

AIR LEASE CORP
Form DEF 14A
March 28, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Air Lease Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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Air Lease Corporation
2000 Avenue of the Stars, Suite 1000N
Los Angeles, California 90067
(310) 553-0555

March 28, 2018

Dear Fellow Stockholder:

Your officers and directors join me in inviting you to attend the 2018 Annual Meeting of Stockholders at 7:30 a.m., Pacific Time, on Wednesday, May 9, 2018, at Century Plaza Towers, 2029 Century Park East, Concourse Level, Conference Room A, Los Angeles, California 90067.

The expected items of business for the meeting are described in detail in the attached Notice of 2018 Annual Meeting of Stockholders and Proxy Statement.

We look forward to seeing you on May 9th.

Sincerely,

Steven F. Udvar-Házy

Executive Chairman of the Board

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Notice of 2018 Annual Meeting of Stockholders

- Time and Date:** 7:30 a.m., Pacific Time, on Wednesday, May 9, 2018
- Location:** Century Plaza Towers, 2029 Century Park East, Concourse Level, Conference Room A, Los Angeles, California 90067
- Agenda:**
- (1) Elect eight directors, each to serve for a one-year term;
 - (2) Ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2018;
 - (3) Advisory vote to approve named executive officer compensation;
 - (4) Advisory vote on the frequency of future advisory votes to approve named executive officer compensation; and
 - (5) Act upon such other matters as may properly come before the meeting or any postponement or adjournment.
- Record Date:** You can vote at the meeting and at any postponement or adjournment of the meeting if you were a stockholder of record on March 13, 2018.
- Voting:** Please vote as soon as possible, even if you plan to attend the meeting, to ensure that your shares will be represented. You do not need to attend the meeting to vote if you vote your shares before the meeting. If you are a record holder, you may vote your shares by mail, telephone or the Internet. If your shares are held by a broker or other nominee, you must follow the instructions of your broker or nominee to vote your shares.
- Annual Report:** Copies of our 2017 Annual Report to Stockholders (the Annual Report), including our 2017 Annual Report on Form 10-K, are being made available to stockholders concurrently with the accompanying proxy statement. We anticipate that these materials will first be made available to stockholders on or about March 30, 2018. You may also access our 2017 Annual Report on Form 10-K, which we have filed with the Securities and Exchange Commission, on our website at <http://www.airleasecorp.com>.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on May 9, 2018: Our Proxy Statement and Annual Report are available online at <http://www.proxyvote.com>.

By Order of the Board of Directors,

Carol H. Forsyte

Executive Vice President, General Counsel, Corporate

Secretary and Chief Compliance Officer

Los Angeles, California

March 28, 2018

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This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement and our Annual Report on Form 10-K before voting. We anticipate that these materials will first be made available to stockholders on or about March 30, 2018.

References throughout this Proxy Statement to Air Lease Corporation, we, us, and our refer to Air Lease Corporation and its subsidiaries, unless the context indicates otherwise.

Proposals to be Voted On

Proposal	For More Information	Board Recommendation
Proposal 1: Election of Eight Director Nominees	See pages to 11 to 19	FOR Each Director Nominee
Matthew J. Hart	John L. Plueger	
Chery Gordon Krongard	Ian M. Saines	
Marshall O. Larsen	Ronald D. Sugar	
Robert A. Milton	Steven F. Udvar-Házy	
Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm	See page 20	FOR
Proposal 3: Advisory Vote to Approve Named Executive Officer Compensation	See page 21	FOR
Proposal 4: Advisory Vote on the Frequency of Future Advisory Votes to Approve Named Executive Officer Compensation	See page 22	1 Year

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Air Lease Corporation experienced another successful year in 2017. Revenues increased 6.9% to \$1.5 billion compared to 2016, supported by solid balance sheet growth with assets totaling \$15.6 billion as of December 31, 2017. Pre-tax profit margin has expanded over the last five years, increasing from 34.2% in 2013 to 40.2% in 2017. Over the same period, our pre-tax return on equity increased from 12.1% to 16.2%.

	Compound Annual Growth Rate
	2013-2017
Total assets	14%
Total revenues	15%
Income before taxes	20%
Net income	41%

2017 Business Highlights

In 2017, we successfully executed our operational strategy which is designed to drive long-term stockholder value.

Aircraft Activity. During the year ended December 31, 2017, we purchased and took delivery of 30 aircraft from our new order pipeline, purchased 10 incremental aircraft, sold 31 aircraft and received insurance proceeds relating to the insured losses of two aircraft, ending the year with a total of 244 owned aircraft with a net book value of \$13.3 billion. The weighted average lease term remaining on our operating lease portfolio was 6.8 years and the

weighted average age of our fleet was 3.8 years as of December 31, 2017. Our fleet grew by 10.3% based on net book value of \$13.3 billion as of December 31, 2017 compared to \$12.0 billion as of December 31, 2016. In addition, our managed fleet increased to 50 aircraft as of December 31, 2017 from 30 aircraft as of December 31, 2016. We have a globally diversified customer base comprised of 91 airlines in 55 countries. As of February 22, 2018, all of our aircraft in our operating lease portfolio were subject to lease agreements.

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New Order Pipeline. During 2017, we increased our total commitments with Airbus and Boeing by a net 35 aircraft. As of December 31, 2017, we had commitments to purchase 368 aircraft from Airbus and Boeing for delivery through 2023, with an estimated aggregate commitment of \$27.0 billion. We ended 2017 with \$23.4 billion in committed minimum future rental payments and placed 79% of our order book on long-term leases for aircraft delivering through 2020. This includes \$10.1 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$13.3 billion in minimum future rental payments related to aircraft which will deliver between 2018 and 2022.

Financing. In 2017, we issued \$2.2 billion senior unsecured notes with an average interest rate of 3.16%, with maturities ranging from 2022 to 2027. In 2017, we increased our unsecured revolving credit facility capacity to approximately \$3.8 billion, representing an 18.6% increase from 2016 and extended the final maturity to May 5, 2021. We ended 2017 with total debt outstanding, net of discounts and issuance costs, of \$9.7 billion, of which 85.4% was at a fixed rate and 94.6% of which was unsecured. Our composite cost of funds decreased to 3.20% as of December 31, 2017 from 3.42% as of December 31, 2016.

Tax reform. On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the Tax Reform Act) was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax law by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. As a result of the Tax Reform Act, we recorded an estimated tax benefit of \$354.1 million or \$3.16 per diluted share due to the re-measurement of deferred tax assets and liabilities for the quarter ended December 31, 2017.

Financial Highlights. In 2017, total revenues increased by 6.9% to \$1.5 billion, compared to 2016. The increase in our total revenues is primarily due to the \$1.2 billion increase in the net book value of our operating lease portfolio. Our net income for the year ended December 31, 2017 was \$756.2 million, or \$6.82 per diluted share compared to \$374.9 million, or \$3.44 per diluted share for the year ended December 31, 2016. The increase in our net income and diluted earnings per share for the year ended December 31, 2017 was due to the \$1.2 billion increase in the net book value of our operating lease portfolio, and the re-measurement of our U.S. deferred tax liabilities associated with the enactment of the Tax Reform Act, resulting in a tax benefit of \$354.1 million. Our pre-tax profit margin for the year ended December 31, 2017 was 40.2% as compared to 40.9% for the year ended December 31, 2016.

Dividend Increase. On November 8, 2017, our Board of Directors approved an increase in our quarterly cash dividend of 33%, from \$0.075 per share to \$0.10 per share.

Productivity. As of December 31, 2017, we had 87 full-time employees and \$15.6 billion of total assets. Per employee, our revenue and net income for the year ended December 31, 2017 was approximately \$17.4 million and \$8.7 million, respectively.

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Corporate Governance Highlights

We maintain governance practices that we believe establish meaningful accountability for our Company and our Board, including:

- All Directors except Executive Chairman and Chief Executive Officer are Independent
- Independent Lead Director with Clearly Defined Role and Responsibilities
- Commitment to Board Refreshment With 2 New Directors in Last 4 Years
- Average Director Tenure of 7 Years
- Ongoing Board Succession Planning
- Majority Vote Standard for Director Elections
- Annual Director Elections
- Annual Board and Committee Evaluations
- Focus on Critical Risk Oversight Role
- Management and Board Dialogue to Ensure Successful Oversight and Succession Planning
- Director and Executive Officer Stock Ownership Guidelines

Our eight members of the Board are highly experienced and possess the necessary skills and balance of perspectives to oversee our unique business. Set forth below is a summary of the Board's collective qualifications, experiences and backgrounds. More detailed information is provided in each director nominee's biographical information beginning on page 11.

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Name	Age	Director Since	Independent	Occupation	Committee Memberships			Other Boards
					A	NCG	Com	
Robert A. Milton	57	2010		Retired Chairman & CEO, ACE Aviation Holdings and Air Canada	M	C	M	United Continental Holdings
Matthew J. Hart	65	2010		Retired President & COO, Hilton Hotels Corporation	C	M		American Airlines Group American Homes 4 Rent
Cheryl Gordon Krongard	62	2013		Retired Senior Partner, Apollo Management			M	Xerox
Marshall O. Larsen	69	2014		Retired Chairman, President & CEO, Goodrich Corporation		M		Becton, Dickinson and Company Lowe's Companies United Technologies
John L. Plueger	63	2010						

			Chief Executive Officer & President, Air Lease Corporation			Spirit AeroSystems Holdings
Ian M. Saines	55	2010	Chief Executive, Funds Management Challenger Limited	M		
Ronald D. Sugar	69	2010	Retired Chairman & CEO, Northrop Grumman Corporation	M	C	Amgen Apple Chevron
Steven F. Udvar-Házy	72	2010	Executive Chairman, Air Lease Corporation			SkyWest

M = Member; C = Chair

Committees: Audit = A; Nominating and Corporate Governance = NCG; Compensation = Comp

Average Director Tenure is 7 Years; 2 New Directors in Last 4 Years

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Executive Compensation Highlights

Compensation Philosophy

Our executive compensation program is designed to attract, retain and motivate the highest caliber executives in the aircraft leasing industry by offering a comprehensive compensation program that is attractive enough to entice and retain successful senior executives. We also believe it is important that our compensation program attract the most talented executives that are experienced and capable of managing our aircraft fleet with a small team to help drive our profitability.

At the end of 2017, we had total revenues of \$1.5 billion and we had 87 employees, resulting in 2017 revenue per employee of approximately \$17.4 million and total compensation expense representing 3.9% of revenues. We believe that the ratio of employees to total assets and total compensation as a percentage of revenues compares favorably to other companies in capital-intensive businesses.

Compensation Governance

Our compensation committee regularly reviews our compensation governance practices to ensure we are incentivizing hard work and high performance while also managing risk. Our executive compensation program currently includes the following features:

What We Do:

- Pay for Performance
- Double-Trigger Change in Control Provisions
- Provide moderate and reasonable severance benefits no greater than three times base salary and target annual bonus
- Manage the use of equity incentives conservatively with a net equity burn rate over the last year of less than 1%
- Tally Sheets
- Stock Ownership Guidelines (6x Base Salary for Chief Executive Officer)
- Mitigate Undue Risk
- Independent Compensation Consultant
- Clawback Policy
- Annual Say-on-Pay
- Robust Stockholder Engagement Program

What We Don't Do:

- x Hedging and Pledging
- x Tax Gross-Ups
- x Dividend or Dividend Equivalents on Performance Awards
- x Re-Price Stock Options
- x Pension Benefits (other than 401(k))
- x Employment Agreements

Pay-for-Performance Philosophy

Our executive compensation program is designed to reward our executives for contributing to the achievement of our annual and long-term objectives. We set robust goals to align performance-based compensation with the creation of long-term value for our stockholders. We also believe that our directors and employees ownership of our stock is critical to alignment with our stockholders. Our 87 employees along with our independent directors collectively own over 9% of the Company.

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Engagement with Stockholders and Compensation Program and Disclosure Enhancements

To better understand our investors' perspectives regarding our executive compensation program, for the last several years we have engaged in stockholder outreach. We spoke with stockholders in the spring of 2017 after issuing our proxy statement and again in late 2017 and early 2018. In our most recent outreach, we engaged with stockholders holding 44% of outstanding shares (none of whom were our employees or directors). While we regularly communicate with our stockholders, during our most recent outreach we contacted our large stockholders to specifically discuss our compensation philosophy and program and to listen to their feedback. The compensation committee considered our stockholders' views when making decisions about changes to our 2017 and 2018 compensation programs.

We continued to enhance our executive compensation program in response to evolving compensation practices and feedback from our stockholder engagement efforts, specifically by making the following responsive changes:

Demonstrated Responsiveness to Stockholder Feedback

Changes that Support Stronger Executive Pay with Company Performance Alignment

CEO Annual Compensation and Annual Bonus. In connection with our leadership transition in July 2016, we changed our new Chief Executive Officer's compensation structure to place a greater proportion of compensation at risk and subject to long-term Company performance.

In 2017, we retained the structure and as a result, 85.5% of the CEO's 2017 pay mix at target was at risk.

Changed our Executive Chairman's Annual Bonus. In 2018, we changed the structure of our Executive Chairman's annual bonus so that he is paid in restricted stock units (RSUs) that cliff vest two years from the date of grant, which will not occur until the amount of the annual bonus is determined in 2019. We believe denominating our Executive Chairman's annual bonus in stock instead of cash and effectively requiring a three-year vesting period further aligns our Executive Chairman's compensation with stockholders' long-term interests.

Changed our Book Value RSUs. In 2018, we changed our book value restricted stock units (Book Value RSUs) in several ways to further drive long-term sustainable book value growth.

Increased weighting of Book Value RSUs relative to TSR RSUs because we believe incentivizing the executives to grow our long-term book value per share in a capital-intensive business like ours will lead to value creation for stockholders.

2018 Book Value RSUs cliff vest at the end of three years versus previous years' grants that vested ratably each year over three years.

Reset actual target book value per share growth at the beginning of 2018 and made target book value growth harder to reach compared to previous years grants

Revised the terms so that the opportunity associated with the Book Value RSUs can vary from 0%-200% of target

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Reviewed awards based on Total Shareholder Return. The compensation committee explored alternatives to our long-term incentive program to ensure that awards continue to focus executives on actions that generate sustainable value creation and create alignment with stockholders. The committee determined that TSR RSUs (which have a 3-year performance measurement period and measure total stockholder return against the S&P MidCap 400 Index with target payout requiring achieving the 55th percentile) are effective but reduced the portion of TSR RSUs to 25% of the total annual equity awards granted in 2018 as a result of the decision to increase the weighting of Book Value RSUs relative to TSR RSUs

Terminated Senior Officer Participation in Deferred Cash Bonus Plan. In February 2016 and 2017, we reduced the amount of our senior officers' cash compensation by replacing long-term cash deferred bonuses with time-based RSUs beginning in 2016. In February 2018, we terminated our senior officers' participation in the Deferred Cash Bonus Plan

Developed Custom Benchmark Group. In 2018, we developed a new more refined benchmark group consisting of 18 companies across diversified financial services and real estate investment trusts based on quantitative and qualitative factors, including company size, business model and financial profile

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Air Lease Corporation

2000 Avenue of the Stars, Suite 1000N

Los Angeles, California 90067

(310) 553-0555

**Proxy Statement for the
2018 Annual Meeting of Stockholders**

Corporate Governance and Board Matters

Board of Directors

Our Board of Directors is currently composed of eight members: Matthew J. Hart, Cheryl Gordon Krongard, Marshall O. Larsen, Robert A. Milton, John L. Plueger, Ian M. Saines, Ronald D. Sugar and Steven F. Udvar-Házy. Our directors serve for one-year terms until the next annual meeting of stockholders and until their respective successors are duly elected and qualified. Certain information regarding our directors is set forth below in *Proposal 1: Election of Directors*.

Our Board of Directors held seven meetings in 2017. Each of the directors standing for re-election at the Annual Meeting attended at least 75% of the meetings of the Board of Directors and the committees of the Board of Directors on which he or she served in 2017. We expect but do not require our directors to attend the annual meeting of stockholders each year. All of our directors who stood for election at the 2017 annual meeting other than Mr. Saines attended that meeting.

Director Independence

Each director will qualify as independent pursuant to the New York Stock Exchange (the NYSE) listing standards only if our Board of Directors affirmatively determines that he or she has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us. Accordingly, our Board of Directors has affirmatively determined that six of our eight current directors, Mr. Hart, Ms. Krongard, Mr. Larsen, Mr. Milton, Mr. Saines and Dr. Sugar, were independent in accordance with the NYSE rules during the periods in 2017 and 2018 that they served as directors of our Board of Directors. Mr. Milton serves as our lead independent director. Messrs. Udvar-Házy and Plueger are not independent because they are employees of Air Lease Corporation (the Company).

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Board Leadership

The Board currently has no firm policy as to whether the roles of Chairman of the Board and Chief Executive Officer should be combined or separate. Instead, our Board believes that our leadership structure should be considered in the context of our Company's circumstances at any given time, including company culture, strategic objectives and any challenges we may be facing. Therefore, our Board evaluates its leadership structure annually to ensure that the most optimal structure is in place for our Company's needs which may evolve over time.

Our Corporate Governance Guidelines provide that in the event that the Chairman of the Board is not an independent director, the nominating and corporate governance committee may designate an independent director to serve as Lead Director, who shall be approved by a majority of the independent directors. The Board of Directors believes having an independent Lead Director provides an appropriate balance between strong Company leadership and appropriate oversight by independent directors.

As part of our Board of Directors' long-term succession plans for the Company, effective July 1, 2016, the Board established the separate executive position of Executive Chairman of the Board of Directors. Mr. Udvar-Házy, our founder and former Chief Executive Officer, now serves as the Executive Chairman of the Board of Directors, and in addition to his executive officer role, chairs the meetings of the Board of Directors and works closely with Robert A. Milton, our independent Lead Director. John L. Plueger, our Chief Executive Officer, also works closely with Mr. Milton in his role.

The role of the independent Lead Director helps ensure oversight by an active and involved independent Board of Directors, while Mr. Udvar-Házy's continued engagement as Executive Chairman of the Board enables the Company and the Board of Directors to benefit from his deep knowledge, industry relationships and operational experience.

Mr. Milton has been elected annually by the independent directors of the Board to serve as independent Lead Director since our initial public offering in 2011. In this role, Mr. Milton has the following responsibilities as set forth in our Corporate Governance Guidelines and as requested by the Board of Directors:

chair meetings of the non-management independent directors;

call meetings of the independent directors, if deemed appropriate;

facilitate communications between other members of the Board and the Chairman and/or Chief Executive Officer;

work with the Executive Chairman in the preparation of the agenda for each meeting;

work with the Executive Chairman in determining the need for special meetings;

lead the annual Board of Directors and committee self-evaluations;

be available, as appropriate, for consultations and direct communication with stockholders;

meet with any director who is not adequately performing his or her duties as a member of the Board or any committee; and

otherwise consult with the Executive Chairman and/or the Chief Executive Officer on matters of governance and Board performance.

Mr. Milton also serves on each committee of the Board. The Board of Directors believes that Mr. Milton's extensive aviation industry experience, chief executive officer experience, as well as other board experience make him well suited to serve as its independent Lead Director.

The Board of Directors believes that the leadership structure with a strong independent Lead Director on the one hand, and knowledgeable and experienced Executive Chairman of the Board of Directors on the other, provides balance and is in the best interest of the Company.

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Executive Sessions of Non-Employee Directors

As part of the Board of Directors' regularly scheduled meetings, the non-employee directors meet in executive session. Any non-employee director can request additional executive sessions. Mr. Milton, as lead independent director, schedules and chairs the executive sessions.

Committees of the Board of Directors

Our Board of Directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Our Board of Directors has determined that each of these committees is composed solely of independent directors under the applicable NYSE rules. Our Board of Directors has adopted a charter for each committee that is available on our website at www.airleasecorp.com.

All of the independent members of the Board of Directors are invited to attend all committee meetings and it is the practice of the independent directors to attend the meetings of committees upon which they do not serve. The independent directors believe that their attendance at these meetings enhances their understanding of the business and permits them to spend more time on issues at the meetings of the full Board of Directors.

Audit Committee

Our audit committee consists of Messrs. Hart, Milton and Saines. Mr. Hart is the Chairman of the audit committee. Our audit committee's duties include, but are not limited to, monitoring (1) the integrity of the financial statements of the Company, (2) the independent registered public accounting firm's qualifications and independence, (3) the performance of our internal audit function and independent registered public accounting firm, (4) our compliance with legal and regulatory requirements and (5) our overall risk profile. Our audit committee is a separately designated standing audit committee as defined in Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Our audit committee must at all times be composed exclusively of directors who are financially literate as defined under the NYSE listing standards. The audit committee also must have at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that results in the individual's financial sophistication, and who qualifies as an audit committee financial expert, as defined under the rules and regulations of the Securities and Exchange Commission (SEC). Our Board of Directors has determined that each member of our audit committee is financially literate and is an audit committee financial expert. In addition to being independent under NYSE rules, each member of our audit committee also meets the independence requirements of the SEC for purposes of serving on an audit committee.

Our audit committee held four meetings in 2017.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Messrs. Milton, Hart, and Larsen and Dr. Sugar. Mr. Milton is the Chairman of the nominating and corporate governance committee. Our nominating and corporate governance committee monitors the implementation of sound corporate governance principles, practices and risks and will, among other things: (1) identify individuals believed to be qualified to become a member of our Board of Directors and recommend to the Board candidates for all directorships to be filled, (2) periodically review and recommend changes, as appropriate, to our corporate governance guidelines and (3) annually oversee the evaluation of our Board of Directors and its committees. Our nominating and corporate governance committee also reviews and approves all related party transactions in accordance with our policies with respect to such matters.

Our nominating and corporate governance committee held four meetings in 2017.

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Compensation Committee

Our compensation committee consists of Dr. Sugar, Ms. Krongard and Mr. Milton. Dr. Sugar is the Chairman of the compensation committee. Our compensation committee has overall responsibility for (1) evaluating, and approving or recommending, all of our compensation plans, policies and programs as they affect the executive officers, including the Executive Chairman and the Chief Executive Officer, (2) overseeing the evaluation of management and succession planning for executive officer positions, (3) at least annually reviewing the compensation (both cash and equity based award compensation) of non-employee directors for service on the Board and its committees and recommending any changes to the Board for approval and (4) reviewing the risk exposure related to the areas of its responsibility.

In fulfilling its responsibilities, the compensation committee may delegate to management or to a subcommittee of the compensation committee. The compensation committee has delegated to certain senior members of management the authority to make RSU grants in 2018 to other officers and employees on the same terms as the executive officers, subject to an aggregate number of RSUs approved by the compensation committee.

The compensation committee also oversees preparation of the compensation discussion and analysis to be included in our annual proxy statement, recommends to the Board of Directors whether to so include the compensation discussion and analysis and provides an accompanying report to be included in our annual proxy statement.

The compensation committee has engaged Exequity LLP (Exequity), a nationally recognized independent compensation consultant, to provide advice with respect to compensation decisions for the non-employee directors of our Board of Directors and our executive officers.

In addition to being independent under NYSE rules, each member of our compensation committee also qualifies as a non-employee director under SEC rules and as an outside director under Section 162(m) of the Internal Revenue Code for purposes of serving on a compensation committee.

Our compensation committee held five meetings in 2017.

The Board and Committee Annual Self-Evaluation

To ensure that the Board of Directors and each Board committee functions effectively, the nominating and corporate governance committee and the Board of Directors annually conducts a self-evaluation to identify and assess areas for improvement. The written assessment focuses on the Board composition and its role, the operation of the Board, the Board's processes relating to the Company's strategy, financial position and corporate governance and the function and effectiveness of the Board committees. The independent lead director leads the evaluation process which includes collecting the assessment feedback and conducting a one-on-one conversation with each director. The Lead Director shares the results of the evaluations and feedback received with the Board at its February meeting each year, and, as necessary, the Board implements resulting recommendations.

The Board of Directors Role in Risk Oversight

The Board of Directors has delegated risk oversight responsibilities to the audit committee, except for risks relating to executive compensation. In accordance with its charter, the audit committee is responsible for monitoring the Company's policies and practices with respect to risk assessment and risk management. The audit committee periodically meets with our senior executives to discuss, among other

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things, material risks to our business. The audit committee also periodically meets with representatives of our independent registered public accounting firm. The Chairman of the audit committee reports to the full Board of Directors regarding material risks as deemed appropriate.

The compensation committee provides oversight with respect to risks that may arise from our compensation arrangements and policies. This is accomplished on an ongoing basis through the compensation committee's review and approval of specific arrangements and policies to ensure that they are consistent with our overall compensation philosophy and our business goals. The compensation committee periodically discusses any risk-related concerns with senior management and with its independent compensation consultant. The Chairman of the compensation committee will report to the full Board of Directors regarding any material risks as deemed appropriate. In view of this oversight and based on our ongoing assessment, we do not believe that our present employee compensation arrangements, plans, programs or policies are likely to have a material adverse effect on the Company.

The Board of Directors believes that its governance structure supports the Board's role in risk oversight. Independent directors chair each of the Board committees responsible for risk oversight. The Company has a lead independent director who facilitates communication between management and directors, and all directors are involved in the review of key enterprise risks.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee has at any time been one of our officers or employees. None of our executive officers serves, or in the past year has served, as a member of the board of directors or the compensation committee of any entity that has one or more executive officers who serve on our Board of Directors or compensation committee.

Corporate Governance Guidelines and Code of Business Conduct

Corporate Governance Guidelines

Our Board of Directors has adopted Corporate Governance Guidelines (the "Guidelines") to assist the Board of Directors in the exercise of its duties and responsibilities and to serve the best interests of the Company and our stockholders. The Guidelines are intended to serve as a flexible framework for the conduct of the Board of Directors business and not as a set of legally binding obligations. The Guidelines describe the Lead Director's and the Board of Directors' responsibilities, the qualification criteria for serving as a director, and standards for the conduct of meetings and establishing and maintaining committees. The Guidelines also confirm that the directors will have full and free access to officers and employees of the Company and have authority to retain independent advisors as necessary and appropriate in carrying out their activities. In addition, the Guidelines establish frameworks for director compensation, director orientation and continuing education, and an annual evaluation of the Board and its committees and of the Guidelines. Finally, the Guidelines charge the compensation committee with oversight of management evaluation and succession, and detail the Company's policies regarding confidentiality and communications between our Board of

Directors and the press and media on matters pertaining to the Company. Our Guidelines are available on our website at www.airleasecorp.com.

Code of Business Conduct and Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors, employees and officers. Among other things, the Code of Business Conduct and Ethics is

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intended to ensure fair and accurate financial reporting, to promote ethical conduct and compliance with applicable laws and regulations, to provide guidance with respect to the handling of ethical issues, to foster a culture of honesty and accountability and to deter wrongdoing. It also requires disclosure to us of any situation, transaction or relationship that may give rise to any actual or potential conflict of interest. Such conflicts must be avoided unless approved by our nominating and corporate governance committee. The Code of Business Conduct and Ethics prohibits our employees, officers and directors from taking, or directing a third party to take, a business opportunity that is discovered through the use of our property. A copy of our Code of Business Conduct and Ethics is available on our website at www.airleasecorp.com.

Certain Relationships and Related Person Transactions

In accordance with our written Related Person Transaction Policy, the nominating and corporate governance committee must review and approve or ratify any transaction in which the amount involved exceeds \$120,000 if any of our directors, director nominees, executive officers, beneficial owners of more than 5% of our Class A Common Stock, or any of their respective immediate family members, has a direct or indirect material interest in such transaction. Certain limited types of related person transactions are deemed to be pre-approved by the nominating and corporate governance committee even if the amount involved exceeds \$120,000. In addition, the Chairman of the nominating and corporate governance committee has been delegated the authority to approve or ratify any related person transaction if the amount involved is expected to be less than \$1 million. Out of an abundance of caution, the nominating and corporate governance committee will sometimes review and approve or ratify transactions with a related person or an entity affiliated with a related person, even if the related person does not have a direct or indirect material interest in the transaction. The Company has had no related person transactions since January 1, 2017.

Consideration of Director Candidates

Our nominating and corporate governance committee is responsible for identifying and evaluating director candidates based on the perceived needs of the Board of Directors at the time. Among other attributes, our nominating and corporate governance committee will consider a director candidate's diversity of background and personal experience. In this context, diversity may encompass a candidate's educational and professional history, community or public service, expertise or knowledge base and certain unique personal characteristics, as well as the candidate's race, ethnicity, national origin and gender. The nominating and corporate governance committee does not have a formal policy specifying how diversity of background and personal experience should be applied in identifying or evaluating director candidates, and a candidate's background and personal experience, while important, does not necessarily outweigh other attributes or factors the nominating and corporate governance committee considers in evaluating candidates.

The most important characteristic of any director candidate is his or her ability to faithfully represent the interests of our stockholders. Other important qualities include the candidate's integrity, judgment and independence of thought; an absence of conflicting time commitments; financial literacy; leadership experience; and a fit of abilities and personality that helps build an effective, collegial and responsive Board of Directors. Any stockholder may

recommend a director candidate for our nominating and corporate governance committee to consider by submitting the candidate's name and qualifications to us in care of the Secretary at the address for our principal executive office listed on the cover page of this Proxy Statement. Director candidates recommended by a stockholder are considered in the same manner as any other candidates, although the nominating and corporate governance committee may prefer candidates who are personally known to the existing directors and whose reputations are highly regarded. Our nominating and corporate governance committee has not retained professional search firms to assist it in recruiting potential director candidates.

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Our bylaws provide that stockholders of record seeking to nominate candidates for election as directors at our annual meeting of stockholders (or to bring other business before our annual meeting of stockholders) may do so by providing timely notice of their intent in writing. To be timely, the notice from the stockholder of record must be delivered to the Secretary at our principal executive office not less than 90 days nor more than 120 days prior to the first anniversary of the prior year’s annual meeting. Our bylaws also specify certain requirements as to the form and content of the necessary notice. For more information, see the section below titled *Stockholder Proposals and Director Nominations for our 2019 Annual Meeting of Stockholders*.

Communications with the Board of Directors

Stockholders and any other interested parties who wish to communicate with the Board of Directors or an individual director, including our lead independent director, may send a letter to the Secretary at the address for our principal executive office listed on the cover page of this Proxy Statement. The mailing envelope must contain a clear notation indicating that the enclosed letter is a Board Communication or Director Communication. All such letters must clearly state the author’s interest in the Company and whether the intended recipients are all members of the Board of Directors or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

Director Compensation

Our Board of Directors sets non-employee director compensation based on recommendations from the compensation committee. The compensation committee reviews, at least annually, the compensation (both cash and equity based award compensation) of non-employee directors for service on the Board and its committees. The compensation committee’s independent compensation consultant, Exequity, assists in this review, including obtaining market information, annually benchmarking our director compensation and designing various aspects of our compensation program for the directors. After its review the compensation committee recommends any changes to the Board for approval. Directors who also serve as employees to the Company (currently Messrs. Udvar-Házy and Plueger) do not receive separate compensation for their service on our Board of Directors.

[Annual Retainer Fees and Other Cash Fees](#)

Retainers under our non-employee director compensation program for 2017 were as follows:

Cash Compensation	Annual Compensation (paid quarterly)
Annual Board Retainer	\$ 80,000

Committee Chair Retainer

Audit	\$ 20,000
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Compensation	\$ 10,000
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Nominating and Corporate Governance	\$ 10,000
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Committee Member Retainer

Audit	\$ 15,000
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Compensation	\$ 10,000
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Nominating and Corporate Governance	\$ 10,000
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Lead Director Retainer	\$ 50,000
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Effective January 1, 2017, non-employee directors may be paid conditional meeting fees in the event that in the future there are periods of unexpected and increased participation required by the non-employee directors, and a per diem fee in certain circumstances.

A non-employee director will receive a meeting fee of \$1,500 per meeting (i) if he or she attends a number of Board meetings in excess of the number of scheduled meetings plus two additional Board meetings during the applicable calendar year or (ii) if he or she attends during the applicable year a number of meetings of a committee on which he or she serves, in excess of the number of scheduled meetings plus two additional meetings of that committee for that year. No fees for attending additional meetings were paid in 2017.

Non-employee directors may be paid a per diem fee of \$2,500 for non-ordinary course Board or committee activity (excluding any educational events) subject to the approval of the Board, the Chairman of the Board or the Lead Director of the Board. In 2017, a \$5,000 per diem fee was paid to one non-employee director.

As a matter of policy each director could elect to have his or her retainer paid in cash or shares of our Class A Common Stock, or a combination thereof.

Equity Awards

Each non-employee director who joins our Board of Directors receives an initial grant of RSUs to be settled in shares of our Class A Common Stock (Initial Director Grant) with an aggregate value of \$180,000. Thereafter, each year our non-employee directors receive an annual RSU award to be settled in shares of Class A Common Stock (the Annual Director Grant) with an aggregate value of \$120,000.

The value of all grants of RSUs is based on the closing price of our Class A Common Stock on the date of grant. All RSUs awarded to our non-employee directors vest in full on the first anniversary of the grant date, and if the Board of Directors service of such a director terminates for any reason, other than following a change in control, the RSUs will vest on a daily prorated basis according to the number of days between the grant date and the termination of service, divided by 365. If the service terminates following a change in control, the RSUs will vest in full. The Initial Director Grants and the Annual Director Grants are made pursuant to the Air Lease Corporation 2014 Equity Incentive Plan or any successor plan.

Since January 1, 2015, each director may annually elect to defer the receipt of his or her Annual Director Grant shares beyond the one-year vesting period. Directors may elect to defer his or her shares until separation from service or alternatively, may elect a deferral period of five years or ten years from the date of grant, provided that shares will be distributed upon a separation from service, a change of control or at death, if earlier than the elected deferral date. Deferred RSUs receive dividend equivalents which are reinvested in additional RSUs based on the market price of the Company's Class A Common Stock on the date the dividends are paid.

On May 3, 2017, each non-employee director received an Annual Director Grant.

Other Arrangements

We reimbursed directors for travel and lodging expenses incurred in connection with their attendance at meetings. We also have entered into agreements with each of our non-employee directors to provide them with indemnification and advancement of expenses to supplement that provided under our certificate of incorporation and bylaws, subject to certain requirements and limitations.

Table of Contents**Director Compensation Summary**

The following table sets forth compensation paid to or earned by the individuals who served as non-employee directors of our Company during 2017.

Name	Fees earned or paid in cash (\$)(1)	Stock Awards (\$)(2)	Total (\$)
Mr. Hart	125,000	120,000	245,000
Ms. Krongard	95,000	120,000	215,000
Mr. Larsen	90,000	120,000	210,000
Mr. Milton	175,000	120,000	295,000
Mr. Saines (3)	95,000	120,000	215,000
Dr. Sugar	110,000	120,000	230,000

(1) *Fees Earned or Paid in Cash:* The amount shown for each non-employee director is composed of his or her annual retainer fees and committee and/or Chairmanship fees. During 2017 Mr. Saines elected to receive all or a portion of his annual cash retainer or other cash fees in the form of shares of Class A Common Stock, rounded down to the nearest whole share. See footnote 3 below. A \$5,000 per diem fee was earned by Ms. Krongard with respect to service during 2017.

(2) *Stock Awards:* On May 3, 2017, each of the non-employee directors was granted an Annual Director Grant of RSUs covering 3,131 shares. There were no other outstanding equity awards for our non-employee directors on December 31, 2017 except as noted in footnote 3 below.

The dollar amounts shown for these stock awards reflect \$30.13 per share which is the grant date fair value of one share of Class A Common Stock computed in accordance with GAAP. Each RSU represents a contingent right to receive one share of our Class A Common Stock.

(3) Mr. Saines elected to receive shares of Class A Common Stock in lieu of his annual cash retainer or other cash fees as follows: 619 shares at \$38.32 per share on May 3, 2017; 604 shares at \$39.31 per share on August 2, 2017 and 556 shares at \$42.67 per share on November 8, 2017.

As of December 31, 2017, our non-employee directors held the following vested RSUs:

Name	Number of Restricted
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	Stock Units
Mr. Hart	0
Ms. Krongard	0
Mr. Larsen (a)	7,108
Mr. Milton	0
Mr. Saines (a)	7,108
Dr. Sugar	0

- (a) Messrs. Larsen and Saines each had outstanding awards of 7,108 RSUs, including accrued dividend equivalents, in connection with the deferral of each of their 2015 and 2016 Annual Director Grant of RSUs that vested on May 6, 2016 and May 4, 2017, respectively.

Table of Contents**Director Stock Ownership Guidelines**

Our Board of Directors has adopted stock ownership guidelines for all non-employee directors. Each non-employee director has five years from the time he or she becomes subject to these guidelines to achieve ownership of Class A Common Stock equivalents with an aggregate market value equal to three times the amount of the then current annual cash retainer fee for service on our Board of Directors. For a non-employee director, Class A Common Stock equivalents are shares of Class A Common Stock personally owned by the director, shares of Class A Common Stock underlying vested RSUs awarded to a director and shares of Class A Common Stock underlying unvested RSUs awarded to a director that are subject to time vesting only. All directors have met or exceeded the guidelines as set forth in the table below.

Target Ownership			Actual Ownership		
Current Outside Director Annual Cash Retainer Fee	Multiple of Annual Retainer	Multiple Expressed in Dollars	Director	Multiple of Annual Retainer	Value of Shares held by Director*
\$ 80,000	3x	\$ 240,000	Mr. Hart	18x	\$ 1,494,158
			Ms. Krongard	13x	\$ 1,110,210
			Mr. Larsen	9x	\$ 782,215
			Mr. Milton	18x	\$ 1,494,158
			Mr. Saines	13x	\$ 1,117,895
			Dr. Sugar	40x	\$ 3,250,958

* Based on the closing price of the Company's Class A Common Stock on March 13, 2018.

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Items of Business

Proposal 1: Election of Directors

At the Annual Meeting, the Board of Directors is recommending to stockholders that Mr. Matthew J. Hart, Ms. Cheryl Gordon Krongard, Mr. Marshall O Larsen, Mr. Robert A. Milton, Mr. John L. Plueger, Mr. Ian M. Saines, Dr. Ronald D. Sugar and Mr. Steven F. Udvar-Házy each be elected as a director to serve for a one-year term ending at the 2019 annual meeting of stockholders and until their respective successors are duly elected and qualified. Each of the nominees named below is currently a director and was elected at the annual meeting of stockholders held on May 3, 2017. No arrangement or undertaking exists between any nominee and any other person or persons pursuant to which any nominee was or is to be selected as a director or nominee, and there are no family relationships among any of our directors or executive officers. Each nominee has consented to be nominated and has agreed to serve as a director if elected. Should any of these individuals become unable to serve as a director prior to the Annual Meeting, the proxies for the Annual Meeting will, unless otherwise directed, vote for the election of such other individual as the Board of Directors may recommend, unless the Board in its discretion reduces the number of directors.

Under our bylaws, a director nominee will be elected to the Board of Directors by a majority of the votes cast, meaning the votes cast FOR such nominee's election must exceed the votes cast AGAINST such nominee's election at the Annual Meeting. Abstentions and broker non-votes will have no effect on the outcome of the director election because they are not treated as votes cast.

The Board of Directors recommends that you vote FOR the election to the Board of Directors of each of the eight nominees.

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A summary of each nominee's principal occupation, recent professional experience, directorships at other public companies for at least the past five years, and certain other qualifications, is provided below:

Matthew J. Hart

Retired President and Chief Operating Officer of Hilton Hotels Corporation

Age: 65

Director since May 2010

Board Committees

Audit

Nominating and Corporate Governance

Other Public Company Directorships

American Airlines Group Inc.

Trustee, American Homes 4 Rent

Mr. Hart served as President and Chief Operating Officer of Hilton Hotels Corporation, a global hospitality company, from May 2004 until the buyout of Hilton by a private equity firm in October 2007. Mr. Hart also served as Executive Vice President and Chief Financial Officer of Hilton from 1996 to 2004. Prior to joining Hilton, Mr. Hart served as the Senior Vice President and Treasurer of The Walt Disney Company and Executive Vice President and Chief Financial Officer for Host Marriott Corp. He was a director of US Airways Group, Inc. from 2006 until its December 2013 merger with American Airlines Group Inc. (formerly AMR Corporation) and of B. Riley Financial, Inc. from July 2009 until October 2015.

Qualifications:

Mr. Hart possesses significant executive experience in the hotel industry and currently serves on the board of directors of a major U.S. airline. Mr. Hart provides our Board of Directors with an important combination of management,

airline industry and financial expertise. His past experience as the chief financial officer of two Fortune 500 companies, and his current service on the audit committees of two other public companies, make him instrumental in helping our Board of Directors implement business and financial strategy.

Table of Contents**Cheryl Gordon Krongard**

Private Investor

Age: 62

Director since December 2013

Board Committee

Compensation

Other Public Company Directorships

Xerox Corporation

Ms. Krongard is engaged in private investment activities. Ms. Krongard was a senior partner of Apollo Management, L.P., a private investment company, from January 2002 to December 2004. From 1994 to 2000, she served as the Chief Executive Officer of Rothschild Asset Management and as Senior Managing Director for Rothschild North America. Additionally, she served as a director of Rothschild North America, Rothschild Asset Management, Rothschild Asset Management BV, and Rothschild Realty Inc. and as Managing Member of Rothschild Recovery Fund. Ms. Krongard also served as a director of US Airways Group, Inc. from 2003 until its December 2013 merger with American Airlines Group Inc. (formerly AMR Corporation) and as a director of Legg Mason, Inc. from 2006 until July 2017. Ms. Krongard was elected a lifetime governor of the Iowa State University Foundation in 1997 and has served as Chairperson of its Investment Committee. She also is a member of the Deans Advisory Council, Iowa State University College of Business.

Qualifications:

Ms. Krongard brings substantial asset management expertise and leadership experience serving as a senior executive at large, complex asset management organizations. Ms. Krongard also has significant compensation, finance, and corporate governance experience acquired through her service on the boards and committees of other publicly traded companies. Her strategic planning experience and airline experience gained as a director of a public company is a key resource to our Board of Directors for financial investments and business strategy.

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Marshall O. Larsen

Retired Chairman, President and Chief Executive Officer of Goodrich Corporation

Age: 69

Director since May 2014

Board Committee

Nominating and Corporate Governance

Other Public Company Directorships

Becton, Dickinson and Company

Lowe's Companies, Inc.

United Technologies Corporation

Mr. Larsen served as Chairman, President and Chief Executive Officer of Goodrich Corporation, a supplier of systems and services to the aerospace and defense industry, from 2003 until his retirement in July 2012 when the company was acquired by United Technologies Corporation. He was elected as President and Chief Operating Officer of Goodrich in February 2002, and as a director in April 2002. From 1995 through January 2002, Mr. Larsen served as Executive Vice President of Goodrich and President and Chief Operating Officer of Goodrich Aerospace division of Goodrich. Mr. Larsen joined Goodrich in 1977. Mr. Larsen is a former director of the Federal Reserve Bank of Richmond and former Chairman of the U.S. Aerospace Industries Association. He is active in numerous community activities and is a member of the Krannert School of Management Advisory Board, Purdue University.

Qualifications:

Mr. Larsen brings substantial business and leadership experience as the chairman and chief executive officer of a publicly-traded company for nine years including insights in governance, regulatory and management issues facing public companies. His in-depth knowledge of the aerospace industry and the conditions that affect the industry significantly benefits the discussions of our Board of Directors.

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Robert A. Milton

Retired Chairman and Chief Executive Officer of ACE Aviation Holdings, Inc.

Age: 57

Director since April 2010

Board Committees

Audit

Compensation

Nominating and Corporate Governance

Other Public Company Directorships

United Continental Holdings, Inc.

Mr. Milton was the Chairman and Chief Executive Officer of ACE Aviation Holdings, Inc., a holding company for Air Canada and other aviation interests (ACE) from 2004 until June 2012. He also was the President of ACE from 2004 until 2011. Mr. Milton was also the Chairman of Air Canada from 2004 until 2007. He held the position of President and Chief Executive Officer of Air Canada from August 1999 until December 2004. Mr. Milton is a former director of US Airways Group, Inc. and of AirAsia Berhad. Mr. Milton served as Chair of the International Air Transport Association's Board of Governors from 2005 to 2006.

Qualifications:

Mr. Milton's extensive experience in the aviation industry, including his many years with Air Canada and his current service on the board of directors of a major U.S. airline, provides our Board of Directors with deep industry experience. Our Board of Directors has benefited from Mr. Milton's many relationships in the aircraft manufacturing, aircraft leasing and airline industries. Mr. Milton's management experience and understanding of the aircraft leasing industry make him an ideal choice to act as our lead independent director.

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John L. Plueger

Chief Executive Officer and President of Air Lease Corporation

Age: 63

Director since April 2010

Other Public Company Directorships

Spirit AeroSystems Holdings, Inc.

Mr. Plueger, who became our Chief Executive Officer and President in July 2016, had served as our President and Chief Operating Officer since March 2010. Mr. Plueger has more than 30 years of aviation industry and aircraft leasing experience, 23 of which were with International Lease Finance Corporation (ILFC) where he served as acting Chief Executive Officer from February 2010 to March 2010, as President and Chief Operating Officer from 2002 to February 2010 and on its board of directors from 2002 to 2010. Mr. Plueger's professional experience also includes testifying before the U.S. House of Representatives as an aircraft leasing industry expert witness as well as responding to European Commission formal inquiries concerning aerospace industry related mergers and acquisitions. Mr. Plueger is a Certified Public Accountant and is an FAA Airline Transport Pilot with type ratings on multiple jet aircraft and single/multi engine and instrument instructor ratings. Mr. Plueger is the chairman of the board of directors of the Smithsonian National Air and Space Museum and a member of the Pepperdine University Board of Regents.

Qualifications:

Mr. Plueger has more than 30 years of aviation industry and aircraft leasing experience, providing our Board of Directors with an in-depth understanding of our business. His many years of business, financial, accounting, managerial and executive experience in our industry make him an invaluable member of our Board of Directors.

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Ian M. Saines

Chief Executive, Funds Management Challenger Limited

Age: 55

Director since June 2010

Board Committee

Audit

Other Public Company Directorships

None

Mr. Saines is Chief Executive, Funds Management of Challenger Limited, an Australian investment management firm. From December 2013 to March 2, 2015 he was engaged in private investment activities. From December 2008 to December 2013, Mr. Saines was employed by Commonwealth Bank of Australia in the role of Group Executive of the Institutional Banking and Markets Division. At Commonwealth Bank of Australia as a member of the bank's senior executive committee, Mr. Saines was responsible for managing Commonwealth Bank's relationships with major corporate, government and investor clients and providing a full range of capital raising, transactional and risk management products and services. Prior to joining Commonwealth Bank of Australia in May 2004, Mr. Saines was a Management Committee member of Zurich Capital Markets Asia, the investment banking arm of the Zurich Financial Services Group. He previously held various senior roles with Bankers Trust Australia Limited and was also employed by the Reserve Bank of Australia. He is currently a director of the American Australian Association Limited. Mr. Saines is a Fellow of the Australian Institute of Company Directors (FAICD).

Qualifications:

Mr. Saines brings to our Board of Directors a wealth of experience in commercial banking and deep knowledge of financial risk management. He provides our Board of Directors with key insights with respect to financial products, the financial markets, capital raising activities and the management of a large, complex business.

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Ronald D. Sugar

Retired Chairman of the Board and Chief Executive Officer of Northrop Grumman Corporation

Age: 69

Director since April 2010

Board Committees

Compensation

Nominating and Corporate Governance

Other Public Company Directorships

Amgen Inc.

Apple Inc.

Chevron Corporation

Dr. Sugar was Chairman of the Board and Chief Executive Officer of Northrop Grumman Corporation, a global aerospace and defense company, from 2003 until 2010 and President and Chief Operating Officer from 2001 until 2003. He was President and Chief Operating Officer of Litton Industries, Inc. from 2000 until the company was acquired by Northrop Grumman in 2001. He was earlier Chief Financial Officer of TRW Inc. He is also an adviser to Ares Management LLC, Bain & Company, Northrop Grumman Corporation and Singapore's Temasek Investment Company. He is a trustee of the University of Southern California, board of visitors member of the University of California, Los Angeles Anderson School of Management, past Chairman of the Aerospace Industries Association, and a member of the National Academy of Engineering.

Qualifications:

Dr. Sugar has significant executive experience in the global aerospace business. In addition to drawing on Dr. Sugar's in-depth executive and financial experience in related industries, our Board of Directors also benefits from Dr. Sugar's

current experience as a board member of three Fortune 100 companies. He has particularly useful experience with risk oversight, advanced technology, and a deep understanding of legislative and regulatory processes.

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Steven F. Udvar-Házy

Executive Chairman of the Board of Directors of Air Lease Corporation

Age: 72

Director since February 2010

Other Public Company Directorships

SkyWest, Inc. (Lead Director)

Mr. Udvar-Házy, who was appointed our Executive Chairman of the Board of Directors in July 2016, had served as our Chairman and Chief Executive Officer since our launch in February 2010. In 1973, Mr. Udvar-Házy co-founded the aircraft leasing business that became ILFC and from 1973 to February 2010 served as Chairman and Chief Executive Officer of ILFC. ILFC became a subsidiary of American International Group, Inc. in 1990.

Mr. Udvar-Házy is an FAA Airline Transport Pilot with type ratings on multiple jet aircraft and has over 40 years of experience flying jet aircraft.

Qualifications:

Mr. Udvar-Házy brings extensive industry, managerial and leadership experience to our Board of Directors. With more than 40 years of aviation industry experience, Mr. Udvar-Házy provides our Board of Directors with a critical understanding and appreciation of our business and the know-how to craft and execute on our business and strategic plans. He is the founder, and a substantial stockholder, of our Company.

The Board of Directors recommends a vote FOR the election of all the director nominees set forth above.

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Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm

Our audit committee has appointed KPMG LLP as our independent registered public accounting firm to audit our financial statements for 2018. During 2017, KPMG served as our independent public accounting firm and provided certain other audit-related services. Representatives of KPMG are expected to attend the Annual Meeting, be available to respond to appropriate questions and, if they desire, make a statement.

This is a non-binding vote. If KPMG's appointment is not ratified, the audit committee will reconsider whether to retain KPMG, but still may retain KPMG. Even if the appointment is ratified, the audit committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be appropriate.

Approval of the ratification of KPMG as our independent registered public accounting firm for 2018 requires the affirmative vote of a majority of shares of Class A Common Stock present or represented, and entitled to vote thereon, at the Annual Meeting. Abstentions will have the same effect as a vote **Against** the proposal.

The Board of Directors recommends that you vote FOR the ratification of KPMG LLP as our independent registered public accounting firm for 2018.

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Proposal 3: Advisory Vote to Approve Named Executive Officer Compensation

We are seeking an advisory vote from our stockholders to approve our named executive officer compensation as disclosed in the section titled *Executive Compensation*. Notwithstanding the majority of votes in favor of holding the advisory vote on named executive officer compensation every three years at the 2012 annual meeting of stockholders the Board of Directors decided to hold the advisory vote every year, at least until the stockholders vote on the 2018 Frequency Vote Proposal (Proposal 4). The Board's decision was in response to the significant number of shares voted in favor of an annual vote and a desire to adopt what is now perceived to be a governance best practice. Our named executive officers include Mr. John Plueger, our Chief Executive Officer and President and Mr. Udvar-Házy, our Executive Chairman of the Board of Directors and the three other executive officers named in the tables that appear in the *Executive Compensation* section below.

Our executive compensation program is designed to attract, motivate and retain the most talented individuals in the aircraft leasing business and to create long-term value for our stockholders. The compensation committee and our Board of Directors believe that the program has been successful in accomplishing these objectives as reflected by our strong financial performance in 2017.

The combination of a competitive base salary and bonus, and the potential for even greater rewards as a stockholder, has helped us assemble and retain a formidable management team and focus them on growing the value of the Company over the long term. We believe having a small, but highly experienced and motivated senior management team is essential to the success of the Company and provides us with an important competitive advantage.

Stockholders are urged to read the section titled *Executive Compensation Compensation Discussion and Analysis* set forth below, which contains a detailed description of how our compensation program implements our compensation philosophy.

We are asking our stockholders to vote FOR the following advisory resolution:

RESOLVED, that the stockholders of Air Lease Corporation approve, on an advisory basis, the compensation paid to its named executive officers, as disclosed pursuant to Item 402 of Regulation S-K under the Securities Exchange Act of 1934, as amended, including the Compensation Discussion and Analysis, compensation tables and narrative discussion set forth below in the section titled *Executive Compensation*.

This is a non-binding vote and is being provided as required pursuant to Section 14A of the Exchange Act. The compensation committee and our Board of Directors will continue to review the voting results in connection with their regular evaluation of our compensation program. They also will continue to consider any input from our major stockholders throughout the year in connection with their annual evaluation.

Approval of this advisory vote requires the affirmative vote of a majority of shares of Class A Common Stock present or represented, and entitled to vote thereon, at the Annual Meeting. Abstentions will have the same effect as a vote Against the proposal. Broker non-votes will have no effect on the outcome of the advisory vote.

The Board of Directors recommends that you vote FOR the approval, on an advisory basis, of our named executive officer compensation.

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Proposal 4: Advisory Vote on the Frequency of Future Advisory Votes to Approve Named Executive Officer Compensation

As described in Proposal 3 above, we are seeking an advisory vote from our stockholders to approve our named executive officer compensation as disclosed in the section titled Executive Compensation. As required by Section 14A of the Exchange Act as amended, we are also seeking in this Proposal 4 an advisory vote from our stockholders on whether to hold the above advisory vote on named executive officer compensation every year, every two years or every three years. Our stockholders voted on a similar proposal in 2012.

Our current practice is to provide advisory votes on executive compensation every year. After careful consideration, the compensation committee and the Board of Directors recommends that future advisory votes continue to be held every year. The Board believes that this is the appropriate frequency so stockholders may annually express their views on our named executive officer compensation and that an annual vote is now perceived to be a governance best practice.

Accordingly, you may cast your advisory vote as to your preferred frequency of an advisory vote on named executive officer compensation by choosing any one of the following three options: an advisory vote every 1 Year, an advisory vote every 2 Years, or an advisory vote every 3 Years. You may also abstain from voting on this item.

This is a non-binding vote. The compensation committee and our Board of Directors will carefully consider the voting results in deciding how frequently to hold the required advisory vote on our named executive officer compensation.

Approval of the frequency option (i.e., every 1 year, every 2 years or every 3 years) requires the affirmative vote of a majority of shares of Class A Common Stock present or represented and entitled to vote on the proposal at the Annual Meeting. However, if no frequency option receives the affirmative vote of at least a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting, then the Board of Directors will consider the option receiving the highest number of votes as the preferred option of the stockholders. Abstentions will have the same effect as a vote Against each of the frequency options. Broker non-votes will have no effect on the outcome of the advisory vote. However, because this is a non-binding advisory vote, the Board of Directors may decide to hold an advisory vote to approve named executive officer compensation more or less frequently than the deemed preferred option and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

The Board of Directors recommends that you vote FOR the option of 1 YEAR for the frequency of future advisory votes to approve named executive officer compensation.

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Dear Fellow Stockholder,

As stewards of the Air Lease Corporation compensation program, we – the members of the compensation committee – are highly focused on ensuring that our compensation program promotes the creation of stockholder value. We accomplish this by delivering the majority of our executives' compensation in performance-based vehicles, and setting robust goals that challenge our executives to contribute to our annual and long-term objectives and reward them when those objectives are achieved.

We made many changes to our 2017 compensation program that are reflected throughout this proxy statement. As a result of these changes, our compensation program provides for more at risk compensation, including more compensation being delivered in equity and subject to long-term Company performance.

In direct response to the feedback we received from investors, in 2018 we made further changes to our compensation program, including:

Changing the structure of our Executive Chairman's annual bonus so that he is paid in restricted stock units (RSUs) that cliff vest two years from the date of grant, which will not occur until the amount of the annual bonus is determined in 2019. We believe denominating our Executive Chairman's annual bonus in stock instead of cash and effectively requiring a three-year vesting period further aligns our Executive Chairman's compensation with stockholders' long-term interests

Changing our Book Value RSUs in several ways to further drive long-term sustainable book value growth:

Increased weighting of Book Value RSUs relative to TSR RSUs because we believe incentivizing the executives to grow our long-term book value per share in a capital-intensive business like ours will lead to value creation for stockholders;

2018 Book Value RSUs cliff vest at the end of three years versus previous years' grants that vested ratably each year over three years;

Reset actual target book value per share growth at the beginning of 2018 and made target book value growth harder to reach compared to previous years' grants; and

Revised the terms so that the opportunity associated with the Book Value RSUs can vary from 0%-200% of target

Terminating our executive officers' participation in the Deferred Cash Bonus Plan

Developing a new more refined benchmark group consisting of 18 companies across diversified financial services and real estate investment trusts based on quantitative and qualitative factors, including company size, business model and financial profile

We also received significant positive feedback regarding our compensation program, and preserved the features that resonated with investors, including:

Annual bonus payouts that are determined based on a corporate performance factor which is heavily weighted towards objective financial metrics with rigorous targets

An annual equity program with a significant portion tied to growth in book value per share

Incentive program metrics that align our management team with our strategic priorities

We are committed to continuously evaluating our compensation programs, and to hearing from our stockholders as part of a permanent annual outreach process. We encourage you to reach out with any questions or feedback related to our compensation program.

Sincerely,

Dr. Ronald D. Sugar, Chairman

Cheryl Gordon Krongard

Robert A. Milton

Compensation Committee members

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Compensation Discussion and Analysis (CD&A)

Executive Summary

This Compensation Discussion and Analysis (this CD&A) discusses executive compensation for the following Named Executive Officers (NEOs) for fiscal year 2017:

Named Executive Officers

John L. Plueger Chief Executive Officer and President

Steven F. Udvar-Házy Executive Chairman of the Board

Jie Chen Executive Vice President and Managing Director, Asia

Grant A. Levy Executive Vice President, Marketing and Commercial Affairs

Gregory B. Willis Executive Vice President and Chief Financial Officer

This Compensation Discussion and Analysis should be read together with the executive compensation tables that follow, which disclose the compensation awarded to, earned by or paid to our NEOs with respect to 2017.

Compensation Philosophy: Pay for Performance

Our executive compensation program is designed for a company with a small number of extraordinary and talented individuals with industry experience to manage and lead a highly capital-intensive business. We do this by tying compensation to the achievement of performance goals that promote the creation of stockholder value and by designing compensation to reward and retain our high-caliber executives in a competitive market. This balancing of objectives is demonstrated by the substantial portion of our executives' compensation that is variable and at risk based on individual and Company performance. In 2017, 85.5% of our CEO's pay mix at target was at risk. Our compensation structure and pay for performance philosophy have incentivized our 87-employee team to deliver outstanding long-term performance at a very low cost to stockholders. In fact, in 2017 our entire compensation expense (for all employees) represented just 3.9% of revenues. In addition, our 87 employees along with our independent directors collectively own over 9% of the Company. We believe that this significant ownership by our employees and directors also helps ensure that we are aligned with the interests of our stockholders and that our compensation program drives sustainable growth.

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Business Overview and Strategy

Business Overview

Air Lease Corporation is a leading aircraft leasing company that was founded by aircraft leasing industry pioneer, Steven F. Udvar-Házy. We are principally engaged in purchasing new commercial jet transport aircraft directly from aircraft manufacturers, such as Boeing and Airbus, and leasing those aircraft to airlines throughout the world. In addition to our leasing activities, we sell aircraft from our operating lease portfolio to third parties, including other leasing companies, financial services companies, and airlines. We also provide fleet management services to investors and owners of aircraft portfolios for a management fee. Our operating performance is driven by the growth of our fleet, the terms of our leases, the interest rates on our debt, and the aggregate amount of our indebtedness, supplemented by the gains of our aircraft sales and trading activities and our management fees. We have relationships with over 200 airlines across 70 countries, and as of December 31, 2017, had 91 customers in 55 countries.

Table of Contents*Strategy for Value Creation*

Our strategy is primarily to purchase new commercial aircraft directly from aircraft manufacturers and lease those aircraft to airlines throughout the world, while prioritizing strong financial management and a conservative capital structure. We believe this strategy will continue to generate sustainable growth and attractive returns on equity over the long term.

Strategy for Value Creation	
Aircraft Acquisition	<p>Focus on the most in-demand and widely distributed, modern technology, fuel-efficient aircraft</p> <p>Capitalize on our orderbook – a key competitive advantage that (i) provides access to a steady pipeline of attractively priced new aircraft which we order in advance and purchase directly from the manufacturers and (ii) gives us strong visibility into growth and revenue streams</p>
Aircraft Leasing	<p>Prioritize long-term contracted cash flows</p> <p>Manage customer concentrations by geography and region</p> <p>Enter into long-term leases with staggered maturities</p> <p>Balance exposure by aircraft type</p>
Aircraft Sales	<p>Maintain a young aircraft portfolio by selling aircraft at the end of the first third of its expected life</p>
Fleet Management	<p>Provide fleet management services that further bolster market intelligence and provide strong insight into market trends and future aircraft demands</p>
Financial Management	<p>Maintain a conservative capital structure:</p> <p>Strong balance sheet with substantial liquidity of \$3.2 billion*</p> <p>Low debt/equity target of 2.5x</p> <p>High fixed rate debt target of 80%</p> <p>Large unencumbered asset base of \$14.1 billion*</p>

*

As of December 31, 2017. We define liquidity as \$292 million of unrestricted cash plus \$2.9 billion of undrawn balances under our unsecured revolving credit facility.

2017 Performance

2017 Financial Highlights

We had another successful year in 2017. Revenues increased 6.9% to \$1.5 billion compared to 2016, supported by solid balance sheet growth with assets totaling \$15.6 billion as of December 31, 2017. Pre-tax profit margin has expanded over the last five years, increasing from 34.2% in 2013 to 40.2% in 2017. Over the same period, our pre-tax return on equity increased from 12.1% to 16.2%.

	Compound Annual Growth Rate 2013-2017
Total assets	14%
Total revenues	15%
Income before taxes	20%
Net income	41%

Table of Contents**2017 Business Highlights**

In 2017, we successfully executed our operational strategy which is designed to drive long-term stockholder value.

Aircraft Activity. During the year ended December 31, 2017, we purchased and took delivery of 30 aircraft from our new order pipeline, purchased 10 incremental aircraft, sold 31 aircraft and received insurance proceeds relating to the insured losses of two aircraft, ending the year with a total of 244 owned aircraft with a net book value of \$13.3 billion. The weighted average lease term remaining on our operating lease portfolio was 6.8 years and the weighted average age of our fleet was 3.8 years as of December 31, 2017. Our fleet grew by 10.3% based on net book value of \$13.3 billion as of December 31, 2017 compared to \$12.0 billion as of December 31, 2016. In addition, our managed fleet increased to 50 aircraft as of December 31, 2017 from 30 aircraft as of December 31, 2016. We have a globally diversified customer base comprised of 91 airlines in 55 countries. As of February 22, 2018, all of our aircraft in our operating lease portfolio were subject to lease agreements.

New Order Pipeline. During 2017, we increased our total commitments with Airbus and Boeing by a net 35 aircraft. As of December 31, 2017, we had commitments to purchase 368 aircraft from Airbus and Boeing for delivery through 2023, with an estimated aggregate commitment of \$27.0 billion. We ended 2017 with \$23.4 billion in committed minimum future rental payments and placed 79% of our order book on long-term leases for aircraft delivering through 2020. This includes \$10.1 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$13.3 billion in minimum future rental payments related to aircraft which will deliver between 2018 and 2022.

Financing. In 2017, we issued \$2.2 billion senior unsecured notes with an average interest rate of 3.16%, with maturities ranging from 2022 to 2027. In 2017, we increased our unsecured revolving credit facility capacity to approximately \$3.8 billion, representing an 18.6% increase from 2016 and extended the final maturity to May 5, 2021. We ended 2017 with total debt outstanding, net of discounts and issuance costs, of \$9.7 billion, of which 85.4% was at a fixed rate and 94.6% of which was unsecured. Our composite cost of funds decreased to 3.20% as of December 31, 2017 from 3.42% as of December 31, 2016.

Tax reform. On December 22, 2017, the Tax Reform Act was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax law by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. As a result of the Tax Reform Act, we

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recorded an estimated tax benefit of \$354.1 million or \$3.16 per diluted share due to the re-measurement of deferred tax assets and liabilities for the quarter ended December 31, 2017.

Financial Highlights. In 2017, total revenues increased by 6.9% to \$1.5 billion, compared to 2016. The increase in our total revenues is primarily due to the \$1.2 billion increase in the net book value of our operating lease portfolio. Our net income for the year ended December 31, 2017 was \$756.2 million, or \$6.82 per diluted share compared to \$374.9 million, or \$3.44 per diluted share for the year ended December 31, 2016. The increase in our net income and diluted earnings per share for the year ended December 31, 2017 was due to the \$1.2 billion increase in the net book value of our operating lease portfolio, and the re-measurement of our U.S. deferred tax liabilities associated with the enactment of the Tax Reform Act, resulting in a tax benefit of \$354.1 million. Our pre-tax profit margin for the year ended December 31, 2017 was 40.2% as compared to 40.9% for the year ended December 31, 2016.

Dividend Increase. On November 8, 2017, our Board of Directors approved an increase in our quarterly cash dividend of 33%, from \$0.075 per share to \$0.10 per share.

Productivity. As of December 31, 2017, we had 87 full-time employees and \$15.6 billion of total assets. Per employee, our revenue and net income for the year ended December 31, 2017 was approximately \$17.4 million and \$8.7 million, respectively.

For a comprehensive discussion of our financial results, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which was filed with the SEC on February 22, 2018 and is available at <http://www.airleasecorp.com/investors>.

Return to Stockholders

The chart below illustrates the returns we delivered to our stockholders from 2016 through 2017 as compared to the S&P MidCap 400 Index over the same timeframe. In 2017, the S&P Midcap 400 Index increased by 16%, while our total stockholder return increased by 41%.

TOTAL STOCKHOLDER RETURN AIR LEASE vs S&P MIDCAP 400 INDEX

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Stockholder Outreach and Executive Compensation Program Refinements

To better understand our investors' perspectives regarding our executive compensation program, for the last several years we have engaged in stockholder outreach. We spoke with stockholders in the spring of 2017 after issuing our proxy statement and again in late 2017 and early 2018. In our most recent outreach, we engaged with stockholders holding 44% of outstanding shares (none of whom were our employees or directors). While we regularly communicate with our stockholders, during our most recent outreach we contacted our large stockholders to specifically discuss our compensation philosophy and program and to listen to their feedback. The compensation committee considered our stockholders' views when making decisions about changes to our 2017 and 2018 compensation programs.

We continued to enhance our executive compensation program in response to evolving compensation practices and feedback from our stockholder engagement efforts, specifically by making the following responsive changes:

Demonstrated Responsiveness to Stockholder Feedback

Changes that Support Stronger Executive Pay with Company Performance Alignment

CEO Annual Compensation and Annual Bonus. In connection with our leadership transition in July 2016, we changed our new Chief Executive Officer's compensation structure to place a greater proportion of compensation at risk and subject to long-term Company performance

In 2017, we retained the structure and as a result, 85.5% of the CEO's 2017 pay mix at target was at risk

Changed our Executive Chairman's Annual Bonus. In 2018, we changed the structure of our Executive Chairman's annual bonus so that he is paid in RSUs that cliff vest two years from the date of grant, which will not occur until the amount of the annual bonus is determined in 2019. We believe denominating our Executive Chairman's annual bonus in stock instead of cash and effectively requiring a three-year vesting period further aligns our Executive Chairman's compensation with stockholders' long-term interests

Changed our Book Value RSUs. In 2018, we changed our Book Value RSUs in several ways to further drive long-term sustainable book value growth

Increased weighting of Book Value RSUs relative to TSR RSUs because we believe incentivizing the executives to grow our long-term book value per share in a capital-intensive business like ours will lead to value creation for stockholders

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2018 Book Value RSUs cliff vest at the end of three years versus previous years grants that vested ratably each year over three years

Reset actual target book value per share growth at the beginning of 2018 and made target book value growth harder to reach compared to previous years grants

Revised the terms so that the opportunity associated with the Book Value RSUs can vary from 0%-200% of target

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Reviewed awards based on Total Shareholder Return. The compensation committee explored alternatives to our long-term incentive program to ensure that awards continue to focus executives on actions that generate sustainable value creation and create alignment with stockholders. The committee determined that TSR RSUs (which have a 3-year performance measurement period and measure total stockholder return against the S&P MidCap 400 Index with target payout requiring achieving the 55th percentile) are effective but reduced the portion of TSR RSUs to 25% of the total annual equity awards granted in 2018 as a result of the decision to increase the weighting of Book Value RSUs relative to TSR RSUs

Terminated Senior Officer Participation in Deferred Cash Bonus Plan. In February 2016 and 2017, we reduced the amount of our senior officers' cash compensation by replacing long-term cash deferred bonuses with time-based RSUs beginning in 2016. In February 2018, we terminated our senior officers' participation in the Deferred Cash Bonus Plan

Developed Custom Benchmark Group. In 2018, we developed a new more refined benchmark group consisting of 18 companies across diversified financial services and real estate investment trusts based on quantitative and qualitative factors, including company size, business model and financial profile

Changes to our 2017 and 2018 executive compensation program continued to provide for more at risk compensation, including more being delivered in equity and subject to long-term Company performance

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2017 Executive Compensation Program

The compensation committee designed our 2017 compensation program to incentivize, reward and retain leaders who create long-term value for our stockholders. Material components of our 2017 compensation program are included in the chart below.

Pay Element	Form	2017 Metrics	2017 Performance Link
Salary	Cash	N/A	N/A
		Financial Metrics (80%) Overall Revenue Dollar Value of Aircraft Added to Our Fleet Pre-Tax Operating Margin Pre-Tax Return on Equity	Revenue and dollar value of aircraft added to our fleet incentivize executives to grow our top line Pre-tax operating margin and return on equity keep our executives focused on profitable growth and the efficient use of stockholders capital
Annual Incentive Plan	Cash	Strategic Objectives (20%) Cumulative aircraft placement goals through 2020 Add new airline customers Meet sales goals for mid-life aircraft Other strategic goals	Our strategic objectives are directly linked to our financial stability and revenue
		Book Value (50%) Relative TSR (50%)	Book value is a key value driver of our Company Relative TSR focuses executives on actions that will generate sustainable value
Long-Term Incentive Plan	RSUs		

creation

Provide retention incentives that are time vesting and based on amounts already earned

Beginning in 2017, new Deferred Bonuses are no longer granted to our CEO and Executive Chairman, and 100% of their 2017 equity award grants were subject to performance-based vesting

Beginning in 2018, new Deferred Bonuses are no longer granted to any of our NEOs

Deferred Bonus

RSUs N/A

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2017 Executive Compensation Decisions and Outcomes

The 2017 compensation outcomes were consistent with our pay-for-performance philosophy. Key decisions made and outcomes for 2017 included:

Base Salaries. Mr. Plueger's annual base salary of \$1,000,000 remained the same since being decreased in July 2016 when he became Chief Executive Officer. Mr. Udvar-Házy's annual salary remained unchanged at \$1,800,000.

Annual Bonus. Consistent with strong corporate performance, the corporate factor used to determine annual incentive compensation was 118%, resulting in a bonus of 118% of target for the Chief Executive Officer.

Revenues increased 6.9% to \$1.5 billion compared to 2016, supported by solid balance sheet growth with assets totaling \$15.6 billion at year ended December 31, 2017.

Pre-tax profit margin of 40.2% for the year ended December 31, 2017.

Pre-tax return on equity was 17.1% at year ended December 31, 2017 (adjusted for the impact of the Tax Reform Act).

Long Term Incentives. As the compensation committee continued to rebalance total compensation so that a greater percentage of total compensation is delivered in the form of equity, the value of long-term incentives (LTI) awarded to our NEOs in 2017 increased year over year. In February 2017, our NEOs (other than our Chief Executive Officer and our Executive Chairman) received time-vesting RSUs in lieu of long-term cash deferred bonuses. Our Chief Executive Officer and our Executive Chairman did not receive any time-vesting RSUs in 2017, as 100% of their LTI awards were subject to performance-based vesting.

Compensation Governance Best Practices

Another important objective of our executive compensation program is to incorporate pay and governance best practices, as highlighted below.

What We Do:

Pay for Performance

Double-Trigger Change in Control Provisions

Provide moderate and reasonable severance benefits no greater than three times base salary and target annual bonus

Manage the use of equity incentives conservatively with a net equity burn rate over the last year of less than 1%

Tally Sheets

Stock Ownership Guidelines (6x Base Salary for Chief Executive Officer)

Mitigate Undue Risk

Independent Compensation Consultant

Clawback Policy

Annual Say-on-Pay

Robust Stockholder Engagement Program

What We Don't Do:

- x Hedging and Pledging
- x Tax Gross-Ups
- x Dividend or Dividend Equivalents on Performance Awards
- x Re-Price Stock Options
- x Pension Benefits (other than 401(k))
- x Employment Agreements

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Stockholder Advisory Vote Approving Executive Compensation

Notwithstanding the majority of votes in favor of holding the advisory vote on named executive officer compensation every three years at the 2012 annual meeting of stockholders, the Board of Directors decided to hold the advisory vote every year, at least until the stockholders vote on the 2018 Frequency Vote Proposal (Proposal 4), in response to the significant number of shares voted in favor of an annual vote and a desire to adopt what is now perceived to be a governance best practice. At the Annual Meeting, we again will provide our stockholders with the opportunity to approve, on an advisory basis, executive compensation.

At our 2017 annual meeting of stockholders, the advisory vote to approve named executive officer compensation (compensation proposal) received the affirmative support of 76.5% of our stockholders represented at the meeting and entitled to vote on the matter. In evaluating our executive compensation program, our compensation committee considered the voting results for the compensation proposal, our stockholder outreach and other factors as discussed in this CD&A.

Compensation Program Overview and Objectives

Our executive compensation program is designed to attract, retain and motivate the highest caliber executives in the aircraft leasing industry by offering a comprehensive compensation program that is attractive enough to entice and retain successful senior executives. We also believe it is important that our compensation program attracts the highly talented executive who is experienced and capable of managing our aircraft fleet with a small team to help drive our profitability. At the end of 2017, we had total assets of \$15.6 billion and we had 87 total employees. We believe that the ratio of employees to total assets compares favorably to other companies in capital-intensive businesses. In addition to managing significant assets on a per employee basis, our team has delivered outstanding long-term performance at a very low cost to stockholders. In fact, in 2017 our entire compensation expense (for all employees) represented just 3.9% of revenues.

Our executive compensation program also is designed to reward our executives for contributing to achievement of our annual and long-term objectives. We set robust goals to align performance based compensation with the creation of long-term value for our stockholders. We also believe that ownership of our stock is critical to alignment with our stockholders and our 87 employees along with our independent directors collectively own over 9% of the Company.

How We Determine Compensation

Role of the compensation committee. The compensation committee is composed of Dr. Sugar, who serves as Chairman of the committee, Ms. Krongard and Mr. Milton. The compensation committee oversees the design, administration and evaluation of our overall executive compensation program and recommends to the independent directors of the Board of Directors the total compensation for our Executive Chairman and our Chief Executive Officer and President. It also approves the total compensation for the other NEOs. Each member of the compensation committee must be an independent, non-employee director, as those terms are defined in SEC, NYSE and Internal Revenue Service rules. Among other things, the compensation committee will at least annually:

Review and adjust (or recommend adjustments to) each NEO's compensation in order to ensure an appropriate mix of cash and equity, and an appropriate balance of fixed and at-risk compensation, in light of, among other factors, each individual's particular role and responsibilities, personal motivations, stock ownership exposure and wealth accumulation.

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Consult with the compensation committee's independent compensation consultant to help ensure that the total compensation paid to each NEO is appropriate in light of our compensation objectives, tax and accounting considerations and compensation best practices.

Consider specific input from stockholders on our executive compensation programs in the design of the next year's executive compensation program.

Design annual incentive awards with quantitative factors and qualitative milestones applicable to all our officers that further our overall business objectives, and approve award payouts based on performance actually achieved.

Role of Stockholder Input on Executive Compensation. To better understand our investors' perspectives regarding our executive compensation program, for the last several years we have engaged in stockholder outreach. We spoke with stockholders in the spring of 2017 after issuing our proxy statement and again in late 2017 and early 2018. That outreach and the changes made to our 2017 and 2018 executive compensation program in response to that outreach are described more fully in the section titled *Stockholder Outreach and Executive Compensation Program Refinements*. These changes resulted for 2018 in a change in our Executive Chairman's annual bonus, changes in our Book Value RSUs to further drive long-term sustainable book value growth and termination of our senior officers participating in the deferred cash bonus plan. For 2018 we have also developed a new, more refined benchmark group. We encourage stockholders to reach out with any questions or feedback related to our compensation program, and we are committed to hearing from our stockholders as part of our annual outreach process.

Role of Management. The compensation committee formulates its recommendation for the overall compensation of our Executive Chairman and our Chief Executive Officer and President without management participation and reviews it with the independent members of the Board of Directors. Finally, the compensation committee determines the overall compensation of our other NEOs with input from our Chief Executive Officer and Executive Chairman. None of our NEOs is present when his compensation is discussed by the compensation committee. Our management administers all compensation and benefits programs, subject to the oversight of the compensation committee. This delegation to management is strictly limited to implementation of the programs, and does not include any discretion to make material decisions regarding the overall executive compensation program.

Role of Independent Compensation Consultant. The compensation committee has engaged Exequity as an independent compensation consultant to provide advice with respect to compensation decisions for our executive officers. The independent compensation consultant assists in evaluating our compensation objectives, obtaining market information, and designing various aspects of our compensation program. The independent compensation consultant attends meetings of the compensation committee by invitation, and committee members have direct access to the independent compensation consultant without management involvement. The independent compensation consultant will also consult with our senior executives as directed by the compensation committee. The compensation committee has the sole authority to hire and fire the independent compensation consultant. In order to help ensure impartiality and objectivity, the compensation committee requires that the independent compensation consultant provide services only to the committee and not to management, absent specific committee approval. In 2017, Exequity did not perform any services unrelated to its compensation committee engagement, including any separate work for our management or employees. The independence of Exequity has been evaluated in accordance with SEC and NYSE rules, and it has been determined that its work did not raise any conflicts of interest.

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Peer Group and Benchmarking

We operate in a highly-specialized industry in which most of the companies are foreign, private or are subsidiaries of other large companies. For this reason, traditional industry specific peer group benchmarking is challenging and would produce incomparable data.

Given that we have limited direct publicly-traded peers, it is equally challenging to find relevant and directly comparable compensation benchmarking data for our industry. Nevertheless, since 2012, Exequity has collected compensation information about similarly sized U.S.-based employers for the compensation committee's consideration derived from the entire S&P MidCap 400 Index. This is the group against which the Company benchmarks relative total stockholder return for TSR RSU performance purposes and reflects comparably capitalized companies regardless of industry affiliation.

Over the last several years, the compensation committee has also considered compensation data of diversified financial services firms, including asset management firms, with market capitalizations of between \$1 billion and \$10 billion and revenues up to \$2.5 billion (Diversified Financial Services Benchmark). These companies are relevant because they focus on complex, high-value added, transactional activities.

While the compensation data from the Diversified Financial Services Benchmark was valuable to the compensation committee, this benchmark group was large with 40 companies and included companies not relevant to the Company's core business. As a result, in the fall of 2017 the compensation committee asked Exequity to work with the Company to explore developing a new custom benchmark group.

In developing the new custom benchmark group, Exequity and the Company performed a comparative top-down and bottom-up business model analysis on companies that are publicly traded in the U.S. with market capitalization between \$1 billion and \$10 billion. That analysis compared key characteristics of the Company's business, including exposure to real assets, dependence on a highly skilled management team, credit exposure/underwriting expertise, and significant capital expenditures, to the characteristics of traditional and alternative asset managers, specialty finance lenders, insurance companies and REITs (real estate investment trusts). The analysis included all companies within the Diversified Financial Services Benchmark. A range of REITs were included because of their exposure to real assets, income from lease revenue, highly skilled management teams, large capital bases and significant capital expenditures. The remaining firms selected represent an array of asset management and specialty finance firms which the Company believes exhibit in-depth knowledge of their asset classes akin to the Company's expertise in managing aircraft. A separate review was done of the companies that were within the Diversified Financial Services Benchmark but would not be included in the custom benchmark group. Companies such as institutional brokerage firms, information services companies and consumer finance companies were excluded from the new benchmark group given the disparity in their business models to aircraft leasing.

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In 2018, the compensation committee adopted a new custom benchmark group consisting of the following companies (the Custom Benchmark Group):

Company	Trading Symbol	Business
Aircastle Limited	AYR	aircraft financing and leasing
Affiliated Managers Group, Inc.	AMG	investment management
Artisan Partners Limited Partnership	APAM	investment management
CIT Group Inc.	CIT	specialty finance
Eaton Vance Corp.	EV	investment management
Invesco Ltd.	IVZ	investment management
GATX Corporation	GATX	transportation, equipment financing and leasing
Kennedy-Wilson Holdings, Inc.	KW	global real estate investment company
Legg Mason, Inc.	LM	investment management
OM Asset Management plc	OMAM	investment management
Chimera Investment Corporation	CIM	residential mortgage REIT
Empire State Realty Trust, Inc.	ESRT	centralized business district office REIT
Extra Space Storage Inc.	EXR	self-storage REIT

Federal Realty Investment Trust	FRT	shopping center REIT
HCP, Inc.	HCP	health care REIT
Host Hotels and Resorts, Inc.	HST	hotel REIT
Kilroy Realty Corporation	KRC	office REIT
WP Carey Inc.	WPC	multi-asset class REIT

For 2018 actions, the compensation committee considered data from the S&P MidCap 400, the Custom Benchmark Group and, to facilitate the transition to the new benchmark, the Diversified Financial Services Benchmark Group. External compensation data is considered holistically and represents potential labor markets for top executive talent for similar companies. The committee also views data for Aircastle Limited, the sole aircraft leasing company where compensation data is available and a member of the Custom Benchmark Group. However, given the significant difference between our aircraft leasing business and the companies included in these data sources, our compensation committee does not make explicit compensation decisions based on how our compensation practices compare, nor do they target compensation to a specific benchmark of this group of companies. We use this information as a starting point in our compensation review process, to supplement the collective knowledge and experience of our Board of Directors, senior executives and the compensation consultant. Our final compensation decisions continue to be based on individual performance, and guided by what we consider to be the amount and form of compensation that will best enable us to attract, motivate and retain the most talented executives and to focus them on the growth and long-term success of our business.

The compensation committee continues to regularly review information from our independent compensation consultant to define a formal peer group and will reconsider this decision each year after carefully examining potential peer companies.

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Risk Management

We believe we have designed an executive compensation program as described below which encourages long-term incentive goals for our NEOs and discourages executives from taking unnecessary risks that could threaten the long-term interests of our company. We also base our executive rewards on a variety of internal performance measures (as explained below) so as to avoid an over reliance on any singular indicator of performance.

Align NEO s compensation with stockholders: We believe that the best way to ensure our NEOs and other employees personal commitment to our long-term goals is to ensure that their financial rewards as stockholders will, over the long term, far outweigh any cash compensation they earn as employees. In this regard, the interests of our NEOs and our stockholders are strongly aligned. Our NEOs as a group beneficially own approximately 8% of our Class A Common Stock, and each NEO has made a meaningful personal investment in our stock.

Long-Term Incentive Program: Our regular annual equity awards granted since 2012 have been tied to performance-based vesting conditions based on book value and total stockholder return metrics, as described in more detail in this CD&A.

Book Value: 50% of our long-term incentive-based compensation has been tied to an increase in our book value, and not to metrics that may encourage risk-taking behavior focused on short-term results. Prior to 2018, if the respective performance measures were achieved, awards tied to an increase in book value would vest annually over three years. However, in 2018, unlike prior years, awards tied to an increase in book value will only vest if at the end of three years the book value performance measure is met.

Total Stockholder Return: Since 2012 and continuing for 2017 and 2018, a portion of our long-term incentive awards has been based on stockholder returns relative to a broad index. Awards tied to total stockholder returns vest at the end of three years if the performance measures are met. In 2018, 25% of our award is tied to total stockholder return compared to 50% in prior years.

Time-Based: For 2018, 25% of the annual equity awards are time-based and will vest annually in three equal installments on the anniversary of the grant.

Incentive Awards are Capped: We have also capped our short and long-term incentive opportunities;

For 2018, performance-based RSUs that vest based on book value and the total stockholder return (TSR) RSUs are capped at 200% of target to limit potential payouts even in instances of superior performance. 2017 TSR RSUs are similarly capped at 200% of target, and there is no upside opportunity associated with the Book Value RSUs granted prior to 2018.

In addition, the compensation committee caps the annual bonuses of our Chief Executive Officer and our Executive Chairman at 200% of target.

As an additional safeguard, our Board of Directors also adopted a clawback policy relating to incentive compensation and an anti-hedging or pledging policy as described below.

We believe that the above design safeguards align our executive incentives and corresponding payouts with stockholder value creation.

Also annually, the compensation committee, together with its independent compensation consultant, performs a compensation risk analysis of our compensation programs. In addition, the chair of our compensation committee reports to and discusses compensation risk issues with the full Board.

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Stock Ownership Guidelines. We also believe that our executives' significant equity ownership in our Company aligns their long-term interests with those of our stockholders. Our Board of Directors has adopted stock ownership guidelines for our executive officers at the level of Executive Vice President or higher. Our Executive Chairman and Chief Executive Officer are each required to own Class A Common Stock equivalents with an aggregate market value equal to six times his annual rate of salary. As shown in the table below, both Mr. Plueger and Mr. Udvar-Házy beneficially own shares of our Class A Common Stock that far exceed their ownership requirements.

	Target Ownership		Actual Ownership	
	Multiple of Base Salary	Multiple Expressed in Dollars	Multiple of Base Salary(1)	Value of Shares Held by Executive in Dollars(2)
John L. Plueger, Chief Executive Officer	6x	\$ 6,000,000	35x	\$ 35,730,325
Steven Udvar-Házy, Executive Chairman	6x	\$ 10,800,000	129x	\$ 232,505,936

1. Based on 2017 Salary at December 31, 2017.

2. Based on the closing price of the Company's Class A Common Stock on March 13, 2018.

Each of our other executive officers subject to these guidelines is required to own Class A Common Stock equivalents with an aggregate market value equal to at least his or her annual rate of salary. Messrs. Chen, Levy and Willis each own shares of our Class A Common Stock that exceed this requirement. In addition, our guidelines require executive officers to retain 50% of after tax profits realized from Company equity incentive awards until ownership guidelines are met. Class A Common Stock equivalents are shares of Class A Common Stock owned personally by an executive officer and shares of Class A Common Stock underlying unvested RSUs that are subject to time-vesting only. Each executive officer subject to these guidelines has five years from the time he or she becomes subject to the guidelines to achieve the required level of ownership.

No Hedging or Pledging. The Company has an anti-hedging and pledging policy applicable to our directors and executive officers. These individuals are prohibited from engaging in hedging transactions such as short-term or speculative transactions in the Company's securities, including our Class A Common Stock. They also may not pledge their Company securities as collateral for a loan or in similar transactions.

Clawback Policy. In February 2014 our Board of Directors adopted a clawback policy. The policy provides that we will require reimbursement of any incentive payments to an executive officer which was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of Company financial statements filed with the SEC, if our Board of Directors determines that the executive engaged in intentional misconduct that caused or substantially caused the need for a substantial restatement of financial results and a lower

payment would have been made to the executive based on the restated financial results. In each such instance, we will to the extent practicable, seek to recover from the individual executive the amount by which the individual executive's incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results.

Elements of the Executive Compensation Program

We have three primary elements of our executive compensation program: annual compensation consisting of base salary, annual performance-based cash incentive bonuses and long-term equity incentive awards. Their significant performance-based compensation coupled with their significant ownership of the Company's equity aligns each NEO's interests with the interests of our stockholders. In 2017, approximately 86% of our Chief Executive Officer's total compensation paid was performance-based and not guaranteed.

Table of Contents**Annual Compensation**

Annual compensation is delivered in cash with a substantial variable portion at risk and contingent on the successful accomplishment of pre-established performance measures.

Base Salary. Base salary is the main fixed component of our executive compensation program, and it is aimed primarily at attracting and retaining the best possible executive talent. The relative levels of base salary for our NEOs are based on the particular responsibilities and expectations associated with each executive's position. Another factor that we consider extremely important is the experience of each NEO in our industry. We review salaries annually and consider possible merit increases, increases in connection with promotions and changes in responsibilities and market competitive factors.

None of our NEOs are guaranteed an annual salary increase. The salaries for Messrs. Plueger and Udvar-Házy remained unchanged since 2016. The base salaries of the other NEOs are determined by the compensation committee, with the input of Messrs. Plueger and Udvar-Házy taking into consideration the objectives and philosophies of our overall executive compensation program, including market information.

The 2017 base salary percentage changes for our NEOs compared to 2016 are as follows:

Title	Increase % compared to 2016
Chief Executive Officer and President	0%
Executive Chairman	0%
Executive Vice President & Managing Director, Asia	0.87%
Executive Vice President	1.23%
Executive Vice President & Chief Financial Officer	3.65%

Performance-Based Annual Cash Incentives. We pay annual cash bonuses to drive the achievement of key business results for the year and to recognize individuals based on their contributions to those results. Each year the compensation committee establishes performance guidelines for bonus payments (performance measures). These performance measures are developed taking into account the Company's applicable fiscal year plan and its long-term strategy. These performance measures also take into account expectations regarding probability of achieving certain performance goals and include stretch goals that are supported by the business plan. Performance measures are set at the beginning of the performance period.

For 2017, the compensation committee developed the following performance measures for the payment of annual incentive awards to our NEOs:

Performance Measures

Link to Strategy

	Component Weighting	
Overall Revenue	20%	Incentivizes top line growth
Pre-Tax Operating Margin	20%	Incentivizes profitable growth and efficient use of stockholders capital
Pre-Tax Return on Equity	20%	Incentivizes profitable growth and efficient use of stockholders capital
Dollar Value of Aircraft Added to our Fleet	20%	Incentivizes top line growth
Strategic Objectives	20%	Incentivizes focus on strategic priorities that grow stockholder value

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The 2017 strategic objectives required our NEOs to:

Meet cumulative aircraft placement goals through 2020

Add new airline customers

Meet sales goals for mid-life aircraft

Other strategic goals

For 2017 performance, the compensation committee measured our performance to these strategic goals using each strategic goal's minimum, target and maximum outcome.

2017 Operating Performance Measures Compared to 2016. The compensation committee also continued its practice of establishing more rigorous goals tied to increasingly ambitious operating performance measures, when appropriate. The table below shows the 2017 goals at Target and at Maximum levels compared to 2016 performance goals.

Performance Measures	2017 Target	2016 Target	% Increase/ Decrease	
			Increase/ Decrease	Target
Overall Revenue	\$1,507	\$1,387	\$120	8.7%
Pre-Tax Operating Margin	39.9%	39.0%	0.9%	2.3%
Pre-Tax Return on Equity	16.8%	17.0%	(0.2%)	(1.2%)
Dollar Value of Aircraft Added to our Fleet	\$2,647	\$2,373	\$274	11.5%
			Average	5.3%

Performance Measures	2017 Maximum	2016 Maximum	% Increase/ Decrease	
			Increase/ Decrease	Maximum

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Overall Revenue	\$1,567	\$1,433	\$134	9.4%
Pre-Tax Operating Margin	43.1%	41.4%	1.7%	4.1%
Pre-Tax Return on Equity	18.9%	18.5%	0.4%	2.2%
Dollar Value of Aircraft Added to our Fleet	\$2,772	\$2,523	\$249	9.9%

Average 6.4%

Revenue, pre-tax operating margin and pre-tax return on equity are metrics that can be used to measure growth in our top line performance and profitability on a year-over-year basis. 2017 target pre-tax return on equity was slightly lower than 2016 target pre-tax return on equity because our plan forecasted fewer aircraft sales.

Measuring Performance at the End of the Year Individual Opportunities. Each NEO had the opportunity to earn his target award (a percentage of base salary) based on Company performance, as modified by an individual performance factor (determined by the compensation committee for 2017 to be between 0% and 120%), based on the achievement relative to individual performance goals. In the case of our Executive Chairman and our Chief Executive Officer, in no event can the award be in excess of 200% of target. We believe this individual performance modifier which includes 100% downside leverage and only 20% upside leverage provides the compensation committee with the ability to adjust each individual NEO's bonus opportunity to reflect the individual's performance during the year.

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Measuring Performance at the End of the Year. Below is the formula for determining annual performance based cash bonuses:

$$\text{Target Award} \times \text{Company Performance Factor} \times \text{Individual Performance Factor}$$

2017 Performance Results. The weighted earned payout based on company performance for 2017 (Company Performance Factor) was 118%. A summary of these performance measures as well as the related fiscal 2017 results are as follows (dollars in millions):

Performance Measure	2017			Fiscal 2017 Result (Actual)	Interpolated Payout	Component Weighting	Weighted Payout
	Minimum	Target	Maximum				
Overall Revenues	\$1,447	\$1,507	\$1,567	\$1,516	116%	20%	23%
Pre-tax Operating Margin	36.7%	39.9%	43.1%	40.2%	110%	20%	22%
Pre-tax Return on Equity	14.8%	16.8%	18.9%	17.1%*	111%	20%	22%
Dollar Value of Acquired Aircraft	\$2,311	\$2,647	\$2,772	\$2,613	90%	20%	18%
Strategic Goals	-	-	-	164%	164%	20%	33%
Total (Company Performance Factor)							118%

* As provided for in the description of the pre-tax return on equity performance measure approved by the compensation committee in February 2017, adjusted to reflect the impact of the Tax Reform Act.

The weighted earned payout of 118% reflects the Company's strong performance in 2017. The key drivers of our 2017 performance were the following:

Revenues increased 6.9% year-over-year and exceeded \$1.5 billion for the first time in the Company's history. Performance was driven by solid balance sheet growth with assets totaling \$15.6 billion for the year ended December 31, 2017.

Margins remained strong with pretax profit margin of 40.2% for the year ended December 31, 2017, as the Company continues to exhibit best-in-class profitability and efficiency.

With respect to our strategic objectives, the compensation committee quantitatively, and as applicable, qualitatively, assesses the Company's performance of its strategic objectives. Each quarter the Company reports to the compensation committee and the full Board of Directors on its progress with a full assessment by the compensation committee after year end. This year, the compensation committee measured our performance using each strategic goal's minimum, target and maximum outcome. If all of the strategic goals are met, payout at target is 100% and payout at maximum is 200%. Results between the points are interpolated on a linear basis.

Strategic Goal	Performance to Strategic Goal
Cumulative placement of aircraft through 2020	We ended 2017 with 79% lease placement through 2020 but did not reach our maximum goal
Add new airline customers	We added 10 new airline customers, but we did not meet our maximum goal
Sales goals for mid-life aircraft	We entered into agreements for the sale of 20 mid-life aircraft, meeting our maximum goal
Other strategic goals	We met our other strategic goals by enhancing our credit monitoring process, increasing management fees by at least 10% and continuing to enhance our IT security

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Individual 2017 Performance. The compensation committee also considered the individual performance of each of the NEOs. It considered, among other things, their individual contributions to our strong financial results in 2017, contributions to longer-term growth in 2018 and beyond and leadership within the Company, including their ability to motivate and leverage a very small team of professionals.

The compensation committee recognized Messrs. Plueger's and Udvar-Házy's individual contributions in leveraging industry relationships to grow our fleet, concluding opportunistic aircraft acquisitions and sales, building our management business, developing strategic initiatives, achieving record profitability and improving our stock price. The compensation committee recognized Mr. Chen's contributions in executing on key leasing deals and cultivating an increasing number of relationships within Asia. The compensation committee also recognized Mr. Levy's contributions to our increased leasing activities as well as his management of our airframe and engine manufacturing agreements. The compensation committee recognized Mr. Willis' execution of our financial plan, including facilitating highly successful financing transactions.

After evaluating the Company's strong performance relative to the guidelines established at the beginning of 2017 and taking into account individual contributions in 2017, our compensation committee awarded Messrs. Chen, Levy, and Willis annual cash performance bonuses in the amounts set forth below and our compensation committee recommended, and our independent Board of Directors approved, annual cash performance bonuses for Messrs. Udvar-Házy and Plueger in the amounts set forth below.

Name	Target Bonus	Corporate Factor	Individual Factor	Actual Bonus
Mr. Plueger	\$ 1,500,000	118%	100%*	\$ 1,770,000
Mr. Udvar-Házy	\$ 2,160,000	118%	100%*	\$ 2,548,800
Mr. Chen	\$ 930,000	118%	90%	\$ 987,660
Mr. Levy	\$ 820,000	118%	100%	\$ 967,600
Mr. Willis	\$ 610,000	118%	105%	\$ 755,790

* Except for any highly unusual circumstances, the compensation committee and our Board of Directors deem that the Individual Factor assigned for our Chief Executive Officer and our Executive Chairman will be 100% so that their bonus is the Corporate Factor.

Plans Applicable to our Annual Incentive Bonuses. For 2017, the 2013 Cash Bonus Plan provided for annual cash awards to our NEOs, other than our Executive Vice President and Chief Financial Officer, that recognize and reward the achievement of corporate performance goals and that were designed to qualify as performance-based compensation within the meaning of Section 162(m) of the Code. Incentive awards are payable under the plan only if the Company has positive income before taxes for the period, and this requirement was met for the 2017 performance period. The total bonus pool cannot exceed 5% of the Company's total revenues, and in 2017 the bonus pool far exceeded actual payments. The annual cash bonus for the Executive Vice President and Chief Financial Officer for 2017 was determined in accordance with the Company's other annual bonus plan pursuant to the bonus framework described above. In order to preserve the deductibility of a portion of annual cash awards to our NEOs under Section 162(m) after the enactment of the Tax Reform Act, a portion of their bonuses was approved in the 2017 calendar year.

Long-Term Equity Incentive Awards

Philosophy of Awarding Performance-Based Equity Incentive Compensation. Consistent with our executive compensation objectives, the compensation committee believes that an important aspect of attracting and retaining exceptionally talented executives and aligning their interests with those of our stockholders is to provide performance-based equity incentive compensation. In determining the value of

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annual performance-based equity grants, the compensation committee considers the executive's total compensation, target cash, mix of long-term and short-term compensation and internal guidelines.

On February 21, 2017, we made long-term performance-based equity incentive awards to all of our NEOs as part of our planned equity grant cycle. Our compensation committee established an overall value for each executive officer, and applied a mix of 50% Book Value RSUs that vest based on attainment of book value goals and 50% TSR RSUs that vest based on attainment of total stockholder return goals. The compensation committee believes that a mix of both Book Value RSUs and TSR RSUs create balanced incentive because the RSUs provide executives with the incentive to steadily increase the book value of the Company over a three-year period while also seeking an overall increase in total stockholder return over a three-year period. These awards were made under our 2014 Equity Incentive Plan. All RSUs awarded in 2017 are denominated in share units, each of which is equivalent to one share of Class A Common Stock, and are subject to performance conditions and time-vesting.

The chart below shows the February 21, 2017 long-term equity incentive awards to our NEOs in the form of Book Value RSUs and TSR RSUs, including the number of shares of Class A Common Stock underlying the awards at the time of grant:

	Number of Book Value RSUs*	Target / Maximum Number of TSR RSUs
Mr. Plueger	55,913	55,912/111,824
Mr. Udvar-Házy	35,505	35,504/71,008
Mr. Chen	12,581	12,580/25,160
Mr. Levy	11,183	11,182/22,364
Mr. Willis	7,339	7,338/14,676

* If the book value goal in any year is not met, the 1/3 of Book Value RSUs scheduled to vest in that year will be forfeited.

TSR RSUs. The degree to which TSR RSUs vest depends on performance over a three-year measurement period. The number of shares to be received at the end of the three-year performance period, which runs from January 1, 2017 through December 31, 2019, will depend on our ranking within the S&P MidCap 400 Index as set forth in the table below. Results between the points in the table will be interpolated on a linear basis.

Actual TSR Percentile Ranking	Applicable Percentage
85 th or higher	200%
70 th	150%

55 th	100%
40 th	50%
below 25 th	0%

TSR is the change in price of a share of Class A Common Stock plus accumulated dividends over a specified period of time and is an indicator of management's achievement of long-term growth in stockholder value. Comparing the Company's TSR over a specified period of time to index companies' returns over the same period of time is an objective external measure of the Company's effectiveness in translating its results into stockholder returns. The compensation committee uses the TSR goals against the S&P MidCap 400 Index as the compensation committee believes it represents a broad range of investment alternatives with similar market capitalization as our Company. The compensation committee also believes that tying a portion of our executive compensation to the stockholder returns of similarly

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capitalized companies emphasizes our pay-for-performance philosophy. As previously discussed, we operate in a highly specialized industry with a finite number of other direct comparator companies, many of which are foreign, private or are subsidiaries of other companies. For this reason, traditional industry specific peer group benchmarking is challenging and would produce incomparable data.

Book Value RSUs. The 2017 Book Value RSUs generally vest in three equal installments over a three-year performance period, but only if the Company has met certain per share book value targets, as determined in accordance with GAAP, as of December 31, 2017, 2018 and 2019. The compensation committee reset the beginning per share book value for the 2017 Book Value RSUs grants to the actual book value per share on December 31, 2016. The Company's per share book value must steadily increase from December 31, 2016 for the shares to vest. The per share book value targets for the February 21, 2017 awards are \$34.53 in the first year (2017), \$36.26 in the second year (2018) and \$38.07 in the third year (2019). The targets of \$34.53 for 2017 and \$36.26 for 2018 reflect an increase over the \$32.46 target for 2017 and \$34.08 target for 2018 established for our 2016 Book Value RSUs, and demonstrate the increased performance rigor attributable to resetting the beginning per share book value. If a specified target is not attained as of December 31 of the applicable year, the installment for such year will not vest and will expire as of such date.

Vesting of Awards Previously Granted. The Company's December 31, 2017 per share book value was \$39.83 and one-third of each of the February 21, 2017, February 24, 2016 and February 24, 2015 Book Value RSUs vested. The underlying shares were released and issued in accordance with their terms on February 22, 2018.

On February 22, 2018, 88% of TSR RSUs that were granted on February 24, 2015 vested as the Company's percentile ranking within the S&P MidCap 400 Index at the end of the three-year performance period on December 31, 2017 was 51%. Even though our relative TSR performance was above the 50th percentile, our NEOs received a below-target payout of their TSR RSUs, which we believe again demonstrates the performance-based nature of our TSR RSU design.

Long-Term Bonuses

Deferred Bonuses. Since our inception we have paid cash bonuses to our employees under our Amended and Restated Deferred Bonus Plan. Beginning in 2017, this plan is no longer applicable to our Chief Executive Officer and Executive Chairman, and as a result 100% of their long-term compensation opportunity for 2017 was awarded in the form of performance-based TSR RSUs and Book Value RSUs. Beginning in 2018, this plan is no longer applicable to our NEOs.

The purpose of the plan is to provide retention incentives that are time-vesting and based on amounts already earned, thereby providing a balance against our incentives that are tied to uncertain, future performance. Under the plan, our employees have an opportunity to receive a cash bonus in an amount equal to a percentage of the aggregate amount of base salary and annual and other short-term cash bonus compensation paid with respect to a particular year. The deferred bonus will generally vest upon the second anniversary of the end of the year with respect to which the award was made, provided that the employee is still employed by us on a full-time basis on that date.

Since 2016, instead of a long-term cash bonus, we made long-term equity incentive awards to our executive officers consisting of time-vesting RSUs that cliff vest (100%). We determined the value of the time-vesting RSUs using the same criteria used to determine long-term cash bonuses.

In February 2017, the compensation committee made grants to our executive officers (other than our Chief Executive Officer and President and our Executive Chairman who were no longer eligible to participate in the plan) consisting of

time-vesting RSUs that vest on December 31, 2018, if the executive

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officer is still employed by the Company. We determined the value of the time-vesting RSUs using the same criteria used to determine long-term cash bonuses. The 2017 time-vesting RSU grants are set forth below:

	Number of RSUs Granted
Mr. Chen	5,392
Mr. Levy	4,809
Mr. Willis	3,645

Other Compensation

Retirement Programs. We maintain a 401(k) savings plan for our employees and, under the terms of the plan, will make matching contributions in amounts equal to 116% of up to 6% of the contributions made by each of Messrs. Plueger, Udvar-Házy, Chen, Levy and equal to 75% of up to 6% of the contributions made by Mr. Willis.

Benefits and Perquisites. Our NEOs generally receive the same healthcare benefits as our other employees. We pay Mr. Plueger's premiums for a \$2.0 million term life insurance policy payable to his beneficiaries and we pay Mr. Udvar-Házy's premiums for a \$5.0 million term life insurance policy payable to his beneficiaries. In addition, we pay the premiums for Messrs. Plueger, Udvar-Házy, Chen, Levy and Willis under our group term life insurance program, in which all of our employees participate.

Personal Use of Company Aircraft. The Board of Directors adopted a travel policy that requires the Chief Executive Officer and President and the Executive Chairman to use, to the maximum extent practicable, Company-owned aircraft for personal use as well as business travel. In 2017, the incremental cost of Messrs. Plueger's and Udvar-Házy's personal use of Company aircraft was approximately \$116,316 and \$101,616, respectively.

Executive Severance Plan

Under the Air Lease Corporation Executive Severance Plan effective as of February 21, 2017, as amended, Company employees who are vice presidents and above, who are designated by the compensation committee (or persons appointed by the compensation committee) and who are not party to an individual severance agreement (Covered Employees) would generally be entitled to receive severance benefits under the Severance Plan. The compensation committee initially designated 11 officers of the Company excluding the Executive Chairman of the Board of Directors and the Chief Executive Officer and President of the Company who each are a party to individual severance agreements. The severance benefits are generally conditioned upon execution of a release of claims and continued compliance with non-competition, confidentiality and non-solicitation provisions as set forth in the Severance Plan.

2018 Executive Compensation Program

The same key elements of our executive compensation program are applicable in 2018. As described above, in determining 2018 target compensation, the compensation committee considered, among other things, data from the S&P MidCap 400, the Custom Benchmark Group and, to facilitate the transition to the new benchmark, the Diversified Financial Services Benchmark Group, and then compared the proposed 2018 compensation to 2017 target compensation for each NEO.

Table of Contents**Annual Compensation**

Base Salary. The 2018 base salaries for Messrs. Plueger, Udvar-Házy, Chen and Levy did not change. The 2018 base salary for Mr. Willis increased from \$610,000 to \$630,000. In determining our NEO s base salaries, the compensation committee took into account each NEO s performance in 2017 and the market information described above.

Annual Cash Incentives. Subject to the achievement of key business results for 2018, we plan to pay annual cash incentives for 2018 to recognize individuals based on their contributions to those results. The compensation committee developed the following 2018 performance-based guidelines for the payment of annual incentive awards to our NEOs:

Performance Measures	Component Weighting
Overall Revenue	40%
Pre-Tax Return on Equity	40%
Strategic Objectives	20%

In comparison to 2017, the compensation committee modified the 2018 performance measures by removing pre-tax operating margin and dollar value of aircraft added to our fleet. The compensation committee and management believe that focusing on two key metrics simplifies the program to effectively drive profitable growth in 2018. However, like 2017, 50% of the metrics focus on top line performance and the remaining 50% focus on profitability. These metrics also provide greater transparency to stockholders because these performance measures will be reported in the Company s SEC filed financial statements.

The compensation committee also made changes to Mr. Udvar-Házy s annual cash incentive. Mr. Udvar-Házy s 2018 annual cash incentive will be paid in RSUs that have a grant date value equal to the amount of his cash incentive earned in the applicable year, and will cliff vest two years from the date of grant, which will not occur until the amount of the annual bonus is determined in 2019. As a result, Mr. Udvar-Házy s annual cash incentive will not be paid in cash. We believe denominating our Executive Chairman s annual bonus in stock and effectively requiring a three-year vesting period further aligns our Executive Chairman s compensation with stockholders long-term interests.

Long-Term Equity Incentive Awards

We made long-term equity incentive awards to each of our NEOs (the 2018 Awards) under the 2014 Equity Incentive Plan. These long-term equity incentive awards were in the form of Book Value and TSR RSU performance awards and time-based RSU awards.

The compensation committee continues to believe that a mix of Book Value RSUs and TSR RSUs creates a balanced performance-based incentive. However, in 2018 the compensation committee determined to increase the weighting of Book Value RSUs relative to TSR RSUs because it believes that incentivizing the executives to grow our long-term book value per share in a capital-intensive business like ours will lead to value creation for stockholders and create a mix of incentives that we believe will drive long-term performance.

The Book Value RSUs, which comprise 50% of the total 2018 Award, provide the executives the incentive to increase the book value of the Company; however, for 2018 the compensation committee decided to change the performance period and vesting of these Book Value RSUs from past years. The degree to which the 2018 Book Value RSUs will vest will depend on whether the Company, over a three-year performance period, meets the book value performance measure. The compensation committee, as it did with last year's grant, reset the beginning per share book value for the 2018 Book Value RSUs grants to

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the actual book value per share on December 31, 2017, but made target book value growth harder to reach compared to previous grants. The Company's per share book value must increase from December 31, 2017 to December 31, 2020 for the shares to vest at the end of the three-year performance period. Because the Company is a capital-intensive business (acquiring and leasing commercial aircraft), the book value, which is the Company's assets minus its liabilities, is an important measure of the Company's value.

The TSR RSUs, which comprise 25% of the total 2018 Award, provide an incentive for the executives during the same three-year performance period to seek an overall increase in TSR.

The Time-based RSUs, which comprise 25% of the total 2018 Award, provide a retention incentive and vest in three equal annual installments on February 20th in each of 2019, 2020 and 2021.

In determining the value of the 2018 Award to Mr. Plueger, the compensation committee considered Mr. Plueger's overall compensation, including his annual base salary which remained the same as 2017 and their goal to increase the percentage of the Chief Executive Officer's pay in the form of performance-based equity with multi-year vesting. As a result, the compensation committee increased the value of Mr. Plueger's 2018 Award compared to his 2017 award. In determining the value of the 2018 Award to Mr. Udvar-Házy, the compensation committee also increased the value of his award compared to his 2017 award.

The chart below shows the number of shares of Class A Common Stock underlying the 2018 Awards at the time of grant:

	Target / Maximum Number of Book Value RSUs	Target / Maximum Number of TSR RSUs	Number of Time-Vested RSRs
Mr. Plueger	43,443/86,886	21,721/43,442	21,721
Mr. Udvar-Házy	28,342/56,684	14,170/28,340	14,170
Mr. Chen	10,342/20,684	5,171/10,342	5,171
Mr. Levy	9,205/18,410	4,601/9,202	4,601
Mr. Willis	7,063/14,126	3,531/7,062	3,531

Tax and Accounting Considerations

Section 162(m) of the Code generally prohibits a publicly-held company from deducting compensation paid to a current or former NEO that exceeds \$1.0 million during the tax year. However, amounts payable to executives pursuant to written binding contracts that were in effect on November 2, 2017, may qualify for an exception to the \$1.0 million deductibility limit.

As one of the factors in its consideration of compensation matters, the compensation committee notes this deductibility limitation. However, the compensation committee has the flexibility to take any compensation-related actions that it determines are in the best interests of the Company and our stockholders, including awarding compensation that may not be deductible for tax purposes. There can be no assurance that any compensation will in fact be deductible. Section 409A of the Code imposes an excise tax on the recipient of certain non-qualified deferred compensation. The compensation committee attempts to structure all executive compensation to comply with, or be exempt from, Section 409A.

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718, which requires the Company to recognize compensation expense for share-based payments (including stock

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options and other forms of equity compensation). FASB ASC Topic 718 is taken into account by the compensation committee when determining equity based compensation awards.

Compensation Committee Report

Management has prepared the Compensation Discussion and Analysis set forth above. The compensation committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis with the Company's management. Based on this review and discussion, the compensation committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Dr. Ronald D. Sugar, Chairman

Cheryl Gordon Krongard

Robert A. Milton

Table of Contents**Executive Compensation Tables****Summary Compensation Table**

The following table summarizes compensation paid to or earned by our NEOs during the fiscal years ended December 31, 2017, 2016 and 2015.

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock awards* (\$)(1)	Non-Equity Incentive		Total (\$)
					Plan Compensation (\$)(2)	All other compensation (\$)(3)	
John L. Plueger <i>Chief Executive Officer and President</i>	2017	1,000,000		5,145,622	1,770,000	160,950	8,076,572
	2016	1,250,000	541,500	3,279,398	2,610,000	104,167	7,785,065
	2015	1,500,000	380,700	3,093,352	1,950,000	88,890	7,012,942
Steven F. Udvar-Házy <i>Executive Chairman</i>	2017	1,800,000		3,267,474	2,548,800	308,392	7,924,666
	2016	1,800,000	649,801	3,817,607	3,132,000	287,212	9,686,620
	2015	1,800,000	456,840	4,316,339	2,340,000	166,754	9,079,933
Jie Chen <i>Executive Vice President & Managing Director, Asia</i>	2017	928,667		1,369,522	987,660	37,528	3,323,377
	2016	920,833	259,003	1,060,523	1,604,280	37,195	3,881,834
	2015	914,167	246,881	1,229,799	1,248,975	31,261	3,671,083
	2017	818,333		1,217,969	967,600	37,641	3,041,543

Grant A. Levy <i>Executive Vice President</i>	2016	808,875	196,439	922,439	1,409,400	37,296	3,374,449
	2015	802,417	185,626	945,556	1,096,436	31,261	3,061,296
Gregory B. Willis <i>Executive Vice President and Chief Financial Officer</i>	2017	606,417		818,496	755,790	21,785	2,202,488
	2016	555,917	83,875	485,301	1,126,389	21,333	2,272,815
	2015	491,667	67,085	763,157	585,000	16,726	1,923,635

* Stock awards consist of RSUs relating to shares of our Class A Common Stock.

- (1) *Stock Awards:* These amounts represent the aggregate grant date fair value of awards of RSUs granted to our NEOs, computed in accordance with GAAP. Assumptions used in the calculations of these amounts, which do not correspond to the actual value that may be realized by the NEO, are included in Note 11 *Stock Based Compensation* to the financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. The value of the full award for each of Messrs. Plueger, Udvar-Házy, Chen, Levy and Willis at 200% maximum performance for the TSR RSUs is \$8,048,013, \$5,110,486, \$2,022,549, \$1,798,427, and \$1,199,411 respectively.
- (2) *Non-Equity Incentive Plan Compensation.* The amount set forth for each of Messrs. Plueger, Udvar-Házy, Chen, Levy, and Willis represents his annual incentive award for 2017.
- (3) *Premium Payments:* In 2017, we paid premiums on term life insurance and long-term supplemental disability policies for Messrs. Plueger, Udvar-Házy, Chen, Levy, and Willis, in the aggregate amounts of \$16,794, \$178,936, \$9,688, \$9,801, and \$8,285 respectively.
- 401(k) Employer Matching Contributions:* In 2017, we made matching contributions to a 401(k) savings plan that we maintain for our employees of \$27,840 for each of Messrs. Plueger, Udvar-Házy, Chen, and Levy and \$13,500 for Mr. Willis, in accordance with our policy.

Personal Aircraft Usage: In 2017, the incremental cost of the personal use of the Company aircraft for Mr. Plueger was \$116,316 and for Mr. Udvar-Házy was \$101,616 and as described above under *Compensation Discussion and Analysis Elements of the Executive Compensation Program Personal Use of Company Aircraft*.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth information concerning grants of plan-based awards made to our NEOs during the fiscal year ended December 31, 2017.

Name	Grant date(s)(1)	Type of award	Estimated future payouts under Non-equity incentive plan awards		Estimated future payouts under Equity incentive plan awards		All Other Stock Awards #	Grant date fair value of stock and option awards \$(4)
			Target (\$)	Maximum (\$)	Threshold (#)(2)	Target (#)		
Mr. Plueger		Annual Bonus Book Value	1,500,000	3,000,000				
	2/21/2017	RSU				55,913		2,243,230
	2/21/2017	TSR RSU			13,978	55,912	111,824	2,902,392
Mr. Udvar-Házy		Annual Bonus Book Value	2,160,000	4,320,000				
	2/21/2017	RSU				35,505		1,424,461
	2/21/2017	TSR RSU			8,876	35,504	71,008	1,843,013
Mr. Chen		Annual Bonus Book Value	930,000	1,860,000				
	2/21/2017	RSU				12,581		504,750
	2/21/2017	TSR RSU			3,145	12,580	25,160	653,028
	2/23/2017	Time Vesting RSU					5,392	211,744
Mr. Levy		Annual Bonus Book Value	820,000	1,640,000				
	2/21/2017	RSU				11,183		448,662
	2/21/2017	TSR RSU			2,796	11,182	22,364	580,458
	2/23/2017	Time Vesting RSU					4,809	188,849
Mr. Willis		Annual Bonus Book Value	610,000	1,220,000				
	2/21/2017	RSU				7,339		294,441
	2/21/2017	TSR RSU			1,835	7,338	14,676	380,916
	2/23/2017	Time Vesting RSU					3,645	143,139

Time Vesting
RSU

- (1) *Grant Date:* The grant date for the RSU award is the effective date of grant approved by the compensation committee of our Board of Directors.
- (2) *Estimated future payouts under Equity incentive plan awards Threshold:* Represents the number of shares issuable under total stockholder return (TSR) RSUs if the company's ranking within the S&P MidCap 400 Index is at the 25th percentile as of December 31, 2019.
- (3) *Estimated future payouts under Equity incentive plan Maximum:* Represents the number of shares issuable under TSR RSUs if the company's ranking within the S&P MidCap 400 Index is at 85th percentile or higher as of December 31, 2019.
- (4) *Grant date fair value of stock and option awards:* The grant date fair value for each award is computed in accordance with GAAP. Assumptions used in the calculations of these amounts, which do not correspond to the actual value that may be realized by the NEOs, are included in Note 11 – Stock Based Compensation to the financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information concerning option awards and stock awards for our NEOs outstanding as of the end of the fiscal year ended December 31, 2017.

Name	Option awards*				Stock awards			
	Grant date	Number of securities underlying unexercised options (#)(1) Exercisable	Option exercise price (\$)	Option expiration date	Number of Units that have not vested	Value of Units that have not vested	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive market value payout value of unearned shares, units or other rights that have not vested (\$)(2)
Mr. Plueger	6/4/2010	385,000	20.00	6/4/2020				
	8/11/2010	10,806	20.00	8/11/2020				
	2/24/2015						11,205(3)	538,848
	2/24/2015						29,578(4)	1,422,406
	2/24/2016						28,398(5)	1,365,660
	2/24/2016						42,597(6)	2,048,490
	7/1/2016				18,362(11)	883,029		
	2/21/2017						55,913(7)	2,688,856
	2/21/2017						111,824(8)	5,377,616
Mr. Udvar-Házy	6/4/2010	1,735,000	20.00	6/4/2020				
	8/11/2010	1,352	20.00	8/11/2020				
	2/24/2015						15,634(3)	751,839
	2/24/2015						41,272(4)	1,984,770
	2/24/2016						39,626(5)	1,905,630
	2/24/2016						59,438(6)	2,858,373
	2/21/2017						35,505(7)	1,707,435
	2/21/2017						71,008(8)	3,414,775
Mr. Chen	8/11/2010	90,000	20.00	8/11/2020				
	4/25/2011	120,000	28.80	4/25/2021				
	2/24/2015						3,902(3)	187,647
	2/24/2015						10,299(4)	495,279
	3/04/2015				1,334(9)	64,152		
	2/24/2016						10,120(5)	486,671
	2/24/2016						15,180(6)	730,006
	2/21/2017						12,581(7)	605,020
	2/21/2017						25,160(8)	1,209,944
	2/23/2017				5,392(10)	259,301		

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Mr. Levy	7/14/2010	108,000	20.00	7/14/2020			
	2/24/2015					3,425(3)	164,708
	2/24/2015					9,041(4)	434,782
	2/24/2016					8,754(5)	420,980
	2/24/2016					13,130(6)	631,422
	2/21/2017					11,183(7)	537,790
	2/21/2017					22,364(8)	1,075,485
	2/23/2017				4,809(10)	231,265	
Mr. Willis	7/14/2010	15,000	20.00	7/14/2020			
	2/24/2015					1,659(3)	79,781
	2/24/2015					4,377(4)	210,490
	3/04/2015				2,668(9)	128,304	
	2/24/2016					4,654(5)	223,811
	2/24/2016					6,980(6)	335,668
	2/21/2017					7,339(7)	352,933
	2/21/2017					14,676(8)	705,769
2/23/2017				3,645(10)	175,288		

* Shares underlying the Option Awards and Stock Awards are shares of Class A Common Stock.

(1) All of the Option Awards were granted under our Amended and Restated 2010 Equity Incentive Plan and have vested.

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- (2) The market value shown is based on the closing price of our Class A Common Stock as of December 31, 2017, which was \$48.09.
- (3) The Book Value RSUs granted to our NEOs on February 24, 2015, vest in three equal installments over a three-year performance period, but only if the Company has met certain per share book value targets as of December 31, 2015, 2016 and 2017. The per share book value targets were met for all years. The third installment vested on December 31, 2017 and was released in February 2018.
- (4) The TSR RSUs granted to our NEOs on February 24, 2015, cliff vest at the end of the three-year performance period, which runs from January 1, 2015 through December 31, 2017, and the number of shares issuable depends on our ranking within the S&P MidCap 400 Index. 88% of the TSR RSUs vested on December 31, 2017 and were released in February 2018.
- (5) The Book Value RSUs granted to our NEOs on February 24, 2016, vest in three equal installments over a three-year performance period, but only if the Company has met certain per share book value targets as of December 31, 2016, 2017 and 2018. The per share book value targets were met for the first two installments. The second installment vested on December 31, 2017 and was released in February 2018. The per share book value target of the third installment is \$34.08. If a specified target is not attained as of December 31 of the applicable year, the installment for such year will not vest and will expire as of such date.
- (6) The TSR RSUs granted to our NEOs on February 24, 2016, cliff vest at the end of the three-year performance period, which runs from January 1, 2016 through December 31, 2018, and the number of shares issuable will depend on our ranking within the S&P MidCap 400 Index. The number of TSR RSUs is a projected value as the shares have only performed for two years of a three-year performance period. The projected value for this award is at target.
- (7) The Book Value RSUs granted to our NEOs on February 21, 2017, vest in three equal installments over a three-year performance period, but only if the Company has met certain per share book value targets as of December 31, 2017, 2018 and 2019. The per share book value target was met for the first installment and one-third of the Book Value RSUs vested and were released in February 2018. The per share book value targets for the remaining installments are \$36.26 in the second year and \$38.07 in the third year. If a specified target is not attained as of December 31 of the applicable year, the installment for such year will not vest and will expire as of such date.
- (8) The TSR RSUs granted to our NEOs on February 21, 2017, cliff vest at the end of the three-year performance period, which runs from January 1, 2017 through December 31, 2019, and the number of shares issuable will depend on our ranking within the S&P MidCap 400 Index. The number of TSR RSUs is a projected value as the shares have only performed for one year of a three-year performance period. The projected value for this award is at maximum.
- (9)

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The Time Vesting RSUs granted to Messrs. Chen and Willis on March 4, 2015, vest annually in three equal installments. The first installment vested on March 4, 2016, the second installment vested on March 4, 2017 and the third installment vested on March 4, 2018.

- (10) The Time Vesting RSUs granted to our NEOs on February 24, 2017, cliff vest (100%) on December 31, 2018.
- (11) The Time Vesting RSUs granted to Mr. Plueger on July 1, 2016, cliff vest (100%) on July 1, 2019.

Table of Contents**Option Exercises and Stock Vested**

The following table sets forth information concerning options exercised and RSUs vested for our NEOs during the fiscal year ended December 31, 2017.

Name	Option awards		Stock awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)(1)	Number of shares acquired on vesting (#)(2)	Value realized on vesting (\$)(3)
Mr. Plueger	315,000	6,705,300	61,852	2,525,013
Mr. Udvar-Házy	2,500	53,225	84,178	3,420,974
Mr. Chen	80,000	1,570,200	26,368	1,091,697
Mr. Levy	40,000	720,000	22,004	914,045
Mr. Willis			13,227	545,025

- (1) The Value Realized on Exercise represents the difference between the closing price of our Class A Common Stock on the New York Stock Exchange on the exercise date and the stock option exercise price multiplied by the number of stock options exercised.
- (2) Shares acquired were from awards made in 2014, 2015 and 2016.
- (3) The Value Realized on Vesting represents the product of the number of shares vested and the closing price of our Class A Common Stock on the New York Stock Exchange on the vesting date.

Employment Agreements and Arrangements and Potential Payments upon Termination or Change in Control**Other Employment Arrangements**

In connection with Mr. Udvar-Házy becoming our Executive Chairman and Mr. Plueger becoming our Chief Executive Officer and President, the Company entered into Severance Agreements with each of these officers, effective July 1, 2016. As described in the discussion and tables below, Messrs. Udvar-Házy's and Plueger's Severance Agreements and the Executive Severance Plan that became effective February 22, 2017, as amended, provide for payments and other benefits to our NEOs if their employment with us is terminated under certain circumstances, including following a change in control. Certain of our employee benefits plans, including our Amended and Restated

2010 Equity Incentive Plan and our 2014 Equity Incentive Plan and our NEOs' award agreements under each of the plans, also provide for such benefits. Although an employee is entitled to severance benefits under any applicable Company agreement, an employee's benefit under the Executive Severance Plan will be reduced by any other severance or termination payments received; currently the Executive Severance Plan provides the maximum severance or termination payments to be received.

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Severance Agreements with our Chief Executive Officer and President and our Executive Chairman

Severance Agreement with each of Mr. Plueger and Mr. Udvar-Házy. The Severance Agreements between our Company and Mr. Plueger and Mr. Udvar-Házy were effective as of July 1, 2016, and terminate on the third anniversary of the effective date, July 1, 2019, (the Term), subject to automatic additional one-year extensions, unless terminated by either party with at least 90 days notice. The terms of each of Mr. Plueger's and Mr. Udvar-Házy's Severance Agreements are substantially the same and, except with respect to the equity award provisions described below, each of the Severance Agreements provide for severance benefits that are substantially similar to the severance benefits previously provided for in each of Messrs. Udvar-Házy's and Plueger's employment agreements.

Termination Provisions under the Severance Agreements. The terms of each of Mr. Plueger's and Mr. Udvar-Házy's Severance Agreements relating to termination of employment are described below:

(i) *Termination without Cause or by the executive for Good Reason Other Than within 24 months of a Change in Control.* If the executive's employment is terminated by us without Cause or by the executive for Good Reason (other than within 24 months of a change in control), as defined in his Severance Agreement and described below, he will be entitled to receive, subject in certain circumstances to delivering certain releases and/or agreements, the following:

accrued but unpaid salary and benefits, expense reimbursement, and any earned but unpaid annual bonus with respect to the last calendar year completed during his employment;
a prorated annual bonus with respect to the calendar year in which such termination occurs based on actual Company performance;
salary continuation, continued health coverage, and continued payment by us of the premiums for his group term life insurance policy until the second anniversary of the date of such termination;
two times the average of the annual bonus payments received during the thirty-six month period immediately prior to his date of termination, payable in substantially equal installments over the two year period following the termination of his employment; and
pro rata vesting based on actual Company performance for any then current performance periods for performance-based equity awards granted during the Term of the Severance Agreement.

(ii) *Termination without Cause or by executive for Good Reason within 24 months of a Change in Control.* If the termination described above is within 24 months of a Change in Control, as defined under the 2014 Equity Incentive Plan and any successor plan, subject in certain circumstances to delivering certain releases and/or agreements, he will be entitled to receive the following:

accrued but unpaid salary and benefits, expense reimbursement, and any earned but unpaid annual bonus with respect to the last calendar year completed during his employment;
pro rata payout of the target annual bonus for the year in which the termination occurs;
a lump sum cash payment equal to three times the sum of his annual salary and target annual bonus;
a lump sum cash payment representing the costs of providing benefits under the group health plans in which he was participating at the time of termination of employment for a period of two years;
a lump sum cash payment of the premiums for his group term life insurance for a period of two years;

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full vesting at target level of performance for performance-based equity awards granted during the Term of the Severance Agreement; and
 if any of the executive's benefits are parachute payments, the executive will be entitled to (a) his benefits reduced so that no portion of such benefits is subject to excise tax or (b) his benefits without any such reduction, whichever is greater on an after-tax-basis.

(iii) *Termination due to disability or death.* If the executive's employment is terminated due to disability or death, he, his estate or his beneficiaries will be entitled to receive accrued but unpaid salary and benefits, expense reimbursement, and any earned but unpaid annual bonus with respect to the last calendar year completed during his employment. In addition, he will be entitled to receive the following:

a prorated annual bonus with respect to the calendar year in which such termination occurs; and continued vesting based on actual Company performance for performance-based equity awards granted during the Term of the Severance Agreement.

(iv) *Termination for Cause or by executive without Good Reason.* If the executive's employment is terminated for cause, or he terminates his employment without Good Reason, he will be entitled to receive accrued but unpaid salary and benefits, expense reimbursement, and any earned but unpaid annual bonus with respect to the last calendar year completed during his employment.

Cause is defined for the purposes of each Severance Agreement as (i) conviction of, or plea of guilty or nolo contendere to, a felony or a crime of moral turpitude; (ii) willful fraud, misappropriation, dishonesty or embezzlement, having a material adverse financial, economic or reputational effect on the Company; (iii) willful misconduct or gross or willful neglect in the performance of duties; or (iv) breach in any material respect of the terms and provisions of the Severance Agreement. The Severance Agreement provides that in the event of termination of the executive's employment pursuant to clauses (iii) or (iv), the Company shall provide the executive with a notice of termination not more than 30 days following the occurrence of such event (or if later, the Company's actual knowledge of such event). The executive may not be terminated for Cause unless such termination is approved by a vote of the majority of the entire Board of Directors (or such other vote required pursuant to the by-laws of the Company) at a meeting duly called and held at which the executive has the right to be present and be heard.

Good Reason under each Severance Agreement includes (i) the material reduction of the executive's authority, duties and responsibilities, or the assignment to him of duties materially inconsistent with his position or positions with our Company or the failure to report directly to the Board of Directors; (ii) a reduction in his then current annual salary; or (iii) the relocation of his office more than 35 miles from his then current office location. The executive must provide us with notice and a 30-day cure period, and if cured, the event or condition at issue will not constitute Good Reason.

The executive will have no obligation to mitigate damages in the event of a termination of his employment, and no payments under his Severance Agreement will be subject to offset in the event that the executive does mitigate.

Equity Award Arrangements

Mr. Plueger was granted a Promotional RSU in connection with his appointment as Chief Executive Officer and President which vests on the third anniversary of the grant date, provided however if Mr. Plueger's employment is terminated without Cause or for Good Reason (as such terms are defined in the award agreement), or if his employment is terminated by reason of death or disability prior to vesting, the Promotional RSU will vest in full.

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Messrs. Plueger and Udvar-Házy were each granted a Time-based RSU in the 2018 annual equity grant which vests in three equal annual installments on February 20th in each of 2019, 2020 and 2021; provided however, if either of their employment is terminated prior to vesting (i) without Cause or for Good Reason (as such terms are defined in the award agreement) within twenty-four months of a Change in Control (as such term is defined in the award agreement) or if their employment is terminated by reason of death or Disability (as such term is defined in the award agreement), the RSU will immediately vest in full or (ii) without Cause or for Good Reason outside of twenty-four months of a Change in Control prior to vesting, the RSU will prorata vest through the date of termination.

As previously discussed under Annual Cash Incentives 2018 Executive Compensation Program, Mr. Udvar-Házy's 2018 annual cash incentive will not be paid in cash but will instead be paid in time-based RSUs (Bonus RSUs) that have a grant date value equal to the amount of his cash incentive earned in the applicable year. These Bonus RSUs will cliff vest (100%) on the second anniversary of the date of grant, provided however, if Mr. Udvar-Házy's employment is terminated prior to vesting (i) (a) without cause or for good reason within twenty-four months of a Change in Control or (b) by reason of death or Disability or (c) by reason of retirement as approved by the compensation committee, in writing, the RSU will immediately vest in full or (ii) without cause or for good reason other than within twenty-four months of a Change in Control prior to vesting, the RSU will prorata vest through the date of termination.

Executive Severance Plan

On February 21, 2017, the Board of Directors, upon the recommendation of the compensation committee, approved and adopted the Air Lease Corporation Executive Severance Plan (Severance Plan), effective as of February 22, 2017. The Severance Plan replaces the Company's non-binding severance guidelines concerning severance and other benefits for executives who are vice-presidents and above as described below. Under the Severance Plan, Company employees who are vice presidents and above, who are designated by the compensation committee (or persons appointed by the compensation committee) and who are not party to an individual severance agreement (Covered Employees) would generally be entitled to receive severance benefits under the Severance Plan. The compensation committee initially designated 11 officers of the Company (excluding the Chief Executive Officer and President and the Executive Chairman, who each are a party to individual severance agreements). The severance benefits are generally conditioned upon execution of a release of claims and continued compliance with non-competition, confidentiality and non-solicitation provisions as set forth in the Severance Plan.

Termination without Cause by the Company Other Than within Twenty-Four Months of a Change in Control. If a Covered Employee's employment is terminated by the Company without Cause, as defined in the Severance Plan, other than within twenty-four months of a Change in Control, as defined under the Company's 2014 Equity Incentive Plan, the Covered Employee will be entitled to receive the following:

- accrued but unpaid salary and benefits, expense reimbursement, and any earned but unpaid annual bonus with respect to the last calendar year completed during his or her employment (Accrued Benefits);
- a prorated annual bonus with respect to the calendar year in which such termination occurs based on actual performance;
- immediate prorata vesting of any outstanding deferred bonus awards granted under the Company's Amended and Restated Deferred Bonus Plan (Deferred Bonus Plan);
- an amount equal to the sum of the Covered Employee's (x) annual salary in effect as of the date of termination and (y) the average of the annual bonus payments received during the thirty-six month period immediately prior to the Covered Employee's date of termination, multiplied by a multiplier of 1x for

executive vice presidents and by a multiplier of .5x for senior vice presidents, payable in substantially equal installments over one year from the date of termination for executive officers and six months from the date of termination for senior vice presidents;

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continued health coverage until one year from the date of termination for executive vice presidents and six months from the date of termination for senior vice presidents;
pro rata vesting based on actual Company performance for any then current performance periods for outstanding performance-based equity awards; and
pro rata vesting through date of termination for outstanding time-vesting equity awards.

Termination without Cause or by the Covered Employee for Good Reason within 24 months of a Change in Control. If a Covered Employee's employment is terminated by the Company without Cause or is terminated by a Covered Employee for Good Reason, as defined in the Severance Plan, within 24 months of a Change in Control, the Covered Employee will be entitled to receive the following:

Accrued Benefits;
pro rata payout of the target annual bonus for the year in which the termination occurs;
full vesting of any outstanding deferred bonus awards granted under the Company's Deferred Bonus Plan;
a lump sum cash payment in an amount equal to the sum of the Covered Employee's (x) annual salary in effect as of the date of termination and (y) target annual bonus for the calendar year in which the termination occurs, multiplied by a multiplier of 2x for executive vice presidents and by a multiplier of 1x for senior vice presidents;
a lump sum cash payment in an amount equal to the COBRA costs of providing benefits under the group health plans in which the Covered Employee was participating at the time of termination of employment for two years for executive vice presidents and one year for senior vice presidents;
full vesting at target level of performance for outstanding performance-based equity awards for any open performance periods; and
full vesting for outstanding time-vesting equity awards.

Termination due to disability or death. If a Covered Employee's employment is terminated due to disability or death, the Covered Employee or his or her estate or beneficiaries will be entitled to receive:

Accrued Benefits;
a prorated annual bonus with respect to the calendar year in which such termination occurs;
continued vesting based on actual Company performance for outstanding performance-based equity awards;
and
full vesting for outstanding time-vesting equity awards.

If any of the Covered Employee's benefits are parachute payments, the Covered Employee will be entitled to (a) his or her benefits reduced so that no portion of such benefits is subject to excise tax or (b) his or her benefits without any such reduction, whichever is greater on an after-tax-basis.

The Board may amend, modify or terminate the Severance Plan at any time in its sole and exclusive discretion subject to certain limitations.

Potential Payments upon Termination or Change in Control

The following tables describe and quantify payments and benefits to which our NEOs would have been entitled under various employment termination and change-in-control scenarios, assuming they occurred on December 31, 2017. Certain of the amounts identified below are only estimates. Some amounts in the tables and footnotes have been rounded up to the nearest whole number.

Under the terms of the 2014 Equity Incentive Plan, a change in control generally means the first to occur of the following: (i) an acquisition by any person or group of beneficial ownership of 35% or more, on a fully diluted basis, of our outstanding shares of common stock or the combined voting power of our then outstanding voting securities

entitled to vote generally in the election of directors, excluding any

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acquisition by the Company or any affiliate, any acquisition directly from the Company, any acquisition by any employee benefit plan sponsored or maintained by the Company or any affiliate or any acquisition that complies with clauses (A), (B), and (C) of clause (iv); (ii) individuals who were members of our Board on the effective date, and directors whose election or nomination for election was approved by a vote of at least two-thirds of such incumbent directors, cease to constitute at least a majority of our board; (iii) our complete dissolution or liquidation; or (iv) the consummation of a merger, consolidation, statutory share exchange, a sale or other disposition of all or substantially all of our assets or similar form of corporate transaction that requires the approval of our stockholders, unless immediately following any such transaction, (A) the majority of the total voting power of the surviving company (or parent corporation with voting power to elect a majority of the directors of the surviving company) is represented by our outstanding voting securities that were outstanding before the transaction and held by the holders thereof in substantially the same proportion as before the transaction, (B) no person or group becomes the beneficial owner, directly or indirectly, of 35% or more of the total voting power of the parent company or, absent a parent company, the surviving company, and (C) at least two-thirds of the directors of the parent company (or surviving company) following such transaction were members of our board at the time of the board approval for such transaction.

Regardless of the termination scenario, each of our NEOs will receive earned but unpaid base salary through the date of termination of his employment.

Post-employment and change in control payments Mr. Plueger

Executive payments and benefits upon termination	Voluntary termination without good reason/ involuntary termination for cause	Involuntary termination without cause/for good reason	Termination due to death or disability	Change in control without a termination or change in control	Involuntary termination without cause/for good reason in connection with a change in control
Compensation severance	\$	\$ 8,710,000 (a)	\$ 1,770,000 (b)	\$	\$ 9,000,000 (c)
Acceleration of vesting of equity awards					
Time Vested RSUs		883,029(d)	883,029(e)		883,029 (f)
Performance Vested RSUs		5,802,307(g)	10,753,076(h)		10,753,076 (h)
Benefits and perquisites					
Term life insurance		12,318 (i)			12,318 (i)
Benefits		70,128 (j)			70,128 (j)
Total	\$	\$15,477,782	\$13,406,105	\$	\$20,718,551

(a) Represents the aggregate of Mr. Plueger's annual bonus for 2017 based on actual company performance, salary continuation at an annual rate of \$1.0 million through December 31, 2019, and two times the average of the annual bonus payments received during the thirty-six month period immediately prior to his date of termination.

(b)