Airline Economics Growth Frontiers Dublin

John L. Plueger
Chief Executive Officer
& President

January 22, 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. 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.

2018 outlook

Macro Backdrop

Airline Health

OEM Landscape

Passenger Traffic

Aircraft Supply & Demand

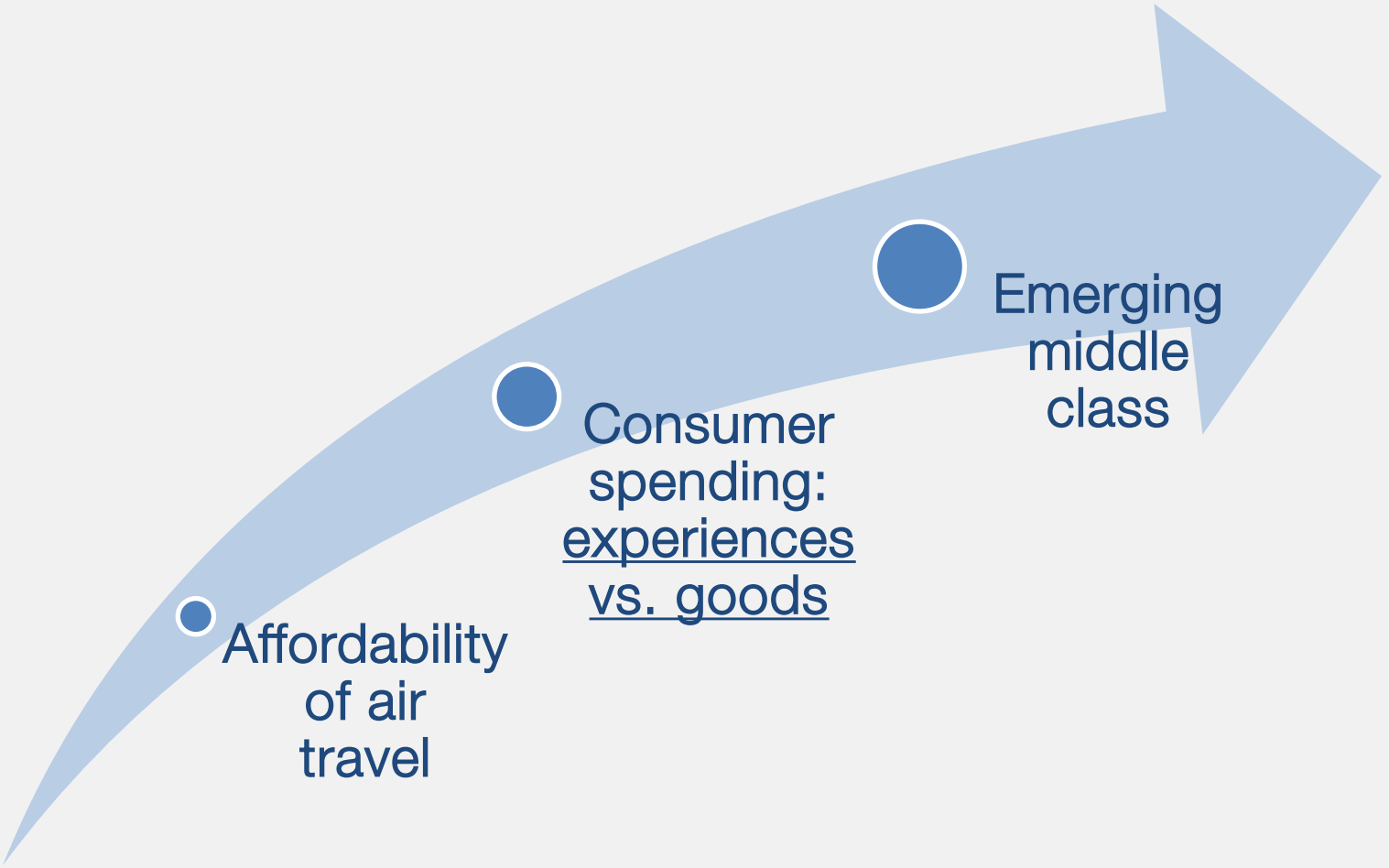
Role of Aircraft Lessors

Growth across most major economies is positive

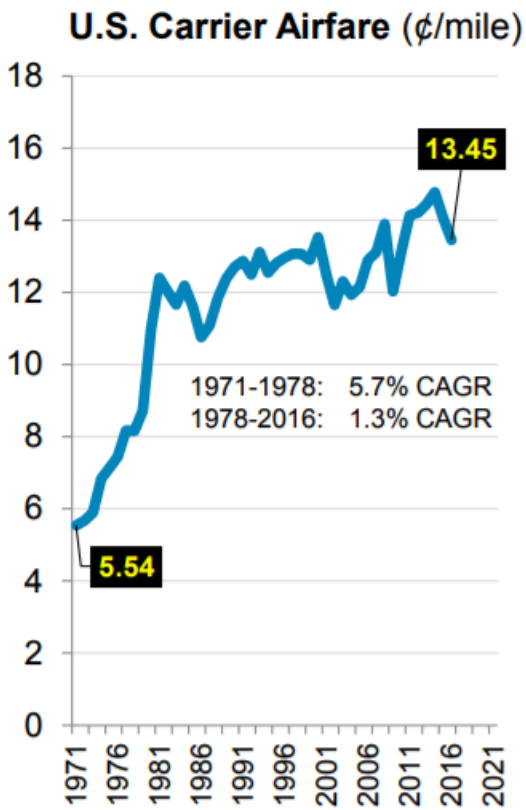
Country	Real GDP growth year-over-year
China	6.8%
India	6.3%
Canada	3.4%
Germany	2.8%
US	2.3%
France	2.3%
Japan	2.1%
UK	1.7%
Italy	1.7%
Brazil	1.4%

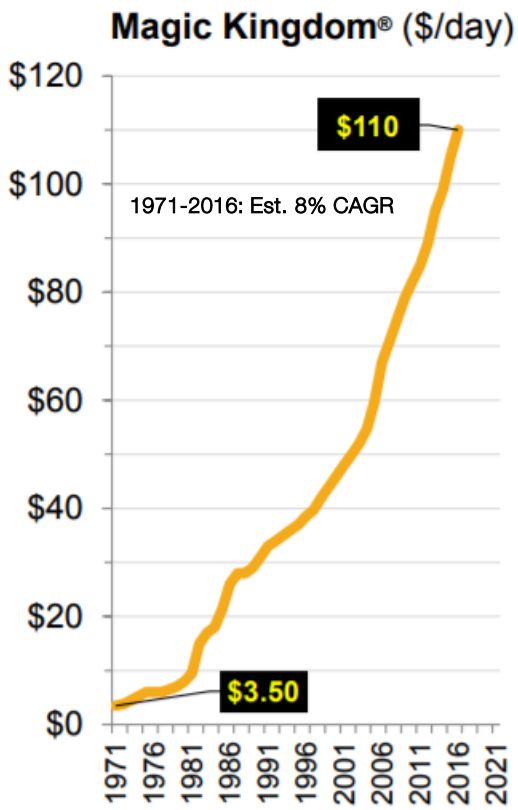
Source: Bloomberg Global Economic Matrix as of January 11, 2018

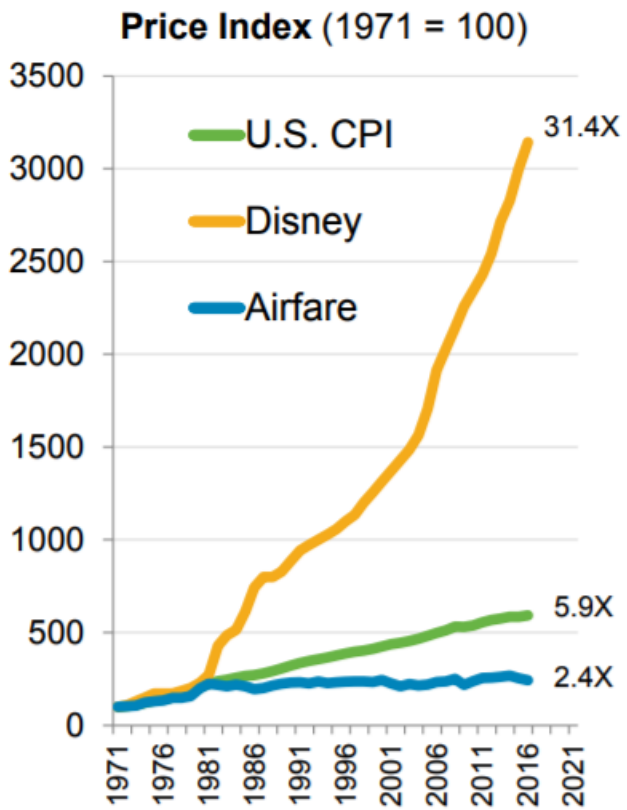
Current and future drivers of passenger traffic



Air travel has increasingly become a “bargain”

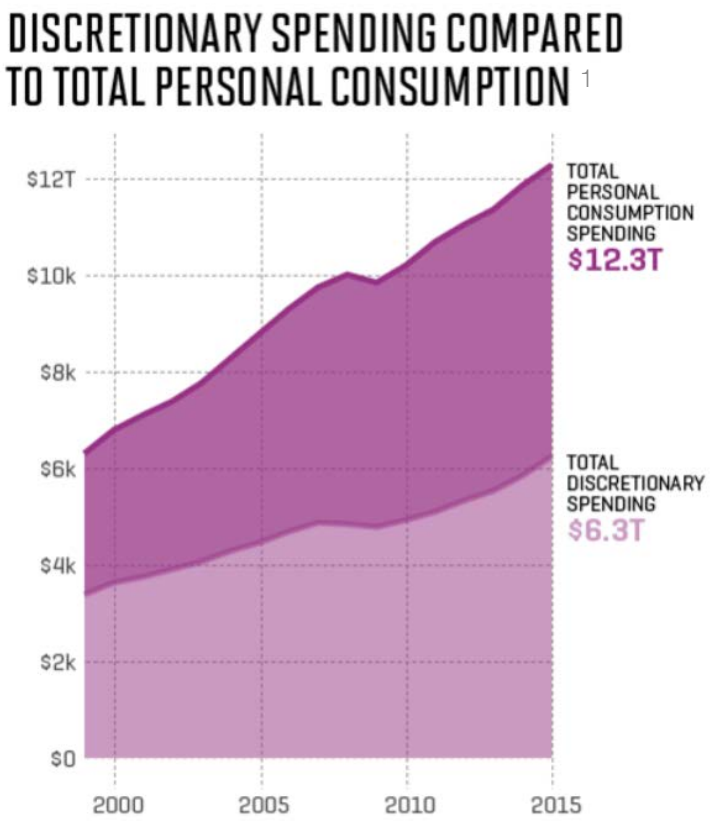






Source: A4A U.S. Air Service and the Competitive Landscape, December 21, 2017

Shifting consumer spending habits



- *"Total personal consumption in the U.S. has nearly doubled in the last 15 years to $12.3 trillion. Over the same time period, discretionary spending on cars and home furnishings as a percentage of total spending has decreased, while purchases of food, accommodations and recreation services have steadily increased."*[1]

Source: [1]Forbes, Why Americans are spending more on experiences vs. buying stuff, 9/1/16. HSBC and Bureau of Economic Analysis..

Highly favorable trends driven by a rapidly expanding middle class…

160 million

people per year on average will be added to the middle class through 2030

"We are witnessing the most rapid expansion of the middle class, at a global level, that the world has ever seen."

88%

of the next billion entrants into the middle class will be in Asia

"By 2030, Asia could represent two-thirds of the global middle class population."

$29 trillion

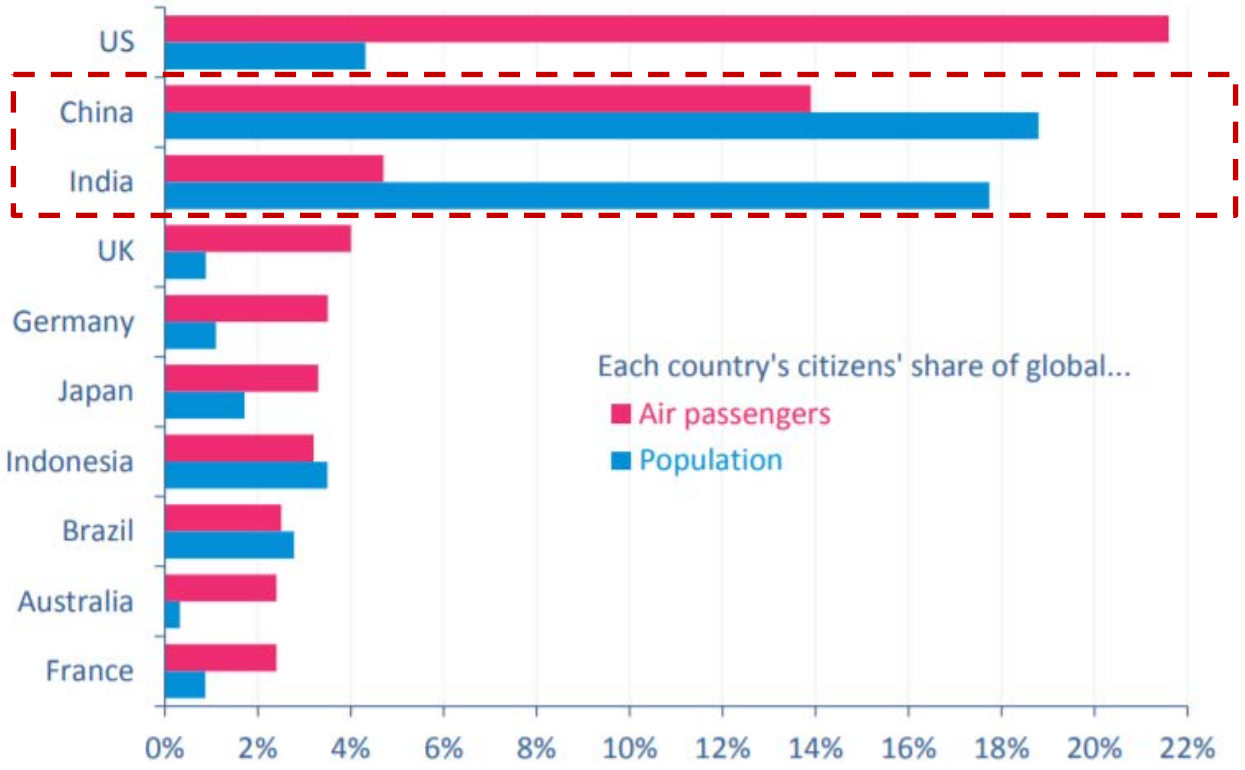
more than in 2015 will be consumed by the global middle class by 2030

"Globally, the middle class…could be spending $29 trillion more by 2030, accounting for roughly a third of projected GDP growth."

AIR LEASE CORPORATION

Source for statistics and quotes above: Brookings, The unprecedented expansion of the global middle class, an update, February 28, 2017

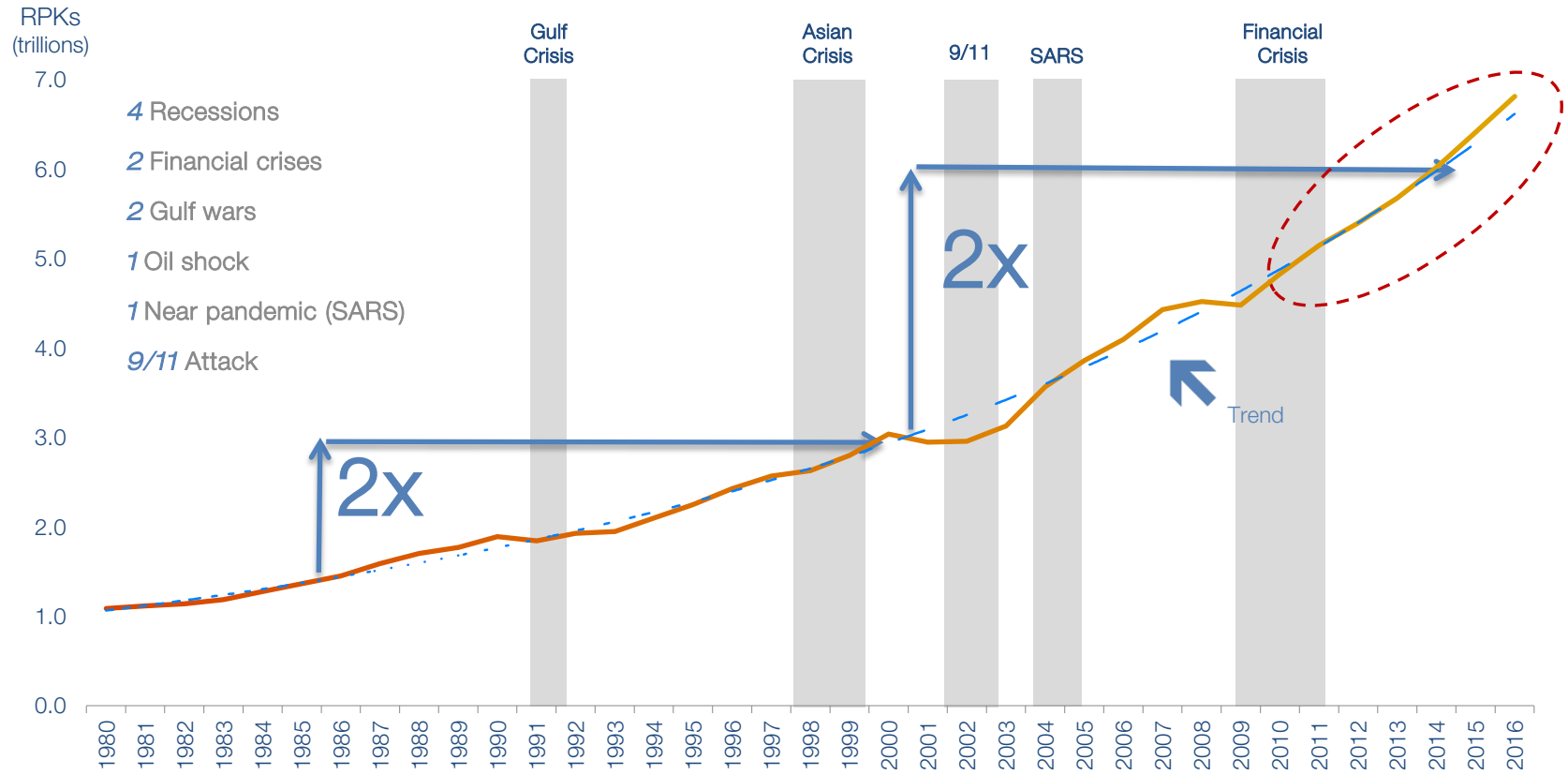
…resulting in further potential growth in passenger traffic



- The above chart from IATA focuses on the top 10 nationalities, whose citizens make up more than 60% of global traffic
  - Currently citizens of the U.S. make up 22% of global air passengers but less than 5% of the world population
  - A convergence between air passengers and population is expected to occur over time

Source: IATA Economics' Chart of the Week, August 25, 2017; IATA WATS, UN POP

Passenger traffic growth has been remarkably resilient



Note: RPKs = Revenue Passenger Kilometers
Source: Boeing and ICAO scheduled traffic (September 2015) & IATA 2017

Fundamentals support continued airline health

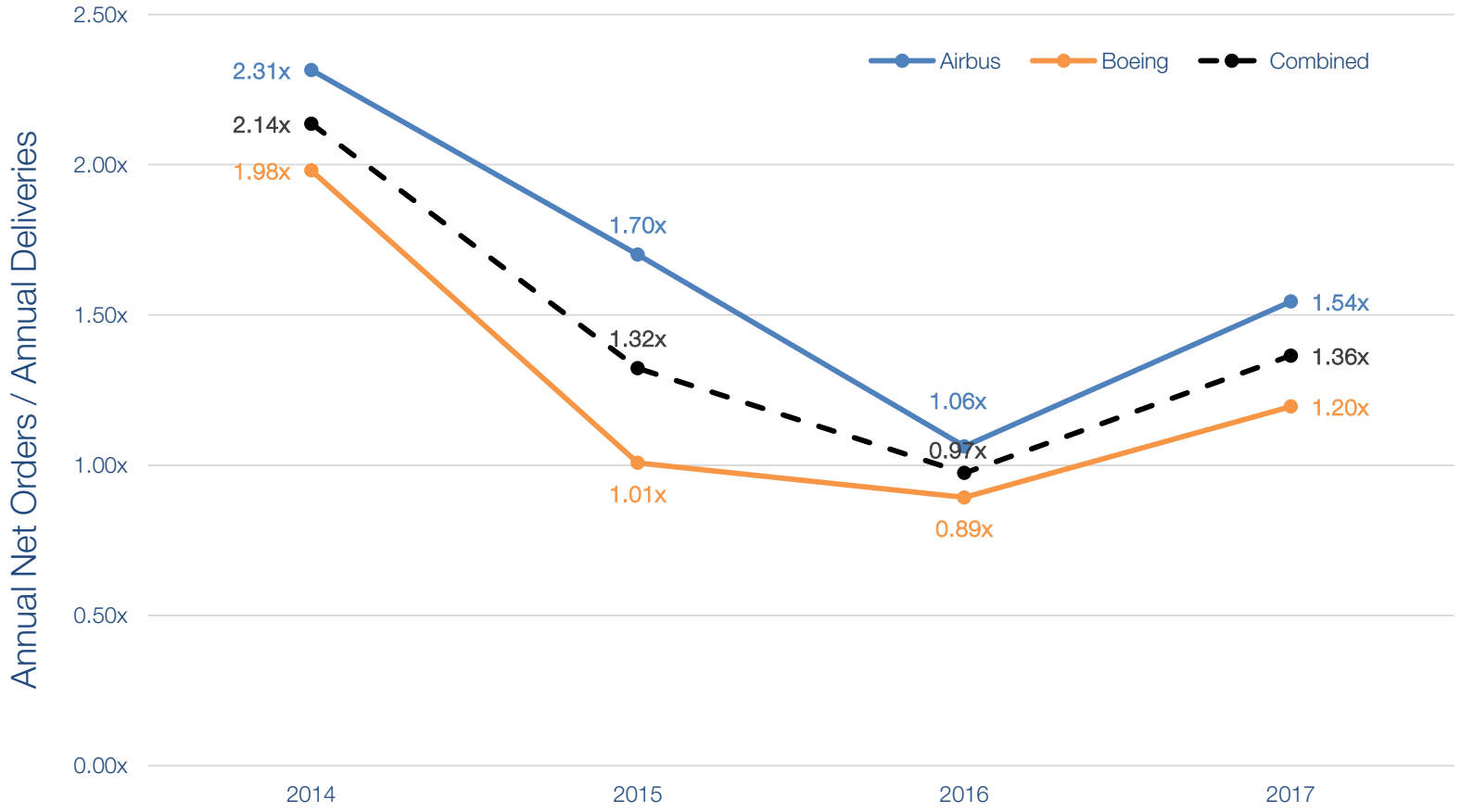
Key fundamentals to watch

- Passenger traffic growth projected to be +6.0% in 2018[1]
- Global GDP forecasted to rise 3.7%[2]
- Global airline profitability expected to be $38.4bn in 2018[1]
- Interest rates to gradually rise with the 10yr UST expected to end 2018 at 2.9%[3]
- Oil projected to remain range-bound with year-end consensus price target of ~$60[3]

Today

Source: [1]IATA Fact Sheet December 2017, [2]IMF, [3]Bloomberg as of 1/11/18

Airbus and Boeing book-to-bill ratio

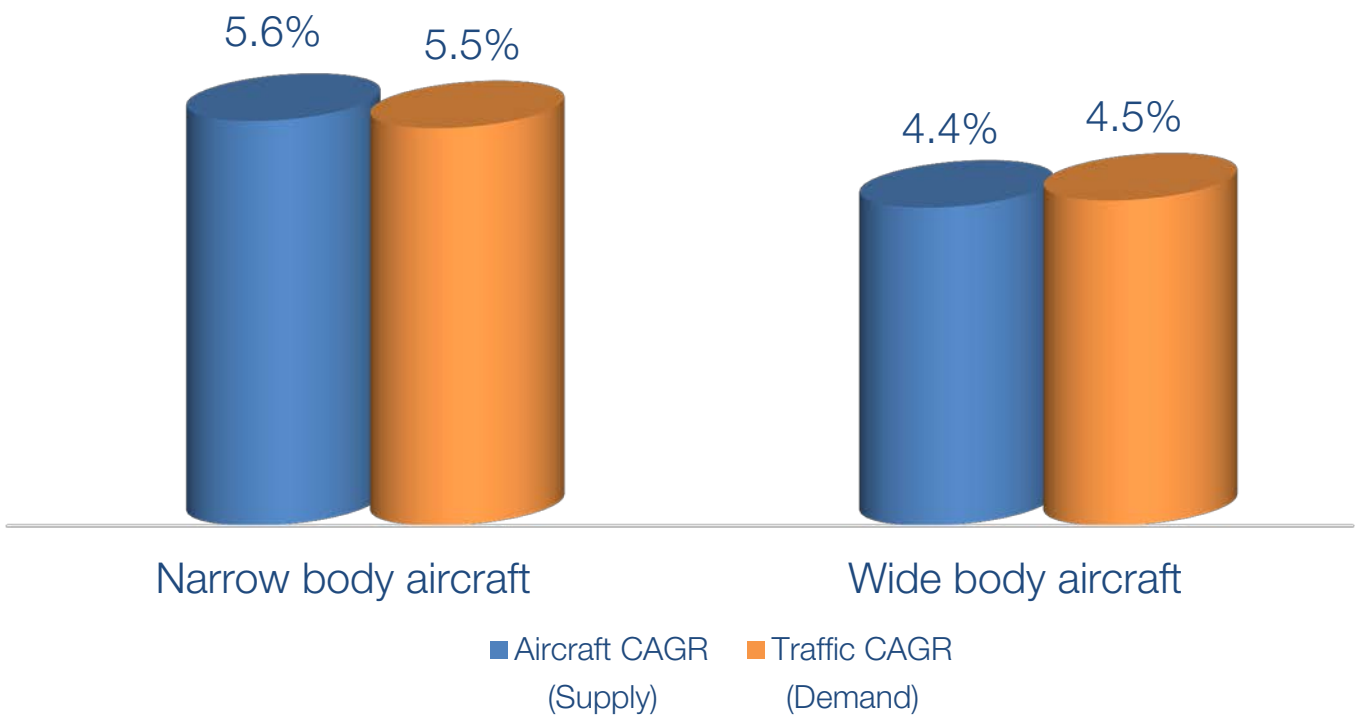


- The combined book-to-bill ratio for Airbus and Boeing reversed a three year downward trend and rose back to well above 1.0x in 2017

Source: Manufacturer data

Aircraft supply & demand should benefit from the stable fundamentals

Expected Net Growth of Installed Base vs. Expected Traffic Growth 2017E – 2022E



Source: J.P. Morgan Research. Note: includes >100 seat western jets with passenger use only.

Air freight traffic

Are we seeing evidence of a global sea change vs. cyclical upturn?

- Global freight tonne kilometres were up ~9% year-on-year in November and remain on track for their fastest full year of growth since 2010
- Demand for rapid delivery (i.e. the "Amazon Prime" effect) and a push towards leaner retail inventories (i.e. just-in-time manufacturing and delivery) has stimulated a recent surge in global air freight traffic
- Is this a normal cargo cycle upturn or a permanent shift favoring overnight demand?

Graphics sourced from Wall Street Journal ("Why Airfreight Traffic Is Up: Dog Food and Semiconductors Are Vying for Space"; Jan. 9, 2018).
**One metric ton of freight carried one kilometer.*
†Based on average of multiple East-West routes; includes fuel and security surcharges; excludes door delivery costs.
Sources: IATA (cargo volume); Drewry Shipping Consultants (price).

The landscape ahead

2018 and beyond

OEM consolidation

- Airbus / C Series
- Boeing / Embraer
- Boeing – Avionics / seats / global services
- UTC / Rockwell Collins
- Production rate increases – stress on global supply chain
- Is the time right for engine manufacturer consolidation?

Lessor consolidation

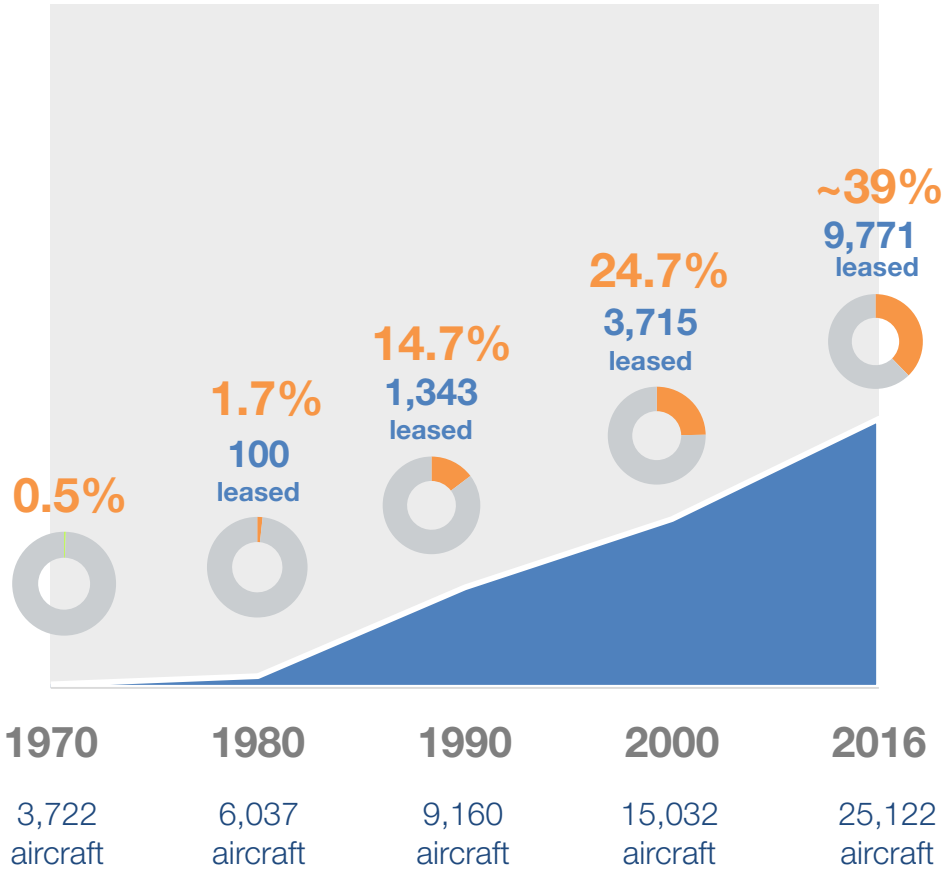
- GE parent recent announcements
- China lessors

New aircraft

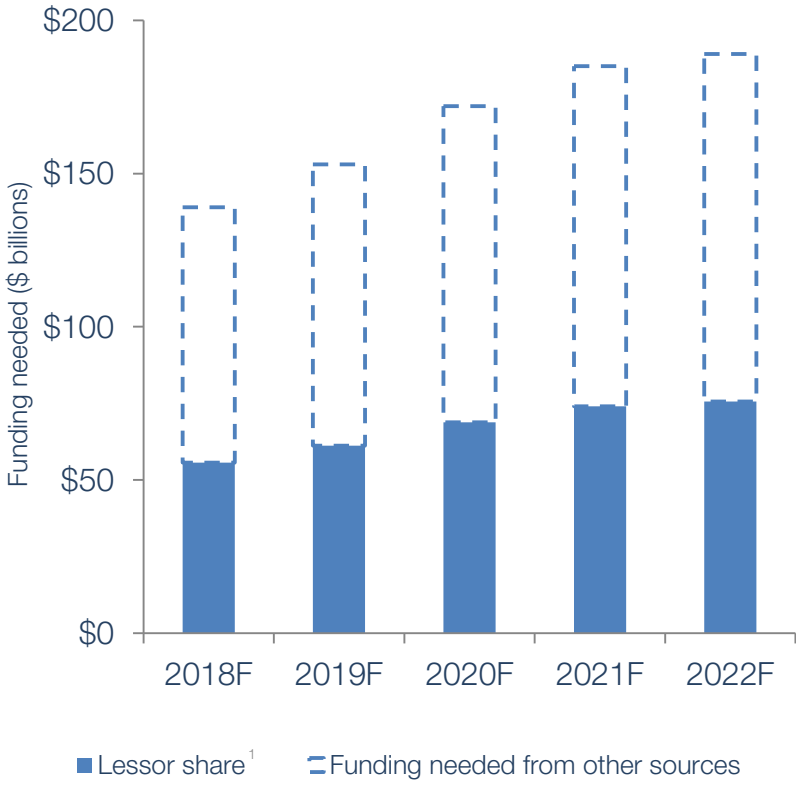
- Boeing believes momentum building for NMA
- Higher weight version of A321NEO?
- Market development of largest twin-aisles

Lessors are poised to retain a critical role in 2018

- ~40% of the global fleet is leased



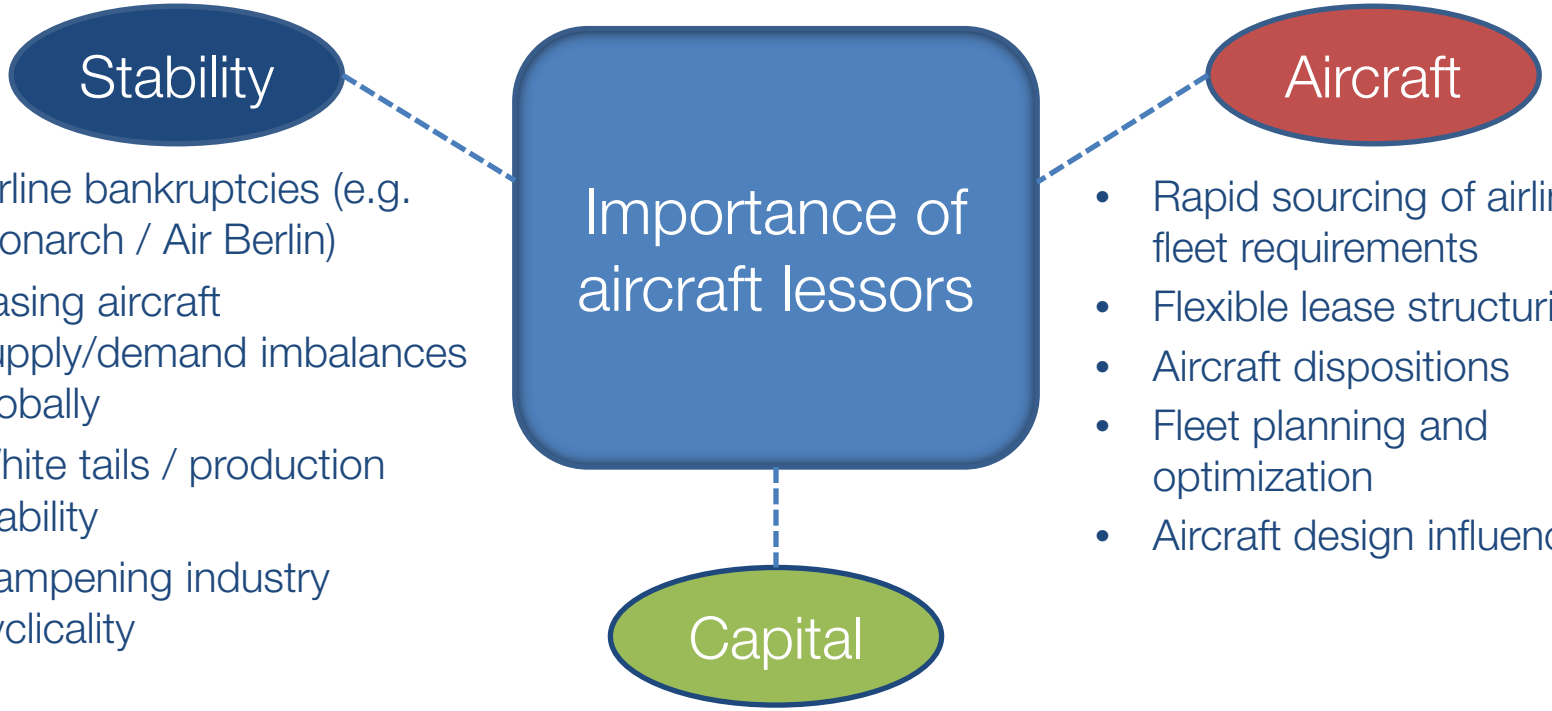
- ~$830 billion of capital required for new aircraft delivering over next five years
  - Lessor share = $335 billion



Source: Boeing Capital

[1]Assumes lessor fleet ownership remains at ~40%

Aircraft lessors are vital



- Airline bankruptcies (e.g. Monarch / Air Berlin)
- Easing aircraft supply/demand imbalances globally
- White tails / production stability
- Dampening industry cyclicality

- Rapid sourcing of airline fleet requirements
- Flexible lease structuring
- Aircraft dispositions
- Fleet planning and optimization
- Aircraft design influence

- Direct orders, sale-leasebacks, ABS, AVG's/RVG's
- Expanding aircraft liquidity/stability by sourcing new equity and debt capital investors (e.g. side-car and management vehicles such as ALC's Blackbird Capital I & II and Thunderbolt)
- Providing good returns to public and private shareholders and investors and thereby attracting added capital

Comment on the sale-leaseback market

- Ultra low lease rates rumored on several competitive transactions in the sale-leaseback (SLB) marketplace are not sustainable over the long-term
- A rising interest rate environment will eventually increase lease rate factors, including those on SLB transactions
- We have seen that capital from China can become constrained
- Airlines making large, outsized orders predicated on current SLB rates and providers may see a different picture in 2020-2023 when many of these orders deliver

Know your counterparty

Scale	**$43 billion** *Total assets owned and on order*
	659 *Total aircraft owned, managed and on order*
Visibility	**91%** Order book placed through 2019
	$23 billion Contracted & committed fleet rentals[1]
Stability	Highest rated standalone aircraft lessor (S&P: BBB / Fitch: BBB / Kroll: A-)

ALC is a long-term partner for the airline industry

Note: Values and information included above as of September 30, 2017 unless noted otherwise

[1] Includes $9.6 billion of contracted minimum future rentals on our existing fleet and $13.7 billion committed rentals on our order book

Questions?

AIR LEASE CORPORATION