



Air Lease Corporation Announces Second Quarter 2023 Results

Los Angeles, California, August 3, 2023 — Air Lease Corporation (ALC) (NYSE: AL) announces financial results for the three and six months ended June 30, 2023.

“Our second quarter results benefited from new aircraft deliveries exceeding our expectations, coupled with gains from higher volumes of aircraft sales. Lease rates continue to strengthen and demand for both aircraft leasing and sales remain robust, which we see continuing for the foreseeable future,” said John L. Plueger, Chief Executive Officer and President, and Steven F. Udvar-Házy, Executive Chairman of the Board.

Second Quarter 2023 Results

The following table summarizes our operating results for the three and six months ended June 30, 2023 and 2022 (in millions, except per share amounts and percentages):

Operating Results

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	2022	\$ change	% change	2023	2022	\$ change	% change
Revenues	\$ 672.9	\$ 557.7	\$ 115.2	20.7 %	\$ 1,309.0	\$ 1,154.4	\$ 154.6	13.4 %
Operating expenses	(509.0)	(412.8)	(96.2)	23.3 %	(986.8)	(808.8)	(178.0)	22.0 %
Write-off of Russian fleet	—	—	—	— %	—	(802.4)	802.4	— %
Income/(loss) before taxes	164.0	144.9	19.1	13.2 %	322.2	(456.8)	779.0	— %
Net income/(loss) attributable to common stockholders	\$ 122.0	\$ 105.9	\$ 16.1	15.2 %	\$ 240.3	\$ (373.6)	\$ 613.9	— %
Diluted earnings/(loss) per share	\$ 1.10	\$ 0.95	\$ 0.15	15.8 %	\$ 2.16	\$ (3.32)	\$ 5.48	— %
Adjusted net income before income taxes ⁽¹⁾	\$ 175.9	\$ 154.5	\$ 21.4	13.9 %	\$ 342.7	\$ 355.4	\$ (12.7)	(3.6)%
Adjusted diluted earnings per share before income taxes ⁽¹⁾	\$ 1.58	\$ 1.39	\$ 0.19	13.7 %	\$ 3.08	\$ 3.15	\$ (0.07)	(2.2)%

Key Financial Ratios

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Pre-tax margin	24.4%	26.0%	24.6%	(39.6)%
Adjusted pre-tax margin ⁽¹⁾	26.1%	27.7%	26.2%	30.8%
Pre-tax return on common equity (trailing twelve months)	10.3%	(3.0)%	10.3%	(3.0)%
Adjusted pre-tax return on common equity (trailing twelve months) ⁽¹⁾	11.2%	12.2%	11.2%	12.2%

(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, such as write-offs of our Russian fleet, 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

- Took delivery of 19 aircraft from our orderbook, representing approximately \$1.5 billion in aircraft investments, ending the period with approximately \$30 billion in total assets.
- Sold eight aircraft with a carrying value of approximately \$600 million during the quarter, resulting in \$45 million in gains from aircraft sales.
- As of August 3, 2023, we had aircraft with a carrying value of approximately \$1.7 billion in our sales pipeline, which includes the 19 aircraft with a carrying value of \$900 million classified as flight equipment held for sale as of June 30, 2023 and 22 aircraft with a carrying value of \$800 million subject to letters of intent.
- Placed 100% of our contracted orderbook positions on long-term leases for aircraft delivering through the end of 2024 and have placed 58% of our entire orderbook.
- Ended the quarter with \$29.6 billion in committed minimum future rental payments consisting of \$16.2 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$13.4 billion in minimum future rental payments related to aircraft on order.
- During the quarter, we entered into approximately \$900 million in new financings. We ended the quarter with liquidity of \$7.6 billion.
- On August 2, 2023, our board of directors declared a quarterly cash dividend of \$0.20 per share on our outstanding common stock. The next quarterly dividend of \$0.20 per share will be paid on October 6, 2023 to holders of record of our common stock as of September 12, 2023.

Financial Overview

Our total revenues for the three months ended June 30, 2023 increased by 21% to \$672.9 million as compared to the three months ended June 30, 2022. The increase in total revenues was primarily driven by the continued growth in our fleet and an increase in sales activity. The increase in aircraft sales, trading and other revenue was primarily related to the sale of eight aircraft which generated approximately \$45 million in gains. We did not sell any aircraft for the three months ended June 30, 2022.

Our net income attributable to common stockholders for the three months ended June 30, 2023 was \$122.0 million, or \$1.10 per diluted share, compared to net income attributable to common stockholders of \$105.9 million, or \$0.95 per diluted share, for the three months ended June 30, 2022. Our adjusted net income before income taxes during the three months ended June 30, 2023 was \$175.9 million or \$1.58 per adjusted diluted share, as compared to \$154.5 million, or \$1.39 per adjusted diluted share, for the three months ended June 30, 2022. Net income attributable to common stockholders and adjusted net income before income taxes increased from the prior year period due to the growth of our fleet and increase in sales activity, partially offset by an increase in interest expense due to the increases in our composite cost of funds, increase in aircraft transition costs and increases in our aviation insurance expense in line with the growth of our fleet in the current year period.

Flight Equipment Portfolio

As of June 30, 2023, the net book value of our fleet increased to \$25.5 billion, compared to \$24.5 billion as of December 31, 2022. As of June 30, 2023, we owned 448 aircraft in our aircraft portfolio, comprised of 332 narrowbody aircraft and 116 widebody aircraft, and we managed 80 aircraft. The weighted average fleet age and weighted average remaining lease term of flight equipment subject to operating lease as of June 30, 2023 was 4.5 years and 7.2 years, respectively. We have a globally diversified customer base of 118 airlines in 63 countries as of June 30, 2023.

The following table summarizes the key portfolio metrics of our fleet as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Net book value of flight equipment subject to operating lease	\$ 25.5 billion	\$ 24.5 billion
Weighted-average fleet age ⁽¹⁾	4.5 years	4.5 years
Weighted-average remaining lease term ⁽¹⁾	7.2 years	7.1 years
Owne d fleet⁽²⁾	448	417
Managed fleet	80	85
Aircraft on order	359	398
Total	887	900
Current fleet contracted rentals	\$ 16.2 billion	\$ 15.6 billion
Committed fleet rentals	\$ 13.4 billion	\$ 15.8 billion
Total committed rentals	\$ 29.6 billion	\$ 31.4 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 June 30, 2023, our owned fleet count includes 19 aircraft classified as flight equipment held for sale which is 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	June 30, 2023	December 31, 2022
	% of Net Book Value	% of Net Book Value
Europe	36.4 %	32.5 %
Asia (excluding China)	30.1 %	29.1 %
The Middle East and Africa	8.3 %	9.3 %
Central America, South America, and Mexico	8.2 %	7.8 %
China	7.6 %	11.4 %
U.S. and Canada	6.0 %	6.3 %
Pacific, Australia, and New Zealand	3.4 %	3.6 %
Total ⁽¹⁾	100.0 %	100.0 %

(1) As of December 31, 2022, we had four aircraft classified as held for sale with a carrying value of \$153.5 million included in the table above.

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

Aircraft type	June 30, 2023		December 31, 2022	
	Number of Aircraft	% of Total	Number of Aircraft	% of Total
Airbus A220-300	7	1.6 %	4	1.0 %
Airbus A319-100	1	0.2 %	1	0.2 %
Airbus A320-200	28	6.3 %	28	6.7 %
Airbus A320-200neo	24	5.4 %	23	5.5 %
Airbus A321-200	23	5.1 %	23	5.5 %
Airbus A321-200neo	89	19.8 %	78	18.7 %
Airbus A330-200 ⁽¹⁾	13	2.9 %	13	3.1 %
Airbus A330-300	5	1.1 %	5	1.2 %
Airbus A330-900neo	20	4.5 %	16	3.8 %
Airbus A350-900	15	3.3 %	13	3.1 %
Airbus A350-1000	7	1.6 %	6	1.4 %
Boeing 737-700	3	0.7 %	4	1.0 %
Boeing 737-800	80	17.9 %	82	19.7 %
Boeing 737-8 MAX	51	11.4 %	47	11.3 %
Boeing 737-9 MAX	25	5.6 %	15	3.7 %
Boeing 777-200ER	1	0.2 %	1	0.2 %
Boeing 777-300ER	24	5.4 %	24	5.8 %
Boeing 787-9	25	5.6 %	27	6.5 %
Boeing 787-10	6	1.2 %	6	1.4 %
Embraer E190	1	0.2 %	1	0.2 %
Total⁽²⁾	448	100.0 %	417	100.0 %

(1) As of June 30, 2023, includes one Airbus A330-200 aircraft classified as a freighter.

(2) As of June 30, 2023, our owned fleet count includes 19 aircraft classified as flight equipment held for sale which is included in Other assets on the Consolidated Balance Sheet.

Debt Financing Activities

We ended the second quarter of 2023 with total debt financing, net of discounts and issuance costs, of \$18.9 billion. As of June 30, 2023, 90.5% of our total debt financing was at a fixed rate and 98.9% was unsecured. As of June 30, 2023, our composite cost of funds was 3.49%. We ended the second quarter with total liquidity of \$7.6 billion.

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

	June 30, 2023	December 31, 2022
Unsecured		
Senior unsecured securities	\$ 17,202	\$ 17,095
Revolving credit facility	1,000	1,020
Term financings	668	583
Total unsecured debt financing	18,870	18,698
Secured		
Export credit financing	112	11
Term financings	108	114
Total secured debt financing	220	125
Total debt financing	19,090	18,823
Less: Debt discounts and issuance costs	(194)	(182)
Debt financing, net of discounts and issuance costs	\$ 18,896	\$ 18,641
Selected interest rates and ratios:		
Composite interest rate ⁽¹⁾	3.49 %	3.07 %
Composite interest rate on fixed-rate debt ⁽¹⁾	3.21 %	2.98 %
Percentage of total debt at a fixed-rate	90.5 %	91.3 %

(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 August 3, 2023 at 4:30 PM Eastern Time to discuss the Company's financial results for the second quarter of 2023.

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 August 3, 2023 until 11:59 PM ET on August 10, 2023. 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, the state of the airline industry, our access to the capital and debt markets, the impact of Russia's invasion of Ukraine and the impact of sanctions imposed on Russia, aircraft and engine delivery delays, our aircraft sales pipeline and expectations, the impact of inflation, rising interest rates and other macroeconomic conditions and other factors affecting our financial condition or results of operations. 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 or changes in interest rates;
- our inability to generate sufficient returns on our aircraft investments through strategic acquisition and profitable leasing;
- the failure of an aircraft or engine manufacturer to meet its delivery obligations to us, including or as a result of technical or other difficulties with aircraft 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, rising inflation, appreciation of the U.S. Dollar, 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, 2022 and other 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)

	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 576,730	\$ 766,418
Restricted cash	3,705	13,599
Flight equipment subject to operating leases	30,623,894	29,466,888
Less accumulated depreciation	(5,108,155)	(4,928,503)
	25,515,739	24,538,385
Deposits on flight equipment purchases	1,105,299	1,344,973
Other assets	2,556,349	1,733,330
Total assets	\$ 29,757,822	\$ 28,396,705
Liabilities and Shareholders' Equity		
Accrued interest and other payables	\$ 1,427,631	\$ 696,899
Debt financing, net of discounts and issuance costs	18,895,793	18,641,063
Security deposits and maintenance reserves on flight equipment leases	1,410,766	1,293,929
Rentals received in advance	141,294	147,654
Deferred tax liability	1,029,685	970,797
Total liabilities	\$ 22,905,169	\$ 21,750,342
Shareholders' Equity		
Preferred Stock, \$0.01 par value; 50,000,000 shares authorized; 10,600,000 (aggregate liquidation preference of \$850,000) shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	\$ 106	\$ 106
Class A common stock, \$0.01 par value; 500,000,000 shares authorized; 111,027,252 and 110,892,097 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	1,110	1,109
Class B Non-Voting common stock, \$0.01 par value; authorized 10,000,000 shares; no shares issued or outstanding	—	—
Paid-in capital	3,267,230	3,255,973
Retained earnings	3,582,683	3,386,820
Accumulated other comprehensive income	1,524	2,355
Total shareholders' equity	\$ 6,852,653	\$ 6,646,363
Total liabilities and shareholders' equity	\$ 29,757,822	\$ 28,396,705

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(unaudited)				
Revenues				
Rental of flight equipment	\$ 611,733	\$ 545,271	\$ 1,229,506	\$ 1,111,825
Aircraft sales, trading and other	61,171	12,425	79,540	42,533
Total revenues	672,904	557,696	1,309,046	1,154,358
Expenses				
Interest	172,174	118,997	323,786	236,274
Amortization of debt discounts and issuance costs	13,646	13,413	26,719	26,610
Interest expense	185,820	132,410	350,505	262,884
Depreciation of flight equipment	268,586	235,284	528,266	470,591
Write-off of Russian fleet	—	—	—	802,352
Selling, general and administrative	45,832	38,512	93,447	71,277
Stock-based compensation expense	8,715	6,558	14,611	4,035
Total expenses	508,953	412,764	986,829	1,611,139
Income/(loss) before taxes	163,951	144,932	322,217	(456,781)
Income tax (expense)/benefit	(31,550)	(28,655)	(61,096)	104,065
Net income/(loss)	\$ 132,401	\$ 116,277	\$ 261,121	\$ (352,716)
Preferred stock dividends	(10,425)	(10,425)	(20,850)	(20,850)
Net income/(loss) attributable to common stockholders	\$ 121,976	\$ 105,852	\$ 240,271	\$ (373,566)
Earnings/(Loss) per share of common stock:				
Basic	\$ 1.10	\$ 0.95	\$ 2.16	\$ (3.32)
Diluted	\$ 1.10	\$ 0.95	\$ 2.16	\$ (3.32)
Weighted-average shares of common stock outstanding				
Basic	111,021,133	110,868,040	110,982,557	112,373,092
Diluted	111,239,004	111,043,836	111,307,049	112,373,092
Other financial data				
Pre-tax margin	24.4 %	26.0 %	24.6 %	(39.6)%
Pre-tax return on common equity (trailing twelve months)	10.3 %	(3.0)%	10.3 %	(3.0)%
Adjusted net income before income taxes ⁽¹⁾	\$ 175,887	\$ 154,478	\$ 342,697	\$ 355,366
Adjusted diluted earnings per share before income taxes ⁽¹⁾	\$ 1.58	\$ 1.39	\$ 3.08	\$ 3.15
Adjusted pre-tax margin ⁽¹⁾	26.1%	27.7%	26.2%	30.8%
Adjusted pre-tax return on common equity (trailing twelve months) ⁽¹⁾	11.2 %	12.2 %	11.2 %	12.2 %

(1) Adjusted net income before income taxes (defined as net income/(loss) attributable to common stockholders excluding the effects of certain non-cash items, one-time or non-recurring items, such as write-offs of our Russian fleet, 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/(loss) attributable to common stockholders, pre-tax margin, earnings/(loss) per share, diluted earnings/(loss) per share and pre-tax return on common equity, or any other performance measures derived in accordance with GAAP. Adjusted net income before

Air Lease Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

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

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.

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(unaudited)			
Reconciliation of the numerator for adjusted pre-tax margin (net income/(loss) attributable to common stockholders to adjusted net income before income taxes):				
Net income/(loss) attributable to common stockholders	\$ 121,976	\$ 105,852	\$ 240,271	\$ (373,566)
Amortization of debt discounts and issuance costs	13,646	13,413	26,719	26,610
Write-off of Russian fleet	—	—	—	802,352
Stock-based compensation expense	8,715	6,558	14,611	4,035
Income tax expense/(benefit)	31,550	28,655	61,096	(104,065)
Adjusted net income before income taxes	\$ 175,887	\$ 154,478	\$ 342,697	\$ 355,366
Denominator for adjusted pre-tax margin:				
Total revenues	\$ 672,904	\$ 557,696	\$ 1,309,046	\$ 1,154,358
Adjusted pre-tax margin ^(a)	26.1 %	27.7 %	26.2 %	30.8 %

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

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

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(unaudited)				
Reconciliation of the numerator for adjusted diluted earnings per share (net income/(loss) attributable to common stockholders to adjusted net income before income taxes):				
Net income/(loss) attributable to common stockholders	\$ 121,976	\$ 105,852	\$ 240,271	\$ (373,566)
Amortization of debt discounts and issuance costs	13,646	13,413	26,719	26,610
Write-off of Russian fleet	—	—	—	802,352
Stock-based compensation expense	8,715	6,558	14,611	4,035
Income tax expense/(benefit)	31,550	28,655	61,096	(104,065)
Adjusted net income before income taxes	<u>\$ 175,887</u>	<u>\$ 154,478</u>	<u>\$ 342,697</u>	<u>\$ 355,366</u>
Denominator for adjusted diluted earnings per share:				
Weighted-average diluted common shares outstanding	111,239,004	111,043,836	111,307,049	112,373,092
Potentially dilutive securities, whose effect would have been anti-dilutive	—	—	—	301,279
Adjusted weighted-average diluted common shares outstanding	<u>111,239,004</u>	<u>111,043,836</u>	<u>111,307,049</u>	<u>112,674,371</u>
Adjusted diluted earnings per share before income taxes ^(b)	<u>\$ 1.58</u>	<u>\$ 1.39</u>	<u>\$ 3.08</u>	<u>\$ 3.15</u>

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

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 June 30,	
	2023	2022
(unaudited)		
Reconciliation of the numerator for adjusted pre-tax return on common equity (net income/(loss) attributable to common stockholders to adjusted net income before income taxes):		
Net income/(loss) attributable to common stockholders	\$ 475,113	\$ (131,242)
Amortization of debt discounts and issuance costs	53,363	52,693
(Recovery)/Write-off of Russian fleet	(30,877)	802,352
Stock-based compensation expense	26,179	18,443
Income tax expense/(benefit)	123,419	(40,258)
Adjusted net income before income taxes	<u>\$ 647,197</u>	<u>\$ 701,988</u>
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	\$ 5,589,634	\$ 5,951,715
Common shareholders' equity as of end of the period	<u>\$ 6,002,653</u>	<u>\$ 5,589,634</u>
Average common shareholders' equity	<u>\$ 5,796,144</u>	<u>\$ 5,770,675</u>
Adjusted pre-tax return on common equity ^(c)	11.2 %	12.2 %

(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)

	Six Months Ended June 30,	
	2023	2022
	(in thousands)	
Operating Activities		
Net income/(loss)	\$ 261,121	\$ (352,716)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation of flight equipment	528,266	470,591
Write-off of Russian fleet	—	802,352
Stock-based compensation expense	14,611	4,035
Deferred taxes	59,114	(104,963)
Amortization of prepaid lease costs	36,064	23,355
Amortization of discounts and debt issuance costs	26,719	26,610
Gain on aircraft sales, trading and other activity	(86,838)	(71,753)
Changes in operating assets and liabilities:		
Other assets	7,028	(147,685)
Accrued interest and other payables	38,986	26,590
Rentals received in advance	(4,172)	12,423
Net cash provided by operating activities	<u>880,899</u>	<u>688,839</u>
Investing Activities		
Acquisition of flight equipment under operating lease	(2,416,609)	(1,569,310)
Payments for deposits on flight equipment purchases	(134,825)	(345,643)
Proceeds from aircraft sales, trading and other activity	1,261,476	1,166
Acquisition of aircraft furnishings, equipment and other assets	(125,541)	(106,655)
Net cash used in investing activities	<u>(1,415,499)</u>	<u>(2,020,442)</u>
Financing Activities		
Cash dividends paid on Class A common stock	(44,382)	(42,223)
Common shares repurchased	—	(150,000)
Cash dividends paid on preferred stock	(20,850)	(20,850)
Tax withholdings on stock-based compensation	(3,354)	(9,027)
Net change in unsecured revolving facility	(20,000)	520,000
Proceeds from debt financings	1,538,087	1,497,615
Payments in reduction of debt financings	(1,287,880)	(718,687)
Debt issuance costs	(9,149)	(5,613)
Security deposits and maintenance reserve receipts	188,471	198,763
Security deposits and maintenance reserve disbursements	(5,925)	(12,819)
Net cash provided by financing activities	<u>335,018</u>	<u>1,257,159</u>
Net decrease in cash	(199,582)	(74,444)
Cash, cash equivalents and restricted cash at beginning of period	<u>780,017</u>	<u>1,108,292</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 580,435</u>	<u>\$ 1,033,848</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest, including capitalized interest of \$21,336 and \$19,127 at June 30, 2023 and 2022, respectively	\$ 325,365	\$ 254,349
Cash paid for income taxes	\$ 5,573	\$ 3,557
Supplemental Disclosure of Noncash Activities		
Buyer furnished equipment, capitalized interest and deposits on flight equipment purchases applied to acquisition of flight equipment	\$ 552,058	\$ 343,794
Cash dividends declared on Class A common stock, not yet paid	\$ 22,205	\$ 20,511