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Willis Lease
Power to Spare – Worldwide®

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NEWS RELEASE

Willis Lease Finance Reports Third Quarter 2012 Results

NOVATO, CA – November 5, 2012 – Willis Lease Finance Corporation (NASDAQ: WLFC), a leading lessor of commercial jet engines, reported that following a $15.4 million charge for extinguishment of debt and derivatives termination, it lost $8.0 million, or $0.90 per share, in the third quarter of 2012. In the second quarter of 2012, net income available to common shareholders was $2.4 million, or $0.28 per share, and $1.5 million, or $0.17 per share in the third quarter a year ago. In the first nine months of 2012, the net loss was $3.0 million, or $0.34 per share, compared to earnings of $8.5 million, or $0.96 per share, in the first nine months of 2011.

Third Quarter 2012 Highlights (at or for the periods ended Sept. 30, 2012, compared to Sept. 30, 2011):

- Willis Lease completed a $390 million ABS offering of senior secured notes on September 17, 2012, resulting in a $10.1 million charge related to the termination of interest rate swaps used to hedge the prior ABS floating rate debt that was refinanced and a $5.3 million non-cash charge to write off unamortized debt issuance costs and unamortized note discount.
- Lease portfolio increased 1.7% to $976.6 million from $960.5 million a year ago, with one engine purchased and three engines sold in the current quarter.
- Total revenues fell 5% to $37.5 million from $39.5 million a year ago, reflecting lower average portfolio utilization, and lower gains from sale of equipment.
- Average utilization for the third quarter was 82% compared to 82% in the second quarter and 86% in the third quarter of 2011.
- Utilization was 83% at September 30, 2012, compared to 82% at the end of the preceding quarter, and 86% at September 30, 2011.
- Lease rent revenues decreased 13% to $23.0 million compared to $26.5 million a year ago.
- Maintenance reserve revenues increased 19% to $10.7 million, compared to $9.0 million a year ago.
- The revolving credit facility was upsized by $85 million in the third quarter with three new banks joining the lending group, increasing available liquidity to $159 million at quarter end, up from $105 million a year ago.
- Tangible book value per common share was $22.59 compared to $21.86 a year ago.

“We have already begun to deploy the additional liquidity generated by the $390 million ABS offering which closed in mid-September,” said Charles F. Willis, Chairman and Chief Executive Officer. “We redeemed all of the outstanding Series A preferred shares this month, eliminating $3.1 million after-tax in annual dividend payments going forward. In addition, we repurchased 460,545 shares of common stock in October at an average price of $13.79 per share totaling $6.4 million. There are several benefits of this debt financing including expanding current liquidity, improving access to operational cash flows, locking in today’s low interest rates for 10 years and providing substantial funding to support the growth in our engine portfolio over the coming years.”

“I’m also pleased to report that Mitsui & Co., Ltd., our partner in our engine leasing joint venture company in Dublin, Willis Mitsui Engine Support, recently agreed to become a key strategic partner in the development of

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a new engine ("GE9X") by GE Aviation (an operating unit of GE) for the next generation of wide-body aircraft. Mitsui will cover part of the development costs for the GE9X and buy or lease engines through our joint venture to expand the engine leasing business."

"Our new Chinese subsidiary, Willis Lease (China) Limited, funded its first transaction at the end of the third quarter," said Donald A. Nunemaker, President. "The transaction was a purchase leaseback with a major Chinese airline for a CFM56-5B engine, which powers the Airbus 320 aircraft. The debt for this transaction was funded by a large Chinese bank. While we have been leasing engines in China since 1997 this is the first time we have borrowed from a Chinese bank to finance the purchase of an engine. Overall, we are very pleased with the relationships we are forging in China and believe that China offers tremendous opportunities for us."

"We have seen a definite increase in the amount of new lease activity during September and October," Nunemaker continued. "For example, during the last week of September we closed ten new leases—the most we have ever closed in a single week. The increase in new lease activity has also led to improved utilization. We went from 82% at the end of the previous quarter to 83% at September 30, 2012, and October will show even more impressive results."

Interest costs declined 15% to $7.5 million in the third quarter compared to $8.9 million in the third quarter a year ago. In the first nine months, interest costs fell 16% to $22.6 million compared to $26.9 million in the first nine months of 2011. "In the third quarter, we completed two major financings - the closing of WEST II and the upsizing of our revolving credit facility, which sets the stage for the next phase of our growth," said Brad Forsyth, Chief Financial Officer. "While the interest rate on the WEST II debt is higher than the previous WEST debt, our overall financing costs are expected to rise only moderately because we are able to deploy the additional liquidity from the transaction to reduce other debt balances. Most importantly, we have the funding to add in-demand engines to our portfolio and grow our franchise in the coming years. The long-term benefits of this transaction cannot be overstated." As noted in the September announcement of the WEST II deal, those benefits include the following:

- Locks in fixed interest rate for the life of the notes, providing certainty of future cash flows.
- Significantly reduces principal payments and extends amortization period, improving cash flow.
- Releases significant cash from restricted cash and facilitates leverage on previously unlevered assets.
- Eliminates certain administrative costs for servicing and other third party expenses.
- Provides greater operating flexibility by eliminating several corporate and portfolio concentration covenants.
- Provides greater flexibility to sell engines and reinvest the proceeds to update the portfolio.

Balance Sheet

At September 30, 2012, Willis Lease had 187 commercial aircraft engines, 4 aircraft parts packages and 10 aircraft and other engine-related equipment in its lease portfolio, with a net book value of $976.6 million, compared to 183 commercial aircraft engines, 3 aircraft parts packages and 3 aircraft and other engine-related equipment in its lease portfolio, with a net book value of $960.5 million a year ago. The Company's funded debt-to-equity ratio was 2.84 to 1 at quarter end, compared to 2.95 to 1 a year ago.

About Willis Lease Finance

Willis Lease Finance Corporation leases spare commercial aircraft engines and aircraft to commercial airlines, aircraft engine manufacturers, air cargo carriers and maintenance, repair and overhaul facilities worldwide. These leasing activities are integrated with the purchase and resale of used and refurbished commercial aircraft engines.

Except for historical information, the matters discussed in this press release contain forward-looking statements that involve risks and uncertainties. Do not unduly rely on forward-looking statements, which give only expectations about the future and are not guarantees. Forward-looking statements speak only as of the date they are made; and we undertake no obligation to update them. Our actual results may differ materially from the results discussed in forward-looking statements. Factors that might cause such a difference include, but are not limited to, the effects on the airline industry and the global economy of events such as terrorist activity, changes in oil prices and other disruptions to the world markets; trends in the airline industry and our ability to capitalize on those trends, including growth rates of markets and other economic factors; risks associated with owning and leasing jet engines and aircraft; our ability to successfully negotiate equipment purchases, sales and leases, to collect outstanding amounts due and to control costs and expenses; changes in interest rates and availability of capital, both to us and our customers; our ability to continue to meet the changing customer demands; regulatory changes affecting airline operations, aircraft maintenance, accounting standards and taxes; the market value of engines and other assets in our portfolio; and risks detailed in the Company's Annual Report on Form 10-K and other continuing reports filed with the Securities and Exchange Commission.

Consolidated Statements of Income

(In thousands, except per share data, unaudited)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	% Change
REVENUE						
Lease rent revenue	$ 23,022	$ 26,458	(13.0)%	$ 70,917	$ 79,419	(10.7)%
Maintenance reserve revenue	10,653	8,962	18.9%	28,668	27,319	4.9%
Gain on sale of leased equipment	561	3,637	(84.6)%	4,557	11,231	(59.4)%
Other income	3,270	423	673.0%	4,256	1,015	319.3%
Total revenue	37,506	39,480	(5.0)%	108,398	118,984	(8.9)%
EXPENSES						
Depreciation expense	13,885	12,456	11.5%	38,881	38,716	0.4%
Write-down of equipment	2,474	2,306	7.3%	2,756	2,306	19.5%
General and administrative	7,298	8,684	(16.0)%	25,339	26,108	(2.9)%
Technical expense	1,961	1,270	54.4%	4,715	5,737	(17.8)%
Net finance costs						
Interest expense	7,529	8,876	(15.2)%	22,595	26,908	(16.0)%
Interest income	(21)	(42)	(50.0)%	(81)	(127)	(36.2)%
Net loss on debt extinguishment and derivatives termination	15,412	-	100.0%	15,412	-	100.0%
Total net finance costs	22,920	8,834	159.5%	37,926	26,781	41.6%
Total expenses	48,538	33,550	44.7%	109,617	99,648	10.0%
Earnings (loss) from operations	(11,032)	5,930	(286.0)%	(1,219)	19,336	(106.3)%
Earnings from joint ventures	352	232	51.7%	948	858	10.5%
Income (loss) before income taxes	(10,680)	6,162	(273.3)%	(271)	20,194	(101.3)%
Income tax expense (benefit)	(3,486)	3,846	(190.6)%	405	9,334	(95.7)%
Net income (loss)	$ (7,194)	$ 2,316	(410.6)%	$ (676)	$ 10,860	(106.2)%
Preferred stock dividends paid and declared-Series A	782	782	0.0%	2,346	2,346	0.0%
Net income (loss) attributable to common shareholders	$ (7,976)	$ 1,534	(619.9)%	$ (3,022)	$ 8,514	(135.5)%
Basic earnings (loss) per common share	$ (0.92)	$ 0.18		$ (0.35)	$ 1.01	
Diluted earnings (loss) per common share	$ (0.90)	$ 0.17		$ (0.34)	$ 0.96	
Average common shares outstanding	8,667	8,397		8,553	8,423	
Diluted average common shares outstanding	8,889	8,811		8,846	8,903	

Consolidated Balance Sheets
(In thousands, except share data, unaudited)

	Sept 30, 2012	Dec 31, 2011	Sept 30, 2011
ASSETS			
Cash and cash equivalents	$ 17,179	$ 6,440	$ 6,007
Restricted cash	54,225	76,252	80,273
Equipment held for operating lease, less accumulated depreciation	976,639	981,505	960,504
Equipment held for sale	8,117	20,648	4,501
Operating lease related receivable, net of allowances	8,877	8,434	6,844
Notes receivable, net of allowances	-	542	587
Investments	19,540	15,239	15,037
Property, equipment & furnishings, less accumulated depreciation	6,502	6,901	7,040
Equipment purchase deposits	1,369	1,369	3,376
Other assets	18,225	15,875	11,141
Total assets	$ 1,110,673	$ 1,133,205	$ 1,095,310
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable and accrued expenses	$ 12,878	$ 16,833	$ 16,079
Liabilities under derivative instruments	2,115	12,341	14,958
Deferred income taxes	88,777	84,706	84,002
Notes payable	690,041	718,134	684,084
Maintenance reserves	63,097	54,509	53,341
Security deposits	7,093	6,278	5,946
Unearned lease revenue	4,102	3,743	4,870
Total liabilities	868,103	896,544	863,280
Shareholders' equity:			
Preferred stock	$ 31,915	$ 31,915	$ 31,915
Common stock ($0.01 par value)	93	91	92
Paid-in capital in excess of par	58,245	56,842	56,781
Retained earnings	153,682	156,704	153,838
Accumulated other comprehensive loss, net of tax	(1,365)	(8,891)	(10,596)
Total shareholders' equity	242,570	236,661	232,030
Total liabilities and shareholders' equity	$ 1,110,673	$ 1,133,205	$ 1,095,310

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Note: Transmitted on GlobeNewswire on November 5, 2012, at 5:00 a.m. PST.