolio was comprised of the following components (dollars in millions, except percentages):

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Unsecured		
Senior unsecured securities	\$ 16,429	\$ 16,330
Term financings	2,083	1,628
Revolving credit facility	1,286	1,100
Total unsecured debt financing	<u>19,798</u>	<u>19,058</u>
Secured		
Term financings	358	101
Export credit financing	194	205
Total secured debt financing	<u>552</u>	<u>306</u>
Total debt financing	20,350	19,364
Less: Debt discounts and issuance costs	(188)	(181)
Debt financing, net of discounts and issuance costs	<u><u>\$ 20,162</u></u>	<u><u>\$ 19,183</u></u>
Selected interest rates and ratios:		
Composite interest rate ⁽¹⁾	4.21%	3.77%
Composite interest rate on fixed-rate debt ⁽¹⁾	3.72%	3.26%
Percentage of total debt at a fixed-rate	81.05%	84.71%

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

Conference Call

In connection with this earnings release, Air Lease Corporation will host a conference call on November 7, 2024 at 4:30 PM Eastern Time to discuss the Company's financial results for the third quarter of 2024.

Investors can participate in the conference call by dialing 1 (888) 660-6652 domestic or 1 (646) 960-0554 international. The passcode for the call is 5952437.

The conference call will also be broadcast live through a link on the Investors page of the Air Lease Corporation website at www.airleasecorp.com. Please visit the website at least 15 minutes prior to the call to register, download and install any necessary audio software. A replay of the broadcast will be available on the Investors page of the Air Lease Corporation website.

For your convenience, the conference call can be replayed in its entirety beginning on November 7, 2024 until 11:59 PM ET on November 14, 2024. If you wish to listen to the replay of this conference call, please dial 1 (800) 770-2030 domestic or 1 (647) 362-9199 international and enter passcode 5952437.

About Air Lease Corporation (NYSE: AL)

Air Lease Corporation is a leading global aircraft leasing company based in Los Angeles, California that has airline customers throughout the world. Air Lease Corporation and its team of dedicated and experienced professionals are principally engaged in purchasing new commercial aircraft and leasing them to its airline customers worldwide through customized aircraft leasing and financing solutions. Air Lease Corporation routinely posts information that may be important to investors in the "Investors" section of its website at www.airleasecorp.com. Investors and potential investors are encouraged to consult Air Lease Corporation's website regularly for important information. The information contained on, or that may be accessed through, Air Lease Corporation's website is not incorporated by reference into, and is not a part of, this press release.

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Forward-Looking Statements

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those statements appear in a number of places in this press release and include statements regarding, among other matters, our future aircraft deliveries and rental revenues, which may be impacted by aircraft and engine delivery delays and manufacturing flaws, including as a result of the Boeing labor strike among other factors, our aircraft sales pipeline and expectations, and payment of our future dividends. Words such as “can,” “could,” “may,” “predicts,” “potential,” “will,” “projects,” “continuing,” “ongoing,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and “should,” and variations of these words and similar expressions, are used in many cases to identify these forward-looking statements. Any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and other factors that may cause our actual results, performance or achievements, or industry results to vary materially from our future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. Such factors include, among others:

- our inability to obtain additional capital on favorable terms, or at all, to acquire aircraft, service our debt obligations and refinance maturing debt obligations;
- increases in our cost of borrowing, decreases in our credit ratings, or changes in interest rates;
- our inability to generate sufficient returns on our aircraft investments through strategic aircraft acquisitions and profitable leasing;
- the failure of an aircraft or engine manufacturer to meet its contractual obligations to us, including or as a result of labor strikes, aviation supply chain constraints, manufacturing flaws or technical or other difficulties with aircraft or engines before or after delivery;
- our ability to recover losses related to aircraft detained in Russia, including through insurance claims and related litigation;
- obsolescence of, or changes in overall demand for, our aircraft;
- changes in the value of, and lease rates for, our aircraft, including as a result of aircraft oversupply, manufacturer production levels, our lessees’ failure to maintain our aircraft, inflation, and other factors outside of our control;
- impaired financial condition and liquidity of our lessees, including due to lessee defaults and reorganizations, bankruptcies or similar proceedings;
- increased competition from other aircraft lessors;
- the failure by our lessees to adequately insure our aircraft or fulfill their contractual indemnity obligations to us, or the failure of such insurers to fulfill their contractual obligations;
- increased tariffs and other restrictions on trade;
- changes in the regulatory environment, including changes in tax laws and environmental regulations;
- other events affecting our business or the business of our lessees and aircraft manufacturers or their suppliers that are beyond our or their control, such as the threat or realization of epidemic diseases, natural disasters, terrorist attacks, war or armed hostilities between countries or non-state actors; and
- any additional factors discussed under “Part I — Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2023, and other Securities and Exchange Commission (“SEC”) filings, including future SEC filings.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations. You are therefore cautioned not to place undue reliance on such statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not intend and undertake no obligation to update any forward-looking information to reflect actual results or events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(unaudited)	
Assets		
Cash and cash equivalents	\$ 460,785	\$ 460,870
Restricted cash	4,565	3,622
Flight equipment subject to operating leases	33,853,006	31,787,241
Less accumulated depreciation	(5,958,105)	(5,556,033)
	27,894,901	26,231,208
Deposits on flight equipment purchases	1,050,268	1,203,068
Other assets	2,743,310	2,553,484
Total assets	<u>\$ 32,153,829</u>	<u>\$ 30,452,252</u>
Liabilities and Shareholders' Equity		
Accrued interest and other payables	\$ 1,072,033	\$ 1,164,140
Debt financing, net of discounts and issuance costs	20,161,860	19,182,657
Security deposits and maintenance reserves on flight equipment leases	1,757,104	1,519,719
Rentals received in advance	129,303	143,861
Deferred tax liability	1,357,832	1,281,837
Total liabilities	<u>\$ 24,478,132</u>	<u>\$ 23,292,214</u>
Shareholders' Equity		
Preferred Stock, \$0.01 par value; 50,000,000 shares authorized at each of September 30, 2024 and December 31, 2023; 10,900,000 (aggregate liquidation preference of \$1,150,000) shares issued and outstanding at September 30, 2024; 10,600,000 (aggregate liquidation preference of \$850,000) shares issued and outstanding at December 31, 2023	\$ 109	\$ 106
Class A common stock, \$0.01 par value; 500,000,000 shares authorized; 111,376,884 and 111,027,252 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	1,114	1,110
Class B Non-Voting common stock, \$0.01 par value; authorized 10,000,000 shares; no shares issued or outstanding	—	—
Paid-in capital	3,598,407	3,287,234
Retained earnings	4,079,173	3,869,813
Accumulated other comprehensive (loss)/income	(3,106)	1,775
Total shareholders' equity	<u>\$ 7,675,697</u>	<u>\$ 7,160,038</u>
Total liabilities and shareholders' equity	<u>\$ 32,153,829</u>	<u>\$ 30,452,252</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited)			
Revenues				
Rental of flight equipment	\$ 625,180	\$ 604,027	\$ 1,849,014	\$ 1,833,533
Aircraft sales, trading and other	64,984	55,337	171,748	134,876
Total revenues	690,164	659,364	2,020,762	1,968,409
Expenses				
Interest	203,092	161,769	574,691	485,555
Amortization of debt discounts and issuance costs	14,371	13,695	40,772	40,414
Interest expense	217,463	175,464	615,463	525,969
Depreciation of flight equipment	290,132	267,393	849,374	795,659
Selling, general and administrative	44,418	42,770	137,592	136,216
Stock-based compensation expense	7,919	8,719	25,031	23,330
Total expenses	559,932	494,346	1,627,460	1,481,174
Income before taxes	130,232	165,018	393,302	487,235
Income tax expense	(26,261)	(32,568)	(78,519)	(93,664)
Net income	\$ 103,971	\$ 132,450	\$ 314,783	\$ 393,571
Preferred stock dividends	(12,325)	(10,425)	(35,258)	(31,275)
Net income attributable to common stockholders	\$ 91,646	\$ 122,025	\$ 279,525	\$ 362,296
Earnings per share of common stock:				
Basic	\$ 0.82	\$ 1.10	\$ 2.51	\$ 3.26
Diluted	\$ 0.82	\$ 1.10	\$ 2.50	\$ 3.25
Weighted-average shares of common stock outstanding				
Basic	111,376,884	111,027,252	111,308,222	110,997,619
Diluted	111,804,113	111,346,799	111,801,757	111,383,257
Other financial data				
Pre-tax margin	18.9%	25.0%	19.5%	24.8%
Pre-tax return on common equity (trailing twelve months)	9.7%	10.6%	9.7%	10.6%
Adjusted net income before income taxes ⁽¹⁾	\$ 140,197	\$ 177,007	\$ 423,847	\$ 519,704
Adjusted diluted earnings per share before income taxes ⁽¹⁾	\$ 1.25	\$ 1.59	\$ 3.79	\$ 4.67
Adjusted pre-tax margin ⁽¹⁾	20.3%	26.8%	21.0%	26.4%
Adjusted pre-tax return on common equity (trailing twelve months) ⁽¹⁾	10.1%	11.5%	10.1%	11.5%

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

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share, per share amounts and percentages)

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(unaudited)				
Reconciliation of the numerator for adjusted pre-tax margin (net income attributable to common stockholders to adjusted net income before income taxes):				
Net income attributable to common stockholders	\$ 91,646	\$ 122,025	\$ 279,525	\$ 362,296
Amortization of debt discounts and issuance costs	14,371	13,695	40,772	40,414
Stock-based compensation expense	7,919	8,719	25,031	23,330
Income tax expense	26,261	32,568	78,519	93,664
Adjusted net income before income taxes	<u>\$ 140,197</u>	<u>\$ 177,007</u>	<u>\$ 423,847</u>	<u>\$ 519,704</u>
Denominator for adjusted pre-tax margin:				
Total revenues	\$ 690,164	\$ 659,364	\$2,020,762	\$1,968,409
Adjusted pre-tax margin ^(a)	<u>20.3%</u>	<u>26.8%</u>	<u>21.0%</u>	<u>26.4%</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(unaudited)				
Reconciliation of the numerator for adjusted diluted earnings per share net income attributable to common stockholders to adjusted net income before income taxes):				
Net income attributable to common stockholders	\$ 91,646	\$ 122,025	\$ 279,525	\$ 362,296
Amortization of debt discounts and issuance costs	14,371	13,695	40,772	40,414
Stock-based compensation expense	7,919	8,719	25,031	23,330
Income tax expense	26,261	32,568	78,519	93,664
Adjusted net income before income taxes	<u>\$ 140,197</u>	<u>\$ 177,007</u>	<u>\$ 423,847</u>	<u>\$ 519,704</u>
Denominator for adjusted diluted earnings per share:				
Weighted-average diluted common shares outstanding	111,804,113	111,346,799	111,801,757	111,383,257
Adjusted diluted earnings per share before income taxes ^(b)	<u>\$ 1.25</u>	<u>\$ 1.59</u>	<u>\$ 3.79</u>	<u>\$ 4.67</u>

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

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

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

	Trailing Twelve Months Ended September 30,	
	2024	2023
	(unaudited)	
Reconciliation of the numerator for adjusted pre-tax return on common equity (net income attributable to common stockholders to adjusted net income before income taxes):		
Net income attributable to common stockholders	\$ 490,151	\$ 497,182
Amortization of debt discounts and issuance costs	54,410	53,896
Recovery of Russian fleet	(67,022)	(30,877)
Stock-based compensation expense	36,316	29,134
Income tax expense	123,868	128,529
Adjusted net income before income taxes	\$ 637,723	\$ 677,864
Reconciliation of denominator for pre-tax return on common equity to adjusted pre-tax return on common equity:		
Common shareholders' equity as of beginning of the period	\$ 6,111,053	\$ 5,678,434
Common shareholders' equity as of end of the period	\$ 6,525,697	\$ 6,111,053
Average common shareholders' equity	\$ 6,318,375	\$ 5,894,744
Adjusted pre-tax return on common equity ^(c)	10.1%	11.5%

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

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

	Nine Months Ended September 30,	
	2024	2023
	(unaudited)	
Operating Activities		
Net income	\$ 314,783	\$ 393,571
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of flight equipment	849,374	795,659
Stock-based compensation expense	25,031	23,330
Deferred taxes	77,324	91,410
Amortization of prepaid lease costs	77,271	54,962
Amortization of discounts and debt issuance costs	40,772	40,414
Gain on aircraft sales, trading and other activity	(149,018)	(147,174)
Changes in operating assets and liabilities:		
Other assets	(3,509)	40,496
Accrued interest and other payables	29,494	(6,380)
Rentals received in advance	(14,467)	(3,982)
Net cash provided by operating activities	<u>1,247,055</u>	<u>1,282,306</u>
Investing Activities		
Acquisition of flight equipment under operating lease	(2,816,375)	(2,782,507)
Payments for deposits on flight equipment purchases	(461,788)	(249,231)
Proceeds from aircraft sales, trading and other activity	884,045	1,568,420
Acquisition of aircraft furnishings, equipment and other assets	(284,050)	(205,368)
Net cash used in investing activities	<u>(2,678,168)</u>	<u>(1,668,686)</u>
Financing Activities		
Net proceeds from preferred stock issuance	295,532	—
Cash dividends paid on Class A common stock	(70,092)	(66,587)
Cash dividends paid on preferred stock	(35,258)	(31,275)
Tax withholdings on stock-based compensation	(9,384)	(3,354)
Net change in unsecured revolving facility	186,000	758,000
Proceeds from debt financings	3,541,706	1,783,973
Payments in reduction of debt financings	(2,781,604)	(2,566,518)
Debt issuance costs	(10,626)	(10,590)
Security deposits and maintenance reserve receipts	328,351	269,171
Security deposits and maintenance reserve disbursements	(12,654)	(10,723)
Net cash provided by financing activities	<u>1,431,971</u>	<u>122,097</u>
Net increase/(decrease) in cash	858	(264,283)
Cash, cash equivalents and restricted cash at beginning of period	464,492	780,017
Cash, cash equivalents and restricted cash at end of period	<u>\$ 465,350</u>	<u>\$ 515,734</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest, including capitalized interest of \$32,859 and \$31,708 at September 30, 2024 and 2023, respectively	\$ 590,697	\$ 532,922
Cash paid for income taxes	\$ 22,746	\$ 6,250
Supplemental Disclosure of Noncash Activities		
Buyer furnished equipment, capitalized interest and deposits on flight equipment purchases applied to acquisition of flight equipment and other assets	\$ 838,170	\$ 620,280
Flight equipment subject to operating leases reclassified to flight equipment held for sale	\$ 1,143,096	\$ 1,411,564
Flight equipment subject to operating leases reclassified to investment in sales-type lease	\$ 74,017	\$ 33,641
Cash dividends declared on Class A common stock, not yet paid	\$ 23,389	\$ 22,205