
RELATED PARTY TRANSACTION POLICY AND PROCEDURES

Policy

It is the policy of the Board of Directors of Willis Lease Finance Corporation (the "Company") that all employees and directors as well as their family members must avoid any activity that is in conflict with or has the appearance of conflicting with the Company's business interests. This means that any transactions that these parties may enter into with the Company need to be on an arms-length basis. In furtherance of that principle, the Board has adopted this policy pursuant to which all "Covered Transactions" with "Related Persons," as those terms are defined in this policy, shall be subject to approval or ratification in accordance with the following procedures.

Definitions

What is a Covered Transaction?

A Covered Transaction between the Company and a Related Person includes, but is not limited to, any financial transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships including indebtedness and guarantees of indebtedness in which (a) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (b) the Company is a participant, and (c) any Related Person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity). This might include, but is not limited to, lease transactions, sale or purchase transactions, creditor / debtor transactions, guarantees or charitable contributions.

Who is a Related Person?

- Any director or executive officer of the Company (and his or her immediate family members) who is or was (since the beginning of the last fiscal year ended, even if the director or executive officer does not presently serve in that role) an executive officer, director or nominee for election as a director.
- A security holder known to the company to beneficially own more than five percent of any class of the company's voting securities, or any immediate family member of any such person, when a transaction in which such security holder or family member had a direct or indirect material interest occurred or existed at any time since the beginning of the last fiscal year.
- Related Person includes a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person's home (other than a tenant or employee).

Audit Committee Procedures for Review of Covered Transactions

Consideration of Transactions

The Audit Committee shall review the material facts of all Covered Transactions that may require prior approval or ratification by the Audit Committee, subject to the transaction exceptions described below. A summary of each new Covered Transaction deemed pre- approved under Automatic Pre-Approval for Certain Covered Transactions below shall be provided to the Audit Committee at each regularly scheduled meeting.

Authority for Ratification

If the Audit Committee is unable to provide advance approval of a Covered Transaction, a Covered Transaction may be considered and ratified at the Audit Committee's next regularly scheduled meeting.

Factors Considered for Approval

- Materiality of the transaction to the Company.
- Benefit to the Company.
- Commercial reasonableness of the transaction.
- Whether terms or conditions of the transaction are generally available to third-parties under similar terms or conditions.
- Whether the transaction was subject to competitive bidding.
- Availability of alternative suppliers or customers.
- Level of interest or benefit to the Related Person.
- Whether the transaction would impair the independence of an outside director.

Submission of Information

Any director, director nominee or executive officer of the Company has a duty to notify the General Counsel and Chair of the Audit Committee of any proposed Covered Transaction in which they or their family member would be involved. Additionally, Company management shall provide the General Counsel and Chair of the Audit Committee with prior notification of all proposed terms of any such Covered Transaction for pre-approval by the Audit Committee at its next regularly scheduled meeting. Information and terms of any contemplated Covered Transaction shall be provided as far in advance as practicable to allow adequate consideration of the transaction. Certain transactions, as described below at Automatic Pre-Approval for Certain Covered Transactions, are exempt from this policy.

Recusal

No director shall participate in any discussion or approval of a Covered Transaction for which he or she is a Related Person, except that the director shall provide all material information concerning the Covered Transaction to the General Counsel and Audit Committee.

Ongoing Transactions

If a Covered Transaction will be ongoing, the Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee, on at least an annual basis, shall review and assess ongoing relationships and determine whether the Covered Transaction remains appropriate.

Automatic Pre-Approval for Certain Covered Transactions

The Audit Committee has reviewed the types of Covered Transactions described below and determined that each of the following Covered Transactions shall be deemed to be pre-approved by the Audit Committee, even if the aggregate amount involved exceeds \$120,000.

- *Transactions involving competitive bids.* Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.
- *Regulated transactions.* Any transaction with a Related Person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- *Certain transactions with other companies.* Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed

the greater of \$1,000,000 and 2% of that company's total annual revenues.

- *Certain Company charitable contributions.* Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Party's only relationship is as an employee or director if the aggregate does not exceed the greater of \$100,000 and 2% of the charitable organizations' total annual receipts.
- *Transactions with similar terms to all employees.* Any transaction involving a Related Party made on the same or similar terms available to all Company employees.
- *Transactions where all shareholders receive proportional benefits.* Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis, such as the receipt of dividends.
- *Any employment by the Company of an executive officer of the Company if:*
 - The related compensation is required to be reported in the Company's proxy statement under Item 402 of the Securities and Exchange Commission's ("SEC's") compensation disclosure requirements (generally applicable to "named executive officers") and the compensation has been approved by the Compensation Committee or Board; or
 - if the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the executive officer was a "named executive officer", and the Company's Compensation and Personnel Committee or Board approved such compensation.
- *Director compensation.* Any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements and the compensation is approved by the Board or Audit Committee.
- *Certain banking-related services.* Any transaction with a Related Person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.