



Air Lease Corporation | Annual Report 2013

On the **Leading Edge** of Aviation





ALC is a leading aircraft leasing company based in Los Angeles, California. ALC and its team of dedicated and experienced professionals are principally engaged in purchasing new commercial aircraft delivering from its direct orders with Boeing, Airbus, Embraer, and ATR, and leasing them to its airline customers worldwide through customized aircraft leasing and financing solutions. The mission of ALC is to work with these airlines to modernize and grow their fleets, consult with OEMs as they develop the next generation of fuel-efficient and environmentally friendly aircraft, and continue to explore strategic business solutions for our clients to support their growth and success. Beyond lease expertise, ALC offers route and schedule analysis, fleet optimization and planning, aircraft and engine purchasing consulting, aircraft procurement services, aircraft financing support, aircraft investment analysis and recommendations, and can act as global servicer and manager for aircraft lease portfolios.



Expanding Access to Capital

✦ MAY 9TH

Kroll Bond Rating Agency
Initiated a Corporate Credit
Rating of A- for ALC

✦ MAY 7TH

Closed a \$1.7 Billion
4 Year Unsecured
Revolving Bank Facility

✦ MARCH 11TH

\$77 Million of Notes Issued
and Guaranteed by the
Export-Import Bank of the
United States

✦ FEBRUARY 5TH

\$400 Million of Unsecured Senior
Notes Issued

A TIMELINE OF OUR MAJOR ACHIEVEMENTS

As an investment grade company, we have significantly expanded the breadth and depth of financing sources available to us. Unsecured funding grew by \$2.7 billion primarily through capital markets transactions and our agented bank revolver.

✦ AUGUST 26TH

Standard and Poor's Rating Agency Initiated a Corporate Credit Rating of BBB- for ALC

✦ OCTOBER 1ST

\$185 Million Private Placement of Unsecured Senior Notes Issued with an NAIC 1 Rating

✦ NOVEMBER 4TH

Upsized the Unsecured Revolving Bank Facility to \$2 Billion

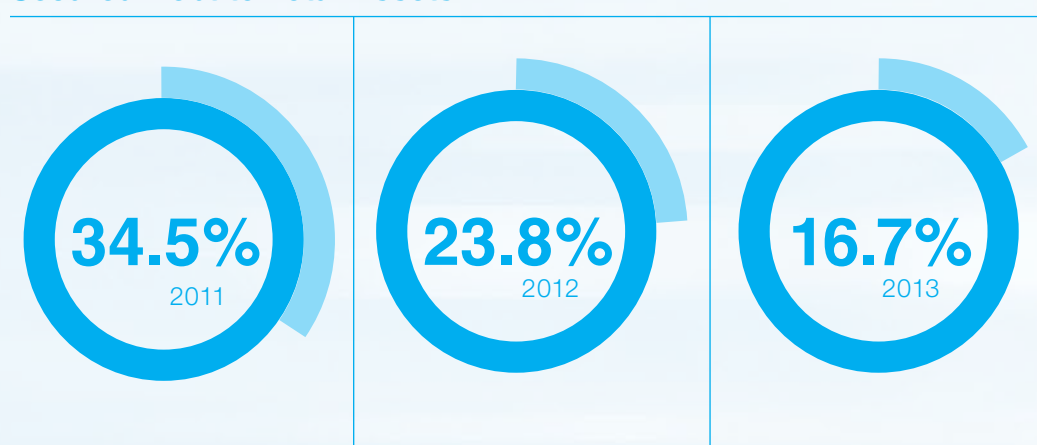
✦ NOVEMBER 19TH

\$700 Million of Unsecured Senior Notes Issued with Investment Grade Ratings

Balance Sheet Strength

Secured Debt to Total Assets

↑ SECURED DEBT ↑ TOTAL ASSETS



Debt to Equity

2.3 to 1

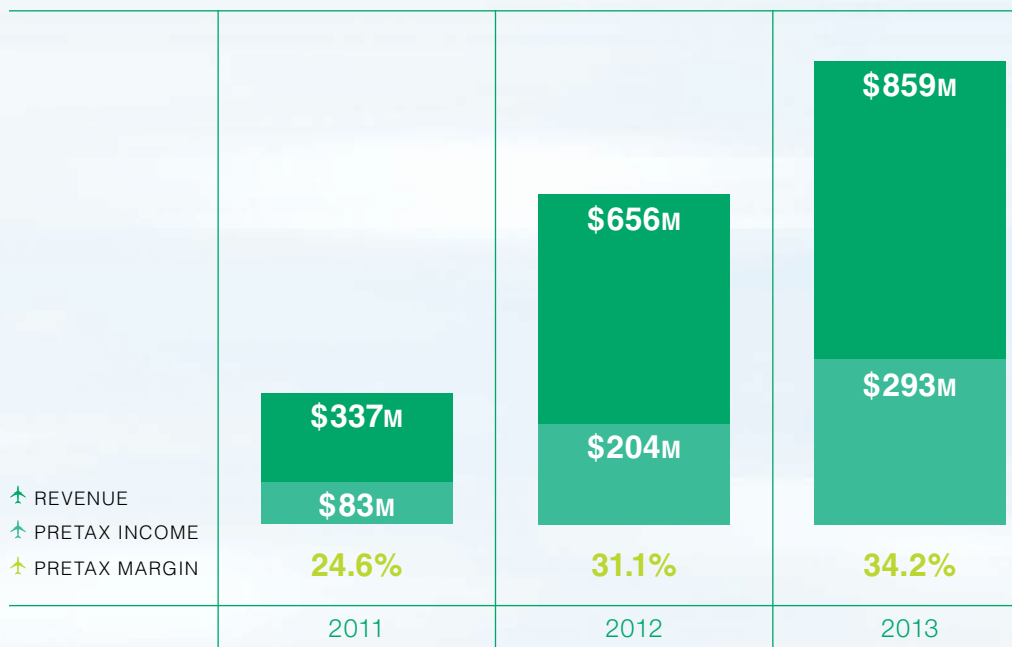


Credit Ratings

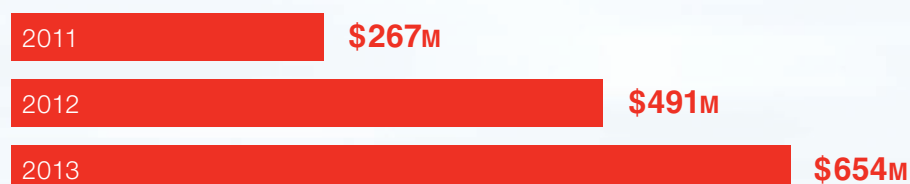
Agency	Rating	Outlook
Kroll Bond Rating Agency	A-	Stable
Standard & Poor's Ratings Services	BBB-	Stable

Proven Performance

Revenue and Pretax Income



Cash Flow from Operations



Contracted Minimum Future Rentals on Existing Fleet at Year End



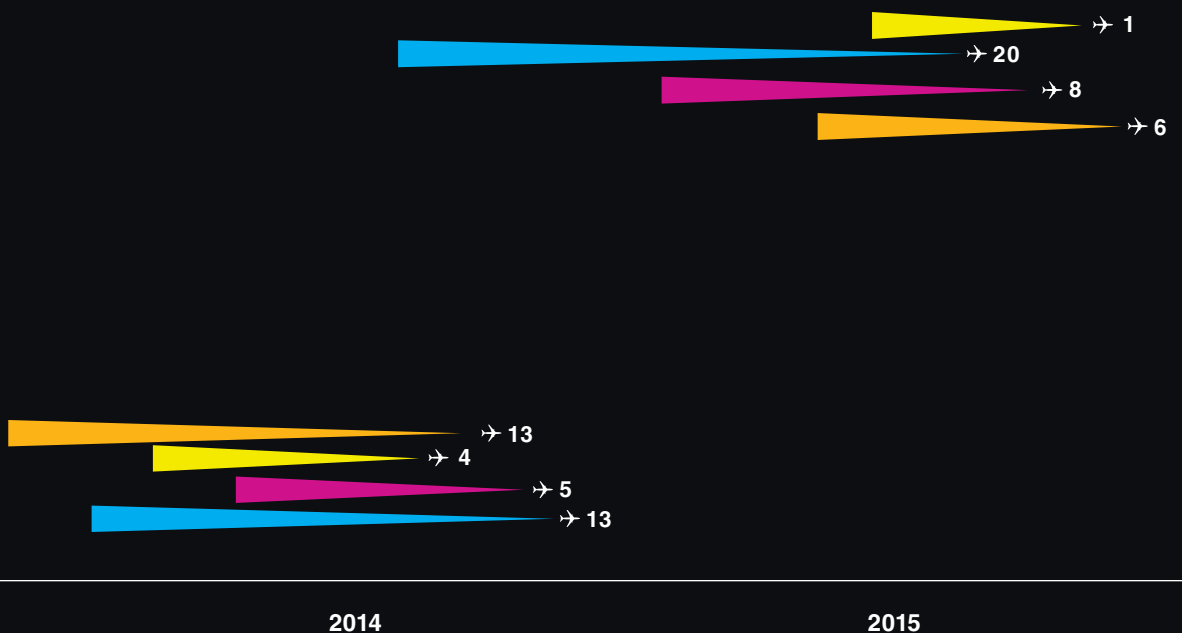
Our Pipeline for Continued Growth

AS A LEADING CUSTOMER OF BOEING AND AIRBUS,

we now control one of the largest order books in the aircraft leasing industry. Our pipeline of aircraft deliveries over the next decade ensures that we will have the most modern and in-demand narrowbody and widebody aircraft in our fleet.

TOTAL AIRCRAFT ON ORDER THROUGH 2023

327





TOTAL FORWARD ORDER BOOK THROUGH 2023

\$27.3B

OUR DELIVERY PIPELINE THROUGH 2023

Aircraft Type	Total
✈️ AIRBUS A321-200	19
✈️ AIRBUS A320/321NEO	50
✈️ AIRBUS A350 XWB	30
✈️ BOEING 737-800	59
✈️ BOEING 737-8/9 MAX	104
✈️ BOEING 777-300ER	15
✈️ BOEING 787-9/10	45
✈️ ATR 72-600	5
TOTAL	327

2016

2017

2018

Boeing 787 Dreamliner

Adding to our existing order base of 787-9 aircraft, ALC became a launch customer of Boeing's 787-10 when the company committed to an order of 30 of the newest high capacity version Dreamliner in June. These aircraft possess the characteristics airlines desire by offering the ideal size, capabilities and economical operating costs for their medium to long-haul markets. According to Boeing, the 787-10 delivers higher profit on high-demand core markets, generating leading economics in the sky. With a range of up to 7,000 nautical miles and seating for up to 330 passengers, the 787-10 combines enhanced technology, improved passenger experience, and strong operational metrics that customers have come to expect from ALC's fleet of high performance aircraft.



Airbus A350

In February ALC contributed to one of the most successful commercial launches in the aircraft industry by committing to 30 Airbus A350 XWB (Xtra-Wide Body) Family aircraft. The A350 XWB Family is becoming a leader in efficiency in the long haul segment. The A350 XWB is an all-new mid-size long range product line comprising three versions and seating between 270 and 350 passengers in typical three-class layouts. Airbus reports that the new family will bring a step change in efficiency compared with an earlier generation aircraft in this size category, using 25 percent less fuel and providing an equivalent reduction in CO₂ emissions. These aircraft will help airlines grow their businesses while simultaneously reducing their operating costs and emissions. The A350 XWB is an excellent addition to the ALC fleet as the company continues to supply customers with the technologically advanced, fuel-efficient aircraft demanded by the market.



A Global Network of Customers



ALC ADDED 13 NEW AIRLINE CUSTOMERS IN 2013,

bringing our count to 79 airlines across 47 countries at the end of the year. We maintain a globally diversified portfolio of customers, balancing exposures by country, region, and individual airline in our efforts to create the strongest credit profile for an aircraft lessor.

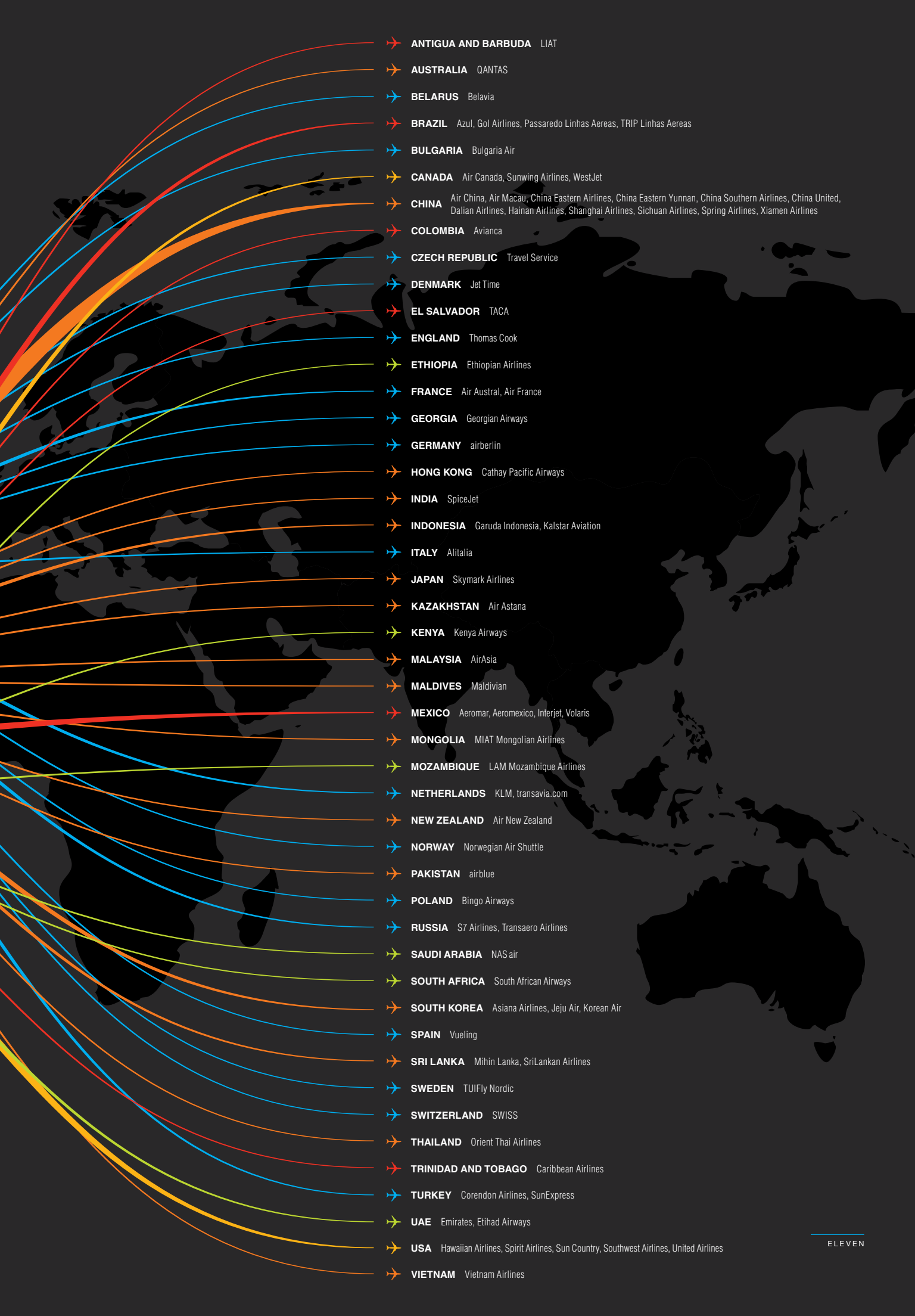
EUROPE

ASIA PACIFIC

LATIN AMERICA

NORTH AMERICA

AFRICA & MIDDLE EAST



- ✈️ **ANTIGUA AND BARBUDA** LIAT
- ✈️ **AUSTRALIA** QANTAS
- ✈️ **BELARUS** Belavia
- ✈️ **BRAZIL** Azul, Gol Airlines, Passaredo Linhas Aereas, TRIP Linhas Aereas
- ✈️ **BULGARIA** Bulgaria Air
- ✈️ **CANADA** Air Canada, Sunwing Airlines, WestJet
- ✈️ **CHINA** Air China, Air Macau, China Eastern Airlines, China Eastern Yunnan, China Southern Airlines, China United, Dalian Airlines, Hainan Airlines, Shanghai Airlines, Sichuan Airlines, Spring Airlines, Xiamen Airlines
- ✈️ **COLOMBIA** Avianca
- ✈️ **CZECH REPUBLIC** Travel Service
- ✈️ **DENMARK** Jet Time
- ✈️ **EL SALVADOR** TACA
- ✈️ **ENGLAND** Thomas Cook
- ✈️ **ETHIOPIA** Ethiopian Airlines
- ✈️ **FRANCE** Air Austral, Air France
- ✈️ **GEORGIA** Georgian Airways
- ✈️ **GERMANY** airberlin
- ✈️ **HONG KONG** Cathay Pacific Airways
- ✈️ **INDIA** SpiceJet
- ✈️ **INDONESIA** Garuda Indonesia, Kalstar Aviation
- ✈️ **ITALY** Alitalia
- ✈️ **JAPAN** Skymark Airlines
- ✈️ **KAZAKHSTAN** Air Astana
- ✈️ **KENYA** Kenya Airways
- ✈️ **MALAYSIA** AirAsia
- ✈️ **MALDIVES** Maldivian
- ✈️ **MEXICO** Aeromar, Aeromexico, Interjet, Volaris
- ✈️ **MONGOLIA** MIAT Mongolian Airlines
- ✈️ **MOZAMBIQUE** LAM Mozambique Airlines
- ✈️ **NETHERLANDS** KLM, transavia.com
- ✈️ **NEW ZEALAND** Air New Zealand
- ✈️ **NORWAY** Norwegian Air Shuttle
- ✈️ **PAKISTAN** airblue
- ✈️ **POLAND** Bingo Airways
- ✈️ **RUSSIA** S7 Airlines, Transaero Airlines
- ✈️ **SAUDI ARABIA** NAS air
- ✈️ **SOUTH AFRICA** South African Airways
- ✈️ **SOUTH KOREA** Asiana Airlines, Jeju Air, Korean Air
- ✈️ **SPAIN** Vueling
- ✈️ **SRI LANKA** Mihin Lanka, SriLankan Airlines
- ✈️ **SWEDEN** TUIFly Nordic
- ✈️ **SWITZERLAND** SWISS
- ✈️ **THAILAND** Orient Thai Airlines
- ✈️ **TRINIDAD AND TOBAGO** Caribbean Airlines
- ✈️ **TURKEY** Corendon Airlines, SunExpress
- ✈️ **UAE** Emirates, Ethad Airways
- ✈️ **USA** Hawaiian Airlines, Spirit Airlines, Sun Country, Southwest Airlines, United Airlines
- ✈️ **VIETNAM** Vietnam Airlines



JOHN L. PLUEGER
PRESIDENT & CHIEF OPERATING OFFICER

STEVEN F. UDVAR-HÁZY
CHAIRMAN & CHIEF EXECUTIVE OFFICER

TO OUR FELLOW SHAREHOLDERS

2013 was a year of continued dynamic growth in our business. We expanded our global airline customer base, increased our future contracted aircraft delivery stream, and broadened our financing sources. ALC grew all of its key operating metrics in 2013 and punctuated the year by achieving the company's highest pretax operating profit margin to date of 37.3% in the fourth quarter.

We added 13 new airline customers to finish the year with 79 airline clients across 47 countries. Our fleet remains very young with long leases to a globally diversified group of airlines, which strongly enhances the company's credit profile. All of the aircraft in our fleet are leased with a stable overall portfolio lease rate factor. We've concluded all aircraft placements scheduled for delivery in 2014 and 2015 at profitable levels and we are now focused on 2016 and beyond.

Another year of global passenger traffic growth over 5% has generated strong demand for our future aircraft deliveries and positions the company very well to continue to help airlines modernize aging aircraft fleets. While the global economy has continued to work through a recovery from the financial crisis, the airline industry has been resilient. Efforts to restructure or merge have allowed airlines to cut costs, rationalize capacity, and modernize their fleets over the last few years and we see this trend continuing. As a result, in 2013 airline operating performances were generally improved. Our seasoned management team is highly experienced in bringing fleet and other solutions to help mitigate the economic, political, currency, and operating challenges faced by our customers and work with them to build healthy airlines better able to withstand future headwinds.

We have responded to the needs of our airline customers by continuing to deliver new aircraft from our pipeline, consistent with our long-term fleet growth plan. In February, we concluded an order for 25 firm A350 XWB Family aircraft, consisting of 20 A350-900s and five A350-1000s, and options for five additional A350-1000s. Also in February, we placed an order for 10 additional Boeing 777-300ERs adding to five previously ordered aircraft, all 15 of which have been placed on long-term leases. At the Le Bourget Airshow in June, we announced our launch order for 30 Boeing 787-10 and three additional B787-9 aircraft. We now have 327 aircraft on order through 2023, which further secures a consistent stream of aircraft delivery positions that our customers demand. These aircraft are the most modern narrowbody and widebody aircraft manufactured by Boeing and Airbus that will dominate the skies for the coming decades. We control one of the largest order books in the aircraft leasing industry and are pleased with the volume pricing that we have obtained as one of the largest customers for Boeing and Airbus. When combined with favorable funding costs and a strong balance sheet, we are able to deliver competitive lease terms to our airline customers and generate solid returns for our shareholders.

Consistent with our view of the healthy, long-term prospects for air travel, in 2013 we saw the global banking industry return to a favorable view of the airline sector. Additionally, this year the capital markets have allowed a wide array of companies in our industry to access the markets. We view this positively as a broadening universe of investors understand the desirability and value in aircraft leasing and aircraft assets. These new sources are helping to fill the funding gap that exists between the capital base of current lessors and the amount of capital required to finance the leased aircraft in the global fleet.

2013 provided two significant developments to our financial profile, when we received a BBB- corporate credit rating from Standard and Poor's and an A- corporate credit rating from Kroll Bond Rating Agency. As an investment grade company, we have significantly expanded the breadth and depth of financing sources available to us. One of the strategic goals of ALC remains to finance the company primarily through unsecured debt issuances. We believe that to achieve superior results, an investment grade profile is necessary for the best access to capital through cycles and optimal positioning when opportunities present themselves. In our industry, ALC has generated excellent credit metrics, based on a globally diversified portfolio of aircraft and airline customers, conservative balance sheet, young fleet, long leases and leading financial performance. We believe these metrics will allow for ratings upgrades in the future.

Owing to the financial success of the company since inception four years ago, in 2013 our Board instituted a quarterly dividend on our outstanding common stock and increased the amount of the dividend during the year. The dividend helps to enhance shareholder returns and broadens our investor base, yet allows for the continued strong growth of the company.

We are grateful to our dedicated team of experienced professionals at ALC, our loyal airline customers, and our bankers and investors who have shared our vision to build the best aircraft leasing company in the world.

Respectfully yours,



STEVEN F. UDVAR-HÁZY
CHAIRMAN & CHIEF EXECUTIVE OFFICER



JOHN V. PLUEGER
PRESIDENT & CHIEF OPERATING OFFICER

Corporate Information

TRANSFER AGENT

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ANNUAL MEETING

May 7, 2014
7:30 AM Pacific Time
Century Plaza Towers
2029 Century Park East
Los Angeles, California 90067
Concourse Level, Conference Room A

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Please visit www.airleasecorp.com
to view or download a PDF of this
annual report.

STOCK EXCHANGE LISTING

New York Stock Exchange
(Symbol: AL)

FORM 10-K AND OTHER REPORTS

Shareholders may receive a copy
of the 2013 Form 10-K and other reports
we file with the Securities
and Exchange Commission,
without charge by writing to:

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Or by E-mail to:
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