
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-15369

WILLIS LEASE FINANCE CORP ORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

68-0070656

(IRS Employer Identification No.)

4700 Lyons Technology Parkway

Coconut Creek

Florida

33073

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (**561**) **349-9989**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of exchange on which registered
Common Stock, \$0.01 par value per share	WLFC	Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's Common Stock outstanding as of October 31, 2024 was 6,603,609 .

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements, including, without limitation, statements concerning the conditions in our industry, our operations, our economic performance and financial condition, including, in particular, statements relating to our business, operations, growth strategy and service development efforts, the potential impact of the current high interest rate and inflationary environment on the Company's business, operating results and financial condition, and the execution of our quarterly dividend and stock repurchase program. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements so long as such information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in or projected by forward-looking statements. When used in this Quarterly Report on Form 10-Q, the words "may," "might," "should," "estimate," "project," "plan," "anticipate," "expect," "intend," "outlook," "believe," "forecast" and other similar expressions are intended to identify forward-looking statements and information. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain and subject to a number of risks and uncertainties. These risks and uncertainties include, without limitation, those in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission ("SEC") on March 14, 2024, this quarterly report on Form 10-Q for the three and nine months ended September 30, 2024, and our other reports filed with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. Reference is also made to such risks and uncertainties detailed from time to time in our other filings with the SEC.

PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**
Condensed Consolidated Balance Sheets
(In thousands, except per share data)
(Unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	\$ 5,791	\$ 7,071
Restricted cash	99,333	160,958
Equipment held for operating lease, less accumulated depreciation of \$ 603,667 and \$ 594,293 at September 30, 2024 and December 31, 2023, respectively	2,435,583	2,112,837
Maintenance rights	31,506	9,180
Equipment held for sale	4,286	805
Receivables, net of allowances of \$ 1,424 and \$ 2,311 at September 30, 2024 and December 31, 2023, respectively	37,069	58,485
Spare parts inventory	74,089	40,954
Investments	61,891	58,044
Property, equipment & furnishings, less accumulated depreciation of \$ 21,649 and \$ 19,374 at September 30, 2024 and December 31, 2023, respectively	36,119	37,160
Intangible assets, net	4,177	1,040
Notes receivable, net of allowances of \$ 187 and \$ 69 at September 30, 2024 and December 31, 2023, respectively	175,358	92,621
Investments in sales-type leases, net of allowances of \$ 23 and \$ 9 at September 30, 2024 and December 31, 2023, respectively	23,204	8,759
Other assets	55,187	64,430
Total assets (1)	\$ 3,043,593	\$ 2,652,344
LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 119,560	\$ 52,937
Deferred income taxes	178,177	147,779
Debt obligations	1,990,455	1,802,881
Maintenance reserves	108,090	92,497
Security deposits	27,203	23,790
Unearned revenue	39,294	43,533
Total liabilities (2)	2,462,779	2,163,417
Redeemable preferred stock (\$ 0.01 par value, 5,000 shares authorized; 3,250 and 2,500 shares issued at September 30, 2024 and December 31, 2023, respectively)	63,053	49,964
Shareholders' equity:		
Common stock (\$ 0.01 par value, 20,000 shares authorized; 7,170 and 6,849 shares issued at September 30, 2024 and December 31, 2023, respectively)	72	68
Paid-in capital in excess of par	41,035	29,667
Retained earnings	473,609	397,781
Accumulated other comprehensive income, net of income tax expense of \$ 846 and \$ 3,276 at September 30, 2024 and December 31, 2023, respectively	3,045	11,447
Total shareholders' equity	517,761	438,963
Total liabilities, redeemable preferred stock and shareholders' equity	\$ 3,043,593	\$ 2,652,344

(1) Total assets at September 30, 2024 and December 31, 2023, include the following assets of variable interest entities ("VIEs") that can only be used to settle the liabilities of the VIEs: Restricted cash \$ 99,333 and \$ 160,958 ; Equipment \$ 1,721,262 and \$ 1,518,050 ; Maintenance Rights \$ 13,080 and \$ 7,806 ; Notes receivable \$ 130,356 and \$ 91,960 ; Investments in sales-type leases \$ 19,004 and \$ 3,564 ; and Other assets \$ 15,335 and \$ 13,339 (each respectively).

(2) Total liabilities at September 30, 2024 and December 31, 2023, include the following liabilities of VIEs for which the VIEs' creditors do not have recourse to Willis Lease Finance Corporation: Debt obligations \$ 1,528,696 and \$ 1,411,680 , respectively.

See accompanying notes to the unaudited condensed consolidated financial statements.

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
REVENUE				
Lease rent revenue	\$ 64,905	\$ 53,573	\$ 173,652	\$ 161,209
Maintenance reserve revenue	49,760	37,696	156,527	96,609
Spare parts and equipment sales	10,863	3,359	20,337	12,961
Interest revenue	3,412	2,106	7,965	6,409
Gain on sale of leased equipment	9,519	773	33,148	5,101
Maintenance services revenue	5,948	6,199	17,956	16,707
Other revenue	1,816	2,039	6,841	5,279
Total revenue	146,223	105,745	416,426	304,275
EXPENSES				
Depreciation and amortization expense	23,650	23,088	68,303	68,131
Cost of spare parts and equipment sales	8,861	2,024	17,003	9,581
Cost of maintenance services	6,402	5,580	17,647	14,351
Write-down of equipment	605	719	866	2,390
General and administrative	40,037	26,545	104,305	86,103
Technical expense	5,151	8,739	17,924	19,755
Net finance costs:				
Interest expense	27,813	19,052	75,378	56,526
Total net finance costs	27,813	19,052	75,378	56,526
Total expenses	112,519	85,747	301,426	256,837
Income from operations	33,704	19,998	115,000	47,438
Income (loss) from joint ventures	756	346	7,255	(1,289)
Income before income taxes	34,460	20,344	122,255	46,149
Income tax expense	10,364	5,726	34,704	13,321
Net income	24,096	14,618	87,551	32,828
Preferred stock dividends	948	819	2,758	2,431
Accretion of preferred stock issuance costs	15	21	39	63
Net income attributable to common shareholders	\$ 23,133	\$ 13,778	\$ 84,754	\$ 30,334
Basic weighted average income per common share	\$ 3.51	\$ 2.16	\$ 13.01	\$ 4.83
Diluted weighted average income per common share	\$ 3.37	\$ 2.13	\$ 12.57	\$ 4.70
Basic weighted average common shares outstanding	6,582	6,365	6,513	6,282
Diluted weighted average common shares outstanding	6,859	6,466	6,745	6,454

See accompanying notes to the unaudited condensed consolidated financial statements.

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income	\$ 24,096	\$ 14,618	\$ 87,551	\$ 32,828
Other comprehensive loss:				
Currency translation adjustment	804	(104)	245	(799)
Unrealized loss on derivative instruments	(7,277)	(3,627)	(10,673)	(9,647)
Unrealized loss on derivative instruments at joint venture	(431)	(97)	(651)	(241)
Net loss recognized in other comprehensive income	(6,904)	(3,828)	(11,079)	(10,687)
Tax benefit related to items of other comprehensive income	(1,548)	(841)	(2,484)	(2,351)
Other comprehensive loss	(5,356)	(2,987)	(8,595)	(8,336)
Total comprehensive income	<u><u>\$ 18,740</u></u>	<u><u>\$ 11,631</u></u>	<u><u>\$ 78,956</u></u>	<u><u>\$ 24,492</u></u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**
Condensed Consolidated Statements of Redeemable Preferred Stock and Shareholders' Equity
Three months ended September 30, 2024 and 2023
(In thousands)
(Unaudited)

	Shareholders' Equity									
	Redeemable		Common Stock		Paid in Capital in		Retained		Accumulated Other	
	Preferred Stock	Common Stock	Shares	Amount	Shares	Amount	Excess of par	Earnings	Comprehensive Income	Total Shareholders' Equity
Balances at June 30, 2024	2,500	\$ 49,988	7,139	\$ 71	\$ 31,683	\$ 452,263	\$ 8,401	\$ 492,418		
Net income	—	—	—	—	—	24,096	—	—	24,096	
Net unrealized gain from currency translation adjustment, net of tax expense of \$ 181	—	—	—	—	—	—	—	623	623	
Net unrealized loss from derivative instruments, net of tax benefit of \$ 1,729	—	—	—	—	—	—	—	(5,979)	(5,979)	
Shares issued under stock compensation plans	—	—	42	1	84	—	—	—	—	85
Cancellation of restricted stock in satisfaction of withholding tax	—	—	(11)	—	(1,121)	—	—	—	—	(1,121)
Stock-based compensation expense, net of forfeitures	—	—	—	—	10,389	—	—	—	—	10,389
Issuance of preferred stock	750	13,050	—	—	—	—	—	—	—	—
Accretion of preferred shares issuance costs	—	15	—	—	—	—	(15)	—	—	(15)
Common stock cash dividends paid (\$ 0.25 per share)	—	—	—	—	—	—	(1,787)	—	—	(1,787)
Preferred stock dividends (\$ 0.38 per share)	—	—	—	—	—	—	(948)	—	—	(948)
Balances at September 30, 2024	<u>3,250</u>	<u>\$ 63,053</u>	<u>7,170</u>	<u>\$ 72</u>	<u>\$ 41,035</u>	<u>\$ 473,609</u>	<u>\$ 3,045</u>	<u>\$ 517,761</u>		

	Shareholders' Equity									
	Redeemable		Common Stock		Paid in Capital in		Retained		Accumulated Other	
	Preferred Stock	Common Stock	Shares	Amount	Shares	Amount	Excess of par	Earnings	Comprehensive Income	Total Shareholders' Equity
Balances at June 30, 2023	2,500	\$ 49,931	6,845	\$ 68	\$ 21,740	\$ 373,965	\$ 21,394	\$ 417,167		
Net income	—	—	—	—	—	14,618	—	—	14,618	
Net unrealized loss from currency translation adjustment, net of tax benefit of \$ 22	—	—	—	—	—	—	—	(82)	(82)	
Net unrealized loss from derivative instruments, net of tax benefit of \$ 819	—	—	—	—	—	—	—	(2,905)	(2,905)	
Shares issued under stock compensation plans	—	—	14	1	98	—	—	—	—	99
Stock-based compensation expense, net of forfeitures	—	—	—	—	3,871	—	—	—	—	3,871
Accretion of preferred shares issuance costs	—	21	—	—	—	—	(21)	—	—	(21)
Preferred stock dividends (\$ 0.33 per share)	—	—	—	—	—	—	(819)	—	—	(819)
Balances at September 30, 2023	<u>2,500</u>	<u>\$ 49,952</u>	<u>6,859</u>	<u>\$ 69</u>	<u>\$ 25,709</u>	<u>\$ 387,743</u>	<u>\$ 18,407</u>	<u>\$ 431,928</u>		

See accompanying notes to the unaudited condensed consolidated financial statements.

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**
Condensed Consolidated Statements of Redeemable Preferred Stock and Shareholders' Equity
Nine months ended September 30, 2024 and 2023
(In thousands)
(Unaudited)

	Shareholders' Equity										
	Redeemable		Common Stock				Paid in Capital in		Accumulated Other		Total Shareholders' Equity
	Preferred Stock	Common Stock	Shares	Amount	Shares	Amount	Excess of par	Retained Earnings	Comprehensive Income		
Balances at December 31, 2023	2,500	\$ 49,964	6,849	\$ 68	29,667	\$ 397,781	11,447	\$ 438,963			
Net income	—	—	—	—	—	87,551	—	—	87,551		
Net unrealized gain from currency translation adjustment, net of tax expense of \$ 55	—	—	—	—	—	—	—	190	190		
Net unrealized loss from derivative instruments, net of tax benefit of \$ 2,540	—	—	—	—	—	—	—	(8,592)	(8,592)		
Shares issued under stock compensation plans	—	—	457	5	257	—	—	—	—	262	
Cancellation of restricted stock in satisfaction of withholding tax	—	—	(136)	(1)	(7,240)	—	—	—	—	(7,241)	
Stock-based compensation expense, net of forfeitures	—	—	—	—	18,351	—	—	—	—	18,351	
Issuance of preferred stock	750	13,050	—	—	—	—	—	—	—	—	
Accretion of preferred shares issuance costs	—	39	—	—	—	(39)	—	—	—	(39)	
Common stock cash dividends paid (\$ 1.25 per share)	—	—	—	—	—	(8,926)	—	—	—	(8,926)	
Preferred stock dividends (\$ 1.10 per share)	—	—	—	—	—	(2,758)	—	—	—	(2,758)	
Balances at September 30, 2024	<u>3,250</u>	<u>\$ 63,053</u>	<u>7,170</u>	<u>\$ 72</u>	<u>41,035</u>	<u>\$ 473,609</u>	<u>\$ 3,045</u>	<u>\$ 517,761</u>			

	Shareholders' Equity										
	Redeemable		Common Stock				Paid in Capital in		Accumulated Other		Total Shareholders' Equity
	Preferred Stock	Common Stock	Shares	Amount	Shares	Amount	Excess of par	Retained Earnings	Comprehensive Income		
Balances at December 31, 2022	2,500	\$ 49,889	6,615	\$ 66	20,386	\$ 357,493	26,743	\$ 404,688			
Net income	—	—	—	—	—	32,828	—	—	32,828		
Net unrealized loss from currency translation adjustment, net of tax benefit of \$ 176	—	—	—	—	—	—	—	(623)	(623)		
Net unrealized loss from derivative instruments, net of tax benefit of \$ 2,175	—	—	—	—	—	—	—	(7,713)	(7,713)		
Shares issued under stock compensation plans	—	—	346	4	272	—	—	—	—	276	
Cancellation of restricted stock in satisfaction of withholding tax	—	—	(102)	(1)	(5,619)	—	—	—	—	(5,620)	
Stock-based compensation expense, net of forfeitures	—	—	—	—	10,670	—	—	—	—	10,670	
Accretion of preferred shares issuance costs	—	63	—	—	—	(63)	—	—	—	(63)	
Preferred stock dividends (\$ 0.97 per share)	—	—	—	—	—	(2,431)	—	—	—	(2,431)	
Cumulative effect due to adoption of new accounting standard	—	—	—	—	—	(84)	—	—	—	(84)	
Balances at September 30, 2023	<u>2,500</u>	<u>\$ 49,952</u>	<u>6,859</u>	<u>\$ 69</u>	<u>25,709</u>	<u>\$ 387,743</u>	<u>\$ 18,407</u>	<u>\$ 431,928</u>			

See accompanying notes to the unaudited condensed consolidated financial statements.

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 87,551	\$ 32,828
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	68,303	68,131
Payments received on sales-type leases	28,910	921
Gain on sale of leased equipment	(33,148)	(5,101)
Stock-based compensation expense	18,351	10,670
(Income) loss from joint ventures	(7,255)	1,289
Accretion of deferred costs and note discounts	7,723	4,128
Amortization of contract asset	1,504	—
Write-down of equipment	866	2,390
Allowances and provisions	(671)	304
Gain on insurance proceeds	(73)	(761)
Deferred income taxes	32,881	12,924
Changes in assets and liabilities:		
Receivables	22,219	(4,663)
Inventory	(37,189)	(6,441)
Other assets	(3,671)	(1,966)
Distributions received from joint ventures	3,002	—
Accounts payable and accrued expenses	11,532	8,330
Maintenance reserves	16,205	26,325
Security deposits	3,413	2,972
Unearned revenue	(4,013)	16,700
Net cash provided by operating activities	<u>216,440</u>	<u>168,980</u>
Cash flows from investing activities:		
Purchase of equipment held for operating lease and for sale	(488,438)	(142,471)
Proceeds from sale of equipment (net of selling expenses)	117,852	25,014
Issuance of notes receivable	(89,635)	(15,397)
Payments received on notes receivable	6,780	2,766
Purchase of property, equipment and furnishings	(2,753)	(4,247)
Insurance proceeds received on property, equipment and furnishings	1,235	—
Insurance proceeds received on equipment	—	2,189
Net cash used in investing activities	<u>(454,959)</u>	<u>(132,146)</u>
Cash flows from financing activities:		
Proceeds from debt obligations	518,894	159,840
Principal payments on debt obligations	(331,218)	(221,890)
Proceeds from issuance of preferred stock	13,050	—
Common stock cash dividends paid	(8,926)	—
Cancellation of restricted stock units in satisfaction of withholding tax	(7,240)	(5,620)
Debt issuance costs	(5,819)	(384)
Preferred stock dividends	(3,388)	(2,440)
Proceeds from shares issued under stock compensation plans	261	276
Net cash provided by (used in) financing activities	<u>175,614</u>	<u>(70,218)</u>
Decrease in cash, cash equivalents and restricted cash	(62,905)	(33,384)
Cash, cash equivalents and restricted cash at beginning of period	168,029	89,016
Cash, cash equivalents and restricted cash at end of period	<u>\$ 105,124</u>	<u>\$ 55,632</u>
Supplemental disclosures of cash flow information:		
Net cash paid for:		
Interest	\$ 73,374	\$ 55,445
Income Taxes	\$ 5,827	\$ 181

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Supplemental disclosures of non-cash activities:

Transfers from Equipment held for operating lease to Investments in sales-type leases	\$ 43,370	\$ —	
Transfers from Equipment held for operating lease to Equipment held for sale	\$ 17,524	\$ 1,901	
Transfers from Spare parts inventory to Equipment held for operating lease	\$ 4,514	\$ —	
Transfers from Equipment held for operating lease to Spare parts inventory	\$ 460	\$ 457	
Non-cash additions to Equipment held for operating lease	\$ 54,606	\$ 2,423	
Accretion of preferred stock issuance costs	\$ 39	\$ 63	

See accompanying notes to the unaudited condensed consolidated financial statements.

**WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES**
Notes to Condensed Consolidated Financial Statements
September 30, 2024
(Unaudited)

Unless the context requires otherwise, references to the "Company," "WLFC," "we," "us" or "our" in this Quarterly Report on Form 10-Q refer to Willis Lease Finance Corporation and its subsidiaries.

1. Summary of Significant Accounting Policies

The significant accounting policies of the Company were described in Note 1 to the Audited Consolidated Financial Statements included in the Company's Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K"). There have been no significant changes in the Company's significant accounting policies for the nine months ended September 30, 2024.

(a) Basis of Presentation

The accompanying Unaudited Condensed Consolidated Financial Statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"), consistent in all material respects with those applied in the 2023 Form 10-K, for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Therefore, they do not include all information and footnotes normally included in annual consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the 2023 Form 10-K. In the opinion of management, the Unaudited Condensed Consolidated Financial Statements contain all adjustments (consisting principally of normal recurring accruals) necessary for a fair presentation of the Condensed Consolidated Balance Sheets, Statements of Income, Statements of Comprehensive Income, Statements of Redeemable Preferred Stock and Shareholders' Equity, and Statements of Cash Flows for such interim periods presented. Operating results for interim periods are not necessarily indicative of the results that can be expected for a full year.

Certain reclassifications have been made to the prior year presentation to conform to the current year presentation. These reclassifications had no effect on the reported total revenue, income from operations, or net income. The following is a summary of the changes to the presentation in the Condensed Consolidated Statements of Income for the nine months ended September 30, 2023:

- Maintenance services revenues predominately represent fleet management, engine and aircraft storage and repair services, and revenue related to management of fixed base operator services. In prior years, these revenues were included in Other revenue. For the three months ended September 30, 2023, the reclassification resulted in an increase of \$ 6.2 million in Maintenance services revenues and a decrease of \$ 6.2 million in Other revenue. For the nine months ended September 30, 2023, the reclassification resulted in an increase of \$ 16.7 million in Maintenance services revenues and a decrease of \$ 16.7 million in Other revenue.
- Cost of maintenance services predominately represents the costs of fleet management, engine and aircraft storage and repair services, and the management of fixed base operator services. In prior years, these expenses were predominately included in General and administrative expense. For the three months ended September 30, 2023, the reclassification resulted in a net increase of \$ 5.6 million in Cost of maintenance services, a decrease of \$ 7.4 million in General and administrative expense, and a net increase in Technical expense of \$ 1.9 million. For the nine months ended September 30, 2023, the reclassification resulted in a net increase of \$ 14.4 million in Cost of maintenance services, a decrease of \$ 19.5 million in General and administrative expense, and a net increase in Technical expense of \$ 5.1 million.

In accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. These estimates and judgments are based on historical experience and other assumptions that management believes are reasonable and take into account the economic implications of the current high interest rate and inflationary environment on the Company's critical and significant accounting estimates. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. The significant estimates made in the accompanying Unaudited Condensed Consolidated Financial Statements include certain assumptions related to intangible assets, long-lived assets, equipment held for sale, allowances for doubtful accounts and credit losses, inventory, deferred in-substance fixed payment use fees included in Unearned revenue on the Condensed Consolidated Balance Sheets, and estimated income taxes. Actual results may differ materially from these estimates under different assumptions or conditions. Given the uncertainty in the current high interest rate and inflationary environment, the Company will continue to evaluate the nature and extent of the impact to its business, results of operations and financial condition.

(b) Principles of Consolidation

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries, including variable interest entities ("VIEs"), where the Company is the primary beneficiary in accordance with consolidation guidance. The Company first evaluates all entities in which it has an economic interest to determine whether for accounting purposes the entity is either a VIE or a voting interest entity. If the entity is a VIE, the Company consolidates the financial statements of that entity if it is the primary beneficiary of such entity's activities. If the entity is a voting interest entity, the Company consolidates the financial statements of that entity when it has a majority of voting interests in such entity. Intercompany transactions and balances have been eliminated in consolidation.

(c) Risks and Uncertainties

Given the uncertainty in the rapidly changing market and economic conditions related to the current high interest rate and inflationary environment, we will continue to evaluate the nature and extent of the impact on the Company's business and financial position. The ultimate extent of the effects of the current high interest rate and inflationary environment on the Company will depend on future developments, and such effects could exist for an extended period of time.

(d) Recent Accounting Pronouncements

Recent Accounting Pronouncements To Be Adopted by the Company

In August 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-05, "Business Combinations – Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." The amendments in this ASU apply to the formation of a joint venture, and under this ASU, a joint venture formation is the creation of a new reporting entity that would trigger a new basis of accounting. This ASU requires net assets contributed to the joint venture in a formation transaction to be measured at fair value at the formation date. The amendments in this ASU are effective for all joint ventures within the ASU's scope that are formed on or after January 1, 2025, with early adoption permitted. Joint ventures formed on or after the effective date of ASU 2023-05 will be required to apply the new guidance prospectively. Joint ventures formed before the ASU's effective date are permitted to apply the new guidance (1) retrospectively if they have "sufficient information" to do so or (2) prospectively if financial statements have not yet been issued (or made available for issuance). The Company expects to adopt this accounting standard update effective January 1, 2025 and is currently evaluating the potential effects on the consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative." The ASU amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the "Codification"), the purpose of which is to update and simplify disclosure requirements. The effective dates of the ASU will depend, in part, on whether an entity is already subject to the current disclosure requirements of the SEC. For such entities and those that must "file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer," the effective date for each amendment will be the date on which the SEC's removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. For all other entities, the amendments will be effective two years after the date of such removal. Entities must apply the amended content to financial statements issued after the ASU's effective date. For each of the Codification subtopics that the Company is already subject to, the Company expects to adopt the accounting standard update on each of the removal dates of the related disclosure requirements. The Company is currently evaluating the potential effects on the consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." Under the ASU, public business entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). The amendments in this ASU are effective for public business entities for annual periods beginning after December 15, 2024, with early adoption permitted. The Company expects to adopt this accounting standard update for the year ended December 31, 2025 and is currently evaluating the potential effects on the consolidated financial statements.

2. Equipment Held for Operating Lease and Notes Receivable

As of September 30, 2024, the Company had \$ 2,435.6 million of equipment held in our operating lease portfolio, \$ 175.4 million of notes receivable, \$ 31.5 million of maintenance rights, and \$ 23.2 million of investments in sales-type leases, which represented 348 engines, 16 aircraft, one marine vessel, and other leased parts and equipment. As of December 31, 2023, the Company had \$ 2,112.8 million of equipment held in our operating lease portfolio, \$ 92.6 million of notes receivable, \$ 9.2 million of maintenance rights, and \$ 8.8 million of investments in sales-type leases, which represented 337 engines, 12 aircraft, one marine vessel, and other leased parts and equipment.

The following table disaggregates equipment held for operating lease by asset class (in thousands):

	September 30, 2024			December 31, 2023		
	Gross Value	Accumulated Depreciation		Gross Value	Accumulated Depreciation	
		Net Book Value	Gross Value		Net Book Value	Gross Value
Engines and related equipment	\$ 2,855,757	\$ (588,704)	\$ 2,267,053	\$ 2,535,148	\$ (569,596)	\$ 1,965,552
Aircraft and airframes	169,126	(11,033)	158,093	157,616	(21,409)	136,207
Marine vessel	14,367	(3,930)	10,437	14,366	(3,288)	11,078
	\$ 3,039,250	\$ (603,667)	\$ 2,435,583	\$ 2,707,130	\$ (594,293)	\$ 2,112,837

Notes Receivable and Investments in Sales-Type Leases

During the three months ended September 30, 2024 and 2023, the Company recorded interest revenue related to the notes receivable and investments in sales-type leases of \$ 3.4 million and \$ 2.1 million, respectively, and \$ 8.0 million and \$ 6.4 million during the nine months ended September 30, 2024 and 2023, respectively. The effective interest rates on our notes receivable and investments in sales-type leases ranged from 6.0 % to 12.2 % as of September 30, 2024 and 7.1 % to 12.2 % as of September 30, 2023.

3. Investments

In 2011, the Company entered into an agreement with Mitsui & Co., Ltd. to participate in a joint venture formed as a Dublin-based Irish limited company, Willis Mitsui & Company Engine Support Limited ("WMES"), for the purpose of acquiring and leasing jet engines. Each partner holds a 50 % interest in the joint venture, and the Company uses the equity method in recording investment activity. As of September 30, 2024, WMES owned a lease portfolio, inclusive of 49 engines with a net book value of \$ 335.5 million.

In 2014, the Company entered into an agreement with China Aviation Supplies Import & Export Corporation (“CASC”) to participate in a joint venture named CASC Willis Engine Lease Company Limited (“CASC Willis”), a joint venture based in Shanghai, China. Each partner holds a 50 % interest in the joint venture, and the Company uses the equity method in recording investment activity. CASC Willis acquires and leases jet engines to Chinese airlines and concentrates on the demand for leased commercial aircraft engines and aviation assets in the People's Republic of China. As of September 30, 2024, CASC Willis owned a lease portfolio of four engines with a net book value of \$ 38.7 million.

As of September 30, 2024	WMES	CASC Willis	Total
	(in thousands)		
Investment in joint ventures as of December 31, 2023	\$ 40,047	\$ 17,997	\$ 58,044
Income from joint ventures	7,069	186	7,255
Distribution	(2,756)	(246)	(3,002)
Foreign currency translation adjustment	—	245	245
Other comprehensive loss from joint ventures	(651)	—	(651)
Investment in joint ventures as of September 30, 2024	<u>\$ 43,709</u>	<u>\$ 18,182</u>	<u>\$ 61,891</u>

"Other revenue" on the Condensed Consolidated Statements of Income includes \$1.2 million and \$0.8 million during the three months ended September 30, 2024 and 2023, respectively, and \$4.0 million and \$1.9 million during the nine months ended September 30, 2024 and 2023, respectively, consisting of management fees related to the servicing of engines for the WMES lease portfolio.

During the nine months ended September 30, 2024, the Company sold three engines to WMES for \$ 44.7 million. During the nine months ended September 30, 2023, WMES sold one engine to the Company for \$ 22.3 million, and the Company sold one engine to WMES for \$ 15.5 million.

Unaudited summarized financial information for 100% of WMES is presented in the following tables:

	Three months ended September 30,		Nine months ended September 30,	
	2024		2023	
	(in thousands)		(in thousands)	
Revenue	\$ 15,342	\$ 13,149	\$ 56,491	\$ 34,999
Expenses	14,045	12,659	42,557	35,212
WMES net income (loss)	\$ 1,297	\$ 490	\$ 13,934	\$ (213)

	September 30, 2024	December 31, 2023
	(in thousands)	
Total assets	\$ 355,272	\$ 236,732
Total liabilities	260,722	150,604
Total WMES net equity	\$ 94,550	\$ 86,128

The difference between the Company's investment in WMES and 50 % of total WMES net equity, as well as the difference between the Company's income from WMES and 50 % of total WMES net income or loss, is primarily attributable to the recognition of deferred gains, which are related to engines sold by WMES to the Company, and prior to the adoption of ASU 2017-05, related to engines sold by the Company to WMES.

4. Debt Obligations

Debt obligations consisted of the following:

	September 30, 2024	December 31, 2023
	(in thousands)	
Credit facility at a floating rate of interest of one-month term Secured Overnight Financing Rate ("SOFR") plus 2.85 %, secured by engines, airframes, and loan assets. The facility has a committed amount of \$ 500.0 million at September 30, 2024, which revolves until the maturity date of June 2025.	\$ 403,018	\$ 353,000
WEST VII Series A 2023 term notes payable at a fixed rate of interest of 8.00 %, maturing in October 2048, secured by engines, airframes, and loan assets	361,251	406,894
WEST VI Series A 2021 term notes payable at a fixed rate of interest of 3.10 %, maturing in May 2046, secured by engines, airframes, and loan assets	243,325	252,986
WEST VI Series B 2021 term notes payable at a fixed rate of interest of 5.44 %, maturing in May 2046, secured by engines, airframes, and loan assets	33,800	35,142
WEST VI Series C 2021 term notes payable at a fixed rate of interest of 7.39 %, maturing in May 2046, secured by engines, airframes, and loan assets	10,497	12,361
WEST V Series A 2020 term notes payable at a fixed rate of interest of 3.23 %, maturing in March 2045, secured by engines	229,807	240,371
WEST V Series B 2020 term notes payable at a fixed rate of interest of 4.21 %, maturing in March 2045, secured by engines	32,013	33,485
WEST V Series C 2020 term notes payable at a fixed rate of interest of 6.66 %, maturing in March 2045, secured by engines	8,770	10,695
WEST IV Series A 2018 term notes payable at a fixed rate of interest of 4.75 %, maturing in September 2043, secured by engines	202,924	212,157
WEST IV Series B 2018 term notes payable at a fixed rate of interest of 5.44 %, maturing in September 2043, secured by engines	27,759	29,024
WEST III Series A 2017 term notes payable at a fixed rate of interest of 4.69 %, maturing in August 2042, secured by engines	164,792	175,705
WEST III Series B 2017 term notes payable at a fixed rate of interest of 6.36 %, maturing in August 2042, secured by engines	22,126	23,592
Willis Warehouse Facility LLC ("WWFL") credit facility at a floating rate of interest of one-month term SOFR, plus 2.25 %, maturing in May 2029, secured by engines, airframes, and loan assets	213,845	—
Note payable at a fixed rate of interest of 5.00 %, maturing in February 2033, secured by an engine	20,848	—
Note payable at a fixed rate of interest of 4.59 %, maturing in November 2032, secured by an engine	22,225	22,610
Note payable at a fixed rate of interest of 4.23 %, maturing in June 2032, secured by an engine	17,734	17,802
Note payable at a fixed rate of interest of 3.18 %, matured in July 2024, secured by an aircraft	—	1,235
	2,014,734	1,827,059
Less: unamortized debt issuance costs and note discounts	(24,279)	(24,178)
Total debt obligations	\$ 1,990,455	\$ 1,802,881

On October 31, 2024, the Company entered into a new, \$ 1.0 billion, five-year, revolving credit facility with a consortium of lenders, refinancing its \$ 500.0 million credit facility. One-month term SOFR was 4.96% and 5.38% as of September 30, 2024 and December 31, 2023, respectively.

In May 2024, WWFL, a wholly-owned subsidiary of the Company, entered into a secured credit agreement with the Bank of Utah as security trustee and administrative agent and Bank of America, N.A. as facility agent. The secured credit agreement provides for a five-year non-recourse, senior secured warehouse credit facility with an availability period of two years and an initial committed amount of up to \$ 500.0 million.

As it relates to the \$ 20.8 million, \$ 22.2 million, and \$ 17.7 million notes payable resulting from failed sale-leaseback transactions that are secured by engines, the Company has options to repurchase the engines in March 2032 for \$ 18.4 million, January 2032 for \$ 17.7 million, and July 2031 for \$ 17.0 million, respectively.

Principal outstanding at September 30, 2024 is expected to be repayable as follows:

Year	(in thousands)
2024	\$ 17,690
2025	473,804
2026	270,018
2027	192,427
2028	238,384
Thereafter	822,411
Total	\$ 2,014,734

Virtually all of the above debt requires ongoing compliance with certain financial covenants, including debt and tangible net worth ratios, minimum interest coverage ratios, and other eligibility criteria including asset type, customer and geographic concentration restrictions. The Company also has certain negative financial covenant obligations that relate to such items as liens, advances, changes in business, sales of assets, dividends and stock repurchases. Compliance with these covenants is tested either monthly, quarterly or annually, as required, and the Company was in full compliance with all financial covenant requirements at September 30, 2024.

5. Derivative Instruments

The Company periodically holds interest rate derivative instruments to mitigate exposure to changes in interest rates, predominantly one-month term SOFR, with \$ 616.9 million and \$ 353.0 million of variable rate borrowings at September 30, 2024 and December 31, 2023, respectively. As a matter of policy, management does not use derivatives for speculative purposes. As of September 30, 2024, the Company had five interest rate swap agreements. During 2021, the Company entered into four fixed-rate interest swap agreements, each having notional amounts of \$ 100.0 million, two which matured during the nine months ended September 30, 2024 and two with remaining terms of 16 months as of September 30, 2024. One interest rate swap agreement was entered into during 2019, having a notional amount of \$ 100.0 million, which matured during the nine months ended September 30, 2024. During the third quarter of 2024, the Company entered into three fixed-rate interest swap agreements, each having notional amounts of \$ 50.0 million, and with remaining terms of 56 months as of September 30, 2024. The derivative instruments were each designated as cash flow hedges at inception and recorded at fair value.

The Company evaluated the effectiveness of the swap agreements to hedge the interest rate risk associated with its variable rate debt and concluded at the swap inception dates that each swap was highly effective in hedging that risk. The Company evaluates the effectiveness of the hedging relationships on an ongoing basis and concluded there was no ineffectiveness in the hedges for the period ended September 30, 2024.

The Company estimates the fair value of derivative instruments using a discounted cash flow technique. Valuation of the derivative instruments requires certain assumptions for underlying variables and the use of different assumptions would result in a different valuation. Management believes it has applied assumptions consistently during the period. The Company applies hedge accounting and accounts for the change in fair value of its cash flow hedges through other comprehensive income for all derivative instruments that are effective and for which the related forecasted transaction is probable of occurring.

The net fair value of the interest rate swaps as of September 30, 2024 was \$ 5.8 million, representing an asset of \$ 8.5 million and a liability of \$ 2.7 million, and reflected within Other assets and Accounts payable and accrued expenses on the Condensed Consolidated Balance Sheets, respectively. The net fair value of the interest rate swaps as of December 31, 2023 was \$ 16.5 million, representing an asset and reflected within Other assets in the Condensed Consolidated Balance Sheets. The Company recorded an adjustment to interest expense of \$(3.0) million and \$(6.3) million during the three months ended September 30, 2024 and 2023, respectively, and \$(9.2) million and \$(17.4) million during the nine months ended September 30, 2024 and 2023, respectively, from derivative instruments.

Effect of Derivative Instruments on Earnings in the Condensed Consolidated Statements of Income and Comprehensive Income

The following table provides additional information about the financial statement effects related to the cash flow hedges for the three and nine months ended September 30, 2024 and 2023:

Derivatives in Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivatives (Effective Portion)			
	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Interest rate contracts	\$ (7,277)	\$ (3,627)	\$ (10,673)	\$ (9,647)
Total	\$ (7,277)	\$ (3,627)	\$ (10,673)	\$ (9,647)

The effective portion of the change in fair value on a derivative instrument designated as a cash flow hedge is reported as a component of other comprehensive income and is reclassified into earnings in the period during which the transaction being hedged affects earnings when it is determined to be improbable that the forecasted transaction will occur. The ineffective portion of the hedges, if any, is recorded in earnings in the current period.

Counterparty Credit Risk

The Company evaluates the creditworthiness of the counterparties under its hedging agreements. The counterparties for the interest rate swaps are large financial institutions that possess investment grade credit ratings. Based on these ratings, the Company believes that the counterparties are credit-worthy and that their continuing performance under the hedging agreements is probable and does not require the counterparties to provide collateral or other security to the Company.

6. Income Taxes

Income tax expense for the three and nine months ended September 30, 2024 was \$ 10.4 million and \$ 34.7 million, respectively. The effective tax rate for the three and nine months ended September 30, 2024 was 30.1 % and 28.4 %, respectively. Income tax expense for the three and nine months ended September 30, 2023 was \$ 5.7 million and \$ 13.3 million, respectively. The effective tax rate for the three and nine months ended September 30, 2023 was 28.1 % and 28.9 %, respectively. The Company's effective tax rates differed from the U.S. federal statutory rate of 21.0% primarily due to executive compensation exceeding \$1.0 million as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

The Company records tax expense or benefit for unusual or infrequent items discretely in the period in which they occur. The Company's tax rate is subject to change based on changes in the mix of assets leased to domestic and foreign lessees, the proportion of revenue generated within and outside of California, the amount of executive compensation exceeding \$1.0 million as defined in Section 162(m) of the Code, and numerous other factors, including changes in tax law.

7. Fair Value Measurements

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties in contrast to a forced sale or liquidation. Fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgment, and therefore cannot be determined with precision.

Accounting standards define fair value as the price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and also establishes the following three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

- *Cash and cash equivalents, restricted cash, receivables, and accounts payable*: The amounts reported in the accompanying Condensed Consolidated Balance Sheets approximate fair value due to their short-term nature.
- *Notes receivable*: The carrying amount of the Company's outstanding balance on its Notes receivable as of September 30, 2024 and December 31, 2023 was estimated to have a fair value of approximately \$ 144.9 million and \$ 90.3 million, respectively, based on the fair value of estimated future payments calculated using interest rates that approximate prevailing market rates at each period end (Level 2 inputs).
- *Investments in sales-type leases*: The carrying amount of the Company's outstanding balance on its Investments in sales-type leases as of September 30, 2024 and December 31, 2023 was estimated to have a fair value of approximately \$ 20.0 million and \$ 8.7 million, respectively, based on the fair value of estimated future payments calculated using interest rates that approximate prevailing market rates at each period end (Level 2 inputs).
- *Debt obligations*: The carrying amount of the Company's outstanding balance on its Debt obligations as of September 30, 2024 and December 31, 2023 was estimated to have a fair value of approximately \$ 1,752.6 million and \$ 1,598.5 million, respectively, based on the fair value of estimated future payments calculated using interest rates that approximate prevailing market rates at each period end (Level 2 inputs).

Assets Measured and Recorded at Fair Value on a Recurring Basis and a Nonrecurring Basis

As of September 30, 2024 and December 31, 2023, the Company measured the fair value of its interest rate swap agreements based on Level 2 inputs, due to the usage of inputs that can be corroborated by observable market data. The Company estimates the fair value of derivative instruments using a discounted cash flow technique. The net fair value of the interest rate swaps as of September 30, 2024 was \$ 5.8 million, representing an asset of \$ 8.5 million and a liability of \$ 2.7 million, and reflected within Other assets and Accounts payable and accrued expenses on the Condensed Consolidated Balance Sheets, respectively. The net fair value of the interest rate swaps as of December 31, 2023 was \$ 16.5 million, representing an asset and is reflected within Other assets in the Condensed Consolidated Balance Sheets. The Company recorded an adjustment to interest expense of \$(3.0) million and \$(6.3) million during the three months ended September 30, 2024 and 2023, respectively, and \$(9.2) million and \$(17.4) million during the nine months ended September 30, 2024 and 2023, respectively, from derivative instruments.

Goodwill is assessed for impairment annually, at each year end by comparing the fair values of the reporting units to their carrying amounts. The Company first assesses qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test.

The Company determines fair value of long-lived assets held and used, such as Equipment held for operating lease and Equipment held for sale, by reference to independent appraisals, quoted market prices (e.g. an offer to purchase) and other factors. An impairment charge is recorded when the carrying value of the asset exceeds its fair value. The Company uses Level 2 inputs to measure write-downs of equipment held for lease and equipment held for sale.

	Total Losses			
	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Equipment held for lease	\$ 434	\$ 454	\$ 695	\$ 2,075
Equipment held for sale	171	265	171	315
Total	\$ 605	\$ 719	\$ 866	\$ 2,390

Write-downs of equipment to their estimated fair values totaled \$ 0.6 million for the three months ended September 30, 2024, reflecting the adjustments of the carrying values of three engines. Write-downs of equipment to their estimated fair values totaled \$ 0.9 million for the nine months ended September 30, 2024, reflecting the adjustments of the carrying values of one airframe and three engines.

8. Earnings Per Share

Basic earnings per common share is computed by dividing net income, less preferred stock dividends and accretion of preferred stock issuance costs, by the weighted average number of common shares outstanding for the period. Treasury stock is excluded from the weighted average number of shares of common stock outstanding. Diluted earnings per share attributable to common stockholders is computed based on the weighted average number of shares of common stock and dilutive securities outstanding during the period. Dilutive securities are common stock equivalents that are freely exercisable into common stock at less than market prices or otherwise dilute earnings if converted. The net effect of common stock equivalents is based on the incremental common stock that would be issued upon the vesting of restricted stock using the treasury stock method. Common stock equivalents are not included in diluted earnings per share when their inclusion is antidilutive. Additionally, redeemable preferred stock is not convertible and does not affect dilutive shares.

There were no anti-dilutive shares for the three months ended September 30, 2024. There were approximately 900 anti-dilutive weighted shares excluded from the computation of diluted weighted average income per common share for the nine months ended September 30, 2024. There were no anti-dilutive shares for the three and nine months ended September 30, 2023.

The following table presents the calculation of basic and diluted earnings per share (in thousands, except per share data):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income attributable to common shareholders	\$ 23,133	\$ 13,778	\$ 84,754	\$ 30,334
Basic weighted average common shares outstanding	6,582	6,365	6,513	6,282
Potentially dilutive common shares	277	101	232	172
Diluted weighted average common shares outstanding	6,859	6,466	6,745	6,454
Basic weighted average income per common share	\$ 3.51	\$ 2.16	\$ 13.01	\$ 4.83
Diluted weighted average income per common share	\$ 3.37	\$ 2.13	\$ 12.57	\$ 4.70

9. Equity**Common Stock Repurchase**

In October 2022, the Board of Directors approved the renewal of the existing common stock repurchase plan which allows for repurchases of up to \$ 60.0 million of the Company's common stock, extending the plan through December 31, 2024. Repurchased shares are immediately retired. No shares were repurchased during each of the nine months ended September 30, 2024 and 2023.

Redeemable Preferred Stock

On September 27, 2024, the Company entered into a Series A Preferred Stock Purchase Agreement with Development Bank of Japan Inc. (the "Stock Purchase Agreement"), which refinanced the Company's Series A-1 and Series A-2 Preferred Stock into one \$ 65.0 million Series A Preferred Stock series (the "Series A Preferred Stock"), which accrues quarterly dividends at the rate per annum of 8.35 % per share. The net proceeds after deducting issuance costs were \$ 13.1 million.

The rights and privileges of the Series A Preferred Stock are described below:

Voting Rights: Holders of the Series A Preferred Stock do not have general voting rights.

Dividends: The Company's Series A-1 Preferred Stock accrued quarterly dividends at the rate per annum of 6.5 % per share through October 15, 2023 and accrued at the rate per annum of 8.5 % per share thereafter through September 26, 2024. The Series A-2 Preferred Stock accrued quarterly dividends at the rate per annum of 6.5 % per share. During each of the nine months ended September 30, 2024 and 2023, the Company paid total preferred stock dividends of \$ 3.4 million and \$ 2.4 million, respectively.

Liquidation Preference: The holders of the Series A Preferred Stock have preference in the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the corporation, including a merger or consolidation. Upon such liquidation event, the Preferred Stockholders are entitled to be paid out of the assets of the Company available for distribution to its stockholders after payment of all the Company's indebtedness and other obligations and before any payment shall be made to the holders of common stock or any other class or series of stock ranking on liquidation junior to the Preferred Stock an amount equal to \$ 20.00 per share, plus any declared but unpaid dividends.

Redemption: The Series A Preferred Stock has no stated maturity date. The holders of the Series A Preferred Stock have the option to require the Company to redeem all or any portion of the Series A Preferred Stock for cash upon occurrence of any of the following: (i) a material breach of the Stock Purchase Agreement, (ii) changes in the ownership structure of the Company, including by means of a change of control transaction, (iii) incurrence of operating loss or ordinary loss by the Company for two consecutive fiscal years, (iv) the Company's surplus is less than its liquidation value at certain specified measurement dates, (v) occurrence of a merger, consolidation, or sale of greater than 50% of the Company's assets, or (vi) the occurrence of liquidity events as set forth in the Stock Purchase Agreement. The redemption price is \$ 20.00 per share plus dividends accrued but not paid. The Company is accreting the Series A Preferred Stock to redemption value over the period from the date of issuance to the date first callable by the Series A Preferred stockholders (September 27, 2031), such that the carrying amount of the security will equal the redemption amount at the earliest redemption date.

10. Stock-Based Compensation Plans

The components of stock-based compensation expense were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024		2023	
	(in thousands)		(in thousands)	
2023 Incentive Stock Plan	\$ 10,341	\$ 3,843	\$ 18,279	\$ 10,557
Employee Stock Purchase Plan	48	28	72	113
Total Stock Compensation Expense	\$ 10,389	\$ 3,871	\$ 18,351	\$ 10,670

Under the 2023 Incentive Stock Plan (the "2023 Plan"), stock-based compensation is in the form of restricted stock awards ("RSAs"). The RSAs are subject to either service-based vesting, which is typically between one and four years, in which a specific period of continued employment must pass before an award vests, or performance-based vesting, which is typically between one and two years. The expense associated with these awards is recognized on a straight-line basis over the respective vesting period, with forfeitures accounted for as they occur. For any vesting tranche of an award, the cumulative amount of compensation cost recognized is equal to the portion of the grant-date fair value of the award tranche that is actually vested at that date.

As of September 30, 2024, the Company had granted 2,039,249 RSAs under the 2023 Plan and had 1,606,263 shares available for future issuance. The fair value of the RSAs equaled the stock price at the grant date.

The following table summarizes the restricted stock activity during the nine months ended September 30, 2024:

	Shares
Balance of unvested shares as of December 31, 2023	465,856
Shares granted	447,449
Shares forfeited	(916)
Shares vested	(340,653)
Balance of unvested shares as of September 30, 2024	571,736

Under the Employee Stock Purchase Plan ("ESPP"), as amended and restated effective November 2021, 425,000 shares of common stock have been reserved for issuance. Eligible employees may designate no more than 10 % of their base cash compensation to be deducted each pay period for the purchase of common stock under the ESPP. Participants may purchase the lesser of 1,000 shares or \$ 25,000 of common stock in any one calendar year. Each January 31 and July 31, shares of common stock are purchased with the employees' payroll deductions from the immediately preceding six months at a price per share of 85 % of the lesser of the market price of the common stock on the purchase date or the market price of the common stock on the date of entry into an offering period. During the nine months ended September 30, 2024 and 2023, 9,843 and 9,832 shares of common stock, respectively, were issued under the ESPP. The Company issues new shares through its transfer agent upon an employee stock purchase.

11. Reportable Segments

The Company has two reportable segments: (i) Leasing and Related Operations, which involves acquiring and leasing, primarily pursuant to operating leases, commercial aircraft, aircraft engines, and other aircraft equipment, the selective purchase and resale of commercial aircraft engines and other aircraft equipment, and service and maintenance related businesses and (ii) Spare Parts Sales, which involves the purchase and resale of after-market engine parts, whole engines, engine modules, and portable aircraft components.

The Company's Chief Operating Decision Maker ("CODM") is Austin Willis, Chief Executive Officer. The CODM evaluates the performance and allocation of resources to each of the segments based on income or loss from operations. While the Company believes there are synergies between the two business segments, the segments are managed separately because each requires different business strategies.

The following tables present a summary of the reportable segments (in thousands):

Three months ended September 30, 2024	Leasing and Related Operations	Spare Parts Sales	Eliminations	Total
Revenue:				
Lease rent revenue	\$ 64,905	\$ —	\$ —	\$ 64,905
Maintenance reserve revenue	49,760	—	—	49,760
Spare parts and equipment sales	1,227	9,636	—	10,863
Interest revenue	3,412	—	—	3,412
Gain on sale of leased equipment	9,519	—	—	9,519
Maintenance services revenue	5,948	—	—	5,948
Other revenue	1,694	208	(86)	1,816
Total revenue	136,465	9,844	(86)	146,223
Expenses:				
Depreciation and amortization expense	23,632	18	—	23,650
Cost of spare parts and equipment sales	157	8,704	—	8,861
Cost of maintenance services	6,402	—	—	6,402
Write-down of equipment	605	—	—	605
General and administrative	38,859	1,178	—	40,037
Technical expense	5,151	—	—	5,151
Net finance costs:				
Interest expense	27,813	—	—	27,813
Total finance costs	27,813	—	—	27,813
Total expenses	102,619	9,900	—	112,519
Income (loss) from operations	\$ 33,846	\$ (56)	\$ (86)	\$ 33,704

Three months ended September 30, 2023	Leasing and Related Operations	Spare Parts Sales	Eliminations	Total
Revenue:				
Lease rent revenue	\$ 53,573	\$ —	\$ —	\$ 53,573
Maintenance reserve revenue	37,696	—	—	37,696
Spare parts and equipment sales	111	3,248	—	3,359
Interest revenue	2,106	—	—	2,106
Gain on sale of leased equipment	773	—	—	773
Maintenance services revenue	6,199	—	—	6,199
Other revenue	1,975	119	(55)	2,039
Total revenue	102,433	3,367	(55)	105,745
Expenses:				
Depreciation and amortization expense	23,069	19	—	23,088
Cost of spare parts and equipment sales	3	2,021	—	2,024
Cost of maintenance services	5,580	—	—	5,580
Write-down of equipment	719	—	—	719
General and administrative	25,669	876	—	26,545
Technical expense	8,739	—	—	8,739
Net finance costs:				
Interest expense	19,052	—	—	19,052
Total finance costs	19,052	—	—	19,052
Total expenses	82,831	2,916	—	85,747
Income from operations	\$ 19,602	\$ 451	\$ (55)	\$ 19,998

Nine months ended September 30, 2024	Leasing and Related Operations	Spare Parts Sales	Eliminations	Total
Revenue:				
Lease rent revenue	\$ 173,652	\$ —	\$ —	\$ 173,652
Maintenance reserve revenue	156,527	—	—	156,527
Spare parts and equipment sales	1,520	18,817	—	20,337
Interest revenue	7,965	—	—	7,965
Gain on sale of leased equipment	33,148	—	—	33,148
Maintenance services revenue	17,956	—	—	17,956
Other revenue	6,436	588	(183)	6,841
Total revenue	397,204	19,405	(183)	416,426
Expenses:				
Depreciation and amortization expense	68,248	55	—	68,303
Cost of spare parts and equipment sales	188	16,815	—	17,003
Cost of maintenance services	17,647	—	—	17,647
Write-down of equipment	866	—	—	866
General and administrative	101,079	3,226	—	104,305
Technical expense	17,924	—	—	17,924
Net finance costs:				
Interest expense	75,378	—	—	75,378
Total finance costs	75,378	—	—	75,378
Total expenses	281,330	20,096	—	301,426
Income (loss) from operations	\$ 115,874	\$ (691)	\$ (183)	\$ 115,000

Nine months ended September 30, 2023	Leasing and Related Operations	Spare Parts Sales	Eliminations	Total
Revenue:				
Lease rent revenue	\$ 161,209	\$ —	\$ —	\$ 161,209
Maintenance reserve revenue	96,609	—	—	96,609
Spare parts and equipment sales	420	12,541	—	12,961
Interest revenue	6,409	—	—	6,409
Gain on sale of leased equipment	5,101	—	—	5,101
Maintenance services revenue	16,707	—	—	16,707
Other revenue	4,992	446	(159)	5,279
Total revenue	291,447	12,987	(159)	304,275
Expenses:				
Depreciation and amortization expense	68,058	73	—	68,131
Cost of spare parts and equipment sales	53	9,528	—	9,581
Cost of maintenance services	14,351	—	—	14,351
Write-down of equipment	2,390	—	—	2,390
General and administrative	83,165	2,938	—	86,103
Technical expense	19,755	—	—	19,755
Net finance costs:				
Interest expense	56,526	—	—	56,526
Total finance costs	56,526	—	—	56,526
Total expenses	244,298	12,539	—	256,837
Income from operations	\$ 47,149	\$ 448	\$ (159)	\$ 47,438

Related Operations	Spare Parts Sales	Eliminations	Total
Total assets as of September 30, 2024	\$ 2,961,080	\$ 82,513	\$ 3,043,593
Total assets as of December 31, 2023	\$ 2,602,907	\$ 49,437	\$ 2,652,344

12. Related Party Transactions

Joint Ventures

"Other revenue" on the Condensed Consolidated Statements of Income includes management fees earned of \$ 1.2 million and \$ 0.8 million during the three months ended September 30, 2024 and 2023, and \$ 4.0 million and \$ 1.9 million during the nine months ended September 30, 2024 and 2023, respectively, related to the servicing of engines for the WMES lease portfolio.

During the nine months ended September 30, 2024, the Company sold three engines to WMES for \$ 44.7 million, which resulted in a net gain of \$ 12.0 million for the Company. During the nine months ended September 30, 2023, WMES sold one engine to the Company for \$ 22.3 million, and the Company sold one engine to WMES for \$ 15.5 million, which resulted in a net gain of \$ 2.8 million for the Company.

Other

During the nine months ended September 30, 2024, the Company paid approximately \$ 0.1 million expense to Mikchalk Lake, LLC, an entity in which our Executive Chairman retains an ownership interest. These expenses were for lodging and other business-related services and were approved by the Board's Independent Directors.

13. Subsequent Events

On October 31, 2024, the Company entered into a new, \$ 1.0 billion, five-year , revolving credit facility with a consortium of lenders, refinancing its \$ 500.0 million credit facility. This new facility will provide incremental capital to support the ongoing growth of the business.

On October 31, 2024, the Willis Lease Finance Corporation Board of Directors declared the Company's quarterly dividend of \$ 0.25 per share of common stock outstanding. The dividend is expected to be paid on November 21, 2024 to shareholders of record at the close of business on November 12, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and notes thereto included under Part I, Item 1 of this Quarterly Report on Form 10-Q. In addition, reference should be made to our Audited Consolidated Financial Statements and notes thereto and related "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K"). In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs, including potential impacts of the current high interest rate and inflationary environment on our business, results of operations and financial condition. Our actual results may differ materially from those contained in or implied by any forward-looking statements. The financial information included in this discussion and in our consolidated financial statements may not be indicative of our consolidated financial position, operating results, changes in equity and cash flows in the future. See "Special Note Regarding Forward-Looking Statements" included earlier in this report.

Overview

Our core business is acquiring and leasing commercial aircraft and aircraft engines and related aircraft equipment pursuant to operating leases, all of which we sometimes collectively refer to as "equipment." As of September 30, 2024, the majority of our leases were operating leases, with the exception of certain failed sale-leaseback transactions classified as notes receivable under the guidance provided by Accounting Standards Codification ("ASC") 842 and investments in sales-type leases. As of September 30, 2024, we had 66 lessees in 34 countries. Our portfolio is continually changing due to equipment acquisitions and sales. As of September 30, 2024, we had \$2,435.6 million of equipment held in our operating lease portfolio, \$175.4 million of notes receivable, \$31.5 million of maintenance rights, and \$23.2 million of investments in sales-type leases, which represented 348 engines, 16 aircraft, one marine vessel, and other leased parts and equipment. As of September 30, 2024, we also managed 234 engines, aircraft and related equipment on behalf of other parties.

Our wholly-owned and vertically-integrated subsidiary Willis Asset Management Limited ("Willis Asset Management") is focused on the engine management and consulting business. Willis Aeronautical Services, Inc. ("Willis Aero") is a wholly-owned and vertically-integrated subsidiary whose primary focus is the sale of aircraft engine parts and materials through the acquisition or consignment of aircraft and engines.

We actively manage our portfolio and structure our leases to maximize the residual values of our leased assets. Our leasing business focuses on popular Stage IV commercial jet engines manufactured by CFMI, General Electric, Pratt & Whitney, Rolls Royce and International Aero Engines. These engines are the most widely used engines in the world, powering Airbus, Boeing, Bombardier and Embraer aircraft.

Risks and Uncertainties

Given the uncertainty in the rapidly changing market and economic conditions related to the current high interest rate and inflationary environment, we will continue to evaluate the nature and extent of the impact to the Company's business and financial position. The ultimate extent of the current high interest rate and inflationary environment on the Company will depend on future developments, and such effects could exist for an extended period of time.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2023 Form 10-K.

Results of Operations**Three months ended September 30, 2024 compared to the three months ended September 30, 2023**

Revenue is summarized as follows:

	Three months ended September 30,		
	2024	2023	% Change
	(dollars in thousands)		
Lease rent revenue	\$ 64,905	\$ 53,573	21.2 %
Maintenance reserve revenue	49,760	37,696	32.0 %
Spare parts and equipment sales	10,863	3,359	223.4 %
Interest revenue	3,412	2,106	62.0 %
Gain on sale of leased equipment	9,519	773	1,131.4 %
Maintenance services revenue	5,948	6,199	(4.0)%
Other revenue	1,816	2,039	(10.9)%
Total revenue	\$ 146,223	\$ 105,745	38.3 %

Lease Rent Revenue. Lease rent revenue consists of rental income from long-term and short-term engine leases, aircraft leases, and other leased parts and equipment. Lease rent revenue increased by \$11.3 million, or 21.2%, to \$64.9 million in the three months ended September 30, 2024 from \$53.6 million for the three months ended September 30, 2023. The increase is due to an increase in the average size of the portfolio as compared to that of the prior year period as well as an increase in the average lease rate factor.

Two customers accounted for approximately 11% each of total lease rent revenue of the Company, during the three months ended September 30, 2024, and one customer accounted for approximately 16% of total lease rent revenue during the three months ended September 30, 2023.

At September 30, 2024, the Company had \$2,435.6 million of equipment held in our operating lease portfolio, \$175.4 million of notes receivable, \$31.5 million of maintenance rights, and \$23.2 million of investments in sales-type leases. At September 30, 2023, the Company had \$2,171.0 million of equipment held in our operating lease portfolio, \$94.0 million of notes receivable, \$13.4 million of maintenance rights, and \$5.5 million of investments in sales-type leases. Average utilization (based on net book value) was approximately 83% and 85% for the three months ended September 30, 2024 and 2023, respectively.

Maintenance Reserve Revenue. Maintenance reserve revenue increased \$12.1 million, or 32.0%, to \$49.8 million for the three months ended September 30, 2024 from \$37.7 million for the three months ended September 30, 2023. Long-term maintenance revenue is influenced by end of lease compensation and the realization of long-term maintenance reserves associated with engines coming off lease. We recognized \$1.2 million in long-term maintenance revenue for the three months ended September 30, 2024, compared to \$3.3 million in long-term maintenance revenue recognized in the comparable prior period. Engines on lease with "non-reimbursable" usage fees generated \$48.5 million of short-term maintenance revenues, compared to \$34.4 million in the comparable prior period. These short-term maintenance revenues are a proxy for flight time of our portfolio of engines.

Spare Parts and Equipment Sales. Spare parts and equipment sales increased by \$7.5 million, or 223.4%, to \$10.9 million for the three months ended September 30, 2024 compared to \$3.4 million for the three months ended September 30, 2023. The increase in spare parts sales for the three months ended September 30, 2024 reflects the demand for surplus material that we are seeing as operators extend the lives of their current generation engine portfolios. Equipment sales for the three months ended September 30, 2024 were \$1.0 million for the sale of one engine. There were no equipment sales for the three months ended September 30, 2023.

Interest Revenue. Interest revenue increased by \$1.3 million, or 62.0%, to \$3.4 million for the three months ended September 30, 2024, from \$2.1 million for the three months ended September 30, 2023. The increase primarily reflects an increase in notes receivable related to failed sale-leasebacks in which the Company was the buyer-lessor and on sales-type leases.

Gain on Sale of Leased Equipment. During the three months ended September 30, 2024, we sold 13 engines and other parts and equipment from the lease portfolio for a net gain of \$9.5 million. During the three months ended September 30, 2023, we sold one engine, one airframe, and other parts and equipment from the lease portfolio for a net gain of \$0.8 million.

Maintenance Services Revenue. Maintenance services revenues predominately represent fleet management, engine and aircraft storage and repair services, and revenue related to fixed base operator services provided to third parties, such as refueling, maintenance, and hangar services. Maintenance services revenue decreased by \$0.3 million, or 4.0%, to \$5.9 million for the three months ended September 30, 2024, from \$6.2 million for the three months ended September 30, 2023.

Other Revenue. Other revenue decreased by \$0.2 million, or 10.9%, to \$1.8 million for the three months ended September 30, 2024 from \$2.0 million for the three months ended September 30, 2023. Other revenue consists primarily of managed service fee revenue related to the servicing of engines for the Willis Mitsui & Company Engine Support Limited ("WMES") lease portfolio.

Depreciation and Amortization Expense. Depreciation and amortization expense increased by \$0.6 million, or 2.4%, to \$23.7 million for the three months ended September 30, 2024 compared to \$23.1 million for the three months ended September 30, 2023. The increase is primarily due to an increase in the size of our lease portfolio.

Cost of Spare Parts and Equipment Sales. Cost of spare parts and equipment sales increased by \$6.8 million, or 337.8%, to \$8.9 million for the three months ended September 30, 2024 compared to \$2.0 million for the three months ended September 30, 2023, reflecting the increase in spare parts and equipment sales. Cost of equipment sales were \$0.1 million for the three months ended September 30, 2024. There were no equipment or cost of equipment sales for the three months ended September 30, 2023.

Cost of Maintenance Services. Cost of maintenance services predominately represent the costs of fleet management, engine and aircraft storage and repair services, and the management of fixed base operator services provided to third parties. Cost of maintenance services increased by \$0.8 million, or 14.7%, to \$6.4 million for the three months ended September 30, 2024, compared to \$5.6 million for the three months ended September 30, 2023. The increase is primarily related to an increase in personnel costs, as a result of expansion of our aircraft tear down and repair services business, as well as an increase in facility related costs.

Write-down of Equipment. There was \$0.6 million in write-downs of equipment for the three months ended September 30, 2024, reflecting the write-down of three engines. Write-down of equipment was \$0.7 million for the three months ended September 30, 2023, reflecting the write-down of one engine and two airframes.

General and Administrative Expenses. General and administrative expenses increased by \$13.5 million, or 50.8%, to \$40.0 million for the three months ended September 30, 2024 compared to \$26.5 million for the three months ended September 30, 2023. The increase primarily reflects a \$13.6 million increase in personnel costs. Increased personnel costs included approximately \$7.8 million of costs related directly and indirectly to share-based compensation, which was influenced by the rapid appreciation of the Company's market value of equity. Share-based compensation included a one-time special award of \$3.0 million made at the direction of the Compensation Committee of the Board of Directors of the Company to our Executive Chairman for the Company's year-to-date performance. Further, incentive compensation increased by \$2.5 million as a result of business performance to date.

Technical Expense. Technical expense consists of the non-capitalized cost of engine repairs, engine thrust rental fees, outsourced technical support services, sublease engine rental expense, engine storage and freight costs. Technical expense decreased by \$3.6 million to \$5.2 million for the three months ended September 30, 2024 compared to \$8.7 million for the three months ended September 30, 2023, primarily due to a lower level of engine repair activity as compared to that of the prior period.

Net Finance Costs. Net finance costs increased \$8.8 million, or 46.0%, to \$27.8 million for the three months ended September 30, 2024, compared to \$19.1 million for the three months ended September 30, 2023, primarily due to a higher level of debt obligations, including increased borrowing costs. Additionally, derivative-related receipts were \$3.0 million for the three months ended September 30, 2024, as compared to \$6.3 million for the three months ended September 30, 2023 as certain interest rate swap positions ran off. These increases were offset by a decrease in interest expense associated with our credit facility that matures in June 2025 due to principal payments made and a decrease in the outstanding balance of the credit facility.

Income Tax Expense. Income tax expense was \$10.4 million for the three months ended September 30, 2024 compared to income tax expense of \$5.7 million for the three months ended September 30, 2023. The effective tax rate for the third quarter of 2024 was 30.1% compared to 28.1% in the prior year period. The Company's effective tax rate differed from the U.S. federal statutory rate of 21.0% primarily due to executive compensation exceeding \$1.0 million as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023

Revenue is summarized as follows:

	Nine months ended September 30,		
	2024	2023	% Change
	(dollars in thousands)		
Lease rent revenue	\$ 173,652	\$ 161,209	7.7 %
Maintenance reserve revenue	156,527	96,609	62.0 %
Spare parts and equipment sales	20,337	12,961	56.9 %
Interest revenue	7,965	6,409	24.3 %
Gain on sale of leased equipment	33,148	5,101	549.8 %
Maintenance services revenue	17,956	16,707	7.5 %
Other revenue	6,841	5,279	29.6 %
Total revenue	\$ 416,426	\$ 304,275	36.9 %

Lease Rent Revenue. Lease rent revenue increased by \$12.4 million, or 7.7%, to \$173.7 million for the nine months ended September 30, 2024, compared to \$161.2 million for the nine months ended September 30, 2023. The increase is due to an increase in the average size of the portfolio as compared to that of the prior year period as well as an increase in the average lease rate factor.

Two customers accounted for approximately 11% and 10%, and 15% and 10%, of the Company's total lease rent revenue during the nine months ended September 30, 2024 and 2023, respectively.

At September 30, 2024, the Company had \$2,435.6 million of equipment held in our operating lease portfolio, \$175.4 million of notes receivable, \$31.5 million of maintenance rights, and \$23.2 million of investments in sales-type leases. At September 30, 2023, the Company had \$2,171.0 million of equipment held in our operating lease portfolio, \$94.0 million of notes receivable, \$13.4 million of maintenance rights, and \$5.5 million of investments in sales-type leases. Average utilization (based on net book value) was approximately 83% and 85% for the nine months ended September 30, 2024 and 2023, respectively.

Maintenance Reserve Revenue. Maintenance reserve revenue increased \$59.9 million, or 62.0%, to \$156.5 million for the nine months ended September 30, 2024 from \$96.6 million for the nine months ended September 30, 2023. Long-term maintenance revenue was \$24.6 million for the nine months ended September 30, 2024 compared to \$10.1 million in the prior year period. Long-term maintenance revenue is influenced by end of lease compensation and the realization of long-term maintenance reserves associated with engines coming off lease. Engines out on lease with "non-reimbursable" usage fees generated \$132.0 million of short-term maintenance revenues compared to \$86.5 million in the comparable prior period. These short-term maintenance revenues are a proxy for flight time of our portfolio of engines.

Spare Parts and Equipment Sales. Spare parts and equipment sales increased by \$7.4 million, or 56.9%, to \$20.3 million for the nine months ended September 30, 2024 compared to \$13.0 million in the prior year period. The increase in spare parts sales for the nine months ended September 30, 2024 reflects the demand for surplus material that we are seeing as operators extend the lives of their current generation engine portfolios. Equipment sales for the nine months ended were \$1.0 million for the sale of one engine. There were no equipment sales for the nine months ended September 30, 2023.

Interest Revenue. Interest revenue increased by \$1.6 million, or 24.3%, to \$8.0 million for the nine months ended September 30, 2024 compared to \$6.4 million for the nine months ended September 30, 2023. The increase primarily reflects an increase in notes receivable related to failed sale-leasebacks in which the Company was the buyer-lessor and on sales-type leases.

Gain on Sale of Leased Equipment. During the nine months ended September 30, 2024, we sold 28 engines, eight airframes, and other parts and equipment from the lease portfolio for a net gain of \$33.1 million. During the nine months ended September 30, 2023, we sold five engines, one airframe, and other parts and equipment from the lease portfolio for a net gain of \$5.1 million.

Maintenance Services Revenue. Maintenance services revenues predominately represent fleet management, engine and aircraft storage and repair services, and revenue related to management of fixed base operator services. Maintenance services revenue increased by \$1.2 million, or 7.5%, to \$18.0 million for the nine months ended September 30, 2024, from \$16.7 million for the nine months ended September 30, 2023. The increase primarily reflects an increase in service fee revenue and revenue related to the management of fixed base operator services provided to third parties.

Other Revenue. Other revenue increased by \$1.6 million, or 29.6%, to \$6.8 million for the nine months ended September 30, 2024 from \$5.3 million for the nine months ended September 30, 2023. Other revenue consists primarily of managed service fee revenue related to the servicing of engines for the WMES lease portfolio. The increase for the nine months ended September 30, 2024 compared to the prior year period primarily reflects increased managed service revenue.

Depreciation and Amortization Expense. Depreciation and amortization expense increased by \$0.2 million, or 0.3%, to \$68.3 million for the nine months ended September 30, 2024 compared to \$68.1 million for the nine months ended September 30, 2023. The increase is primarily due to an increase in the size of our lease portfolio.

Cost of Spare Parts and Equipment Sales. Cost of spare parts and equipment sales increased by \$7.4 million, or 77.5%, to \$17.0 million for the nine months ended September 30, 2024 compared to \$9.6 million for the nine months ended September 30, 2023, reflecting the increase in spare parts and equipment sales. Cost of equipment sales were \$0.1 million for the nine months ended September 30, 2024. There were no equipment or cost of equipment sales for the nine months ended September 30, 2023.

Cost of Maintenance Services. Cost of maintenance services increased by \$3.3 million, or 23.0%, to \$17.6 million for the nine months ended September 30, 2024, compared to \$14.4 million for the nine months ended September 30, 2023. The increase is primarily related to an increase in personnel costs, as a result of expansion of our aircraft tear down and repair services business, as well as an increase in facility related costs.

Write-down of Equipment. Write-down of equipment was \$0.9 million for the nine months ended September 30, 2024, primarily reflecting the write-down of one airframe and three engines. Write-down of equipment was \$2.4 million for the nine months ended September 30, 2023, primarily reflecting the write-down of three engines and two airframes.

General and Administrative Expenses. General and administrative expenses increased by \$18.2 million, or 21.1%, to \$104.3 million for the nine months ended September 30, 2024 compared to \$86.1 million for the nine months ended September 30, 2023. The increase primarily reflects a \$23.2 million increase in personnel costs, partially offset by a \$3.4 million decrease in other taxes related to international tax treaties. Increased personnel costs included approximately \$9.3 million of costs related directly and indirectly to share-based compensation, which was influenced by the rapid appreciation of the Company's market value of equity. Share-based compensation included a one-time special award of \$3.0 million made at the direction of the Compensation Committee of the Board of Directors of the Company to our Executive Chairman for the Company's year-to-date performance. Further, incentive compensation increased by \$7.6 million as a result of business performance to date.

Technical Expense. Technical expense decreased by \$1.8 million, or 9.3%, to \$17.9 million for the nine months ended September 30, 2024 compared to \$19.8 million for the nine months ended September 30, 2023, primarily due to a lower level of engine repair activity as compared to that of the prior period.

Net Finance Costs. Net finance costs increased by \$18.9 million, or 33.4%, to \$75.4 million for the nine months ended September 30, 2024 compared to \$56.5 million for the nine months ended September 30, 2023, primarily due a higher level of debt obligations, including increased borrowing costs. Additionally, derivative-related receipts were \$9.2 million for the nine months ended September 30, 2024, as compared to \$17.4 million for the nine months ended September 30, 2023 as certain interest rate swap positions ran off. These increases were offset by a decrease in interest expense associated with our credit facility that matures in June 2025 due to principal payments made and a decrease in the outstanding balance of the credit facility.

Income Tax Expense. Income tax expense was \$34.7 million for the nine months ended September 30, 2024 compared to \$13.3 million for the nine months ended September 30, 2023. The effective tax rate for the nine months ended September 30, 2024 was 28.4% compared to 28.9% in the prior year period. The Company's effective tax rate differed from the U.S. federal statutory rate of 21.0% primarily due to executive compensation exceeding \$1.0 million as defined in Section 162(m) of the Code.

Financial Position, Liquidity and Capital Resources

Liquidity

At September 30, 2024, the Company had \$5.8 million of cash and cash equivalents and \$99.3 million of restricted cash. We fund our operations primarily from cash provided by our leasing activities. We finance our growth through borrowings secured primarily by our equipment lease portfolio. Cash of approximately \$518.9 million and \$159.8 million for the nine months ended September 30, 2024 and 2023, respectively, was derived from our borrowing activities. In these same time periods, \$331.2 million and \$221.9 million, respectively, was used to pay down related debt.

For any interest rate swaps that we enter into, we will be exposed to risk in the event of non-performance of the interest rate hedge counter-parties. We may hedge additional amounts of our floating rate debt in the future.

Cash Flows Discussion

Cash flows provided by operating activities were \$216.4 million and \$169.0 million for the nine months ended September 30, 2024 and 2023, respectively. The \$47.5 million, or 28.1%, increase in operating cash flows was primarily driven by a 62.0% increase in maintenance reserve revenue, reflecting increased levels of usage fees resulting from high levels of travel and supply chain constraints. Additionally, payments received on sales-type leases increased \$28.0 million, gain on sale of leased equipment increased \$28.0 million, and changes in receivables contributed to \$26.9 million of incremental operating cash flows as collections improved. Partially offsetting these increases in operating cash flows was a period over period decline of \$30.7 million in cash flows from changes in inventory, reflecting investment in high demand engine types. Cash flows from operations are driven significantly by payments made under our lease agreements, which comprise lease revenue, security deposits and maintenance reserves, and are offset by interest expense and general and administrative costs. Cash received as maintenance reserve payments for some of our engines on lease are partially restricted by our debt arrangements. The lease revenue stream, in the short-term, is at fixed rates while a portion of our debt is at variable rates. If interest rates increase, it is unlikely we could increase lease rates in the short-term and this would cause a reduction in our earnings and operating cash flows. Revenue and maintenance reserves are also affected by the amount of equipment off lease. Approximately 80% and 84%, by book value, of our assets were on-lease as of September 30, 2024 and December 31, 2023, respectively. The average utilization rate (based on net book value) for the nine months ended September 30, 2024 and 2023 was approximately 83% and 85%, respectively. If there is an increase in off-lease rates or deterioration in lease rates that are not offset by reductions in interest rates, there will be a negative impact on earnings and cash flows from operations.

Cash flows used in investing activities were \$455.0 million for the nine months ended September 30, 2024 and primarily reflected \$488.4 million for the purchase of equipment held for operating lease and for sale (including capitalized costs and prepaid deposits made in the period) and \$89.6 million related to leases entered into which were classified as notes receivable under ASC 842, partially offset by proceeds from sale of equipment (net of selling expenses) of \$117.9 million. Cash flows used in investing activities were \$132.1 million for the nine months ended September 30, 2023 and primarily reflected \$142.5 million for the purchase of equipment held for operating lease and for sale (including capitalized costs and prepaid deposits made in the period) and \$15.4 million related to leases entered into which were classified as notes receivable under ASC 842, partially offset by proceeds from sale of equipment (net of selling expenses) of \$25.0 million.

Cash flows provided by financing activities were \$175.6 million for the nine months ended September 30, 2024 and primarily reflected \$518.9 million in proceeds from debt obligations and \$13.1 million in proceeds from issuance of preferred stock, partially offset by \$331.2 million in principal payments, \$8.9 million in cash dividends paid to shareholders of common stock, and \$7.2 million in cancellation of restricted stock in satisfaction of withholding tax. Cash flows used in financing activities were \$70.2 million for the nine months ended September 30, 2023 and primarily reflected \$221.9 million in principal payments, partially offset by \$159.8 million in proceeds from debt obligations.

Cash Dividends

During the nine months ended September 30, 2024, the Company paid cash dividends of \$8.9 million to shareholders of common stock.

Preferred Stock Dividends

On September 27, 2024, the Company entered into a Series A Preferred Stock Purchase Agreement with Development Bank of Japan Inc. (the "Stock Purchase Agreement"), which refinanced the Company's Series A-1 and Series A-2 Preferred Stock into one \$65.0 million Series A Preferred Stock series ("the Series A Preferred Stock"), which accrues quarterly dividends at the rate per annum of 8.35% per share. The Company's Series A-1 Preferred Stock accrued quarterly dividends at the rate per annum of 6.5% per share through October 15, 2023 and accrued at the rate per annum of 8.5% per share thereafter through September 26, 2024. The Series A-2 Preferred Stock accrued quarterly dividends at the rate per annum of 6.5% per share. During each of the nine months ended September 30, 2024 and 2023, the Company paid total preferred stock dividends of \$3.4 million and \$2.4 million, respectively.

Debt Obligations and Covenant Compliance

At September 30, 2024, debt obligations consisted of loans totaling \$1,990.5 million, net of unamortized issuance costs and note discounts, payable with interest rates varying between approximately 3.1% and 8.0%. Substantially all of our assets are pledged to secure our obligations to creditors. For further information on our debt instruments, see Note 4 "Debt Obligations" in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Virtually all of our debt requires our ongoing compliance with certain financial covenants including debt/equity ratios, minimum tangible net worth and minimum interest coverage ratios, and other eligibility criteria including customer and geographic concentration restrictions. Under our revolving credit facility, we can borrow no more than 85% of an engine's net book value and 65% of the net book value of an airframe, spare parts or other assets. Therefore, we must have other available funds for the balance of the purchase price of any new equipment to be purchased. Our revolving credit facility, certain indentures and other debt related agreements also contain cross-default provisions. If we do not comply with the covenants or eligibility requirements, we may not be permitted to borrow additional funds and accelerated payments may become necessary. Additionally, much of the debt is secured by engines and aircraft, and to the extent that engines or aircraft are sold, repayment of that portion of the debt could be required.

At September 30, 2024, we were in compliance with the covenants specified in our revolving credit facility, including the Interest Coverage Ratio requirement of at least 2.25 to 1.00, and the Total Leverage Ratio requirement of not greater than 4.50 to 1.00. The Interest Coverage Ratio, as defined in the credit facility, is the ratio of earnings before interest, taxes, depreciation and amortization and other one-time charges to consolidated interest expense. The Total Leverage Ratio, as defined in the credit facility, is the ratio of total indebtedness to tangible net worth. At September 30, 2024, we were in compliance with the covenants specified in the WEST III, WEST IV, WEST V, WEST VI, WEST VII, and Willis Warehouse Facility LLC indentures and servicing and other debt related agreements.

Off-Balance Sheet Arrangements

As of September 30, 2024, we had no material off-balance sheet arrangements or obligations that have or are reasonably likely to have a current or future effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

Contractual Obligations and Commitments

Repayments of our gross debt obligations primarily consist of scheduled installments due under term loans and are funded by the use of unrestricted cash reserves and from cash flows from ongoing operations. The table below summarizes our contractual commitments at September 30, 2024:

	Payment due by period (in thousands)				
	Total	Less than		3-5 Years	More than
		1 Year	1-3 Years		
Debt obligations	\$ 2,014,734	\$ 473,793	\$ 469,872	\$ 715,531	\$ 355,538
Interest payments under debt obligations	366,560	109,203	149,993	100,025	7,339
Purchase obligations	426,740	120,555	306,185	—	—
Operating lease obligations	6,583	3,243	2,147	867	326
Total	\$ 2,814,617	\$ 706,794	\$ 928,197	\$ 816,423	\$ 363,203

From time to time we enter into contractual commitments to purchase engines directly from original equipment manufacturers. We are currently committed to purchasing seven additional new LEAP-1B engines, and 18 additional new LEAP-1A engines for an aggregate total of \$426.7 million by 2027. Our purchase agreements generally contain terms that allow the Company to defer or cancel purchase commitments in certain situations. These deferrals or cancellations would not result in penalties or increased costs other than any potential increase due to the normal year-over-year change in engine list prices, which is akin to ordinary inflation.

In December 2020, we entered into definitive agreements for the purchase of 25 Pratt & Whitney aircraft engines. As part of the purchase, we have committed to certain future overhaul and maintenance services which are anticipated to range between \$88.5 million and \$121.5 million by 2030.

We have estimated the interest payments due under debt obligations by applying the interest rates applicable at September 30, 2024 to the remaining debt, adjusted for the estimated debt repayments identified in the table above. Actual interest payments made will vary due to changes in the rates.

We believe our equity base, internally generated funds and existing debt facilities are sufficient to maintain our level of operations for the next twelve months. The level of internally generated funds could decline if the amount of equipment off-lease increases, there is a decrease in availability under our existing debt facilities, or there is a significant increase in borrowing costs. Such decline would impair our ability to sustain our current level of operations. We continue to discuss additions to our capital base with our commercial and investment banks. If we are not able to access additional capital, our ability to continue to grow our asset base consistent with historical trends will be impaired and our future growth would be limited to that which can be funded from internally generated capital.

Recent Accounting Pronouncements

The most recent adopted accounting pronouncements and accounting pronouncements to be adopted by the Company are described in Note 1 to our Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our primary market risk exposure is that of interest rate risk. A change in interest rates would affect our cost of borrowing. Increases in interest rates, which may cause us to raise the implicit rates charged to our customers, could result in a reduction in demand for our leases. Alternatively, we may price our leases based on market rates so as to keep the fleet on-lease and suffer a decrease in our operating margin due to interest costs that we are unable to pass on to our customers. As of September 30, 2024, \$616.9 million of our outstanding debt is variable rate debt. We estimate that for every one percent increase or decrease in interest rates on our variable rate debt, net of our interest rate swaps, our annual interest expense would increase or decrease by \$2.7 million.

We hedge a portion of our borrowings from time to time, effectively fixing the rate of these borrowings. This hedging activity, which at times is required by our borrowing facilities, helps protect us against reduced margins on longer term fixed rate leases. Such hedging activities may limit our ability to participate in the benefits of any decrease in interest rates but may also protect us from increases in interest rates. Furthermore, since lease rates tend to vary with interest rate levels, it is possible that we can adjust lease rates for the effect of changes in interest rates at the termination of leases. Other financial assets and liabilities are at fixed rates.

We are also exposed to currency devaluation risk. Substantially all of our leases require payment in U.S. dollars. During the nine months ended September 30, 2024 and 2023, 70% and 66%, respectively, of our lease rent revenues came from non-United States domiciled lessees. If these lessees' currency devalues against the U.S. dollar, the lessees could potentially encounter difficulty in making their lease payments.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.* In accordance with Rule 13a-15(b) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness and design of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our CEO and CFO have concluded that as of September 30, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

(b) *Inherent limitations on controls.* Management, including the CEO and CFO, does not expect that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

(c) *Changes in internal control over financial reporting.* There has been no change in our internal control over financial reporting during our fiscal quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

Item 1A. Risk Factors

Investors should carefully consider the risks in the "Risk Factors" in Part 1: Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 14, 2024, and our other filings with the SEC. These risks are not the only ones facing the Company. Additional risks not currently known to us or that we currently believe are immaterial may also impair our business operations. Any of these risks could adversely affect our business, cash flows, financial condition and results of operations. The trading price of our common stock could fluctuate due to any of these risks, and investors may lose all or part of their investment. In assessing these risks, investors should also refer to the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q. There have been no material changes in our risk factors from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) On September 27, 2024, the Company entered into the Stock Purchase Agreement, which refinanced the Company's Series A-1 and Series A-2 Preferred Stock into one \$65.0 million of Series A Preferred Stock, which accrues quarterly dividends at the rate per annum of 8.35% per share. The Company's Series A-1 Preferred Stock accrued quarterly dividends at the rate per annum of 6.5% per share through October 15, 2023 and accrued at the rate per annum of 8.5% per share thereafter through September 26, 2024. The Series A-2 Preferred Stock accrued quarterly dividends at the rate per annum of 6.5% per share. During each of the nine months ended September 30, 2024 and 2023, the Company paid total preferred stock dividends of \$3.4 million and \$2.4 million, respectively.

The Series A Preferred Stock has no stated maturity date. The holders of the Series A Preferred Stock have the option to require the Company to redeem all or any portion of the Series A Preferred Stock for cash upon occurrence of any of the following: (i) a material breach of the Stock Purchase Agreement, (ii) changes in the ownership structure of the Company, including by means of a change of control transaction, (iii) incurrence of operating loss or ordinary loss by the Company for two consecutive fiscal years, (iv) the Company's surplus is less than its liquidation value as of certain specified measurement dates, (v) occurrence of a merger, consolidation, or sale of greater than 50% of the Company's assets, or (vi) the occurrence of liquidity events as set forth in the Stock Purchase Agreement. The redemption price is \$20.00 per share plus dividends accrued but not paid. The Company is accreting the Series A Preferred Stock to redemption value over the period from the date of issuance to the date first callable by the Series A Preferred stockholders (September 27, 2031), such that the carrying amount of the security will equal the redemption amount at the earliest redemption date.

(b) *None.*

(c) *Issuer Purchases of Equity Securities.* In October 2022, the Board of Directors approved the renewal of the existing common stock repurchase plan which allows for repurchases of up to \$60.0 million of the Company's common stock, extending the plan through December 31, 2024. Repurchased shares are immediately retired. No shares were repurchased during the three months ended September 30, 2024. Share repurchase activity during the three months ended September 30, 2024 was as follows (in thousands):

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	d) Approximate Dollar Value of Shares that May Yet be Purchased under the Plans of Programs
July 1, 2024 through July 31, 2024	—	—	—	\$ 39,595
August 1, 2024 through August 31, 2024	—	—	—	\$ 39,595
September 1, 2024 through September 30, 2024	—	—	—	\$ 39,595
Total	—	—	—	\$ 39,595

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2024, none of the Company's Section 16 officers or directors informed us of the adoption, modification, or termination of a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408, except as described in the table below:

Name & Title	Date Adopted	Character of Trading Arrangement ⁽¹⁾	Aggregate Number of Shares of Common Stock to be Purchased or Sold Pursuant to Trading Arrangement		Duration ⁽²⁾	Other Material Items	Date Terminated
			Up to 30,918 shares to be sold ⁽³⁾	August 29, 2025 ⁽⁴⁾			
Austin C. Willis , Chief Executive Officer	September 6, 2024	Rule 10b5-1 Trading Arrangement	Up to 30,918 shares to be sold ⁽³⁾	August 29, 2025 ⁽⁴⁾	N/A	N/A	

⁽¹⁾ Except as indicated by footnote, each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the "Rule").

⁽²⁾ Except as indicated by footnote, each trading arrangement permitted or permits transactions through and including the earlier to occur of (a) the completion of all purchases or sales or (b) the date listed in the table. Each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" only permitted or only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule.

⁽³⁾ Austin C. Willis 's trading plan provides for the sale of up to 30,918 shares of the Company's common stock, subject to price and volume limits.

⁽⁴⁾ The arrangement also provides for automatic termination in the event of completion of all sales contemplated under the trading arrangement, Austin C. Willis 's death or legal incapacity, written notice from Austin C. Willis of termination of the trading arrangement, determination by the broker that the trading arrangement has been terminated or that a breach by Austin C. Willis has occurred, or upon the broker's exercise of its termination rights under the trading arrangement.

Item 6.

EXHIBITS

Exhibit Number	Description
3.1	Certificate of Incorporation, dated March 12, 1998, as amended by the Certificate of Amendment of Certificate of Incorporation, dated May 6, 1998.
3.2	Bylaws, dated April 18, 2001 as amended by (1) Amendment to Bylaws, dated November 13, 2001, (2) Amendment to Bylaws, dated December 16, 2008, (3) Amendment to Bylaws, dated September 28, 2010, (4) Amendment to Bylaws, dated August 5, 2013.
4.1	Rights Agreement dated as of September 24, 1999, as amended, by and between the Registrant and American Stock Transfer Company, as Rights Agent.
10.1	Series A Preferred Stock Purchase Agreement, dated as of September 12, 2024.
10.2	Third Amended and Restated Certificate of Designations, Preferences, and Relative Rights and Limitations of Series A Preferred Stock, dated as of September 12, 2024.
10.3	Employment Agreement, dated as of October 8, 2024, by and between the Company and Brian R. Hole.
31.1	Certification of Austin C. Willis, pursuant to Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Scott B. Flaherty, pursuant to Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Redeemable Preferred Stock and Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 4, 2024

Willis Lease Finance Corporation

By: /s/ Scott B. Flaherty

Scott B. Flaherty

Chief Financial Officer

(Principal Financial and Accounting Officer)

SERIES A PREFERRED STOCK PURCHASE AGREEMENT

by and between

WILLIS LEASE FINANCE CORPORATION

and

DEVELOPMENT BANK OF JAPAN INC.

Dated as of September 12, 2024

167651603.8

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Exhibits:

Exhibit A -- Certificate of Designations
 Exhibit B -- Bylaws

SERIES A PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES A PREFERRED STOCK PURCHASE AGREEMENT (this "Agreement"), is made as of the 12th day of September, 2024 by and between Willis Lease Finance Corporation, a Delaware corporation (the "Company"), and Development Bank of Japan Inc., a Japanese corporation (the "Investor").

The parties hereby agree as follows:

1. Purchase and Sale of Preferred Stock.

1.1 Sale and Issuance of Series A Preferred Stock.

(a) The Company's Board of Directors (the "Board of Directors") shall adopt, and the Company shall file with the Secretary of State of the State of Delaware on or before the Closing (as defined below), the Third Amended and Restated Certificate of Designations, Preferences, and Relative Rights and Limitations of Series A Preferred Stock in the form of Exhibit A attached to this Agreement (the "Certificate of Designations").

(b) The Certificate of Designations will amend and restate the Company's Second Amended and Restated Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock (the "Prior Certificate of Designations"), which described the rights and preferences of the Company's "Series A-1 Cumulative Redeemable Preferred Stock" and "Series A-2 Cumulative Redeemable Preferred Stock" (as such terms are defined in the Prior Certificate of Designations).

(c) Subject to the terms and conditions of this Agreement, the Investor agrees to purchase at the Closing, and the Company agrees to sell and issue to the Investor at the Closing, 750,000 shares of Series A Preferred Stock, \$0.01 par value per share (the "New Shares"), at a purchase price of \$20.00 per share.

(d) Simultaneously with the issuance of the New Shares, shares of Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock (together, the "Original Preferred Stock") that will be re-named as "Series A Preferred Stock" and the Original Preferred Stock shall subsequently have identical rights and preferences as the New Shares. Collectively, the New Shares and the renamed shares (formerly referred to as the Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock) shall be referred to in this Agreement as the "Shares."

(e) In connection with the issuance of the New Shares and the redesignation of the Original Preferred Stock and in consideration for the amendments to the Prior Certificate of Designations, the Company has agreed to pay Investor a fee (the "Fee") of three percent (3%) of the original purchase price of \$20 per Share of each of the Shares. The Fee thus equals One Million, Nine Hundred Fifty Thousand Dollars (US\$1,950,000). The Company will pay (i) the Fee and (ii) all accrued and unpaid dividends on shares of Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock (the "Unpaid Dividends"), which is the amount equal to \$648,000 on and as of the date hereof, by subtracting the total amount of the Fee and the Unpaid Dividends from the Purchase Price that

Investor will pay for the New Shares. Consequently, the net price (i.e., net of Investor's receipt of the Fee and the Unpaid Dividends) (the "Net Price") that Investor will pay the Company will be \$12,402,000. For the avoidance of doubt, the Investor shall in no event be obliged to contribute or pay any sum or sum in connection with the redesignation of Original Preferred Stock.

(f) Pursuant to Section 13 of the Second Amended and Restated Certificate of Designations, Preferences, and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock filed with the Delaware Secretary of State on September 25, 2017 as amended by the First Amendment to Second Amended and Restated Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock filed with the Delaware Secretary of State on September 28, 2023 (the "2023 Certificate of Designations"), Company and the Investor, in its capacity as holder of the Required Majority (as such term is defined in the 2023 Certificate of Designations), do each hereby approve the terms of and consent to the amendment and restatement of the 2023 Certificate of Designations in its entirety by the filing of the Certificate of Designations.

1.2 Closing; Delivery.

(a) Subject to the terms and conditions of this Agreement, the purchase and sale of the Shares contemplated hereby shall take place remotely via the exchange of documents and signatures, at 10:00 a.m. PST, on September 27, 2024 (the "Closing"), or at such other date, time or place as the Company and the Investor mutually agree upon, orally or in writing (the day on which the Closing takes place, the "Closing Date").

(b) At least five (5) Business Days prior to the Closing, the Company shall deliver to the Investor:

(1) the form of the Certificate of Designations to be filed with the Secretary of State of the State of Delaware;

(2) the certificate set forth in Subsection 4.1(k)(1);

(3) the good standing certificate (or its equivalent) set forth in Subsection 4.1(k)(3); and

(4) a draft of the legal opinion set forth in Subsection 4.1(k)(4) to be delivered at the Closing.

(c) At least three (3) days prior to the Closing, the Investor shall deliver to the Company the form set forth in Subsection 4.2(b).

(d) At or prior to the Closing, the Company shall deliver to the Investor:

(1) the share certificate for the Shares issued to the Investor at the Closing;

(2) a certificate of the Secretary of State of Delaware certifying that the Certificate of Designation has been filed; and

(3) all other agreements, documents, instruments or certificates required to be delivered by the Company pursuant to Subsection 4.1.

(e) At or prior to the Closing, the Investor shall deliver to the Company:

(1) the purchase price for the New Shares to the Company by wire transfer of immediately available funds to a bank account designated in writing by the Company (it being understood that Investor shall wire the Net Price) as payment in full;

(2) share certificates number P-3 and P-4 for cancellation and reissuance as Series A Preferred Stock shares as soon as reasonably practicable after filing of the Certificate of Designations; and

(3) all agreements, documents, instruments or certificates required to be delivered by the Investor pursuant to Subsection 4.2.

1.3 Defined Terms Used in this Agreement. In addition to the terms defined above, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

(a) "1934 Act" means the Securities Exchange Act of 1934.

(b) "Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

(c) "Affiliate" means, with respect to any specified Person, any other Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(d) "Anti-Money Laundering Laws" means the USA Patriot Act of 2001, the Bank Secrecy Act, as amended through the date hereof, Executive Order 1 3324 - Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended through the date hereof, and other federal laws and regulations and executive orders administered by OFAC which prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals (such individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanction and embargo programs), and such additional laws and programs administered by OFAC which prohibit dealing with individuals or

entities in certain countries regardless of whether such individuals or entities appear on any of the OFAC lists.

(e) "Business Day" means any day, other than a Saturday or a Sunday, that is neither a legal holiday nor a day on which banking institutions in New York, New York, San Francisco, California or Tokyo, Japan are authorized or required by law, regulation or executive order to close.

(f) "Company Covered Person" means, with respect to the Company as an "issuer" for purposes of Rule 506 promulgated under the Securities Act, any Person listed in the first paragraph of Rule 506(d)(1).

(g) "Company Intellectual Property" means all patents, patent applications, trademarks, trademark applications, service marks, service mark applications, tradenames, copyrights, trade secrets, domain names, mask works, information and proprietary rights and processes, similar or other intellectual property rights, subject matter of any of the foregoing, tangible embodiments of any of the foregoing, licenses in, to and under any of the foregoing, and any and all such cases as are necessary to the Company in the conduct of the Company's business as now conducted and as presently proposed to be conducted.

(h) "Contract" means any contract, lease, deed, mortgage, license, instrument, note, loan, commitment, undertaking, indenture, joint venture and all other agreements, commitments and legally binding arrangements, whether written or oral.

(i) "GAAP" means United States generally accepted accounting principles in effect from time to time.

(j) "Governmental Authority" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

(k) "Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

(l) "Key Employee" means any executive-level employee (including division director and vice president-level positions) as well as any employee or consultant who either alone or in concert with others develops, invents, programs or designs any Company Intellectual Property.

(m) "Knowledge" including the phrase "to the Company's knowledge" shall mean the actual knowledge of the following officers: Charles F. Willis IV, Brian Hole, Scott Flaherty, Austin Willis and Dean Poulakidas.

(n) "Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

(o) "Material Adverse Effect" means any event, occurrence, fact, condition or change that has a material adverse effect on the business, assets (including intangible assets), liabilities, condition (financial or otherwise), property, prospects or results of operations of the Company.

(p) "OFAC" means the United States Department of the Treasury, Office of Foreign Assets Control.

(q) "OFAC Prohibited Person" means a country, territory, individual or Person (i) listed on, included within or associated with any of the countries, territories, individuals or entities referred to on OFAC's List of Specially Designated Nationals and Blocked Persons or any other prohibited person lists maintained by governmental authorities, or otherwise included within or associated with any of the countries, territories, individuals or entities referred to in or prohibited by OFAC or any other Anti-Money Laundering Laws, or (b) which is obligated or has any interest to pay, donate, transfer or otherwise assign any property, money, goods, services or other benefits to any countries, territories, individuals or entities on or associated with

services, or other benefits to any countries, territories, individuals or entities or of associated with anyone on such lists or in such Laws.

(r) "Person" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(s) "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(t) "Taxes" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

(u) "Tax Return" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(v) "Transaction Documents" means this Agreement, the Certificate of Designation, and the Bylaws.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor that the following representations are true and complete on and as of the date hereof and on and as of the Closing Date.

For purposes of these representations and warranties (other than those in Subsections 2.2, 2.3, 2.4 and 2.5), the term the “Company” shall include, as applicable, any subsidiaries of the Company, unless otherwise noted herein.

2.1 Organization, Good Standing, Corporate Power and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to (a) enter into this Agreement and the other Transaction Documents, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby and (b) own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as presently conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have or could reasonably be expected to have a Material Adverse Effect.

2.2 Capitalization.

(a) The authorized capital stock of the Company consists, immediately prior to the Closing, of:

(1) 20,000,000 shares of common stock, \$0.01 par value per share (the “Common Stock”), 6,572,511 shares of which were issued and outstanding as of June 30, 2024. All of the outstanding shares of Common Stock have been duly authorized, are fully paid and non-assessable and were issued in compliance with all applicable federal and state securities laws.

(2) 5,000,000 shares of preferred stock (“Preferred Stock”), of which 1,000,000 shares have been designated Series A-1 Cumulative Redeemable Preferred Stock (but will be re-named as Series A Preferred Stock following the Closing), all of which are issued and outstanding and 1,500,000 of which shall have been designated Series A-2 Cumulative Redeemable Preferred Stock (but that will be re-named as Series A Preferred Stock following the Closing), all of which are issued and outstanding immediately prior to the Closing and 750,000 shares have been designated Series A Preferred Stock, none of which are issued and outstanding immediately prior to the Closing. The rights, privileges and preferences of the Preferred Stock are as stated in the Certificate of Designations and as provided by the Delaware General Corporation Law (“DGCL”).

(b) The Company has reserved 3,644,596 shares of Common Stock for issuance to officers, directors, employees and consultants of the Company pursuant to its 2023 Stock Incentive Plan, as amended and restated, duly adopted by the Board of Directors and approved by the Company stockholders (as amended and restated, the “Stock Plan”). Of such reserved shares of Common Stock, as of June 30, 2024, 2,001,980 shares had been granted pursuant to restricted stock purchase agreements, of which 916 shares have been canceled, and 2,001,064 shares were outstanding, no options to purchase shares were outstanding, and 1,643,532 shares of Common Stock remained available for issuance to officers, directors, employees and consultants pursuant to the Stock Plan. The Company has made available complete and accurate copies of the Stock Plan and forms of agreements used thereunder.

(c) The authorized capital stock of the Company consists, immediately following the Closing, of:

FOLLOWING THE CLOSING, OR.

(1) 20,000,000 shares of Common Stock, 6,572,511 shares of which were issued and outstanding as of June 30, 2024. All of the outstanding shares of Common Stock have been duly authorized, are fully paid and non-assessable and were issued in compliance with all applicable federal and state securities laws.

(2) 5,000,000 shares of Preferred Stock, of which 3,250,000 shares of Preferred Stock have been designated Series A Preferred Stock. All of such shares of Series A Preferred Stock will be fully paid and non-assessable and issued in compliance with all applicable federal and state securities laws.

(d) As of immediately following the Closing after giving effect to the transactions contemplated by this Agreement, (i) all of the issued and outstanding shares of capital stock of the Company will have been duly authorized, validly issued, fully paid and non-assessable, (ii) all of the issued and outstanding shares of capital stock of the Company will have been issued in compliance with all applicable federal and state securities Laws, and (iii) none of the issued and outstanding shares of capital stock of the Company will have been issued in violation of any agreement, arrangement or commitment to which the Company or any of its Affiliates is a party or is subject to or in violation of any preemptive or similar rights of any Person.

2.3 Authorization. All corporate action required to be taken in order to authorize the Company to execute and deliver this Agreement and any other Transaction Document, to perform its obligations hereunder and thereunder, to consummate the transactions contemplated by this Agreement, and to issue the Shares at the Closing, has been taken or will be taken prior to the Closing. This Agreement and any other Transaction Document, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

2.4 Valid Issuance of Shares.

(a) The Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and non-assessable and free of restrictions on transfer other than restrictions on transfer under this Agreement and the Certificate of Designations, applicable state and federal securities laws and liens or encumbrances created by or imposed by the Investor. Assuming the accuracy of the representations of the Investor in Section 3 of this Agreement and subject to the filings described in Subsection 2.5 below, the Shares will be issued in compliance with all applicable federal and state securities laws.

(b) No "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a "Disqualification Event") is applicable to the Company or, to the

Company's knowledge, any Company Covered Person, except for a Disqualification Event as to which Rule 506(d)(2)(ii-iv) or (d)(3), is applicable.

2.5 Governmental Consents and Filings. Assuming the accuracy of the representations made by the Investor in Section 3 of this Agreement, no consent, approval, Permit, Governmental Order or authorization of, or registration, qualification, designation, declaration or filing with, or notice to, any Governmental Authority is required on the part of the Company in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transaction contemplated hereby and thereby, except for the filing of the Certificate of Designations, which will have been filed as of the Closing.,

2.6 Litigation; Government Orders.

(a) There is no Action pending or currently threatened in writing (i) against the Company affecting any of its properties or assets (or against the Company or any of its Affiliates and relating to the Company); (ii) against the Company or any officer, director or Key Employee of the Company arising out of their employment or Board of Directors relationship with the Company; or (iii) that questions the validity of this Agreement or the right of the Company to enter into it, or to consummate the transaction contemplated by this Agreement. Neither the Company nor, to the Company's knowledge, any of its officers, directors or Key Employees is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality (in the case of officers, directors or Key Employees, such as would affect the Company). There is no Action by the Company pending or which the Company intends to initiate. The foregoing includes, without limitation, Action pending or threatened in writing (or any basis therefor known to the Company) involving the prior employment of any of the Company's employees, their services provided in connection with the Company's business, any information or techniques allegedly proprietary to any of their former employers or their obligations under any agreements with prior employers.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting the Company or any of its properties or assets.

2.7 Compliance with Other Instruments. The Company is not in violation or default (i) of any provisions of its Certificate of Incorporation, the Certificate of Designations or its Bylaws or other organizational documents of the Company, (ii) of any instrument, judgment, order, writ or decree, (iii) under any note, indenture or mortgage, (iv) to its Knowledge, under any material lease, agreement, Contract or purchase order to which it is a party or by which it is bound, or (v) to its Knowledge, of any provision of federal or state Law, statute, rule, Government Order or regulation applicable to the Company; and only in the cases of subparts (iii), (iv) and (v) above, where the violation of which would have or could reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transaction contemplated hereby and thereby do not and will not (i) conflict with or result in a violation or breach of, or default under, any provision of its Certificate of Incorporation, the Certificate of Designations or its Bylaws or other organizational documents of the Company, (ii) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Company, (iii) require the consent or waiver of, notice to or other action by any Person under, conflict with, result in a

violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which the Company is a party or by which the Company is bound or to which any of its properties and assets are subject or any Permit affecting the properties, assets or business of the Company; (iv) result in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, forfeiture, or nonrenewal of any material Permit applicable to the Company.

2.8 Financial Statements. The Company has furnished to the Investor the audited financial statements of the Company and its subsidiaries (on a consolidated basis) as of the fiscal year ending December 31, 2023 (including balance sheets, income statements and statements of retained earnings, stockholders' equity and cash flow) (the "Audited Financial Statements"), and the unaudited financial statements of the Company and its subsidiaries (on a consolidated basis) as of June 30, 2024 (including balance sheets, income statements and statements of retained earnings, stockholders' equity and cash flow for the six-month period then ended (the "Interim Financial Statements" and together with the Audited Financial Statements, the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which

will not be materially adverse) and the absence of notes (that, if presented, would not differ materially from those presented in the Audited Financial Statements). The Financial Statements are based on the books and records of the Company, fairly present in all material respects the financial condition, results of operations and changes in financial position of Company and its subsidiaries (on a consolidated basis) as of such dates and for such periods. The Company maintains a standard system of accounting established and administered in accordance with GAAP.

2.9 No Other Liabilities. The Company and its subsidiaries do not have any liability, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise that is required under GAAP to be reflected or disclosed, and not reflected or disclosed, in the balance sheets described in Subsection 2.8, other than liabilities and contingent liabilities arising in the ordinary course of business consistent with past practice since the date of such financial statements.

2.10 Absence of Certain Changes, Events and Conditions. Since December 31, 2023, and other than in the ordinary course of business consistent with past practice or as set forth in public filings by the Company pursuant to the 1934 Act, there has not been, with respect to the Company, any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) amendment of its Certificate of Incorporation or its Bylaws or other organizational documents of the Company;
- (c) split, combination or reclassification of any shares of its capital stock;

(d) issuance, sale or other disposition of any of its capital stock, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its capital stock;

(e) declaration or payment of any dividends or distributions on or in respect of any of its capital stock or except for purchase under announced programs to repurchase stock, redemption, purchase or acquisition of its capital stock; or

(f) material change in any method of accounting or accounting practice of the Company, except as required by GAAP or as disclosed in the notes to the Financial Statements.

2.11 Foreign Corrupt Practices Act. Neither the Company nor any of the Company's directors, officers, agents, employees or any other Person associated with or acting on behalf of the Company has, directly or indirectly, made, offered, promised or authorized any payment or gift of any money or anything of value to or for the benefit of any domestic or "foreign official" (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA")), foreign political party or official thereof or candidate for foreign political office for the purpose of (i) influencing any official act or decision of such official, party or candidate, (ii) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority or (iii) securing any improper advantage, in the case of (i), (ii) and (iii) above in order to assist the Company or any of its affiliates in obtaining or retaining business for or with, or directing business to, any person. Neither the Company nor any of its directors, officers, agents, employees or any other Person associated with or acting on behalf of the Company has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or to influence official action, (ii) made or authorized any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any law, rule or regulation or (iii) violated or is in violation of any provision of the FCPA. The Company further represents that it has maintained, and has caused each of its subsidiaries and affiliates to maintain, systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA or any other applicable anti-bribery or anti-corruption law. Neither the Company nor, to the Company's knowledge, any of its officers, directors or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA or any other anti-corruption law.

2.12 Anti-Money Laundering Laws. The Company represents, warrants and agrees as follows:

(a) (i) the Company; (ii) any Person controlling or controlled by the Company; or (iii) any Person for whom the Company is acting as agent or nominee in connection with this transaction, is not an OFAC Prohibited Person;

(b) to comply with applicable Anti-Money Laundering Laws and regulations, all payments by the Company to the Investor or from the Investor to the Company will only be made in the Company's name and to and from a bank account of a bank based or incorporated in or formed under the laws of the United States or a bank that is not a "foreign shell

and the regulations promulgated thereunder by the U.S. Department of the Treasury, as such regulations may be amended from time to time; and

(c) the Company shall promptly notify the Investor should the Company become aware of any change in the information set forth in this Subsection 2.12.

2.13 Compliance with Laws; Permits. The Company has complied, and is now complying, with all Laws applicable to it or its business, properties or assets, which, if breached, would have a Material Adverse Effect.

2.14 Taxes. Except in instances that would not have a Material Adverse Effect:

(a) The Company has timely filed all Tax Returns that it was required to file. All such Tax Returns were complete and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been timely paid.

(b) The Company has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company.

(d) All deficiencies asserted, or assessments made, against the Company as a result of any examinations by any Tax authority have been fully paid.

(e) The Company is not a party to any Action by any Tax authority. There are no pending or threatened Actions by any Tax authority, the notice of which has been provided in writing.

(f) The Company has not been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes other than an affiliated, combined, consolidated or unitary Tax group of which the Company is the common parent. The Company has no liability for Taxes of any Person (other than the Company or a member of an affiliated, combined, consolidated or unitary Tax group of which the Company is or was the common parent) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or foreign Law), as transferee or successor, by contract or otherwise.

2.15 Full Disclosure. The Company's public filings with the Security and Exchange Commission pursuant to the 1934 Act, together with the Company's representations and warranties in this Agreement and in any certificate or other document furnished or to be furnished to the Investor pursuant to this Agreement, collectively do not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

3. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company that:

3.1 Authorization. The Investor has all requisite corporate power and authority to enter into this Agreement and the other Transaction Documents, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement and any other Transaction Document, when executed and delivered by the Investor, will constitute valid and legally binding obligations of the Investor, enforceable in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, or (ii) as limited by laws relating to the

arreiving enforcement of creditors' rights generally, or (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.2 Purchase Entirely for Own Account. This Agreement is made with the Investor in reliance upon the Investor's representation to the Company, which by the Investor's execution of this Agreement, the Investor hereby confirms, that the Shares to be acquired by the Investor will be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Investor understands that it is not entitled to transfer or grant participations in the same, except as provided in the Certificate of Designations. By executing this Agreement, the Investor further represents that the Investor does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Shares. The Investor has not been formed for the specific purpose of acquiring the Shares.

3.3 Disclosure of Information. The Investor has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Shares with the Company's management. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Investor to rely thereon.

3.4 Restricted Securities. The Investor understands that the Shares have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Investor's representations as expressed herein. The Investor understands that the Shares are "restricted securities" under applicable U.S. federal and state securities Laws and that, pursuant to these Laws, the Investor must hold the Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Investor acknowledges that the Company has no obligation to register or qualify the Shares. The Investor further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and on requirements relating to the Company which are outside of the Investor's control, and which the Company is under no obligation and may not be able to satisfy.

3.5 Absence of Trading Market. The Series A Preferred Stock will be issued as a private placement and may not be assigned or re-sold by the Investor, except as provided in the Certificate of Designations.

3.6 Legends. The Investor understands that the Shares and any securities issued in respect of or exchanged for the Shares, may be notated with one, part or all of the following legends:

(a) "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(b) Any legend required by the securities Laws of any state to the extent such Laws are applicable to the Shares represented by the certificate, instrument, or book entry so legended.

3.7 Law of Japan. The Investor hereby represents that it has satisfied itself as to and hereby warrants the full observance of the laws of Japan in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within Japan for the purchase of the Shares, (ii) any Japanese exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares. The Investor's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of Japan.

3.8 No General Solicitation. The Investor acknowledges that it is not acquiring the Shares as a result of any general solicitation or advertisement in connection with the offer and sale of the Shares.

3.9 Exculpation Among Investor. The Investor acknowledges that it is not relying upon any Person, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. The Investor agrees that neither the Investor nor the respective controlling Persons, officers, directors, partners, agents, or employees of the Investor shall be liable to any other investor for any action heretofore taken or omitted to be taken by any of them in connection with the purchase of the Shares.

4. Conditions to Closing.

4.1 Conditions to Obligations of the Investor. The obligations of the Investor to purchase Shares at the Closing are subject to the fulfillment, on or before such Closing, of each of the following conditions, unless otherwise waived:

(a) Accuracy of Representations and Warranties. The representations and warranties of the Company contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made on and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Compliance with Agreement. The Company shall have duly performed and complied with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) Due Diligence. Investor shall be satisfied with the results of its and its representatives' legal, accounting, and business due diligence investigation and evaluation of the Company and its subsidiaries.

(d) Approval. The Company shall have received or obtained approval of the Board of Directors and all other consents and approvals necessary for the consummation of the transactions contemplated by this Agreement.

(e) Transaction Documents. Each of the Transaction Documents shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to the Investor.

(f) Filing of Certificate of Designations. The Company shall have duly adopted the Certificate of Designations, which shall have been duly filed with the Secretary of State of the State of Delaware and become effective under the DGCL on or prior to the Closing and which shall remain in full force and effect as of the Closing, and Investor shall have received a certificate of the Secretary of State of Delaware certifying that the Certificate of Designation has been filed and is effective.

(g) Company Bylaws. Pursuant to the Company's Bylaws in substantially the form of Exhibit B (the "Bylaws"), the authorized number of directors of the Company is seven (7), of which two (2) directors are reserved for the holders of the Series A Preferred Stock, to the extent that such holders are entitled to elect representatives on the Company's Board of Directors pursuant to the Certificate of Designations.

(h) Fee and Dividends to Investor. Simultaneous with the Closing, the Company shall be deemed to have paid the Fee and the Unpaid Dividends and the Investor shall thus pay only the Net Price for the New Shares.

(i) No Material Adverse Effect. There shall have been no Material Adverse Effect between June 30, 2024, and the Closing in the financial condition, operating results, assets, operations, business prospects, employee relations or customer or supplier relations of the Company and its subsidiaries taken as a whole, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

governmental rule, regulation or guideline in effect or proposed or pending that prohibits, restricts or enjoins or could reasonably be expected to prohibit, restrict or enjoin the consummation of the transactions contemplated by this Agreement or the Investor's right to participate therein. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, of restraining or prohibiting consummation of such transactions or of causing any of the transactions contemplated hereby to be rescinded following completion thereof.

(k) Other Documents. Investor has received the following documents, which shall be in form and substance acceptable to Investor:

(1) a certificate of a duly authorized officer of the Company, dated as of five (5) Business Days before the Closing, certifying:

(A) that attached thereto are true and complete copies of all resolutions and other consents adopted by the Board of Directors authorizing and approving the execution, delivery, filing and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby;

(B) that attached thereto are true and complete copies of the Company's Certificate of Incorporation (the "Certificate of Incorporation"), Bylaws and other constituent documents; and

(C) the names and signatures of the officers of the Company authorized to sign this Agreement, the other Transaction Documents and the other documents to be delivered hereunder and thereunder;

(2) a certificate of a duly authorized officer of the Company, dated as of the Closing, certifying:

(A) that the resolutions and consents delivered to the Investor pursuant to Subsection 4.1(k)(1)(A) are in full force and effect as of the Closing and are all the resolutions and consents adopted in connection with the transactions contemplated hereby and thereby;

(B) that attached thereto is a true and complete copy of the Company's Certificate of Incorporation (as amended to permit the issuance of the Shares), and that the Bylaws and other constituent documents delivered to the Investor pursuant to Subsection 4.1(k)(1)(B) are in full force and effect as of the Closing; and

(C) that each of the conditions set forth in Subsection 4.1(a) and Subsection 4.1(b) have been satisfied;

(3) a good standing certificate (or its equivalent) for the Company from the Secretary of State of the State of Delaware;

(4) legal opinion of Perkins Coie LLP, counsel to the Company, indicating that the Shares, when issued and sold in accordance with the terms of this Agreement for the consideration described therein, will be duly and validly issued, fully paid and non-assessable, and as to such other matters as the Investor shall reasonably request;

(5) the share certificate evidencing the Shares; and

(6) such other documents or instruments as the Investor reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

4.2 Conditions to Obligations of the Company. The obligations of the Company to sell the New Shares to the Investor at the Closing are subject to the fulfillment, on or before such Closing, of each of the following conditions, unless otherwise waived:

(a) Transaction Documents. Each of the Transaction Documents shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to the Company.

(b) Forms. The Investor shall have delivered to the Company a properly completed Internal Revenue Service Form W-8BEN-E or other applicable Internal Revenue Service Form W-8.

(c) Wire. The Investor shall have delivered to the Company cash in an amount equal to the Net Price as payment of the purchase price of the Shares by wire transfer of immediately available funds to a bank account designated in writing by the Company.

5. Reporting. As a reporting company under the 1934 Act, the Company makes financial and other material information publicly available pursuant to periodic filings with the Securities and Exchange Commission, including without limitation under form 10-K, 10-Q and 8-K. If for any reason the Company ceases be a reporting company under the 1934 Act, and provided that the Investor enters into a non-disclosure agreement in form reasonably acceptable to the Company, it shall make information comparable to the information that it makes available to the public as a reporting company, available to Investor, on a timely basis, including:

(a) Copies of quarterly financial statements, within forty-five (45) days after the end of each calendar quarter, and audited annual financial statements within ninety (90) days after the end of each calendar year;

(b) Copies of all amendments to the Certificate of Incorporation or Bylaws no later than thirty (30) days following the date of such amendments;

(c) Notification of significant events that materially and adversely affect the Company's financial performance and governance;

(d) Material agreements that affect the Company's financial performance, including without limitation, agreements containing restrictions on indebtedness; and

(e) Upon request by the Investor, copies of such other information that the Company provides to banks and lending institutions pursuant to its most senior credit facility.

6. Miscellaneous.

6.1 Survival of Warranties. Unless otherwise set forth in this Agreement, the representations and warranties of the Company and the Investor contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Investor or the Company.

6.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party and any purported assignment in violation of this Subsection 6.2 shall be null and void. No assignment shall relieve the assigning party of any of its obligations hereunder.

6.3 Governing Law. This Agreement shall be governed by the internal Law of the State of Delaware without giving effect to any choice or conflict of Law provision or rule.

6.4 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, with written confirmation of receipt, (b) when sent, if sent by electronic mail or facsimile, with confirmation of transmission, during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next Business Day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) Business Day after deposit with an internationally recognized overnight courier, freight prepaid, specifying next Business Day delivery, with written verification of receipt. All communications shall be sent to the parties at their respective address as set forth on the signature page, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Subsection 6.6.

6.7 No Finder's Fees. Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. The Investor

agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which the Investor or any of its officers, employees or representatives is responsible. The Company agrees to indemnify and hold harmless the Investor from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

6.8 Fees and Expenses. Except as otherwise expressly provided in this Agreement, each party will pay its own fees and expenses in connection with the transactions contemplated by this Agreement.

6.9 Attorneys' Fees. Except as otherwise expressly provided in this Agreement, each party will pay its own legal and administrative costs in connection with the transactions contemplated by this Agreement.

6.10 Amendments. Any term of this Agreement may be amended, terminated or waived only with the written consent of each party

6.11 Severability. The invalidity, illegality or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Upon a determination that any provision is invalid, illegal or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

6.12 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and signed by the party so waiving and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.13 Entire Agreement. This Agreement (including the Exhibits hereto) and the other Transaction Documents constitute the full and entire understanding and agreement between the parties with respect to the subject matter hereof and thereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.14 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of California and to the jurisdiction of the United States

proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of California or the United States District Court for the Northern District of California, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.15 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

6.16 Public Announcements. The Company shall not issue any press release or make any other public announcement or disclosure with respect to this Agreement and the transactions contemplated hereby without the prior written consent of the Investor, except for any press release, public announcement or other public disclosure that is required by applicable Law or governmental regulations or by order of a court of competent jurisdiction. Prior to making any such required disclosure, the Company shall have given written notice to the Investor in reasonable detail the proposed content of such disclosure and shall permit the Investor to review and comment upon the form and substance of such disclosure.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Series A Preferred Stock Purchase Agreement as of the date first written above.

WILLIS LEASE FINANCE CORPORATION

By:/s/Dean M. Poulakidas

Name: Dean M. Poulakidas

(print)

Title: Executive Vice President

60 E. Sir Francis Drake Blvd.

Address: Suite 209, Larkspur, CA 94939

Attention: Legal Department

Fax: +1-415-408-4701

Email: dpoulakidas@willislease.com

SIGNATURE PAGE TO SERIES A PREFERRED STOCK PURCHASE AGREEMENT

167651603.8

IN WITNESS WHEREOF, the parties have executed this Series A Preferred Stock Purchase Agreement as of the date first written above.

DEVELOPMENT BANK OF JAPAN INC.

By: /s/Yasuhiro Matsui

Name: Yasuhiro Matsui

(print)

General Manager

Title: Corporate Finance Department, Division 2

Address: 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo

Email: ysmatsu@dbj.jp

SIGNATURE PAGE TO SERIES A PREFERRED STOCK PURCHASE AGREEMENT

167651603.8

EXHIBIT A
CERTIFICATE OF DESIGNATIONS

(See Attached)

EXHIBIT A TO SERIES A PREFERRED STOCK PURCHASE AGREEMENT

167651603.8

WILLIS LEASE FINANCE CORPORATION

THIRD AMENDED AND RESTATED CERTIFICATE OF DESIGNATIONS,
PREFERENCES,
AND RELATIVE RIGHTS AND LIMITATIONS
OF
SERIES A PREFERRED STOCK

Willis Lease Finance Corporation (the "Company"), a corporation organized and existing under the Delaware General Corporation Law (the "Act"), hereby certifies that the following resolutions were duly adopted by the Company's Board of Directors (the "Board of Directors") as of September 12, 2024 pursuant to Section 151(g) of the Act and this Third Amended and Restated Certificate of Designations (this "Certificate of Designations"), in its final form, was approved by the Board of Directors on September 12, 2024:

RESOLVED, that, pursuant to the authority conferred upon the Board of Directors by the Company's Certificate of Incorporation, as amended (the "Certificate of Incorporation"), and Section 151(g) of the Act, the Board of Directors amended and restated the Company's Certificate of Designations, Preferences, and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock, and pursuant to a Second Amended and Restated Certificate of Designations, Preferences, and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock, filed on September 25, 2017 with the Secretary of State of the State of Delaware as amended pursuant to the First Amendment to Second Amended and Restated Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock filed on September 25, 2023 with the Secretary of State of Delaware, (collectively, the "2023 Series A Designation"), the Company has issued 1,000,000 shares of Company's 8.5% Series A-1 Cumulative Redeemable Preferred Stock, \$0.01 par value per share and 1,500,000 shares of the Company's 6.5% Series A-2 Cumulative Preferred Stock, \$0.01 par value per share.

RESOLVED FURTHER, that this amendment and restatement of the 2023 Series A Designation as set forth in this Certificate of Designations has been approved by the holders of all shares of the Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock issued pursuant to the 2023 Series A Designation.

RESOLVED FURTHER, as of September 27, 2024 (the "Conversion Date"), the Board amends and restates the 2023 Series A Designation in its entirety to re-designate both the Series A-1 Cumulative Redeemable Preferred Stock and the Series A-2 Cumulative Redeemable Preferred Stock as "Series A Preferred Stock."

RESOLVED FURTHER, as of the Conversion Date, the Board amends and restates the 2023 Series A Designation in its entirety to establish and authorize the issuance of up to 3,250,000 shares of the Company's 8.35% Series A Preferred Stock, \$0.01 par value per share, which shall consist of the 1,000,000 shares that were formerly designated Series A-1 Cumulative Redeemable Preferred Stock and 1,500,000 shares that were formerly designated Series A-2 Cumulative Redeemable Preferred Stock which are being re-designated as Series A Preferred Stock pursuant

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to this Designation and an incremental 750,000 shares of Series A Preferred Stock which will be authorized for issuance on the Conversion Date.

RESOLVED FURTHER, the Board fixes the designation and amount thereof and the voting rights, preferences and relative, participating, optional and other special rights of the shares of this series, and the qualifications, limitations and restrictions thereof, in addition to those set forth in the Certificate of Incorporation as applicable to such shares pursuant to the terms of this Certificate of Designations as follows:

1. **Designations.** The distinctive serial designation of the 1,000,000 shares of preferred stock issued on October 14, 2016 shall be the "Series A-1 Cumulative Redeemable

Preferred Stock issued on October 14, 2010 shall be the “Series A-1 Cumulative Redeemable Preferred Stock” and the distinctive serial designation of the incremental 1,500,000 shares of preferred stock issued on September 27, 2017 pursuant to the 2023 Certificate of Designations shall be the “Series A-2 Cumulative Redeemable Preferred Stock.” In addition, an incremental 750,000 shares of preferred stock (the “Incremental Shares”) are hereby authorized and shall be designated as the “Series A Preferred Stock.” On the Conversion Date, the Series A-1 Cumulative Redeemable Preferred Stock and the Series A-2 Cumulative Preferred Stock (collectively, the “Converted Shares”) shall each be re-designated as Series A Preferred Stock. The Series A-1 Cumulative Redeemable Preferred Stock, the Series A-2 Cumulative Redeemable Preferred Stock and the Series A Preferred Stock shall hereafter collectively be referred to as the “Preferred Stock.”

2. Number of Shares. On the Conversion Date, the total number of shares of the Series A Preferred Stock shall be 3,250,000 and all shares of Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock shall be converted into shares of Series A Preferred Stock and (following such conversion) the Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock shall be designated and cease to be outstanding. The number of shares of the Series A Preferred Stock may from time to time be increased or decreased (but not below the number then outstanding) by the Board of Directors, subject to the Certificate of Incorporation, Section 151(g) of the Act, and the provisions of this Certificate of Designations.

3. Dividends.

(a) The holders of shares of the Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds of the Company legally available therefor, cumulative cash dividends at the rates described in Section 3(b). To the extent declared by the Board of Directors, dividends will be payable quarterly on the 15th day of the first month of each calendar quarter in San Francisco, California, or if not a Business Day in San Francisco, California, the next succeeding Business Day in San Francisco, California, and in the case of any accrued but unpaid dividends, at such additional times, if any, as determined by the Board of Directors (each a “Dividend Payment Date”); provided, however, that: (i) the first Dividend Payment Date for the Series A-1 Cumulative Redeemable Preferred Stock was January 16, 2017, in San Francisco, California, and the first Dividend Payment Date for the Series A-2 Cumulative Redeemable Preferred Stock was January 15, 2018 and (ii) after the Conversion Date the first Dividend Payment Date for the Series A Preferred Stock will be January 15, 2025. A “Business Day” shall mean any day, other than a Saturday or a Sunday, that is neither a legal holiday

nor a day on which banking institutions in New York, New York, San Francisco, California or Tokyo, Japan are authorized or required by law, regulation or executive order to close. It is expected that the Board of Directors will declare any dividends by the end of the month prior to the month in which such dividends are to be paid. No less than five (5) Business Days before each Dividend Payment Date, the Company shall notify the holders of the Series A Preferred Stock of such Dividend Payment Date and (prior to the Conversion Date) the amount of the dividend payment for each of the Series A-1 Cumulative Redeemable Preferred Stock and the Series A-2 Cumulative Redeemable Preferred Stock. Dividends on the Series A-1 Cumulative Redeemable Preferred Stock will accrue and be cumulative from and including the date of issuance of the Series A-1 Preferred Stock (the “Series A-1 Original Issue Date”) and Dividends on the Series A-2 Cumulative Redeemable Preferred Stock will accrue and be cumulative from and including the date of issuance of the Series A-2 Preferred Stock (the “Series A-2 Original Issue Date”). On and after the Conversion Date, the term “Original Issue Date”: (yy) for all shares, except the Converted Shares, shall mean the date such shares were originally purchased by the holder of such Series A Preferred Stock (or its predecessor in interest) from the Company; and (zz) for the Converted Shares, shall mean the Series A-1 Original Issue Date (for the Converted Shares that were formerly Series A-1 Cumulative Redeemable Preferred Stock) and the Series A-2 Original Issue Date (for the converted Shares that were formerly Series

A-2 Cumulative Redeemable Preferred Stock). However, the Board of Directors will not be required to declare dividends, and the holders of the Series A Preferred Stock will not be entitled to require payment of any such dividend.

(b)

(i) With respect to the Series A-1 Cumulative Redeemable Preferred Stock, from the Series A-1 Original Issue Date through October 15, 2023, dividends at the rate per annum of 6.5% on the sum of the Liquidation Value (defined below), and from and after October 16, 2023 through the Conversion Date, dividends at the per annum rate of 8.5% per annum on the Liquidation Value shall accrue on a daily basis in arrears on such shares of the Series A-1 Cumulative Redeemable Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Cumulative Redeemable Preferred Stock), and to the extent dividends are not paid on the 15th day of the first month of each calendar quarter in San Francisco, California (or if such day is not a Business Day, on the next succeeding Business Day), all accrued and unpaid dividends on any shares of the Series A-1 Cumulative Redeemable Preferred Stock shall accumulate and compound at 6.5% per annum on the 15th day of every October (starting in 2017) from the Series A-1 Original Issue Date through and including October 15, 2023, and at 8.5% per annum for the period commencing October 16, 2023 through the Conversion Date, or if such day is not a Business Day, on the next succeeding Business Day), in San Francisco, California, whether or not declared by the Board of Directors, and shall remain accumulated, compounding dividends until paid pursuant to this Certificate of Designations.

(ii) With respect to the Series A-2 Cumulative Redeemable Preferred Stock, from and after the Series A-2 Original Issue Date through the Conversion Date, dividends at the rate per annum of 6.5% on the sum of the Liquidation Value shall accrue on a daily basis in arrears on such shares of the Series A-2 Cumulative Redeemable Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-2 Cumulative Redeemable Preferred Stock), and to the extent dividends are not paid on the 15th day of the first month of each calendar quarter in San Francisco, California (or if such day is not a Business Day, on the next succeeding Business Day), all accrued and unpaid dividends on any shares of the Series A-2 Cumulative Redeemable Preferred Stock shall accumulate and compound at 6.5% per annum on the 15th day of every October (starting in 2017) (or if such day is not a Business Day, on the next succeeding Business Day), in San Francisco, California, whether or not declared by the Board of Directors, and shall remain accumulated, compounding dividends until paid pursuant to this Certificate of Designations.

(iii) Following the Conversion Date, dividends at the rate per annum of 8.35% on the Liquidation Value shall accrue on a daily basis in arrears on all shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock) and to the extent dividends are not paid on the 15th day of the first month of each calendar quarter in San Francisco, California, commencing January 15, 2025 (or if such day is not a Business Day, on the next succeeding Business Day), in San Francisco, California, whether or not declared by the Board of Directors, and shall remain accumulated, compounding dividends until paid pursuant to this Certificate of Designations.

(iv) The amount of any dividend payable on the Series A Preferred Stock for any full Dividend Period (as defined herein) or any partial Dividend Period shall be prorated and computed on the basis of a 365-day year (it being understood that the dividend paid to the holders of the Series A-1 Cumulative Redeemable Preferred Stock on January 16, 2017, payable to the holders of the Series A-2 Cumulative Redeemable Preferred Stock on January 15, 2018, and payable to the holders of the Series A Preferred Stock on January 15, 2025 may be for more or less than a full Dividend Period and for the Series A Preferred Stock will reflect dividends accumulated from the Original Issue Date of such shares (or the Conversion Date, in the case of the Converted Shares) through, and including, January 15, 2025. A "Dividend Period" shall mean the period from and including the Original Issue Date of such shares (or the Conversion Date, in the case of the Converted Shares) to and including the next Dividend Payment Date; provided that the Dividend Period following the Original Issue Date of the Series A Preferred Stock shall be the period from such Original Issue Date to January 15, 2025, or with respect to the Converted Shares, the period from the Conversion Date to January 15, 2025. The term "Dividend Period" shall also mean each subsequent period (i.e., each period after the Dividend Period ending January 15, 2025) from and excluding the previous Dividend Payment Date to and including the relevant Dividend

Dividends will be payable to holders of record as they appear in the stockholder records of the Company at the close of business on the applicable record date, which shall be the date designated by the Board of Directors as the record date for the payment of dividends that is not more than thirty (30) nor less than ten (10) days prior to the applicable Dividend Payment Date (each a "Dividend Record Date").

(c) Dividends on the Series A-1 Cumulative Redeemable Preferred Stock, the Series A-2 Cumulative Redeemable Preferred Stock and the Series A Preferred Stock (collectively, the "Preferred Stock") shall be cumulative and shall accrue whether or not (i) the Company has earnings, (ii) there are funds legally available for the payment of such dividends or (iii) such dividends are declared by the Board of Directors. Any dividend payment made shall first be credited against the earliest accrued but unpaid dividends due with respect thereto that remain payable. No interest or sum of money in lieu of interest shall be payable in respect of any dividend payment or payments on the Preferred Stock that may be cumulated and in arrears.

(d) No dividends on the Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Company at such time as the terms and provisions of any agreement of the Company, including any agreement relating to its indebtedness and any related waiver or amendment thereto, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment is restricted or prohibited by law.

(e) Except as provided in Section 3(f) below, unless all accrued and accumulated dividends on the Preferred Stock for all prior Dividend Periods and the then-current Dividend Period shall have been or are (i) declared and paid in cash or (ii) declared and a sum sufficient for the payment thereof in cash is set apart by the Company for such payment and is deposited in trust with an independent bank or trust company that is, or whose parent or other affiliate is, a member of the Federal Deposit Insurance Corporation having capital and surplus of not less than \$500,000,000 (an "Eligible Trustee"), (A) no dividends shall be declared by the Board of Directors or paid or set apart for payment by the Company on any of the Company's capital stock for any Dividend Period, (B) no distribution of cash or other property may be declared or made, directly or indirectly, on or with respect to any shares of the Company's common stock (the "Common Stock") or shares of any other class or series of the Company's capital stock ranking, as to dividends, on a parity with or junior to the Preferred Stock (other than a dividend paid in shares of Common Stock or in shares of any other class or series of the Company's capital stock ranking junior to the Preferred Stock as to (i) dividends and (ii) upon a Liquidation (defined below)) for any Dividend Period, and (C) no shares of Common Stock, or any other shares of the Company's capital stock ranking, as to dividends or upon a Liquidation, on a parity with, or junior to, the Preferred Stock, may be redeemed, purchased or otherwise acquired for any consideration (or any funds be paid to or made available for a sinking fund for the redemption or retirement, purchase or reduction of any such shares) by the Company (except by conversion into or exchange for other shares of capital stock of the Company

ranking junior to the Preferred Stock as to dividends and upon a Liquidation) for any Dividend Period.

(f) When dividends are not paid in full upon the Preferred Stock or any other series of preferred stock issued by the Company ranking on a parity as to dividends with the Preferred Stock, all dividends declared upon the Preferred Stock or any such other series of preferred stock issued by the Company ranking on a parity as to dividends with the Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of the Preferred Stock and such other series of preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Preferred Stock and such other series of preferred stock. ~~which shall not include any dividend in respect of unpaid~~

such other series of preferred stock (which shall not include any accrual in respect of unpaid dividends on such other series of preferred stock for prior dividend periods if such other series of preferred stock does not have a cumulative dividend) bear to each other.

(g) Dividends with respect to the Preferred Stock shall be of equal priority. All dividends paid with respect to shares of the Preferred Stock shall be paid pro rata to the holders of such shares entitled thereto. Holders of shares of the Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or shares of any class of capital stock (including the Preferred Stock), in excess of the full cumulative dividends on the Series A Preferred Stock as provided herein.

4. Liquidation Preference.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Company (a "Liquidation"), the holders of the Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution to its stockholders an amount in cash equal to a liquidation preference of \$20.00 per share of Preferred Stock, plus: (i) in the case of the Series A Preferred Stock all accrued and unpaid dividends (whether or not declared) compounding at 8.35% per annum from the Conversion Date up to and including the date of payment of such amount; (ii) in the case of the Series A-1 Cumulative Redeemable Preferred Stock, all accrued and unpaid dividends (whether or not declared) compounding at a rate of 6.5% per annum from the Series A-1 Original Issue Date through and including October 15, 2023, at a rate of 8.5% per annum up to and including the Conversion Date, and (iii) in the case of the Series A-2 Cumulative Redeemable Preferred Stock, all accrued and unpaid dividends (whether or not declared) compounding at a rate of 6.5% per annum up to and including the Conversion Date (the sum of the amounts in clauses 4(a)(i), 4(a)(ii) and 4(a)(iii) being hereinafter referred to as the "Liquidation Value"), after payment of all the Company's indebtedness and other obligations ranking senior under Delaware law, and before any distributions or payments are made to the holders of the Common Stock and any other equity securities ranking junior to the Preferred Stock. In the event that, upon a Liquidation, the available assets of the Company are insufficient to pay the amount of the liquidating distributions on all outstanding shares of the Preferred Stock and the corresponding amounts payable on all shares of other classes or series of the Company's capital stock ranking on a parity with the Preferred Stock in liquidation preference to which they would otherwise be respectively entitled, then the holders of the Preferred Stock and all other such classes or series of capital stock ranking on a parity with the Preferred Stock shall share ratably in any such

distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled upon such Liquidation if all amounts payable on or with respect to the shares of the Preferred Stock were paid in full, and the Company shall not make or agree to make any payments to the holders of any equity securities ranking junior to the Preferred Stock.

(b) In the event of a Liquidation, the Company shall, within ten (10) days after the date the Board of Directors approves such action, or no later than twenty (20) days after any stockholders' meeting called to approve such action, or within twenty (20) days of the commencement of any involuntary proceeding, whichever is earlier, give each record holder of Preferred Stock written notice of the proposed action by first class mail, postage paid, at the respective addresses of such holders as they appear on the stock transfer records of the Company. Such written notice shall describe the material terms and conditions of such proposed action, including a description of the cash to be received by the holders of Preferred Stock upon consummation of the proposed action and the payment date or dates and the place or places on and at which the amounts distributable as a result thereof shall be payable. If any material change in the facts set forth in the initial notice shall occur, the Company shall promptly give written notice to each record holder of Preferred Stock of such material change.

(c) After payment to the holders of Preferred Stock of the full liquidation amounts provided in this Section 4, the holders of Preferred Stock, as such, will have no right or claim to any of the remaining assets of the Company.

(d) Neither the sale, lease, transfer or conveyance of all or substantially all of the assets or business of the Company, nor the merger or consolidation of the Company with or into any other entity or the merger or consolidation of any other entity with or into the Company nor a statutory stock exchange by the Company if then permitted by the Act, shall be deemed to be a Liquidation for the purposes of this Section 4.

5. Redemption.

(a) Mandatory Redemption. The Preferred Stock has no stated maturity date; provided, however, that, subject to Section 5(b), the holders of at least two-thirds (2/3) of the Preferred Stock (a “Required Majority”) shall have the option to require the Company to redeem all or any portion of such stock (a “Mandatory Redemption”) for cash at the Liquidation Value (the “Redemption Price”) on ninety (90) days’ advance written notice delivered to the Company in accordance with Section 5(g)(i) upon the occurrence of any of the following events (each such event, a “Mandatory Redemption Event”):

(i) On September 27, 2031 (i.e., the seventh anniversary of the Conversion Date);

(ii) A material breach by the Company of the Series A Preferred Stock Purchase Agreement dated as of September 12, 2024 that is uncured on the date a Required Majority votes in favor of Mandatory Redemption, including breaches of representations and warranties contained in such Stock Purchase Agreement;

(iii) Charles Willis IV, Austin Willis and CFW Partners, L.P. (viewed collectively, as a single stockholder) cease to be the largest single stockholder (except as a result of a share transfer conducted between the Eligible Executive Officers). For the purpose of this Section 5, an Eligible Executive Officer shall mean person(s) satisfying all conditions that (x) the Company's president, any vice president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer of the Company who performs a policy making function or any other person who performs similar policy making functions for the Company, who has been served as such officer for more than 10 years as of the date of such transaction; and (y) such person is listed as an executive officer of the Company in the most recent proxy statement as of the date of such transaction which statement has been filed with the United States Securities and Exchange Commission;

(iv) if the Company's "surplus", as defined by Section 154 of the Act and determined in accordance with United States Generally Accepted Accounting Principles then in effect ("Surplus"), measured as of (w) the end of each of the Company's fiscal years, (x) the end of each six(6)-month period following the end of any fiscal year, (y) after payment of any dividend, or (z) the end of each calendar quarter after any repurchase or redemption by the Company of any capital stock, is less than the Liquidation Value;

(v) the Company (either individually or on a consolidated basis with its subsidiaries) incurs an operating loss or ordinary loss for two (2) consecutive fiscal years;

(vi) the Company undergoes a consolidation, merger, or sale of stock (other than with an Eligible Executive Officer) and the stockholders of the Company immediately prior to such transaction hold (beneficially) less than fifty percent (50%) of the issued and outstanding stock of the Company after giving effect to such transaction; and

(vii) whether in a single transaction or series of transactions, the Company or any of its Material Subsidiaries(as hereinafter defined) (x) sells, leases, transfers, delegates or otherwise disposes of more than 50% of its assets, based on the book value of its assets in the most recent audited financial statements; or (y) undergoes a consolidation, merger, share exchange, share transfer, assignment of the business or similar transaction involving more than 50% of the consolidated assets of the Company and all subsidiaries, based on the net book value of the consolidated assets of the Company and all subsidiaries in the most recent consolidated financial statements of the Company ("Consolidated Assets"), and (in the case of (x) or (y)), at least eighty percent(80%) of the net proceeds of such transaction are not used to repay indebtedness of the Company or reinvested in the Company's business. A "Material Subsidiary" shall mean a subsidiary or trust (other than a Service Entity) owning more than 50% of the Consolidated Assets For purposes of this Section 5(a)(vii) and Section 6(f), an "Service Entity" means:

(b) Notice of Redemption Event. If any of the Mandatory Redemption Events occur (other than item 5(a)(i)), the Company shall notify the holder(s) of the Series A Preferred Stock within five (5) Business Days of an Eligible Executive Officer of the Company becoming aware of such occurrence.

(c) Surplus Requirement. Notwithstanding Section 5(a), the number of shares of the Series A Preferred Stock that may be redeemed shall be limited to the Company's available Surplus.

(d) Redemption Date. Subject to Section 5(a), the Series A Preferred Stock will remain outstanding indefinitely, unless the Company decides to redeem them in accordance with this Certificate of Designations, or they are otherwise cancelled or exchanged. A Mandatory Redemption Event will be subject to limitations on redemptions under applicable Delaware corporate law, but shall otherwise be mandatory and not require approval of the Board of Directors.

(e) Noticed Redemption by Company. The Company may, at the Company's option with ninety (90) days' advance written notice delivered to the holders of the Series A Preferred Stock, redeem the Series A Preferred Stock, in whole, at any time and from time to time, on any Dividend Payment Date for cash at a price equal to the Redemption Price.

(f) Nothing in this Section 5 (except for the last clause of Section 5(g)(iii)) shall prevent or restrict the Company from purchasing, from time to time, either at a public or private sale, all or part of the shares of the Series A Preferred Stock at such price or prices as the Company may determine, subject to the provisions of applicable law.

(g) Procedures for Redemption.

(i) Written election of a Mandatory Redemption by a Required Majority (a "Redemption Election") may be mailed to the Company, postage paid, upon the occurrence of a Mandatory Redemption Event. Any Mandatory Redemption shall occur no more than 90 days following receipt by the Company of a Redemption Election. Promptly following receipt of a Redemption Election, but in no event more than ten (10) days, the Company shall send written notice (a "Redemption Notice") of its receipt of the Redemption Election to each holder of record of Series A Preferred Stock (for a Mandatory Redemption of such stock). In addition to any information required by law or by the applicable rules of any exchange or automated quotation system upon which the Series A Preferred Stock may be listed or admitted for quotation and trading, a Redemption Notice shall state: (A) the date of the closing of the redemption, which, pursuant to this Section 5(g)(i), shall be no later than 90 days following receipt by the Company of the Redemption Election (the applicable date, the "Redemption Date"); (B) the Redemption Price; (C) the number of shares of the Series A Preferred Stock to be

redeemed; (D) the manner and place or places at which certificates for such shares of the Series A Preferred Stock to be redeemed are to be surrendered for payment of the Redemption Price; and (E) that dividends on the shares of the Series A Preferred Stock to be redeemed will cease to accumulate on the applicable Redemption Date. Any redemption by the Company pursuant to Section 5(e) shall require, in addition to ninety (90) days' advance written notice: (i) with respect to redemption of shares of the Series A Preferred Stock, a notice to each record holder of shares of the Series A Preferred Stock at the respective addresses of such holders as they appear on the Company's stock transfer records stating the information listed in (A) through (E) above.

(ii) From and after the applicable Redemption Date (unless the Company defaults in the payment of the Redemption Price), dividends on the shares of the Series A Preferred Stock so called for redemption shall cease to accumulate, and said shares shall no longer be deemed to be outstanding and shall not have the status of the Series A Preferred Stock and all rights of the holders thereof, as such, (except the right to receive the Redemption Price) shall cease. Upon surrender, in accordance with a Redemption Notice, of the certificates for any shares of the Series A Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Company shall so require and the notice shall so state), or in the event the certificates are lost, stolen or missing, upon delivery of an affidavit of loss, such shares of the Series A Preferred Stock shall be redeemed by the Company at the Redemption Price by wire transfer to the holder of record of such certificate. In case fewer than all of the shares of the Series A Preferred Stock to be redeemed represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares of the Series A Preferred Stock without cost to the holder(s) thereof.

(iii) Unless full cumulative dividends on all shares of the Series A Preferred Stock have been or contemporaneously are declared and paid in cash or declared and a sum sufficient for the payment thereof in cash set aside for payment for all prior Dividend Periods and the then-current Dividend Period and deposited in trust with an Eligible Trustee, no Series A Preferred Stock shall be redeemed by the Company pursuant to Section 5(e) unless all outstanding shares of the Series A Preferred Stock are simultaneously redeemed and the Company shall not purchase or otherwise acquire, directly or indirectly, any shares of the Series A Preferred Stock; provided, however, the foregoing restrictions on redemptions and purchases shall not prevent the acquisition of the Series A Preferred Stock by the Company pursuant to an exchange offer made on the same terms to holders of all of the outstanding shares of the Series A Preferred Stock for shares of Company capital stock ranking on a parity with or junior to the Series A Preferred Stock.

(iv) If on any Redemption Date the Company's Surplus is less than the amount necessary to pay the full Redemption Price for the total number of shares of the Series A Preferred Stock to be redeemed pursuant to this Section 5, the Company shall (A) take all appropriate action reasonably within its means to maximize its Surplus available for paying the Redemption Price, (B) first use any

such Surplus to pay all accrued and unpaid dividends and then to call for redemption the maximum possible number of shares of the Series A Preferred Stock that it can redeem on such Redemption Date out of all such Surplus available therefor on such date, pro rata among the holders of the Series A Preferred Stock, based on the number of shares of the Series A Preferred Stock held by each holder (with any necessary adjustments to avoid fractional shares), or by any other equitable method that the Company may determine to use, and (C) following the applicable Redemption Date, at any time and from time to time when additional assets of the Company become legally available to redeem the remaining the Series A Preferred Stock, the Company shall promptly notify the holders of the Series A Preferred Stock and such holders may then mail a Redemption Election to the Company. If fewer than all the shares of the Series A Preferred Stock represented by any share certificate are to be so redeemed, the Company shall issue a new certificate for the shares not redeemed without cost to the holder(s) thereof.

(v) All shares of the Series A Preferred Stock redeemed or repurchased pursuant to this Section 5 shall be retired and shall be restored to the status of authorized but unissued shares of the Series A Preferred Stock.

(n) Irrevocable Redemption Right. In the event of a Mandatory Redemption Event pursuant to Sections 5(a), a Required Majority shall have an irrevocable option, at any time and from time to time, to require the Company to redeem all or any portion of the Series A Preferred Stock pursuant to this Section 5 until all of the shares of Series A Preferred Stock are redeemed.

6. Voting Rights and Protective Provisions.

(a) Holders of the Series A Preferred Stock shall not have any voting rights, except as provided by applicable law and as set forth in this Section 6.

(b) Whenever dividends on any shares of the Series A Preferred Stock are in arrears for an aggregate of six (6) or more Dividend Periods (whether consecutive or non-consecutive) and remain unpaid (a "Preferred Dividend Default"), the holders of the Series A Preferred Stock (voting separately as a class with all other holders of the Series A Preferred Stock and holders of all other series of the Company's preferred stock upon which like voting rights have been conferred) will be entitled to elect by majority vote a total of two (2) additional directors of the Company (the "Preferred Directors") to serve on the Board of Directors (which, without the consent of a Required Majority, will not exceed seven (7) directors in total) until all unpaid dividends on the Series A Preferred Stock have been paid.

(c) Election of directors that are authorized pursuant to Section 6(b) shall be conducted at a special meeting called by the holders of record of at least twenty-five percent (25%) of the Series A Preferred Stock (unless such request is received less than ninety (90) days before the date fixed for the next annual or special meeting of the Company's stockholders) and otherwise at the next annual meeting of stockholders, and at each subsequent annual meeting of stockholders until all dividends accumulated on such Series

A Preferred Stock for the prior Dividend Periods and the then-current Dividend Period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment and deposited in trust with an Eligible Trustee. In such case, the entire Board of Directors of the Company will be increased by two (2) directors. So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Director may be filled by written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series A Preferred Stock when they have the voting rights described above (voting separately as a class with all other series of preferred stock of the Company upon which like voting rights have been conferred or are exercisable).

(d) If and when all accumulated dividends and the dividends for the then-current Dividend Period on the Series A Preferred Stock shall have been paid in full or a sum sufficient has been authorized and set aside and deposited in trust with an Eligible Trustee for payment in full of all accrued and unpaid dividends, the holders of shares of the Series A Preferred Stock shall be divested of the voting rights set forth in clause (b) above (subject to vesting in the event of each and every future Preferred Dividend Default) and, if all accumulated dividends and the dividends for the then-current Dividend Period have been paid in full, the term of office of each Preferred Director so elected shall terminate and the size of the Board of Directors shall be immediately decreased by two (2) directors. Any Preferred Director may be removed at any time, with or without cause, by the vote of, the holders of a majority of the outstanding Series A Preferred Stock when they have the voting rights set forth in clause (b) above.

(e) Subject to Section 13, changes to the terms of the Series A Preferred Stock (other than non-substantive clarifications), shall be effective only upon vote of the Board of Directors and the affirmative vote of at least a Required Majority.

(f) So long as any shares of the Series A Preferred Stock remain outstanding, whether in a single transaction or a series of transactions, the Company shall not, and shall cause the Service Entities not to, without the affirmative vote or consent of the holders of a Required Majority, (i) sell, lease, transfer, delegate or otherwise dispose of any asset of Service Entities (except for those transactions in ordinary course of its business); or (ii) undergo a consolidation, merger, share exchange, share transfer, assignment of the business or similar transaction of any of Service Entities, except in the event that the Service Entity is the acquiring entity;

(g) So long as any shares of the Series A Preferred Stock remain outstanding, the Company shall not, without the affirmative vote or consent of the holders of a Required Majority, (i) authorize or create, or increase the authorized or issued amount of, any other class or series of shares of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon a Liquidation or reclassify any authorized shares of capital stock of the Company into such capital stock, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock ranking senior in priority to the Series A Preferred Stock; (ii) authorize or create, or increase the authorized or issued amount of, any other class or series of shares of capital stock that ranks pari passu to the Series A

Liquidation or reclassify any authorized shares of capital stock of the Company into such capital stock; (iii) authorize or create, or increase the authorized or issued amount of, any additional shares of the Series A Preferred Stock; or (iv) amend, alter or repeal the provisions of the Certificate of Incorporation, this Certificate of Designations, the by-laws of the Company or any other document similar to the foregoing, whether by merger, consolidation, transfer or conveyance of substantially all of its assets, or otherwise so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock or the holders thereof (each such event specified in clauses (i), (ii), (iii) and (iv), an "Event"); provided, however, with respect to the occurrence of any of the Events set forth in clause (iv) of this Section 6(f) above, so long as any shares of the Series A Preferred Stock remain outstanding or are converted into securities of the surviving entity, in each case with terms, including rights, preferences, privileges and voting or other powers that are substantially similar in all material respects to the shares of the Series A Preferred Stock, taking into account that, upon the occurrence of an Event, the Company may not be the surviving entity, the occurrence of such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting or other powers of holders of the Series A Preferred Stock; provided, further that (A) the creation or issuance of any other class or series of capital stock of the Company ranking junior to the Series A Preferred Stock with respect to the payment of dividends or the distribution of assets upon a Liquidation, and (B) the creation or issuance of indebtedness or debt securities, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers and the holders of the Series A Preferred Stock shall have no right to vote on any such increase, creation or issuance.

(h) On each matter submitted to a vote of the holders of the Series A Preferred Stock in accordance with this Section 6, or as otherwise required by law, each share of the Series A Preferred Stock shall be entitled to one (1) vote, except that when any other series of preferred stock of the Company shall have the right to vote with the Series A Preferred Stock as a single class on any matter, the Series A Preferred Stock and such other series shall have with respect to such matters, one vote per each \$20.00 of Liquidation Value. With respect to each share of the Series A Preferred Stock, the holder thereof may designate a proxy, with each such proxy having the right to vote on behalf of the holder.

7. **Restrictions on Transfer.** The Series A Preferred Stock shall be issued for long-term investment purposes only. The holders of the Series A Preferred Stock may not transfer all or any part of the Series A Preferred Stock; provided, however, that such holders may assign part or all of the Series A Preferred Stock with the consent of the Company or after ninety (90) days after any Mandatory Redemption Event under Section 5(a) shall have occurred.

8. **Ranking.** In respect of rights to the payment of dividends and the distribution of assets in the event of a Liquidation, the Series A Preferred Stock shall rank: (i) senior to the Common Stock and to any other class or series of Company's preferred stock outstanding from time to time. For purposes of this Section 8, debt securities of the Company that are convertible into or exchangeable for shares of capital stock of the Company or any other debt securities of the Company shall not constitute a class or series of capital stock of the Company until such time as they are converted into capital stock.

9. **Headings.** The headings hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

10. **Severability of Provisions.** If any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock set forth in the Certificate of Incorporation or this Certificate of Designations are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock set forth in the Certificate of Incorporation and this Certificate of Designations that can be given effect without giving effect to the invalid, unlawful

Certificate of Designations that can be given effect without giving effect to the invalid, unenforceable provision shall, nevertheless, remain in full force and effect and no preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock herein or therein set forth shall be deemed dependent upon any other provision hereof or thereof unless so expressed herein or therein.

11. No Preemptive Rights. No holder of the Series A Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of Company capital stock (whether now or hereafter authorized) or securities of the Company convertible into or carrying a right to subscribe to or acquire shares of Company capital stock.

12. Notices. Except as otherwise provided herein, all notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by an internationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day of the recipient if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage paid. Such communications must be sent (a) to the Company, at its principal executive offices and (b) to any holder of the Series A Preferred Stock, at such holder's address at it appears in the stock transfer records of the Company (or at such other address as shall be specified in a notice given in accordance with this Section 12).

13. Amendment; Waiver. No provision of this Certificate of Designation may be amended, modified or waived except by an instrument in writing executed by the Company and a Required Majority, and any such written amendment, modification or waiver shall be binding on the Company and each holder of the Series A Preferred Stock. No amendment, modification or waiver of the terms or relative priorities of the Series A Preferred Stock may be accomplished by the merger, consolidation or other transaction of the Company with another company or entity unless the Company has obtained the prior written consent of a Required Majority in accordance with this Section 13.

[Remainder of page left blank]

IN WITNESS WHEREOF, Willis Lease Finance Corporation has authorized and caused this Certificate of Designations to be executed by its Chief Executive Officer and attested to by its Corporate Secretary, as of this ____th day of September, 2024.

WILLIS LEASE FINANCE CORPORATION

By: _____
Chief Executive Officer

Attest:

By: _____
Corporate Secretary

EXHIBIT B
BYLAWS

(See Attached)

EXHIBIT B TO SERIES A PREFERRED STOCK PURCHASE AGREEMENT

167651603.8

[Conformed]

BYLAWS
OF
WILLIS LEASE FINANCE CORPORATION
(a Delaware corporation)

Dated as of April 18, 2001

Amended as of November 13, 2001

Further Amended as of December 16, 2008

Further Amended as of September 28, 2010

Further Amended as of August 5, 2013

Further Amended as of October 7, 2016

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BYLAWS
OF
WILLIS LEASE FINANCE CORPORATION
(a Delaware corporation)

ARTICLE I.

Offices

SECTION 1.01 Registered Office. The registered office of Willis Lease Finance Corporation (hereinafter called the Corporation) in the State of Delaware shall be at 9 East Loockerman Street, City of Dover, County of Kent, and the name of the registered agent in charge thereof shall be National Registered Agents, Inc.

SECTION 1.02 Other Offices. The Corporation may also have an office or offices at such other place or places, either within or without the State of Delaware, as the Board of Directors (hereinafter called the Board) may from time to time determine or as the business of the Corporation may require.

ARTICLE II.

Meetings of Stockholders

SECTION 2.01 Annual Meetings. Annual meetings of the stockholders of the Corporation for the purpose of electing directors to succeed those whose terms expire and for the transaction of such other proper business as may properly come before such meetings may be held at such time, date and place as the Board shall determine by resolution.

SECTION 2.02 Special Meetings. Special meetings of the stockholders for the transaction of any proper business, unless otherwise prescribed by statute, may be called only in accordance with Article XI of the Corporation's Certificate of Incorporation as it may be amended from time to time (the "Certificate of Incorporation").

SECTION 2.03 Place of Meetings. All meetings of the stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be designated by the person or persons calling the respective meeting and specified in the respective notices or waivers of notice thereof. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the Corporation.

SECTION 2.04 Notice of Meetings. Except as otherwise required by law, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a typewritten or printed notice thereof to him personally, or by depositing such notice in the United States mail, in a postage prepaid envelope, directed to him at his post office address furnished by him to the Corporate Secretary of the Corporation for such purpose or, if he shall not have furnished to the Corporate Secretary his address for such purpose, then at his post office address last known to the Corporate

..... Except as otherwise expressly required by law, no publication of any notice of a meeting of the stockholders shall be required. Every notice of a meeting of the stockholders shall state the place, date and hour of the meeting, and, in the case of a special meeting, shall also state the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall have waived such notice and such notice shall be deemed waived by any stockholder who shall attend such meeting in person or by proxy, except a stockholder who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise expressly required by law, notice of any adjourned meeting of the stockholders need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 2.05 Quorum. Except where otherwise provided by law, the holders of record of a majority of the shares of stock of the Corporation entitled to be voted thereat, present in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders of the Corporation or any adjournment thereof. For purposes of the foregoing, two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum at any meeting or any adjournment thereof, a majority of the shares of stock of the Corporation present in person or by proxy and entitled to vote thereat or, in the absence therefrom of all the stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.06 Voting.

(a) Each stockholder shall, at each meeting of the stockholders, be entitled to vote in person or by proxy for each share or fractional share of the stock of the Corporation held by him which has voting power upon the matter in question.

(b) Any such voting rights may be exercised by the stockholder entitled thereto in person or by his proxy appointed by an instrument in writing or by any other secure means permitted by law, including telephonic and electronic transmission, subscribed by such stockholder or by his attorney thereunto authorized and delivered to the secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after eleven months from its date unless said proxy shall provide for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless he shall in writing so notify the secretary of the meeting prior to the voting of the proxy. At any meeting of the stockholders, all matters, except as otherwise provided in the Certificate of Incorporation or in these Bylaws, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat and thereon, a quorum being present. The vote at any meeting of the stockholders on any question need not be by ballot, unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy shall so determine. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and it shall state the number of shares voted.

(c) Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors in such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes. Persons holding stock of the Corporation in a fiduciary capacity shall be entitled to vote such stock. Persons whose stock is pledged shall be entitled to

vote, unless in the transfer by the pledgor on the books of the Corporation he shall have expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent such stock and vote thereon. Stock having voting power standing of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants in common, tenants by entirety or otherwise, or with respect to which two or more persons have the same fiduciary relationship, shall be voted in accordance with the provisions of the General Corporation Law of the State of Delaware.

SECTION 2.07 Fixing Date for Determination of Stockholders of Record.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in

respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held; and (2) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board may fix a new record date for the adjourned meeting. When a record date is so fixed, only shareholders of record at the close of business on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date. The Board may close the books of the Corporation against transfers of shares during the whole or any part of a period of not more than sixty (60) days prior to the date of a shareholders' meeting, the date when the right to any dividend, distribution, or allotment of rights vests, or the effective date of any change, conversion or exchange of shares.

SECTION 2.08 List of Stockholders Entitled to Vote. The Corporate Secretary of the Corporation shall prepare and make, or cause to be prepared and made, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 2.09 Judges. If at any meeting of the stockholders a vote by written ballot shall be taken on any question, the chairman of such meeting may appoint a judge or judges to act with respect to such vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of his ability. Such judges shall decide upon the qualification of the voters and shall report the number of shares represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and, when the voting is completed, shall ascertain and report the number of shares voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Corporate Secretary of the Corporation. The judges need not be stockholders of the Corporation, and any officer of the Corporation may

be a judge on any question other than a vote for or against a proposal in which he shall have a material interest.

SECTION 2.10 Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders may be made at an annual meeting of the stockholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Bylaw, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Bylaw.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Bylaw, the stockholder must have given timely notice thereof in writing, in conformance with the requirements of this Bylaw, to the Corporate Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Corporate Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the

annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation which are beneficially owned by such person, (iv) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and (v) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the "1934 Act") (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and (b) as to any other business that the stockholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting, (ii) the reasons for conducting such business at the meeting, (iii) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made and (iv) any other information which is required to be disclosed in solicitations of proxies on behalf of any such business, and specifically, any such information called for by Items 4 and 5 of Regulation 14A under the 1934 Act regarding such other business, the proponent of such other business and any associates or persons who would be deemed "participants" under Regulation 14A were the proponent soliciting proxies on behalf of such other business. All such notices shall include (i) a representation that the person sending the notice is a shareholder of record and will remain such through the record date for the meeting, (ii) the name and address, as they appear on the Corporation's books, of such shareholder, (iii) the class and number of the Corporation's shares which are owned beneficially and of record by such shareholder, and (iv) a representation that such shareholder intends to appear in person or by proxy at such meeting to make the nomination or move the consideration of other business set forth in the notice.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Bylaw to the contrary, in the event that the number of directors to the Board is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Corporate Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Bylaw, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Bylaw. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (A)(2) of this Bylaw shall be delivered to the Corporate Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(C) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Bylaw shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Bylaw. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall, if the facts warrant, determine and declare at the meeting that business or a nomination is not properly before the meeting and, if he should so determine, the defective business shall not be transacted and the defective nomination shall be disregarded.

(2) For purposes of this Bylaw, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all the applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw. Nothing in this Bylaw shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act or (ii) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

Board of Directors

SECTION 3.01 General Powers. The property, business and affairs of the Corporation shall be managed by the Board.

SECTION 3.02 Number and Term of Office. The authorized number of directors shall be seven (7), and such number shall not be changed except by a Bylaw amending this section duly adopted by the Board or duly adopted by the stockholders pursuant to the terms of Article IX of the Certificate of Incorporation. Directors need not be stockholders. Each of the directors of the Corporation shall hold office until his successor shall have been duly elected and shall qualify or until he shall resign, die, become disqualified or disabled or shall otherwise be removed in the manner hereinafter provided.

SECTION 3.03 Election of Directors. The directors shall be elected annually by the stockholders of the Corporation and the persons receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors. The election of directors is subject to any provisions contained in the Certificate of Incorporation relating thereto, including any provisions for a classified Board.

SECTION 3.04 Resignations. Any director of the Corporation may resign at any time by giving written notice to the Board, the Chairman of the Board, the President or the Corporate Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time is not specified, it shall take effect immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.05 Removal. Any director or the entire Board may be removed, with cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

SECTION 3.06 Vacancies. Except as otherwise provided in the Certificate of Incorporation and except for a vacancy created by the removal of a director, any vacancy in the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or otherwise, may be filled by vote of the majority of the remaining directors, although less than a quorum. Vacancies created by the removal of a director may be filled only by the affirmative vote of the holders of a majority of the outstanding stock then entitled to vote at an election of directors. Each director so chosen to fill a vacancy shall hold office until his successor shall have been elected and shall qualify or until he shall resign, die, become disqualified or disabled or shall otherwise be removed in the manner herein provided.

SECTION 3.07 Place of Meeting, Etc. The Board may hold any of its meetings at such place or places within or without the State of Delaware as the Board may from time to time by resolution designate or as shall be designated by the person or persons calling the meeting or in the notice or a waiver of notice of any such meeting. Directors may participate in any regular or special meeting of the Board by means of conference telephone or similar communications equipment pursuant to which all persons participating in the meeting of the Board can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 3.08 Regular Meetings. A regular annual meeting of the Board shall be held without any further notice immediately after, and at the same place as, the annual

meeting of shareholders. The Board may provide for other regular meetings from time to time by resolution. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour and place on the next succeeding business day that is not a legal holiday. Except as provided by law, notice of regular meetings need not be given.

SECTION 3.09 Special Meetings. Special meetings of the Board shall be held whenever called by the Chairman of the Board, the President, any Vice President, the Corporate Secretary or any two (2) directors. Except as otherwise provided by law or by these Bylaws, notice of the time and place of each such special meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least five (5) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph.

cable, facsimile or email or be delivered personally not less than forty-eight (48) hours before the time at which the meeting is to be held. Except where otherwise required by law or by these Bylaws, notice of the purpose of a special meeting need not be given. Notice of any meeting of the Board shall not be required to be given to any director who signs a waiver of notice, whether before or after the meeting, or who attends the meeting, without protesting prior thereto or at its commencement, the lack of notice to such director.

SECTION 3.10 Quorum and Manner of Acting. Except as otherwise provided in these Bylaws, the presence of a majority of the authorized number of directors shall be required to constitute a quorum for the transaction of business at any meeting of the Board, and all matters shall be decided at any such meeting, a quorum being present, by the affirmative votes of a majority of the directors present. In the absence of a quorum, a majority of directors present at any meeting may adjourn the same from time to time until a quorum shall be present. If a meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the reconvened meeting to the directors who were not present at the time of adjournment. The directors shall act only as a Board, and the individual directors shall have no power as such. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

SECTION 3.11 Organization. Meetings of the Board shall be presided over by the Chairman of the Board, or in his absence by the President, or in his absence by the Chief Administrative Officer, or in his absence by the Chief Financial Officer, or in his absence by a Vice President, or in their absence by a chairman chosen at the meeting. The Corporate Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 3.12 Action by Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

SECTION 3.13 Compensation. The directors shall receive only such compensation for their services as directors as may be allowed by resolution of the Board. The Board may also provide that the Corporation shall reimburse each such director for any expense incurred by him on account of his attendance at any meetings of the Board or Committees of the Board. Neither the payment of such compensation nor the reimbursement of such expenses shall be construed to preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

SECTION 3.14 Committees. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one (1) or more of the directors of the Corporation and to serve at the pleasure of the Board. Any such committee, to the extent provided in the resolution of the Board and except as otherwise limited by law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, removing or indemnifying directors or amending these Bylaws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of the stock. Any such committee shall keep written minutes of its meetings and report the same to the Board at the next regular meeting of the Board. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

SECTION 3.15 Qualification Requirement for Directors. No person shall be qualified to be elected to, or appointed to fill a vacancy on, the Board during the pendency of a Business Combination transaction (as defined in Article VIII of the Certificate of Incorporation).

BUSINESS COMBINATION TRANSACTION (as defined in Article XIII of the Certificate of Incorporation) if such person is, or (in the case of a person described in clause (i), (ii) or (iii) below) was within the two years preceding the date of such election or appointment: (i) an officer, director, employee or affiliate (as such term is defined in Rule 12b-2 of the General Rules and Regulations under the 1934 Act) of a party to such transaction (an "Interested Party") or of any affiliate of an Interested Party; (ii) an agent subject to the direction of an Interested Party; (iii) a consultant or advisor to an Interested Party; (iv) a person having a material financial interest in the transaction (other than through the ownership of stock or securities of the Corporation); or (v) a person having any business, financial, or familial relationship with any person referred to in clauses (i)-(iv) above that would reasonably be expected to affect such person's judgment in a manner adverse to the Corporation. A person shall not be disqualified from election or appointment to the Board by reason of this Section 3.15 solely because such person is a director or officer of the Corporation who receives normal and customary compensation as such and/or is a stockholder or affiliate of the Corporation.

A Business Combination shall be deemed pending for purposes of this Section 3.15 commencing on the date any offer or proposal for such transaction shall be made and until such time as the proposed transaction is abandoned or until such time as: (i) the party proposing such transaction shall have acquired beneficial ownership, as defined above, of 50% or more of the Corporation's outstanding voting stock; and (ii) 10 business days shall have elapsed thereafter.

ARTICLE IV.

Officers

SECTION 4.01 Number. The officers of the Corporation shall be a Chairman of the Board, a President, a Chief Financial Officer, one or more Vice Presidents (the number thereof and their respective titles to be determined by the Board), and a Corporate Secretary. In addition, the Board may appoint such other officers as may be deemed expedient

for the proper conduct of the business of the Corporation, each of whom shall have such authority and perform such duties as the Board may from time to time determine.

SECTION 4.02 Election, Term of Office and Qualifications. The officers of the Corporation, except such officers as may be appointed in accordance with Section 4.03, shall be chosen annually at the regular meeting of the Board held after the annual meeting of shareholders and shall serve at the pleasure of the Board. If officers are not chosen at such meeting of the Board, they shall be chosen as soon thereafter as shall be convenient. Each officer shall hold office until his successor shall have been duly chosen and shall qualify or until his resignation, death, disqualification or removal in the manner hereinafter provided.

SECTION 4.03 Assistants, Agents and Employees, Etc. In addition to the officers specified in Section 4.01, the Board may appoint other assistants, agents and employees as it may deem necessary or advisable, including one or more Assistant Secretaries, and one or more Assistant Financial Officers, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine. The Board may delegate to any officer of the Corporation or any committee of the Board the power to appoint, remove and prescribe the duties of any such assistants, agents or employees.

SECTION 4.04 Removal. Any officer, assistant, agent or employee of the Corporation may be removed, with or without cause, at any time: (i) in the case of an officer, assistant, agent or employee appointed by the Board, only by resolution of the Board; and (ii) in the case of an officer, assistant, agent or employee, by any officer of the Corporation or committee of the Board upon whom or which such power of removal may be conferred by the Board.

SECTION 4.05 Resignations. Any officer or assistant may resign at any time by giving written notice of his resignation to the Board, the Chairman of the Board, the President or the Corporate Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof by the Board, the Chairman of the Board, the President or the Corporate Secretary, as the case may be; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.06 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or other cause, may be filled by the Board for the unexpired portion of the term thereof.

SECTION 4.07 Inability to Act. In the case of absence or inability to act of any officer of the Corporation, the Board may from time to time delegate the powers or duties of such officer to any other officer, or any director or other person whom it may select.

SECTION 4.08 The Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board.

SECTION 4.09 The Chief Executive Officer. The Chief Executive Officer, subject to the control of the Board, shall preside at all meetings shareholders, shall have the general charge of the business and affairs of the Corporation and shall oversee the management of the Corporation. If the offices of the Chief Executive Officer and Chairman are separate, in the absence of the Chairman or if designated to do so by the Board, the Chief Executive Officer shall exercise the powers and perform the duties of the Chairman or designate the executive officers of the Corporation by whom such powers shall be exercised and duties performed. The Chief Executive Officer shall see to it that all resolutions and orders of the Board are carried into effect and shall have full power of delegation in so doing. The Chief Executive Officer shall make

reports to the Board and shareholders and shall have such other powers and perform such other duties as the Board or these Bylaws may, from time to time, prescribe.

SECTION 4.10 The President. The President of the Corporation shall, subject to the control of the Board and the Chief Executive Officer, have general and active supervision and management over the business of the Corporation and over its several officers, assistants, agents and employees, shall make reports to the Board and shareholders, and shall perform all such other duties as are incident to such office or are properly required by the Board or the Chief Executive Officer.

SECTION 4.11 The Chief Financial Officer. The Chief Financial Officer shall have the general care and custody of the funds and securities of the Corporation, and shall deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board, and shall keep regular books of account. He shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever. He shall exercise general supervision over expenditures and disbursements made by officers, agents and employees of the Corporation and the preparation of such records and reports in connection therewith as may be necessary or desirable. He shall, in general, perform all other duties incident to the office of Chief Financial Officer and such other duties as from time to time may be properly assigned to him by the Board or the President.

SECTION 4.12 The Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board or the President may from time to time properly prescribe. At the request of the President, or in case of the President's absence or inability to act upon the request of the Board, a Vice President shall perform the duties of the President and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President.

SECTION 4.13 The Corporate Secretary. The Corporate Secretary shall, if present, record the proceedings of all meetings of the Board, of the stockholders, and of all committees of which a secretary shall not have been appointed, in one or more books provided for that purpose; he shall see that all notices are duly given in accordance with these Bylaws and as required by law; and, in general, he shall perform all the duties incident to the office of Corporate Secretary and such other duties as may from time to time be properly assigned to him by the Board or the President.

SECTION 4.14 Compensation. The compensation of the officers of the Corporation shall be fixed from time to time by the Board. None of such officers shall be prevented from receiving such compensation by reason of the fact that he is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary corporation, in any other capacity and receiving proper compensation therefor.

ARTICLE V.

Contracts, Checks, Drafts, Bank Accounts, Etc.

SECTION 5.01 Execution of Contracts. The Board, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board or by these Bylaws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

SECTION 5.02 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

SECTION 5.03 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the Chairman of the Board, the President, the Chief Financial Officer or any Vice President (or any other officer or

officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation who shall from time to time be determined by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

SECTION 5.04 General and Special Bank Accounts. The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

ARTICLE VI.

Shares and Their Transfer

SECTION 6.01 Certificates for Stock. Every owner of stock of the Corporation shall be entitled to have a certificate or certificates, to be in such form as the Board shall prescribe, certifying the number and class of shares of the stock of the Corporation owned by him. The certificates representing shares of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chairman of the Board or the President or a Vice President, and by the Chief Financial Officer or the Corporate Secretary or an Assistant Secretary. Any or all of the signatures on the certificates may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any such certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature shall have been placed thereupon, were such officer, transfer agent or registrar at the date of issue. A record shall be kept of the respective names of the persons, firms or corporations owning the stock represented by such certificates, the number and class of shares represented by such certificates, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to the Corporation for exchange or transfer shall be canceled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so canceled, except in cases provided for in Section 6.04.

SECTION 6.02 Transfers of Stock. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Corporate Secretary, or with a transfer clerk or a transfer agent appointed as provided in

Section 6.03, and upon surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be so expressed in the entry of transfer if, when the certificate or certificates shall be presented to the Corporation for transfer, both the transferor and the transferee request the Corporation to do so.

SECTION 6.03 Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificates for shares of the stock of the Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

SECTION 6.04 Lost, Stolen, Destroyed, and Mutilated Certificates. In any case of loss, theft, destruction, or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, theft, destruction, or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sum as the Board may direct; provided, however, that a new certificate may be issued without requiring any bond when, in the judgment of the Board, it is proper so to do.

ARTICLE VII.

Indemnification

SECTION 7.01

Indemnification. Subject to any limitation which may be contained in the Certificate of Incorporation and the other provisions of this Article VII, the Corporation shall to the full extent permitted by law, including, without limitation, Delaware General Corporation Law § 145, as such law or Section now exists or shall hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), indemnify any person who was, is or is threatened to be made a party, a named defendant or respondent to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, arbitral, administrative, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, because such person is or was a director, officer employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorneys' fees) actually incurred by such person in connection with such action, suit, or proceeding; provided, however, that, except as provided in Section 7.03 of this Article VII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if (i) such indemnification is expressly required to be made by law, (ii) the proceeding was expressly authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law or (iv) such indemnification is required to be made under subsection Section 7.03 of this Article VII. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that an individual did not act in good faith and in a manner which he reasonably

believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 7.02 Expenses. Subject to any limitation which may be contained in the Certificate of Incorporation, the Corporation shall, to the full extent permitted by law, including, without limitation, § 145 of the Delaware General Corporation Law, as such law or Section now exists or shall hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), pay or reimburse on a current basis the expenses incurred by any person described in Section 7.01 in connection with any such action, suit, or proceeding in advance of the final disposition thereof, if the Corporation has received (i) a written affirmation by the recipient of his good faith belief that he has met the standard of conduct necessary for indemnification under the Delaware General Corporation Law and (ii) a written undertaking by or on behalf of such director or officer to repay the amount paid or reimbursed if it is ultimately determined that he has not satisfied such standard of conduct or if indemnification is prohibited by law.

SECTION 7.03 Right of Indemnitee to Bring Suit. If a claim under Sections 7.01 or 7.02 of this Article VII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the fullest extent permitted by law, if successful in whole or in part in any such suit, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the indemnitee to enforce a right to indemnification hereunder it shall be a defense that the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification hereunder, the burden of proving that the indemnitee is not entitled to be indemnified, under this Article VII or otherwise shall be on the Corporation.

SECTION 7.04 Other Rights and Remedies. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. The rights provided in this Article VII shall be deemed to be provided by a contract between the Corporation and the individuals who serve in the capacities described in Section 7.01 at any time while these bylaws are in effect, and no repeal or modification of this Article VII by the stockholders shall adversely affect any right of any person otherwise entitled to indemnification by virtue of this Article VII at the time of such repeal or modification.

SECTION 7.05 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee

or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising

against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article.

SECTION 7.06 Constituent Corporations. For the purposes of this Article, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as such person would if such person had served the resulting or surviving corporation in the same capacity."

ARTICLE VIII.

Miscellaneous

SECTION 8.01 Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of December.

SECTION 8.02 Waiver of Notices. Whenever notice is required to be given by these Bylaws or the Certificate of Incorporation or by law, the person entitled to said notice may waive such notice in writing, either before or after the time stated therein, and such waiver shall be deemed equivalent to notice.

SECTION 8.03 Seal. The Corporation may have a corporate seal which shall have the name of the Corporation and shall be in such form as may be approved from time to time by the Board. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 8.04 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

SECTION 8.05 Amendments. These Bylaws may be amended only in accordance with Article IX of the Corporation's Certificate of Incorporation.

SECTION 8.06 Representation of Shares in Other Corporations. Shares of other corporations standing in the name of this Corporation may be voted or represented and all incidents thereto may be exercised on behalf of the Corporation by the Chairman of the Board, the President or any Vice President and the Chief Financial Officer or the Corporate Secretary or an Assistant Secretary.

SECTION 8.07 Forum for Adjustment of Disputes. Unless the Corporation consents in writing to the selection of an alternate forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of

the Delaware's General Corporation Law, or (d) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section.

SECTION 8.08 Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

SECTION 8.09 Pronouns. All pronouns used in these Bylaws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

Delaware

The First State

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*I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF DESIGNATION OF "WILLIS LEASE FINANCE
CORPORATION", FILED IN THIS OFFICE ON THE SEVENTEENTH DAY OF
SEPTEMBER, A.D. 2024, AT 7:47 O'CLOCK P.M.*



2870540 8100
SR# 20243724113

You may verify this certificate online at corp.delaware.gov/authver.shtml



Jeffrey W. Bullock, Secretary of State

Authentication: 204425056
Date: 09-18-24

**THIRD AMENDED AND RESTATED CERTIFICATE OF DESIGNATIONS,
PREFERENCES,
AND RELATIVE RIGHTS AND LIMITATIONS
OF
SERIES A PREFERRED STOCK**

Willis Lease Finance Corporation (the “*Company*”), a corporation organized and existing under the Delaware General Corporation Law (the “*Act*”), hereby certifies that the following resolutions were duly adopted by the Company’s Board of Directors (the “*Board of Directors*”) as of September 12, 2024 pursuant to Section 151(g) of the Act and this Third Amended and Restated Certificate of Designations (this “*Certificate of Designations*”), in its final form, was approved by the Board of Directors on September 12, 2024:

RESOLVED, that, pursuant to the authority conferred upon the Board of Directors by the Company’s Certificate of Incorporation, as amended (the “*Certificate of Incorporation*”), and Section 151(g) of the Act, the Board of Directors amended and restated the Company’s Certificate of Designations, Preferences, and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock, and pursuant to a Second Amended and Restated Certificate of Designations, Preferences, and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock, filed on September 25, 2017 with the Secretary of State of the State of Delaware as amended pursuant to the First Amendment to Second Amended and Restated Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Cumulative Redeemable Preferred Stock filed on September 28, 2023 with the Secretary of State of Delaware, (collectively, the “*2023 Series A Designation*”), the Company has issued 1,000,000 shares of Company’s 8.5% Series A-1 Cumulative Redeemable Preferred Stock, \$0.01 par value per share and 1,500,000 shares of the Company’s 6.5% Series A-2 Cumulative Preferred Stock, \$0.01 par value per share.

RESOLVED FURTHER, that this amendment and restatement of the 2023 Series A Designation as set forth in this Certificate of Designations has been approved by the holders of all shares of the Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock issued pursuant to the 2023 Series A Designation.

RESOLVED FURTHER, as of September 27, 2024 (the “*Conversion Date*”), the Board amends and restates the 2023 Series A Designation in its entirety to re-designate both the Series A-1 Cumulative Redeemable Preferred Stock and the Series A-2 Cumulative Redeemable Preferred Stock as “Series A Preferred Stock.”

RESOLVED FURTHER, as of the Conversion Date, the Board amends and restates the 2023 Series A Designation in its entirety to establish and authorize the issuance of up to 3,250,000 shares of the Company’s 8.35% Series A Preferred Stock, \$0.01 par value per share, which shall consist of the 1,000,000 shares that were formerly designated Series A-1 Cumulative Redeemable Preferred Stock and 1,500,000 shares that were formerly designated Series A-2 Cumulative Redeemable Preferred Stock which are being re-designated as Series A Preferred Stock pursuant

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to this Designation and an incremental 750,000 shares of Series A Preferred Stock which will be authorized for issuance on the Conversion Date.

RESOLVED FURTHER, the Board fixes the designation and amount thereof and the voting rights, preferences and relative, participating, optional and other special rights of the shares of this series, and the qualifications, limitations and restrictions thereof, in addition to those set forth in the Certificate of Incorporation as applicable to such shares pursuant to the terms of this Certificate of Designations as follows:

1. *Designations.* The distinctive serial designation of the 1,000,000 shares of

preferred stock issued on October 14, 2016 shall be the “Series A-1 Cumulative Redeemable Preferred Stock” and the distinctive serial designation of the incremental 1,500,000 shares of preferred stock issued on September 27, 2017 pursuant to the 2023 Certificate of Designations shall be the “Series A-2 Cumulative Redeemable Preferred Stock.” In addition, an incremental 750,000 shares of preferred stock (the “*Incremental Shares*”) are hereby authorized and shall be designated as the “*Series A Preferred Stock*.” On the Conversion Date, the Series A-1 Cumulative Redeemable Preferred Stock and the Series A-2 Cumulative Preferred Stock (collectively, the “*Converted Shares*”) shall each be re-designated as Series A Preferred Stock. The Series A-1 Cumulative Redeemable Preferred Stock, the Series A-2 Cumulative Preferred Stock and the Series A Preferred Stock shall hereafter collectively be referred to as the “*Preferred Stock*.”

2. *Number of Shares.* On the Conversion Date, the total number of shares of the Series A Preferred Stock shall be 3,250,000 and all shares of Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock shall be converted into shares of Series A Preferred Stock and (following such conversion) the Series A-1 Cumulative Redeemable Preferred Stock and Series A-2 Cumulative Redeemable Preferred Stock shall be designated and cease to be outstanding. The number of shares of the Series A Preferred Stock may from time to time be increased or decreased (but not below the number then outstanding) by the Board of Directors, subject to the Certificate of Incorporation, Section 151(g) of the Act, and the provisions of this Certificate of Designations.

3. *Dividends.*

(a) The holders of shares of the Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds of the Company legally available therefor, cumulative cash dividends at the rates described in Section 3(b). To the extent declared by the Board of Directors, dividends will be payable quarterly on the 15th day of the first month of each calendar quarter in San Francisco, California, or if not a Business Day in San Francisco, California, the next succeeding Business Day in San Francisco, California, and in the case of any accrued but unpaid dividends, at such additional times, if any, as determined by the Board of Directors (each a “*Dividend Payment Date*”); *provided, however*, that: (i) the first Dividend Payment Date for the Series A-1 Cumulative Redeemable Preferred Stock was January 16, 2017, in San Francisco, California, and the first Dividend Payment Date for the Series A-2 Cumulative Redeemable Preferred Stock was January 15, 2018 and (ii) after the Conversion Date the first Dividend Payment Date for the Series A Preferred Stock will be January 15, 2025. A “*Business Day*” shall mean any day, other than a Saturday or a Sunday, that is neither a legal holiday

nora day on which banking institutions in New York, New York, San Francisco, California or Tokyo, Japan are authorized or required by law, regulation or executive order to close. It is expected that the Board of Directors will declare any dividends by the end of the month prior to the month in which such dividends are to be paid. No less than five (5) Business Days before each Dividend Payment Date, the Company shall notify the holders of the Series A Preferred Stock of such Dividend Payment Date and (prior to the Conversion Date) the amount of the dividend payment for each of the Series A-1 Cumulative Redeemable Preferred Stock, and the Series A-2 Cumulative Redeemable Preferred Stock. Dividends on the Series A-1 Cumulative Redeemable Preferred Stock will accrue and be cumulative from and including the date of issuance of the Series A-1 Preferred Stock (the “*Series A-1 Original Issue Date*”) and Dividends on the Series A-2 Cumulative Redeemable Preferred Stock will accrue and be cumulative from and including the date of issuance of the Series A-2 Preferred Stock (the “*Series A-2 Original Issue Date*”). On and after the Conversion Date, the term “*Original Issue Date*”: (yy) for all shares, except the Converted Shares, shall mean the date such shares were originally purchased by the holder of such Series A Preferred Stock (or its predecessor in interest) from the Company; and (zz) for the Converted Shares, shall mean the Series A-1 Original Issue Date (for the Converted Shares that were formerly Series A-1 Cumulative Redeemable Preferred Stock)

and the Series A-2 Original Issue Date (for the converted shares that were formerly Series A-2 Cumulative Redeemable Preferred Stock). However, the Board of Directors will not be required to declare dividends, and the holders of the Series A Preferred Stock will not be entitled to require payment of any such dividend.

(b)

(i) With respect to the Series A-1 Cumulative Redeemable Preferred Stock, from the Series A-1 Original Issue Date through October 15, 2023, dividends at the rate per annum of 6.5% on the sum of the Liquidation Value (defined below), and from and after October 16, 2023 through the Conversion Date, dividends at the per annum rate of 8.5% per annum on the Liquidation Value shall accrue on a daily basis in arrears on such shares of the Series A-1 Cumulative Redeemable Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Cumulative Redeemable Preferred Stock), and to the extent dividends are not paid on the 15th day of the first month of each calendar quarter in San Francisco, California (or if such day is not a Business Day, on the next succeeding Business Day), all accrued and unpaid dividends on any shares of the Series A-1 Cumulative Redeemable Preferred Stock shall accumulate and compound at 6.5% per annum on the 15th day of every October (starting in 2017) from the Series A-1 Original Issue Date through and including October 15, 2023, and at 8.5% per annum for the period commencing October 16, 2023 through the Conversion Date, or if such day is not a Business Day, on the next succeeding Business Day), in San Francisco, California, whether or not declared by the Board of Directors, and shall remain accumulated, compounding dividends until paid pursuant to this Certificate of Designations.

(ii) With respect to the Series A-2 Cumulative Redeemable Preferred Stock, from and after the Series A-2 Original Issue Date through the Conversion Date, dividends at the rate per annum of 6.5% on the sum of the Liquidation Value shall accrue on a daily basis in arrears on such shares of the Series A-2 Cumulative Redeemable Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-2 Cumulative Redeemable Preferred Stock), and to the extent dividends are not paid on the 15th day of the first month of each calendar quarter in San Francisco, California (or if such day is not a Business Day, on the next succeeding Business Day), all accrued and unpaid dividends on any shares of the Series A-2 Cumulative Redeemable Preferred Stock shall accumulate and compound at 6.5% per annum on the 15th day of every October (starting in 2017) (or if such day is not a Business Day, on the next succeeding Business Day), in San Francisco, California, whether or not declared by the Board of Directors, and shall remain accumulated, compounding dividends until paid pursuant to this Certificate of Designations.

(iii) Following the Conversion Date, dividends at the rate per annum of 8.35% on the Liquidation Value shall accrue on a daily basis in arrears on all shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock) and to the extent dividends are not paid on the 15th day of the first month of each calendar quarter in San Francisco, California, commencing January 15, 2025 (or if such day is not a Business Day, on the next succeeding Business Day), in San Francisco, California, whether or not declared by the Board of Directors, and shall remain accumulated, compounding dividends until paid pursuant to this Certificate of Designations.

(iv) The amount of any dividend payable on the Series A Preferred Stock for any full Dividend Period (as defined herein) or any partial Dividend Period shall be prorated and computed on the basis of a 365-day year (it being understood that the dividend paid to the holders of the Series A-1 Cumulative Redeemable Preferred Stock on January 16, 2017, payable to the holders of the Series A-2 Cumulative Redeemable Preferred Stock on January 15, 2018, and payable to the holders of the Series A Preferred Stock on January 15, 2025 may be for more or less than a full Dividend Period and for the Series A Preferred Stock will reflect dividends accumulated from the Original Issue Date of such shares (or the Conversion Date, in the case of the Converted Shares) through, and including, January 15, 2025. A “*Dividend Period*” shall mean the period from and including the Original Issue Date of such shares (or the Conversion Date, in the case of the Converted Shares) to and including the next Dividend Payment Date; provided that the Dividend Period following the Original Issue Date of the Series A Preferred Stock shall be the period from such Original Issue Date to January 15, 2025, or with respect to the Converted Shares, the period from the Conversion Date to January 15, 2025. The term “*Dividend Period*” shall also mean each subsequent period (i.e., each period after the Dividend Period ending January 15, 2025) from and excluding the previous Dividend Payment Date to and including the relevant Dividend

Dividends will be payable to holders of record as they appear in the stockholder records of the Company at the close of business on the applicable record date, which shall be the date designated by the Board of Directors as the record date for the payment of dividends that is not more than thirty (30) nor less than ten (10) days prior to the applicable Dividend Payment Date (each a “*Dividend Record Date*”).

(c) Dividends on the Series A-1 Cumulative Redeemable Preferred Stock, the Series A-2 Cumulative Redeemable Preferred Stock and the Series A Preferred Stock (collectively, the “*Preferred Stock*”) shall be cumulative and shall accrue whether or not (i) the Company has earnings, (ii) there are funds legally available for the payment of such dividends or (iii) such dividends are declared by the Board of Directors. Any dividend payment made shall first be credited against the earliest accrued but unpaid dividends due with respect thereto that remain payable. No interest or sum of money in lieu of interest shall be payable in respect of any dividend payment or payments on the Preferred Stock that may be cumulated and in arrears.

(d) No dividends on the Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Company at such time as the terms and provisions of any agreement of the Company, including any agreement relating to its indebtedness and any related waiver or amendment thereto, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment is restricted or prohibited by law.

(e) Except as provided in Section 3(f) below, unless all accrued and accumulated dividends on the Preferred Stock for all prior Dividend Periods and the then-current Dividend Period shall have been or are (i) declared and paid in cash or (ii) declared and a sum sufficient for the payment thereof in cash is set apart by the Company for such payment and is deposited in trust with an independent bank or trust company that is, or whose parent or other affiliate is, a member of the Federal Deposit Insurance Corporation having capital and surplus of not less than \$500,000,000 (an “*Eligible Trustee*”), (A) no dividends shall be declared by the Board of Directors or paid or set apart for payment by the Company on any of the Company’s capital stock for any Dividend Period, (B) no distribution of cash or other property may be declared or made, directly or indirectly, on or with respect to any shares of the Company’s common stock (the “*Common Stock*”) or shares of any other class or series of the Company’s capital stock ranking, as to dividends, on a parity with or junior to the Preferred Stock (other than a dividend paid in shares of Common Stock or in shares of any other class or series of the Company’s capital stock ranking junior to the Preferred Stock as to (i) dividends and (ii) upon a Liquidation (defined below)) for any Dividend Period, and (C) no shares of Common Stock, or any other shares of the Company’s capital stock ranking, as to dividends or upon a Liquidation, on a parity with, or junior to, the Preferred Stock, may be redeemed, purchased or otherwise acquired for any consideration (or any funds be paid to or made available for a sinking fund for the redemption or retirement, purchase or reduction of any such shares) by the Company (except by conversion into or exchange for other shares of capital stock of the Company

ranking junior to the Preferred Stock as to dividends and upon a Liquidation) for any Dividend Period.

(f) When dividends are not paid in full upon the Preferred Stock or any other series of preferred stock issued by the Company ranking on a parity as to dividends with the Preferred Stock, all dividends declared upon the Preferred Stock or any such other series of preferred stock issued by the Company ranking on a parity as to dividends with the Preferred Stock shall be declared *pro rata* so that the amount of dividends declared per share of the Preferred Stock and such other series of preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Preferred Stock and

such other series of preferred stock (which shall not include any accrual in respect of unpaid dividends on such other series of preferred stock for prior dividend periods if such other series of preferred stock does not have a cumulative dividend) bear to each other.

(g) Dividends with respect to the Preferred Stock shall be of equal priority. All dividends paid with respect to shares of the Preferred Stock shall be paid pro rata to the holders of such shares entitled thereto. Holders of shares of the Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or shares of any class of capital stock (including the Preferred Stock), in excess of the full cumulative dividends on the Series A Preferred Stock as provided herein.

4. *Liquidation Preference.*

(a) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Company (a “*Liquidation*”), the holders of the Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution to its stockholders an amount in cash equal to a liquidation preference of \$20.00 per share of Preferred Stock, plus: (i) in the case of the Series A Preferred Stock all accrued and unpaid dividends (whether or not declared) compounding at 8.35% per annum from the Conversion Date up to and including the date of payment of such amount; (ii) in the case of the Series A-1 Cumulative Redeemable Preferred Stock, all accrued and unpaid dividends (whether or not declared) compounding at a rate of 6.5% per annum from the Series A-1 Original Issue Date through and including October 15, 2023, at a rate of 8.5% per annum up to and including the Conversion Date, and (iii) in the case of the Series A-2 Cumulative Redeemable Preferred Stock, all accrued and unpaid dividends (whether or not declared) compounding at a rate of 6.5% per annum up to and including the Conversion Date (the sum of the amounts in clauses 4(a)(i), 4(a)(ii) and 4(a)(iii) being hereinafter referred to as the “*Liquidation Value*”), after payment of all the Company’s indebtedness and other obligations ranking senior under Delaware law, and before any distributions or payments are made to the holders of the Common Stock and any other equity securities ranking junior to the Preferred Stock. In the event that, upon a Liquidation, the available assets of the Company are insufficient to pay the amount of the liquidating distributions on all outstanding shares of the Preferred Stock and the corresponding amounts payable on all shares of other classes or series of the Company’s capital stock ranking on a parity with the Preferred Stock in liquidation preference to which they would otherwise be respectively entitled, then the holders of the Preferred Stock and all other such classes or series of capital stock ranking on a parity with the Preferred Stock shall share ratably in any such

distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled upon such Liquidation if all amounts payable on or with respect to the shares of the Preferred Stock were paid in full, and the Company shall not make or agree to make any payments to the holders of any equity securities ranking junior to the Preferred Stock.

(b) In the event of a Liquidation, the Company shall, within ten (10) days after the date the Board of Directors approves such action, or no later than twenty (20) days after any stockholders’ meeting called to approve such action, or within twenty (20) days of the commencement of any involuntary proceeding, whichever is earlier, give each record holder of Preferred Stock written notice of the proposed action by first class mail, postage paid, at the respective addresses of such holders as they appear on the stock transfer records of the Company. Such written notice shall describe the material terms and conditions of such proposed action, including a description of the cash to be received by the holders of Preferred Stock upon consummation of the proposed action and the payment date or dates and the place or places on and at which the amounts distributable as a result thereof shall be payable. If any material change in the facts set forth in the initial notice shall occur, the Company shall promptly give written notice to each record holder of Preferred Stock of such material change.

(c) After payment to the holders of Preferred Stock of the full liquidation amounts provided in this Section 4, the holders of Preferred Stock, as such, will have no right or claim to any of the remaining assets of the Company.

(d) Neither the sale, lease, transfer or conveyance of all or substantially all of the assets or business of the Company, nor the merger or consolidation of the Company with or into any other entity or the merger or consolidation of any other entity with or into the Company nor a statutory stock exchange by the Company if then permitted by the Act, shall be deemed to be a Liquidation for the purposes of this Section 4.

5. *Redemption.*

(a) *Mandatory Redemption.* The Preferred Stock has no stated maturity date; provided, however, that, subject to Section 5(b), the holders of at least two-thirds (2/3) of the Preferred Stock (a “*Required Majority*”) shall have the option to require the Company to redeem all or any portion of such stock (a “*Mandatory Redemption*”) for cash at the Liquidation Value (the “*Redemption Price*”) on ninety (90) days’ advance written notice delivered to the Company in accordance with Section 5(g)(i) upon the occurrence of any of the following events (each such event, a “*Mandatory Redemption Event*”):

(i) On September 27, 2031 (i.e., the seventh anniversary of the Conversion Date);

(ii) A material breach by the Company of the Series A Preferred Stock Purchase Agreement dated as of September 12, 2024 that is uncured on the date a Required Majority votes in favor of Mandatory Redemption, including breaches of representations and warranties contained in such Stock Purchase Agreement;

(iii) Charles Willis IV, Austin Willis and CFW Partners, L.P. (viewed collectively, as a single stockholder) cease to be the largest single stockholder (except as a result of a share transfer conducted between the Eligible Executive Officers). For the purpose of this Section 5, an Eligible Executive Officer shall mean person(s) satisfying all conditions that (x) the Company's president, any vice president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer of the Company who performs a policy making function or any other person who performs similar policy making functions for the Company, who has been served as such officer for more than 10 years as of the date of such transaction; and (y) such person is listed as an executive officer of the Company in the most recent proxy statement as of the date of such transaction which statement has been filed with the United States Securities and Exchange Commission;

(iv) if the Company's "surplus", as defined by Section 154 of the Act and determined in accordance with United States Generally Accepted Accounting Principles then in effect ("Surplus"), measured as of (w) the end of each of the Company's fiscal years, (x) the end of each six(6)-month period following the end of any fiscal year, (y) after payment of any dividend, or (z) the end of each calendar quarter after any repurchase or redemption by the Company of any capital stock, is less than the Liquidation Value;

(v) the Company (either individually or on a consolidated basis with its subsidiaries) incurs an operating loss or ordinary loss for two (2) consecutive fiscal years;

(vi) the Company undergoes a consolidation, merger, or sale of stock (other than with an Eligible Executive Officer) and the stockholders of the Company immediately prior to such transaction hold (beneficially) less than fifty percent (50%) of the issued and outstanding stock of the Company after giving effect to such transaction; and

(vii) whether in a single transaction or series of transactions, the Company or any of its Material Subsidiaries (as hereinafter defined) (x) sells, leases, transfers, delegates or otherwise disposes of more than 50% of its assets, based on the book value of its assets in the most recent audited financial statements; or (y) undergoes a consolidation, merger, share exchange, share transfer, assignment of the business or similar transaction involving more than 50% of the consolidated assets of the Company and all subsidiaries, based on the net book value of the consolidated assets of the Company and all subsidiaries in the most recent consolidated financial statements of the Company ("Consolidated Assets"), and (in the case of (x) or (y)), at least eighty percent (80%) of the net proceeds of such transaction are not used to repay indebtedness of the Company or reinvested in the Company's business. A "Material Subsidiary" shall mean a subsidiary or trust (other than a Service Entity) owning more than 50% of the Consolidated Assets. For purposes of this Section 5(a)(vii) and Section 6(f), an "Service Entity" means:

(b) *Notice of Redemption Event.* If any of the Mandatory Redemption Events occur (other than item 5(a)(i)), the Company shall notify the holder(s) of the Series A Preferred Stock within five (5) Business Days of an Eligible Executive Officer of the Company becoming aware of such occurrence.

(c) *Surplus Requirement.* Notwithstanding Section 5(a), the number of shares of the Series A Preferred Stock that may be redeemed shall be limited to the Company's available Surplus.

(d) *Redemption Date.* Subject to Section 5(a), the Series A Preferred Stock will remain outstanding indefinitely, unless the Company decides to redeem them in accordance with this Certificate of Designations, or they are otherwise cancelled or exchanged. A Mandatory Redemption Event will be subject to limitations on redemptions under applicable Delaware corporate law, but shall otherwise be mandatory and not require approval of the Board of Directors.

(e) *Noticed Redemption by Company.* The Company may, at the Company's option with ninety (90) days' advance written notice delivered to the holders of the Series A Preferred Stock, redeem the Series A Preferred Stock, in whole, at any time and from time to time, on any Dividend Payment Date for cash at a price equal to the Redemption Price.

(f) Nothing in this Section 5 (except for the last clause of Section 5(g)(iii)) shall prevent or restrict the Company from purchasing, from time to time, either at a public or private sale, all or part of the shares of the Series A Preferred Stock at such price or prices as the Company may determine, subject to the provisions of applicable law.

(g) *Procedures for Redemption.*

(i) Written election of a Mandatory Redemption by a Required Majority (a "Redemption Election") may be mailed to the Company, postage paid, upon the occurrence of a Mandatory Redemption Event. Any Mandatory Redemption shall occur no more than 90 days following receipt by the Company of a Redemption Election. Promptly following receipt of a Redemption Election, but in no event more than ten (10) days, the Company shall send written notice (a "Redemption Notice") of its receipt of the Redemption Election to each holder of record of Series A Preferred Stock (for a Mandatory Redemption of such stock). In addition to any information required by law or by the applicable rules of any exchange or automated quotation system upon which the Series A Preferred Stock may be listed or admitted for quotation and trading, a Redemption Notice shall state: (A) the date of the closing of the redemption, which, pursuant to this Section 5(g)(i), shall be no later than 90 days following receipt by the Company of the Redemption Election (the applicable date, the "Redemption Date"); (B) the Redemption Price; (C) the number of shares of the Series A Preferred Stock to be

redeemed; (D) the manner and place or places at which certificates for such shares of the Series A Preferred Stock to be redeemed are to be surrendered for payment of the Redemption Price; and (E) that dividends on the shares of the Series A Preferred Stock to be redeemed will cease to accumulate on the applicable Redemption Date. Any redemption by the Company pursuant to Section 5(e) shall require, in addition to ninety (90) days' advance written notice: (i) with respect to redemption of shares of the Series A Preferred Stock, a notice to each record holder of shares of the Series A Preferred Stock at the respective addresses of such holders as they appear on the Company's stock transfer records stating the information listed in (A) through (E) above.

(ii) From and after the applicable Redemption Date (unless the Company defaults in the payment of the Redemption Price), dividends on the shares of the Series A Preferred Stock so called for redemption shall cease to accumulate, and said shares shall no longer be deemed to be outstanding and shall not have the status of the Series A Preferred Stock and all rights of the holders thereof, as such, (except the right to receive the Redemption Price) shall cease. Upon surrender, in accordance with a Redemption Notice, of the certificates for any shares of the Series A Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Company shall so require and the notice shall so state), or in the event the certificates are lost, stolen or missing, upon delivery of an affidavit of loss, such shares of the Series A Preferred Stock shall be redeemed by the Company at the Redemption Price by wire transfer to the holder of record of such certificate. In case fewer than all of the shares of the Series A Preferred Stock to be redeemed represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares of the Series A Preferred Stock without cost to the holder(s) thereof.

(iii) Unless full cumulative dividends on all shares of the Series A Preferred Stock have been or contemporaneously are declared and paid in cash or declared and a sum sufficient for the payment thereof in cash set aside for payment for all prior Dividend Periods and the then-current Dividend Period and deposited in trust with an Eligible Trustee, no Series A Preferred Stock shall be redeemed by the Company pursuant to Section 5(e) unless all outstanding shares of the Series A Preferred Stock are simultaneously redeemed and the Company shall not purchase or otherwise acquire, directly or indirectly, any shares of the Series A Preferred Stock; *provided, however*, the foregoing restrictions on redemptions and purchases shall not prevent the acquisition of the Series A Preferred Stock by the Company pursuant to an exchange offer made on the same terms to holders of all of the outstanding shares of the Series A Preferred Stock for shares of Company capital stock ranking on a parity with or junior to the Series A Preferred Stock.

(iv) If on any Redemption Date the Company's Surplus is less than the amount necessary to pay the full Redemption Price for the total number of shares of the Series A Preferred Stock to be redeemed pursuant to this Section 5, the Company shall (A) take all appropriate action reasonably within its means to maximize its Surplus available for paying the Redemption Price, (B) first use any

such Surplus to pay all accrued and unpaid dividends and then to call for redemption the maximum possible number of shares of the Series A Preferred Stock that it can redeem on such Redemption Date out of all such Surplus available therefor on such date, *pro rata* among the holders of the Series A Preferred Stock, based on the number of shares of the Series A Preferred Stock held by each holder (with any necessary adjustments to avoid fractional shares), or by any other equitable method that the Company may determine to use, and (C) following the applicable Redemption Date, at any time and from time to time when additional assets of the Company become legally available to redeem the remaining the Series A Preferred Stock, the Company shall promptly notify the holders of the Series A Preferred Stock and such holders may then mail a Redemption Election to the Company. If fewer than all the shares of the Series A Preferred Stock represented by any share certificate are to be so redeemed, the Company shall issue a new certificate for the shares not redeemed without cost to the holder(s) thereof.

(v) All shares of the Series A Preferred Stock redeemed or repurchased pursuant to this Section 5 shall be retired and shall be restored to the status of authorized but unissued shares of the Series A Preferred Stock.

(n) *Irrevocable Redemption Right.* In the event of a Mandatory Redemption Event pursuant to Sections 5(a), a Required Majority shall have an irrevocable option, at any time and from time to time, to require the Company to redeem all or any portion of the Series A Preferred Stock pursuant to this Section 5 until all of the shares of Series A Preferred Stock are redeemed.

6. *Voting Rights and Protective Provisions.*

(a) Holders of the Series A Preferred Stock shall not have any voting rights, except as provided by applicable law and as set forth in this Section 6.

(b) Whenever dividends on any shares of the Series A Preferred Stock are in arrears for an aggregate of six (6) or more Dividend Periods (whether consecutive or non-consecutive) and remain unpaid (a “*Preferred Dividend Default*”), the holders of the Series A Preferred Stock (voting separately as a class with all other holders of the Series A Preferred Stock and holders of all other series of the Company’s preferred stock upon which like voting rights have been conferred) will be entitled to elect by majority vote a total of two (2) additional directors of the Company (the “*Preferred Directors*”) to serve on the Board of Directors (which, without the consent of a Required Majority, will not exceed seven (7) directors in total) until all unpaid dividends on the Series A Preferred Stock have been paid.

(c) Election of directors that are authorized pursuant to Section 6(b) shall be conducted at a special meeting called by the holders of record of at least twenty-five percent (25%) of the Series A Preferred Stock (unless such request is received less than ninety (90) days before the date fixed for the next annual or special meeting of the Company’s stockholders) and otherwise at the next annual meeting of stockholders, and at each subsequent annual meeting of stockholders until all dividends accumulated on such Series

A Preferred Stock for the prior Dividend Periods and the then-current Dividend Period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment and deposited in trust with an Eligible Trustee. In such case, the entire Board of Directors of the Company will be increased by two (2) directors. So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Director may be filled by written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series A Preferred Stock when they have the voting rights described above (voting separately as a class with all other series of preferred stock of the Company upon which like voting rights have been conferred or are exercisable).

(d) If and when all accumulated dividends and the dividends for the then-current Dividend Period on the Series A Preferred Stock shall have been paid in full or a sum sufficient has been authorized and set aside and deposited in trust with an Eligible Trustee for payment in full of all accrued and unpaid dividends, the holders of shares of the Series A Preferred Stock shall be divested of the voting rights set forth in clause (b) above (subject to revesting in the event of each and every future Preferred Dividend Default) and, if all accumulated dividends and the dividends for the then-current Dividend Period have been paid in full, the term of office of each Preferred Director so elected shall terminate and the size of the Board of Directors shall be immediately decreased by two (2) directors. Any Preferred Director may be removed at any time, with or without cause, by the vote of, the holders of a majority of the outstanding Series A Preferred Stock when they have the voting rights set forth in clause (b) above.

(e) Subject to Section 13, changes to the terms of the Series A Preferred Stock (other than non-substantive clarifications), shall be effective only upon vote of the Board of Directors and the affirmative vote of at least a Required Majority.

(f) So long as any shares of the Series A Preferred Stock remain outstanding, whether in a single transaction or a series of transactions, the Company shall not, and shall cause the Service Entities not to, without the affirmative vote or consent of the holders of a Required Majority, (i) sell, lease, transfer, delegate or otherwise dispose of any asset of Service Entities (except for those transactions in ordinary course of its business); or (ii) undergo a consolidation, merger, share exchange, share transfer, assignment of the business or similar transaction of any of Service Entities, except in the event that the Service Entity is the acquiring entity;

(g) So long as any shares of the Series A Preferred Stock remain outstanding, the Company shall not, without the affirmative vote or consent of the holders of a Required Majority, (i) authorize or create, or increase the authorized or issued amount of, any other class or series of shares of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon a Liquidation or reclassify any authorized shares of capital stock of the Company into such capital stock, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares of capital stock ranking senior in priority to the Series A Preferred Stock; (ii) authorize or create, or increase the authorized or issued amount of, any other class or series of shares of capital stock that ranks *pari passu* to the Series A

Liquidation or reclassify any authorized shares of capital stock of the Company into such capital stock; (iii) authorize or create, or increase the authorized or issued amount of, any additional shares of the Series A Preferred Stock; or (iv) amend, alter or repeal the provisions of the Certificate of Incorporation, this Certificate of Designations, the by-laws of the Company or any other document similar to the foregoing, whether by merger, consolidation, transfer or conveyance of substantially all of its assets, or otherwise so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock or the holders thereof (each such event specified in clauses (i), (ii), (iii) and (iv), an “Event”); *provided, however*, with respect to the occurrence of any of the Events set forth in clause (iv) of this Section 6(f) above, so long as any shares of the Series A Preferred Stock remain outstanding or are converted into securities of the surviving entity, in each case with terms, including rights, preferences, privileges and voting or other powers that are substantially similar in all material respects to the shares of the Series A Preferred Stock, taking into account that, upon the occurrence of an Event, the Company may not be the surviving entity, the occurrence of such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting or other powers of holders of the Series A Preferred Stock; *provided, further* that (A) the creation or issuance of any other class or series of capital stock of the Company ranking junior to the Series A Preferred Stock with respect to the payment of dividends or the distribution of assets upon a Liquidation, and (B) the creation or issuance of indebtedness or debt securities, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers and the holders of the Series A Preferred Stock shall have no right to vote on any such increase, creation or issuance.

(h) On each matter submitted to a vote of the holders of the Series A Preferred Stock in accordance with this Section 6, or as otherwise required by law, each share of the Series A Preferred Stock shall be entitled to one (1) vote, except that when any other series of preferred stock of the Company shall have the right to vote with the Series A Preferred Stock as a single class on any matter, the Series A Preferred Stock and such other series shall have with respect to such matters, one vote per each \$20.00 of Liquidation Value. With respect to each share of the Series A Preferred Stock, the holder thereof may designate a proxy, with each such proxy having the right to vote on behalf of the holder.

7. *Restrictions on Transfer.* The Series A Preferred Stock shall be issued for long-term investment purposes only. The holders of the Series A Preferred Stock may not transfer all or any part of the Series A Preferred Stock; *provided, however*, that such holders may assign part or all of the Series A Preferred Stock with the consent of the Company or after ninety (90) days after any Mandatory Redemption Event under Section 5(a) shall have occurred.

8. *Ranking.* In respect of rights to the payment of dividends and the distribution of assets in the event of a Liquidation, the Series A Preferred Stock shall rank: (i) senior to the Common Stock and to any other class or series of Company’s preferred stock outstanding from time to time. For purposes of this Section 8, debt securities of the Company that are convertible into or exchangeable for shares of capital stock of the Company or any other debt securities of the Company shall not constitute a class or series of capital stock of the Company until such time as they are converted into capital stock.

9. *Headings.* The headings hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

10. *Severability of Provisions.* If any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock set forth in the Certificate of Incorporation or this Certificate of Designations are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock set forth in the Certificate of Incorporation and this

Certificate of Designations that can be given effect without giving effect to the invalid, unlawful or unenforceable provision shall, nevertheless, remain in full force and effect and no preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock herein or therein set forth shall be deemed dependent upon any other provision hereof or thereof unless so expressed herein or therein.

11. *No Preemptive Rights.* No holder of the Series A Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of Company capital stock (whether now or hereafter authorized) or securities of the Company convertible into or carrying a right to subscribe to or acquire shares of Company capital stock.

12. *Notices.* Except as otherwise provided herein, all notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by an internationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day of the recipient if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage paid. Such communications must be sent (a) to the Company, at its principal executive offices and (b) to any holder of the Series A Preferred Stock, at such holder's address at it appears in the stock transfer records of the Company (or at such other address as shall be specified in a notice given in accordance with this Section 12).

13. *Amendment; Waiver.* No provision of this Certificate of Designation may be amended, modified or waived except by an instrument in writing executed by the Company and a Required Majority, and any such written amendment, modification or waiver shall be binding on the Company and each holder of the Series A Preferred Stock. No amendment, modification or waiver of the terms or relative priorities of the Series A Preferred Stock may be accomplished by the merger, consolidation or other transaction of the Company with another company or entity unless the Company has obtained the prior written consent of a Required Majority in accordance with this Section 13.

[Remainder of page left blank]

IN WITNESS WHEREOF, Willis Lease Finance Corporation has authorized and caused this Certificate of Designations to be executed by its Chief Executive Officer and attested to by its Corporate Secretary, as of this 12th day of September, 2024.

WILLIS LEASE FINANCE CORPORATION

By:/s/Austin C. Willis
Chief Executive Officer

Attest:

By:/s/Dean M Poulakidas
Corporate Secretary

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is made and entered into as of the 8th day of October 2024, by and between Willis Lease Finance Corporation, a Delaware corporation ("**Employer**"), and Brian R. Hole ("**Employee**").

RECITALS

WHEREAS, pursuant to an Employment Agreement originally entered into with Employee as of the 14th day of January, 2016, as later amended and restated, most recently as of the 2nd day of August 2022 (the "**Prior Employment Agreement**"), Employer has employed Employee as its President since April 1, 2016.

WHEREAS, Employer desires that Employee continue to be employed by Employer in and with the position, compensation, amenities and other benefits set forth herein;

WHEREAS, Employee desires to continue to be employed by Employer and in the position of President on the terms and conditions set forth herein; and

WHEREAS, Employee acknowledges that he has had an opportunity to consider this Agreement and consult with independent advisors of his choosing with regard to the terms of this Agreement, and enters this Agreement voluntarily and with a full understanding of its terms.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises of the parties and the mutual benefits they will gain by the performance thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Employment. Employer hereby employs Employee and Employee hereby accepts employment, upon the terms and conditions hereinafter set forth, as President of the Employer.

2. Term.

(a) The term of Employee's employment under this Agreement shall be for a three-year period commencing on October 7, 2024 ("**Start Date**") and ending on October 7, 2027, (as may be extended hereunder, the "**Employment Term**"), unless otherwise terminated pursuant to the terms hereof. Each full twelve-month period Employee is employed by Employer shall be referred to herein as an "**Employment Year**."

(b) After the expiration of the initial Employment Term and until the Termination Date (as defined below), Employee's employment will automatically renew for a period of one year, each year, on the same terms and conditions as are set forth herein, unless

of the last applicable Employment Year. Employee shall be entitled to the payments set forth in Section 7 or Section 8 hereof in the event either party gives the other such a notice of nonrenewal.

(c) Upon the occurrence of a Change in Control, this Agreement shall be automatically extended for a period equal to the greater of: (I) the remaining Employment Term, or (II) the eighteen-month period commencing on the date of the Change in Control event and ending on the eighteen-month anniversary of the Change in Control event (the "**Change in Control Extension**"). "**Change in Control**" means the occurrence of any of the following events: (i) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than Charles F. Willis IV, Austin C. Willis or an Affiliate (as defined in Section 13) of Charles F. Willis IV or Austin C. Willis, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of Employer representing at least fifty percent (50%) of the total voting power represented by Employer's then outstanding voting securities; or (ii) the stockholders of Employer approve a merger or consolidation of Employer with any other corporation, other than a merger or consolidation which would result in the voting securities of Employer outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty (50%) of the total voting power represented by the voting securities of Employer or such surviving entity outstanding immediately after such a merger or consolidation, or the stockholders of Employer approve a plan of complete liquidation or dissolution of Employer or an agreement for the sale or disposition by Employer of all or substantially all of Employer's assets, provided, however, that if such merger, consolidation, liquidation, dissolution, sale or disposition does not subsequently close, a Change in Control shall not be deemed to have occurred; or (iii) individuals who are directors of Employer as of the date hereof cease for any reason to constitute a majority of Employer's Board of Directors (the "**Board**") unless such change(s) is approved by a majority of the directors of Employer as of the date thereof.

3. Duties.

(a) Employee shall in good faith perform those duties and functions as are required by his position as outlined on Exhibit "A". Notwithstanding the foregoing or any other provision in this Agreement, Employer shall have the right to modify from time to time the title and duties assigned to Employee so long as such title and duties are consistent with the usual and customary expectations of the type of position and function of Employee as President.

(b) Employee agrees to serve Employer faithfully and to the best of his ability; to devote his full time and attention, with undivided loyalty, during normal business hours to the business and affairs of Employer, except during reasonable vacation periods and periods of illness and incapacity; and to perform such duties as the Employer's Executive Chairman and/or its Chief Executive Officer (the "**CEO**") or their designate(s) may assign, such duties to be of a character and dignity appropriate to the position of President. Employee shall not engage in any other business or job activity during the Employment Term without Employer's prior written consent. Notwithstanding the foregoing, Employee may engage in civic

and not-for-profit activities so long as such activities do not materially interfere with Employee's performance of his duties hereunder.

4. Compensation. Employer agrees to provide as compensation to Employee the following salary, incentive, and benefits in exchange for the services described in Section 3 of this Agreement:

(a) Base Salary. Employer agrees to pay to Employee during the Employment Term an annual base salary in the amount of Six Hundred Sixty-Three Thousand, Seven Hundred and Six US Dollars (\$663,706) per Employment Year less payroll deductions

and all required withholdings, or such higher amount as the Compensation Committee of the Board shall from time to time determine. Employee's base salary shall be paid not less frequently than semi-monthly in accordance with Employer's usual payroll practices. The Compensation Committee of the Board will review Employee's base salary no less than once annually and shall have sole discretion to increase or decrease the base salary provided Employee's base salary may only be decreased in connection with a salary reduction program approved by the Compensation Committee of the Board, which affects all executive officers of Employer.

(b) Incentive Compensation. In addition to Employee's base salary, Employee shall participate in and, to the extent earned or otherwise payable thereunder, receive periodic incentive cash bonuses pursuant to any incentive plans currently maintained or hereafter established by Employer and applicable to an employee of Employee's position. Employee's entitlement to incentive bonuses shall be determined by the Compensation Committee of the Board in good faith based upon the extent to which Employee's individual performance objectives and Employer's performance objectives were achieved during the applicable bonus period. Employee is eligible to receive a target bonus of up to eighty-five (85%) of Employee's base salary. The Compensation Committee of the Board will annually set the Employer's performance targets and approve the incentive compensation plan.

(c) Restricted Stock Grant. In addition to all other compensation provided for in this Agreement, the Employer shall grant eleven thousand and sixty-six (11,066) shares of restricted stock to the Employee on the execution date of this Agreement, which shall vest immediately.

(d) Professional Associations. Employer agrees to pay the fees associated with Employee's membership in professional associations and costs associated with executive management/leadership courses pertinent to his employment.

5. Benefits and Perquisites.

(a) Benefits. Employer shall provide Employee such employment benefits, equipment and support as are generally available to executive officers of Employer, including without limitation reimbursement of reasonable expenses incurred in performing his duties under this Agreement (including, but not limited to, expenses for entertainment, long distance telephone calls, lodging, meals, transportation and travel), coverage under medical, dental, long-term disability and group life insurance plans, and rights and benefits for which Employee is

eligible under Employer's 401(k) and employee stock purchase plans. In addition, Employer will cover reasonable non-health insured costs associated with Employee's participation in a reputable executive health program. Employer will also endeavor to provide Employee with an individual long-term disability plan. Procurement of such disability coverage, however, will be subject to evidence of insurability and underwriting approval.

(b) Vacation and Sick Pay. Employee shall be eligible for vacation and sick leave in accordance with the policies of Employer in effect from time to time during the Employment Term. Employee shall be entitled to a period of annual vacation time equal to four (4) weeks during each Employment Year, to accrue pro rata during the course of the Employment Term. All accrued vacation shall be paid to Employee in a lump sum payment on the date of a Change in Control or termination of employment with Employer.

(c) Company Car. Use of an Employer provided automobile comparable to that presently being provided to the Employee.

6. Grants of Restricted Stock.

(a) Employee shall continue to be eligible to participate in Employer's 2023

Incentive Stock Plan and any successor or replacement plan for restricted stock awards (the "Plan") on the same terms as are generally available to executive officers of Employer and on terms which are in accordance with comparative market practices. The restricted shares of Employer's common stock granted to Employee pursuant to the Prior Employment Agreement that are unvested as of the Start Date shall continue to vest in accordance with their existing terms.

(b) Subject to Section 6(c) below, the parties agree that any additional grant of restricted stock under the Plan or any similar plan is subject to the discretion of the Compensation Committee of the Board based upon the duties of Employee's position, the extent to which Employee's individual performance objectives and Employer's profitability objectives and other financial and non-financial objectives were achieved during the applicable period, and comparative market practices.

(c) Notwithstanding anything to the contrary in this Agreement or elsewhere, Employee shall receive all incentive bonuses described in Section 4(b), above, and restricted stock awards described in Sections 6(a) and (b), above, per the 2024 bonus plan and long-term equity award schedule approved by the Compensation Committee on or before the Start Date for calendar year 2024 (whether payable or granted (as applicable) in 2024 or 2025), respectively, and the Employer may not reduce the bonus or stock award amounts for discretionary reasons. This Section 6(c) shall only be applicable to 2024 bonus plan payments and 2024 long term equity awards and will no longer be applicable thereafter.

(d) In addition to any rights Employee may have under the Plan or specific restricted stock under the Plan, all restricted stock bonus awards granted to Employee which would have otherwise vested during the period following the occurrence of a Change in Control shall immediately vest and become exercisable in the event of a Change in Control.

7. Termination/Nonrenewal by Employer. The date on which Employee's employment by Employer ceases, under any of the following circumstances described in this Section 7 or Section 8 below, shall be defined herein as the "**Termination Date**." The employment of Employee may be terminated by Employer or Employer may decide not to renew this Agreement for any reason or no reason, with or without cause or justification, subject to the following:

(a) Termination For Cause. If (i) Employee's employment is terminated by Employer for Cause (as defined below), or (ii) Employer gives Employee a notice of nonrenewal pursuant to Section 2(b) hereof for Cause, then (A) Employer's total liability to Employee or his heirs shall be limited to payment of any unpaid base salary, any annual incentive compensation, any vested but undistributed stock to which Employee is entitled as of the Termination Date, and accrued vacation and sick pay, and Employee shall not be entitled to any further compensation or benefits provided under this Agreement, including, without limitation, any severance payments and (B) Employee will forfeit that portion of any grant of restricted stock that has not vested as of the Termination Date. "**Cause**" shall mean: (1) Employee's conviction of or plea of nolo contendere to any felony or gross misdemeanor charges brought in any court of competent jurisdiction; (2) any fraud, misrepresentation or gross misconduct by Employee against Employer; (3) Employee's willful refusal or willful failure to perform his duties as President; or (4) Employee's material, willful breach of this Agreement; provided that, with respect to matters in (2), (3) and (4), above, Employer provided 30 days advance written notice to the Employee setting forth, in reasonable detail, the specific facts such that Employee has reasonable opportunity to cure. Cause shall not exist if the Employee cures the act or event during the 30-day notice period.

(b) Termination Without Cause. If (i) Employee's employment is terminated by Employer without Cause, or (ii) Employer provides Employee with a notice of nonrenewal pursuant to Section 2(b) hereof without Cause, Employer will (A) in the case of termination, provide not less than six (6) months' notice of termination or an amount equal to six (6) months of Employee's base salary in lieu of notice, or (B) in the case of nonrenewal, provide notice of nonrenewal at least six (6) months prior to the end of the last applicable Employment Year or an amount equal to six months base salary in lieu of notice. In addition, in each of the foregoing scenarios, Employee will be paid the severance which is described in Section 9 below.

8. Termination/Nonrenewal by Employee. The employment of Employee may be terminated by Employee or Employee may decide not to renew this Agreement for any reason or no reason, with or without Good Reason or justification, subject to the following:

(a) Voluntary Resignation. If (i) Employee's employment terminates by reason of Employee's voluntary resignation (and is not a resignation for Good Reason), or (ii) Employee gives Employer a notice of nonrenewal pursuant to Section 2(b) hereof (which is not given for Good Reason) (each a "Voluntary Resignation"), then (A) Employer's total liability to Employee shall be limited to payment of any unpaid base salary, any annual incentive compensation and vested but undistributed grants of stock to which Employee is entitled as of the Termination Date, and accrued vacation and sick pay, and Employee shall not be entitled to any further compensation or benefits provided under this Agreement, including, without limitation, any severance payments, and (B) except as provided in the next paragraph, Employee

Notwithstanding the foregoing, if Employee's employment terminates by reason of a Voluntary Resignation on or before October 7, 2025, in addition to the amounts described in the preceding paragraph, Employee's unvested restricted stock as of the Termination Date shall not be forfeited and instead shall vest on the first anniversary of the Termination Date (the time between the Termination Date and the first anniversary of the Termination Date is the "**Vesting Period**") provided (A) Employee is not otherwise in material, willful breach of this Agreement amounting to Cause (including after satisfaction of applicable notice requirements and cure periods) under Section 7(a)(4) of this Agreement and (B) Employee does not Compete with Employer, in each case during the Vesting Period. For purposes of this paragraph, "**Compete**" means the Employee directly or indirectly, (i) engages in any capacity with any business competitive with the Company's, or any of its subsidiaries' or any of its affiliates', lines of business as of the Termination Date (the "Company's Business") with the intent to create a benefit for the Employee or any person or entity other than the Company or any subsidiary or affiliate; or (ii) has an interest as owner, sole proprietor, shareholder, partner, lender, director, officer, manager, employee, consultant, agent or otherwise in any business competitive with the Company's Business; or (iii) develops any property for use in the Company's Business on behalf of any person or entity other than the Company, its subsidiaries and affiliates (collectively, "**Competitive Business**"); provided, however, that the Employee may hold, directly or indirectly, solely as an investment, not more than two percent (2%) of the outstanding securities of any person or entity listed on any national securities exchange or regularly traded in the over-the-counter market notwithstanding the fact that such person or entity is engaged in a business competitive with the Company's Business. Within a reasonable period after learning that the Employee allegedly engaged in Competitive Business, the Employer shall provide written notice of the same to the Employee setting forth, in reasonable detail, the specific facts the Employer believes amount to unpermitted competition under this paragraph. For clarity, this paragraph shall have no force or effect (I) after expiry of the Vesting Period, or (II) if the Employee's employment terminates with a Termination Date after October 7, 2025, or (III) to any termination of the Employee's employment other than a Voluntary Resignation with a Termination Date on or before October 7, 2025, provided this sentence shall not be construed to limit either party's right to pursue remedies (if any) after the Vesting Period for breach of this paragraph that occurred during the Vesting Period.

(b) Resignation for Good Reason. If (i) Employee's employment terminates by reason of Employee's voluntary resignation for Good Reason, or (ii) Employee provides Employer with a notice of nonrenewal pursuant to Section 2(b) hereof for Good Reason, Employee will be paid the severance which is described in Section 9 below. "**Good Reason**" means Employee's voluntary termination following: (i) a reduction in compensation which is not in proportion to any salary reduction program approved by the Compensation Committee of the Board which affects all executive officers of Employer; (ii) a reduction in material benefits; (iii) a material reduction in Employee's position, title, duties and status; (iv) requiring Employee to work at a location more than 25 "road" miles from the location of Employee's home; or (v) any willful and material breach by Employer of its obligations under this Agreement. Notwithstanding the foregoing, Good Reason shall not exist unless the Employee gives the Employer written notice of the condition within 90 days after the condition or conditions become

Good Reason and the Employer fails to remedy the condition within 30 days after receiving the Employee's written notice.

9. Severance Payment.

(a) Amount. In the event severance is payable hereunder, such severance shall be in an amount equal to

(i) one times Employee's annual base salary at the time of termination, pursuant to Section 7(b) or Section 8(b), or if during a Change in Control Extension, one and one-half times Employee's base salary at the time of termination plus

(ii) any unpaid base salary and any annual incentive compensation to which Employee is entitled as of the Termination Date, and accrued vacation and sick pay, plus

(iii) if during a Change in Control Extension, an amount equal to the average annual incentives paid to Employee attributable to the two years prior to the year of termination, plus

(iv) distribution of unpaid deferred compensation, plus

(v) an amount equal to the average of the largest and smallest of the last five (5) annual Incentive Bonuses the Employee received from the Employer prior to termination, excluding from calculation of the average any Incentive Bonus equal to zero, plus

(vi) accelerated vesting of unvested restricted stock, plus

(vii) if the Termination Date occurs, or notice (including any notice of nonrenewal) that will result in termination is given, on or before April 1, 2025, an amount equal to the Employee's average annual total compensation, including (but not limited to) the value of all salary, bonus, grants of restricted stock, perquisites and benefits, for the immediately preceding five (5) years. For the avoidance of doubt, this Section 9(a)(vii) shall not apply if the Termination Date is after April 1, 2025, plus

(viii) continued coverage under all group benefit plans (e.g., medical, dental and vision) for a period of eighteen months following the Termination Date, or if during a Change in Control Extension, for a period of twenty-four months following the Termination Date, in each case at the same cost to Employee as prior to the Termination Date. If Employer is unable to provide this continuing coverage, Employer shall pay for or reimburse Employee for the cost of obtaining any missing coverage.

(b) Payment. All cash components of the above-described severance payments shall be paid in a lump sum within thirty (30) days of the Termination Date; provided that, only to the extent required by Section 409A of the Code (defined below), such payments shall be made in a lump sum six months after the Termination Date.

(c) Limitation on Payments. If any payment or benefit Employee would receive from Employer or otherwise ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be reduced to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Employee's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order unless Employee elects in writing a different order (*provided, however, that such election shall be subject to Employer approval if made on or after the date on which the event that triggers the Payment occurs*): reduction of cash payments; cancellation of accelerated vesting of stock awards; and reduction of employee benefits. In the event that acceleration of vesting of stock award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Employee's stock awards unless Employee

elects in writing a different order for cancellation.

The accounting firm engaged by Employer for general audit purposes as of the day prior to the effective date of the event that triggers the Payment shall perform the foregoing calculations. If the accounting firm so engaged by Employer is serving as accountant or auditor for the individual, entity or group effecting the “**change in ownership**” as described in Section 280G(b)(2)(A)(i) of the Code, Employer shall appoint a nationally recognized accounting firm to make the determinations required hereunder. Employer shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Employer and Employee within fifteen (15) calendar days after the date on which Employee’s right to a Payment is triggered (if requested at that time by Employer or Employee) or such other time as requested by Employer or Employee. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish Employer and Employee with an opinion reasonably acceptable to Employee that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon Employer and Employee.

10. Benefits Upon Termination. Except as otherwise expressly provided by this Agreement and without limiting any rights granted to Employee hereunder, all insurance benefits provided under Section 5 of this Agreement shall be extended, at Employee’s election and cost, to the extent permitted by Employer’s insurance policies and benefit plans, for one year after Employee’s Termination Date, except (a) as required by law (e.g., COBRA health insurance continuation election) or (b) in the event of a termination described in Section 7(a) or 8(a).

11. Death/Disability.

(a) In the event (during the Employment Term) of Employee's death, (i) this Agreement shall terminate, (ii) Employer shall pay to Employee's estate or heirs any unpaid base salary and any annual incentive compensation to which Employee may be entitled as of the Termination Date, and (iii) Employee's estate and heirs shall not be entitled to any severance payments hereunder. In addition, the restricted stock or stock options scheduled to vest following the date of Employee's death shall receive accelerated vesting and shall become exercisable upon Employee's death. Employee's estate shall have the right to receive or exercise such grants or options for the shorter of (i) two (2) years from the date of death, and (ii) the term of the grant or option.

(b) In the event (during the Employment Term) of Employee's long term disability (as defined in Employee's Group Disability Plan) and the passing of the Elimination Period (as defined in Employee's Group Disability Plan), (i) this Agreement shall terminate, (ii) Employer shall pay to Employee any unpaid base salary and any annual incentive compensation to which Employee is entitled as of the Termination Date, and (iii) Employee shall not be entitled to any severance payments hereunder. In addition, the restricted stock or stock options scheduled to vest after the date of Employee's disability shall receive accelerated vesting and shall become exercisable upon the termination of this Agreement due to Employee's disability. Employee shall have the right to receive or exercise such grants or options for the shorter of (i) two (2) years from the date of disability, and (ii) the term of the grant or option.

12. Maintenance of Confidentiality and Duty of Loyalty.

(a) General. Employee acknowledges that, pursuant to his employment with Employer, he will necessarily have access to trade secrets and information that is confidential and proprietary to Employer in connection with the performance of his duties. In consideration for the disclosure to Employee of, and the grant to Employee of access to such valuable and confidential information and in consideration of his employment, Employee shall comply in all respects with the provisions of this Section 12.

(b) Nondisclosure. During the Employment Term and for a period of three (3) years thereafter, Confidential and Proprietary Information of Employer of which Employee gains knowledge during the Employment Term shall be used by Employee only for the benefit of Employer in connection with Employee's performance of his employment duties, and Employee shall not, and shall not allow any other person that gains access to such information in any manner to, without the prior written consent of Employer, disclose, communicate, divulge or otherwise make available, or use, any such information, other than for the immediate benefit of Employer. For purposes of this Agreement, the term "**Confidential and Proprietary Information**" means information not generally known to the public and which is proprietary to Employer and relates to Employer's existing or reasonably foreseeable business or operations, including but not limited to trade secrets, business plans, advertising or public relations strategies, financial information, budgets, personnel information, customer information and lists, and information pertaining to research, development, manufacturing, engineering, processing, product designs (whether or not patented or patentable), purchasing and licensing, and which may be embodied in reports or other writings or in blue prints or in other tangible forms such as

(c) Covenant of Loyalty. During the Employment Term, Employee shall not, on his own account or as an employee, agent, promoter, consultant, partner, officer, director, or as a more than 1% shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business in the continental United States that is in any way competitive with or similar to the business that is conducted by Employer or is in the same general field or industry as Employer. Without limiting the generality of the foregoing, Employee does hereby covenant that he will not, during the Employment Term:

(i) solicit, accept or receive any compensation from any customer of Employer or any business competitive to that of Employer; or

(ii) contact, solicit or call upon any customer or supplier of Employer on behalf of any person or entity other than Employer for the purpose of selling, providing or performing any services of the type normally provided or performed by Employer; or

(iii) induce or attempt to induce any person or entity to curtail or cancel any business or contracts which such person or entity has with Employer; or

(iv) induce or attempt to induce any person or entity to terminate, cancel or breach any contract which such person or entity has with Employer, or receive or accept any benefits from such termination, cancellation or breach.

(d) No Solicitation. During the Employment Term and for a period of three (3) years thereafter, Employee agrees not to interfere with the business of Employer or any Affiliate of Employer by directly or indirectly soliciting, attempting to solicit, inducing or otherwise causing any employee of Employer or any Affiliate of Employer to terminate his or her employment with Employer in order to become an employee, consultant or independent contractor to or for any other person or entity.

(e) Injunctive Relief. Employee expressly agrees that the covenants set forth in this Section 12 are reasonable and necessary to protect Employer and its legitimate business interests, and to prevent the unauthorized dissemination of Confidential and Proprietary Information to competitors of Employer. Employee also agrees that Employer will be irreparably harmed and that damages alone cannot adequately compensate Employer if there is a violation of this Section 12 by Employee, and that injunctive relief against Employee is essential for the protection of Employer. Therefore, in the event of any such breach, it is agreed that, in addition to any other remedies available, Employer shall be entitled as a matter of right to injunctive relief in any court of competent jurisdiction, plus attorneys' fees actually incurred in seeking such relief. Furthermore, Employee agrees that Employer shall not be required to post a bond or other collateral security with the court if Employer seeks injunctive relief. To the extent any provision of this Section 12 is deemed unenforceable by virtue of its scope or limitation,

Employee and Employer agree that the scope and limitation provisions shall nevertheless be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

13. Affiliate. "Affiliate" means a person that, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with the first mentioned person.

14. Notices. Any notice which either party may wish or be required to give to the other party pursuant to this Agreement shall be in writing and shall be either personally served or deposited in the United States mail, registered or certified, and with proper postage prepaid.

deposited in the United States mail, registered or certified, and with proper postage prepaid. Mailed notices to Employee shall be addressed to Employee at the home address which Employee most recently communicated to Employer in writing. In the case of Employer, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of the Executive Chairman or the CEO. Notice given by personal service shall be deemed effective upon service. Notice given by registered or certified mail shall be deemed effective three (3) days after deposit in the mail.

15. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective legal representatives, and their successors and assigns. As used in this Agreement, the term "**successor**" shall include any person, firm, corporation or other business entity which at any time, whether by merger, purchase, consolidation, or otherwise, acquired all or substantially all of the assets or business of Employer. This Agreement shall be deemed to be willfully breached by Employer if any such successor does not absolutely and unconditionally assume all of Employer's obligations under this Agreement and agree expressly to perform the obligations in the same manner and to the same extent as Employer would be required to perform such obligations in the absence of the succession. Employee may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the written consent of Employer, which shall not be unreasonably withheld.

16. Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes and replaces all prior agreements and understandings between the parties relating to the subject matter hereof. Notwithstanding the foregoing, any obligations of the Employer under the Prior Employment Agreement that have arisen but not been performed as of the Start Date shall remain in full force and effect.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (without reference to choice or conflict of laws) of the State of Florida.

18. Arbitration. Employer and Employee agree that, to the extent permitted by law and to the extent that the enforceability of this Agreement is not thereby impaired, any and all disputes, controversies or claims between Employee and Employer, except disputes concerning the use or disclosure of trade secrets, proprietary and/or confidential information, or otherwise arising under Section 12 hereof, shall be determined exclusively by final and binding arbitration in the County of Palm Beach, Florida, in accordance with the employment rules of the American Arbitration Association then in effect. The controversy or claim shall be submitted to three

arbitrators, one of whom shall be chosen by Employer, one of whom shall be chosen by Employee, and the third of whom shall be chosen by the two arbitrators so selected. The party desiring arbitration shall give written notice to the other party of its desire to arbitrate the particular matter in question, naming the arbitrator selected by it. If the other party shall fail within a period of 15 days after such notice shall have been given to reply in writing naming the arbitrator selected by it, then the party not in default may apply to the American Arbitration Association for the appointment of the second arbitrator. If the two arbitrators chosen as above shall fail within 15 days after their selection to agree upon a third arbitrator, then either party may apply to the American Arbitration Association for the appointment of an arbitrator to fill the place so remaining vacant. Employer shall pay the fees of the arbitrators so selected. The decision of any two of the arbitrators shall be final and binding upon the parties hereto and shall be delivered in writing signed in triplicate by the concurring arbitrators to each of the parties hereto. The parties agree that both parties will be allowed to engage in adequate discovery consistent with the nature of the claims in dispute. The arbitrators shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrators shall have discretion to award monetary and other damages, or no damages, and to fashion such other relief as the arbitrators deem appropriate. The arbitrators also shall have discretion to award the prevailing party reasonable costs and attorneys' fees incurred in bringing

or defending an action under this Section 18, as permitted by applicable law. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction.

Nothing in this Section 18 shall limit the Employer's ability to seek injunctive relief for any violation of Employee's obligations concerning nondisclosure, loyalty and nonsolicitation as set forth in Section 12 hereof. Any such injunctive relief proceeding shall be without prejudice to any rights Employer or Employee may have under this Agreement to obtain relief in arbitration with respect to such matters.

19. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

20. Amendments and Waivers. This Agreement may be modified only by a written instrument duly executed by each party hereto. No breach of any covenant, agreement, warranty or representation shall be deemed waived unless expressly waived in writing by the party who might assert such breach. No waiver of any right hereunder shall operate as a waiver of any other right or of the same or a similar right on another occasion.

21. Counterparts. This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

22. Section Headings. The headings of each Section, subsection or other subdivision of this Agreement are for reference only and shall not limit or control the meaning thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date first above written.

"Employer"

WILLIS LEASE FINANCE CORPORATION

By: /s/ Austin C. Willis
Austin C. Willis
CEO

"Employee"

By: /s/ Brian R. Hole
Brian R. Hole

EXHIBIT A
Job Description

Key Responsibilities:

Reporting to and acting as a critical business partner to the Chief Executive Officer, you will serve as the key leader to drive Willis Lease to a level of performance in the areas of growth, profitability, innovation and diversification to generate value for all stakeholders, including employees, customers, and shareholders. Your primary responsibility will be for management and decision making in the Employer's core leasing and trading businesses, including the Employer's loan and loan-like business. You will develop and maintain an organization structure for those businesses and manage the people within the teams to effectively drive performance, as well as goals and targets set by the CEO. You will also have dotted line reporting from corporate functions (e.g., HR, finance, legal, etc.) to ensure adequate support for the core business's performance. You will be responsible for all forecasting and budgeting for the business areas you manage. In conjunction with the CFO, you will be expected to participate and play a key role in capital markets activities designed to support the business areas you manage. You will work with the CEO to develop appropriate periodic reporting on business performance as required for the CEO to perform her/his duties. The CEO and Executive Chairman will work to give you the autonomy you need to manage the business with the understanding that the CEO may need to interject from time to time if he feels there is an issue that needs to be resolved or corrected, and to ensure that he is informed on the activities in the Employer at a level that is customary for a CEO. In conjunction with the CEO, you will support efforts to develop and effectively communicate a company vision and strategy, gain buy-in and ownership of the vision with Willis Lease employees, collaborate to create an action plan to successfully execute the strategy, and energize employees to consistently exceed expectations. You will continue to be a key advisor to the Board and Executive Chairman with respect to the Employer's performance and affairs. In all cases, you will conduct the affairs of the Employer with the highest standards of integrity, probity and corporate governance.

CERTIFICATIONS

I, Austin C. Willis, certify that:

1. I have reviewed this report on Form 10-Q of Willis Lease Finance Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ Austin C. Willis

Austin C. Willis

Chief Executive Officer

CERTIFICATIONS

I, Scott B. Flaherty, certify that:

1. I have reviewed this report on Form 10-Q of Willis Lease Finance Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ Scott B. Flaherty

Scott B. Flaherty

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in his or her capacity as an officer of Willis Lease Finance Corporation (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

- the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2024 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: November 4, 2024

/s/ Austin C. Willis

Austin C. Willis

Chief Executive Officer

/s/ Scott B. Flaherty

Scott B. Flaherty

Chief Financial Officer