AerCap Holdings N.V.
Form 20-F
March 23, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

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

For the fiscal year ended December 31, 2010
Commission file number 001-33159

AerCap Holdings N.V.

(Exact name of Registrant as specified in its charter)

The Netherlands
(Jurisdiction of incorporation or organization)

AerCap
AerCap House
Stationsplein 965
1117 CE Schiphol
The Netherlands
+ 31 20 655 9655
(Address of principal executive offices)

Wouter M. den Dikken, AerCap House, Stationsplein 965, 1117 CE Schiphol, The Netherlands,
Telephone number: +31 20 655 9655, Fax number: +31 20 655 9100
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Name of each exchange on which registered
Ordinary Shares	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares, Euro 0.01 par value	**149,232,426**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ý

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No ý

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 ý No o

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

Large accelerated filer o	Accelerated filer ý	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ý	International Financial Reporting Standards as issued by the International Accounting Standards Board o	Other o

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 o Item 18 o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

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SPECIAL NOTE ABOUT FORWARD LOOKING STATEMENTS

This annual report includes forward looking statements, principally under the captions "Item 3. Key Information Risks Related to our Business", "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects". We have based these forward looking statements largely on our current beliefs and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed in this annual report, could cause our actual results to differ substantially from those anticipated in our forward looking statements, including, among other things:

- the availability of capital to us and to our customers and changes in interest rates,
- the ability of our lessees and potential lessees to make operating lease payments to us,
- our ability to successfully negotiate aircraft and engine purchases, sales and leases, to collect outstanding amounts due and to repossess aircraft and engines under defaulted leases, and to control costs and expenses,
- decreases in the overall demand for commercial aircraft and engine leasing and aircraft management services,
- the economic condition of the global airline and cargo industry,
- competitive pressures within the industry,
- the negotiation of aircraft management services contracts,
- regulatory changes affecting commercial aircraft operators, aircraft maintenance, engine standards, accounting standards and taxes, and
- the risks set forth in "Item 3. Key Information Risk Factors" included in this annual report.

The words "believe", "may", "aim", "estimate", "continue", "anticipate", "intend", "expect" and similar words are intended to identify forward looking statements. Forward looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward looking statements speak only as of the date they were made and we undertake no obligation to update publicly or to revise any forward looking statements because of new information, future events or other factors. In light of the risks and uncertainties described above, the forward looking events and circumstances described in this annual report might not occur and are not guarantees of future performance.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected financial data.

The following table presents AerCap Holdings N.V.'s selected consolidated financial data for each of the periods indicated, prepared in accordance with US GAAP. This information should be read in conjunction with AerCap Holdings N.V.'s audited consolidated financial statements and related notes and "Item 5. Operating and Financial Review and Prospects".

AerCap Holdings N.V. was formed as a Netherlands public limited liability company ("*naamloze vennootschap*" *or* "*N.V.*") on July 10, 2006 and acquired all of the assets and liabilities of AerCap Holdings C.V., a Netherlands limited partnership on October 27, 2006. This acquisition was a transaction under common control and accordingly, AerCap Holdings N.V. recognized the acquisition of the assets and liabilities of AerCap Holdings C.V. at their carrying values. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V. (formerly known as debis AirFinance B.V.), in connection with our acquisition by funds and accounts affiliated with Cerberus Capital Management, L.P., or the Cerberus Funds (referred to herein as the 2005 Acquisition). The financial information presented as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 was derived from AerCap Holdings N.V.'s audited consolidated financial statements included in this annual report. The financial information presented as of December 31, 2006, 2007 and 2008 and for the years ended December 31, 2006 and 2007 was derived from AerCap Holdings N.V. audited consolidated financial statements not included in this annual report. The financial information presented includes the results of AeroTurbine from the date of its acquisition on April 26, 2006, referred to herein as the AeroTurbine Acquisition and also includes the results of Genesis Lease Limited ("Genesis") from the date of its acquisition March 25, 2010, referred to herein as the Genesis Transaction.

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Consolidated Income Statement Data:

	Year ended December 31,				
	2006(1)	2007	2008	2009	2010(3)
	(In thousands, except share and per share amounts)				
Revenues					
Lease revenue	$ 443,925	$ 554,226	$ 605,253	$ 650,604	$ 960,811
Sales revenue	301,405	558,263	616,554	324,781	850,034
Management fee revenue	14,072	14,343	11,749	12,074	11,815
Interest revenue	34,681	29,742	18,515	10,105	4,269
Other revenue	20,336	19,947	4,181	5,703	7,532
Total revenues	**814,419**	**1,176,521**	**1,256,252**	**1,003,267**	**1,834,461**
Expenses					
Depreciation	102,387	141,113	169,392	220,996	333,753
Cost of goods sold	220,277	432,143	506,312	248,897	785,322
Interest on debt	166,219	234,770	219,172	92,152	240,258
Asset impairment			18,789	32,574	14,437
Other expenses	46,523	39,746	73,827	82,182	81,601
Selling, general and administrative expenses(2)	149,364	116,328	128,268	116,201	120,228
Total expenses	**684,770**	**964,100**	**1,115,760**	**793,002**	**1,575,599**
Income from continuing operations before income taxes	**129,649**	**212,421**	**140,492**	**210,265**	**258,862**
Provision for income taxes	(21,246)	(25,123)	431	(3,894)	(22,316)
Bargain purchase gain ("Amalgamation gain"), net of transaction expenses					274
Net income	**$ 108,403**	**$ 187,298**	**$ 140,923**	**$ 206,371**	**236,820**
Net loss (income) attributable to non-controlling interest, net of tax	588	1,155	10,883	(41,205)	(29,247)
Net income attributable to AerCap Holdings N.V.	**$ 108,991**	**$ 188,453**	**$ 151,806**	**$ 165,166**	**$ 207,573**
Earnings per share, basic and diluted	$ 1.38	$ 2.22	$ 1.79	$ 1.94	$ 1.81
Weighted average shares outstanding, basic and diluted	78,982,162	85,036,957	85,036,957	85,036,957	114,952,639

(1) Includes the results of AeroTurbine for the period from April 26, 2006 (date of acquisition) to December 31, 2006.

(2) Includes share based compensation of $78.6 million ($69.1 million, net of tax), mainly related to restricted shares granted in connection with the AeroTurbine Acquisition, $10.9 million ($9.5 million, net of tax), $7.5 million ($6.4 million, net of tax), $3.9 million ($3.2 million, net of tax) and $3.4 million ($2.8 million, net of tax) in the years ended December 31, 2006, 2007, 2008, 2009 and 2010, respectively.

(3) Includes the results of Genesis for the period from March 25, 2010 (date of acquisition) to December 31, 2010.

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Consolidated Balance Sheets Data:

	As of December 31,				
	2006	**2007**	**2008**	**2009**	**2010**
	(US dollars in thousands)				
Assets					
Cash and cash equivalents	$ 131,201	$ 241,736	$ 193,563	$ 182,617	$ 404,450
Restricted cash	112,277	95,072	113,397	140,746	222,464
Flight equipment held for operating leases, net	2,966,779	3,050,160	3,989,629	5,230,437	8,061,260
Notes receivable, net of provisions	167,451	184,820	134,067	138,488	15,497
Prepayments on flight equipment	166,630	247,839	448,945	527,666	199,417
Other assets	373,698	574,600	531,225	549,547	697,519
Total assets	**$ 3,918,036**	**$ 4,394,227**	**$ 5,410,826**	**$ 6,769,501**	**$ 9,600,607**
Debt	2,555,139	2,892,744	3,790,487	4,846,664	6,566,163
Other liabilities	579,956	520,328	494,284	509,505	817,047
Total liabilities	3,135,095	3,413,072	4,284,771	5,356,169	7,383,210
AerCap Holdings N.V. shareholders' equity	751,004	950,373	1,109,037	1,258,009	2,211,350
Non-controlling interest	31,937	30,782	17,018	155,323	6,047
Total equity	782,941	981,155	1,126,055	1,413,332	2,217,397
Total liabilities and equity	**$ 3,918,036**	**$ 4,394,227**	**$ 5,410,826**	**$ 6,769,501**	**9,600,607**

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RISK FACTORS

Risks Related to Our Business

We require significant capital to fund our obligations under our forward purchase commitments.

As of December 31, 2010, we had seven new A320 family aircraft, 12 new A330 wide-body aircraft and ten new Boeing 737-800 aircraft under forward purchase commitments. In order to meet our commitments under our forward purchase contracts, and to maintain an adequate level of unrestricted cash we will need to raise additional funds through a combination of accessing committed debt facilities and securing additional financing for pre-delivery and final delivery payment obligations and we may need to raise additional funds through selling aircraft or other aircraft investments, including participations in our joint ventures, and if necessary, generating proceeds from potential capital market transactions. Our typical sources of funding may not be sufficient to meet our operating requirements and fund our forward purchase commitments in 2011 and 2012 and we may be required to raise additional capital through the issuance of new equity or equity-linked securities. If we issue new equity or equity-linked securities, the percentage ownership of our then current shareholders would be diluted. Any newly issued equity or equity-linked securities may have rights, preferences or privileges senior to those of our ordinary shares.

Our business model depends on the continual re-leasing of our aircraft and engines when current leases expire and the leasing of new aircraft on order, and we may not be able to do so on favorable terms, if at all.

Our business model depends on the continual re-leasing of our aircraft and engines when our current leases expire in order to generate sufficient revenues to finance our operations and pay our debt service obligations. Between December 31, 2010 and December 31, 2013, aircraft leases accounting for 28.9% of our lease revenues for the year ended December 31, 2010, are scheduled to expire and the aircraft subject to those leases that we do not sell prior to lease termination will need to be re-leased or the current leases will need to be extended. In 2010, we generated $58.6 million of revenues from leases that are scheduled to expire in 2011, $74.9 million of revenues from leases that are scheduled to expire in 2012 and $144.1 million of revenues from leases that are scheduled to expire in 2013. In addition, the majority of our engines are subject to short-term leases, which are generally less than 180 days. Our ability to re-lease our existing aircraft and engines or lease a new aircraft prior to delivery will depend on general market and competitive conditions at the time the leases expire. If we are unable to re-lease an existing aircraft or engine or lease a new aircraft prior to delivery on acceptable terms, our lease revenue and margin may decline and we may need to sell the aircraft or engines at unfavorable prices to provide adequate funds for our debt service obligations and to otherwise finance our operations.

Our financial condition is dependent, in part, on the financial strength of our lessees; lessee defaults, bankruptcies and other credit problems could adversely affect our financial results.

Our financial condition depends on the financial strength of our lessees, our ability to appropriately assess the credit risk of our lessees and the ability of lessees to perform under our leases. In 2010, we generated 52.4% of our revenues from leases to the aviation industry, and as a result, we are indirectly affected by all the risks facing airlines today. The ability of our lessees to perform their obligations under our leases will depend primarily on the lessee's financial condition and cash flow, which may be affected by factors outside our control, including:

- passenger air travel and air cargo rates;
- passenger air travel and air cargo demand;
- competition;

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economic conditions and currency fluctuations in the countries and regions in which the lessee operates;

the price and availability of jet fuel;

availability and cost of financing;

fare levels;

geopolitical and other events, including war, acts of terrorism, outbreaks of epidemic diseases and natural disasters;

increases in operating costs, including labor costs and other general economic conditions affecting our lessees' operations;

labor difficulties;

governmental regulation and associated fees affecting the air transportation business; and

environmental regulations, including, but not limited to, restrictions on carbon emissions.

Generally, airlines with high financial leverage are more likely than airlines with stronger balance sheets to seek operating leases. As a result, most of our existing lessees are not rated investment grade by the principal U.S. rating agencies and may suffer liquidity problems, and, at any point in time, may experience lease payment difficulties or be significantly in arrears in their obligations under our leases. Some lessees encountering financial difficulties may seek a reduction in their lease rates or other concessions, such as a decrease in their contribution toward maintenance obligations. Further or future downturns in the aviation industry could greatly exacerbate the weakened financial condition and liquidity problems of some of our lessees and further increase the risk of delayed, missed or reduced rental payments. We may not correctly assess the credit risk of each lessee or charge lease rates which correctly reflect the related risks and our lessees may not be able to continue to meet their financial and other obligations under our leases in the future. A delayed, missed or reduced rental payment from a lessee decreases our revenues and cash flow. Our default levels may increase over time if economic conditions deteriorate. If lessees of a significant number of our aircraft or engines default on their leases, our financial results will be adversely affected.

If our lessees encounter financial difficulties and we decide to restructure our leases, the restructuring would likely result in less favorable leases which could adversely affect our financial results.

If a lessee is late in making payments, fails to make payments in full or in part under a lease or has advised us that it will fail to make payments in full or in part under a lease in the future, we may elect or be required to restructure the lease, which could result in less favorable terms or termination of a lease without receiving all or any of the past due amounts. We may be unable to agree upon acceptable terms for some or all of the requested restructurings and as a result may be forced to exercise our remedies under those leases. If we, in the exercise of our remedies, repossess an aircraft or engine, we may not be able to re-lease the aircraft or engine promptly at favorable rates, if at all. We expect that additional restructurings and/or repossessions with some lessees will occur in the future. If additional repossessions occur we will incur significant cost and expenses which are unlikely to be recouped and terms and conditions of possible lease restructurings may result in a significant reduction of lease revenue, all of which may adversely affect our financial results.

In 2010, we incurred significant costs resulting from lease defaults.

During 2010 two of our lessees leasing six of our aircraft defaulted. The total cost of these defaults in terms of lost revenue during off-lease periods and related technical costs totaled approximately $16.7 million during 2010. Additional lessees might default on their lease obligations or file for

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bankruptcy in the future. If we are required to repossess an aircraft or engine they lease, we may be required to incur significant unexpected costs. Those costs include legal and other expenses of court or other governmental proceedings, including the cost of posting surety bonds or letters of credit necessary to effect repossession of the aircraft or engine, particularly if the lessee is contesting the proceedings or is in bankruptcy. In addition, during these proceedings the relevant aircraft or engine is not generating revenue. We may also incur substantial maintenance, refurbishment or repair costs that a defaulting lessee has failed to pay and that are necessary to put the aircraft or engine in suitable condition for re-lease or sale. It may also be necessary to pay off liens, taxes and other governmental charges on the aircraft to obtain clear possession and to remarket the aircraft effectively, including, in some cases, liens that the lessee may have incurred in connection with the operation of its other aircraft. We may also incur other costs in connection with the physical possession of the aircraft or engine.

We may also suffer other adverse consequences as a result of a lessee default and the related termination of the lease and the repossession of the related aircraft or engine. Our rights upon a lessee default vary significantly depending upon the jurisdiction and the applicable law, including the need to obtain a court order for repossession of the aircraft and/or consents for de-registration or re-export of the aircraft. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft or engine without paying lease rentals or performing all or some of the obligations under the relevant lease. In addition, certain of our lessees are owned in whole, or in part, by government related entities, which could complicate our efforts to repossess our aircraft or engines in that government's jurisdiction. Accordingly, we may be delayed in, or prevented from, enforcing certain of our rights under a lease and in re-leasing the affected aircraft or engine.

If we repossess an aircraft or engine, we will not necessarily be able to export or de-register and profitably redeploy the aircraft or engine. For instance, where a lessee or other operator flies only domestic routes in the jurisdiction in which the aircraft or engine is registered, repossession may be more difficult, especially if the jurisdiction permits the lessee or the other operator to resist de-registration. We may also incur significant costs in retrieving or recreating aircraft or engine records required for registration of the aircraft or engine, and in obtaining the certificate of airworthiness for an aircraft. If we incur significant costs repossessing our aircraft or engines, are delayed in repossessing our aircraft or engines or are unable to obtain possession of our aircraft or engines as a result of lessee defaults, our financial results may be materially and adversely affected.

The business of leasing, financing and selling aircraft, engines, and parts has historically experienced prolonged periods of oversupply during which lease rates and aircraft values have declined, and any future oversupply could materially and adversely affect our financial results.

In the past, the business of leasing, financing and selling aircraft, engines, and parts has experienced prolonged periods of equipment shortages and oversupply. Over recent years the business of leasing, financing and selling aircraft, engines, and parts has moved from a market that had been characterized by relative shortage to one of oversupply for certain older, less-fuel efficient aircraft. The oversupply of a specific type of aircraft or engine typically depresses the lease rates for, and the value of, that type of aircraft or engine. The supply and demand for aircraft and engines is affected by various cyclical and non-cyclical factors that are outside of our control, including:

passenger and air cargo demand;

fuel costs and general economic conditions;

geopolitical events, including war, prolonged armed conflict and acts of terrorism;

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outbreaks of communicable diseases and natural disasters;

governmental regulation;

interest rates;

the availability and cost of financing;

airline restructurings and bankruptcies;

manufacturer production levels and technological innovation;

manufacturers merging or exiting the industry or ceasing to produce aircraft types;

retirement and obsolescence of aircraft models;

reintroduction into service of aircraft previously in storage; and

airport and air traffic control infrastructure constraints.

A number of airlines have postponed or cancelled delivery of new aircraft and have reduced the size of the fleet of aircraft they operate. These measures increase the number of available aircraft in the marketplace which, along with the factors described above, may produce sharp and prolonged decreases in aircraft and engine lease rates and values, and could have a material adverse effect on our ability to re-lease our aircraft and engines and/or sell our aircraft engines and parts at attractive prices. Any of these factors could materially and adversely affect our financial results.

Over the last three years, we have experienced a slowdown in demand for our older less fuel-efficient aircraft, such as our older Boeing 737-300s, -400s and -500s (737 classics), other older Boeing aircraft and older Airbus A320s. As of December 31, 2010, 6.0% of our owned fleet, by book value, consists of older, less fuel-efficient aircraft in excess of 15 years of age. This slow-down in demand has put downward pressure on lease rates for these aircraft and made it more difficult for us to lease these aircraft when their leases expire or are terminated. If this slow-down continues, we expect further decreases in lease rates for older less fuel-efficient aircraft. These decreases would adversely affect our financial results.

The value and lease rates of our aircraft and engines could decline and this would have a material adverse effect on our financial results.

Aircraft and engine values and lease rates have historically experienced sharp decreases due to a number of factors including, but not limited to, decreases in passenger air travel and air cargo demand, increases in fuel costs, government regulation and increases in interest rates. In addition to factors linked to the aviation industry generally, many other factors may affect the value and lease rates of our aircraft and engines, including:

the particular maintenance, operating history and documentary records of the aircraft or engine;

the number of operators using that type of aircraft or engine;

the regulatory authority under which the aircraft or engine is operated;

whether the aircraft or engine is subject to a lease and, if so, whether the lease terms are favorable to the lessor;

the age of our aircraft or engines;

any renegotiation of a lease on less favorable terms;

the negotiability of clear title free from mechanics liens and encumbrances;

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any regulatory and legal requirements that must be satisfied before the aircraft can be purchased, sold or re-leased;

decrease in the credit worthiness of our lessees;

compatibility of our aircraft configurations or specifications with other aircraft owned by operators of that type;

comparative value based on newly manufactured competitive aircraft or engines; and

the availability of spare parts.

Any decrease in the value and lease rates of aircraft or engines which may result from the above factors or other unanticipated factors, may have a material adverse effect on our financial results.

The recent changes in demand and supply of aircraft could depress lease rates and the value of our aircraft portfolio.

During the 2008-09 global recession, the airline industry substantially curtailed capacity. As traffic demand recovered from late 2009, the continued capacity control resulted in a substantial recovery in financial performance of the airline industry. Because year on year growth rates are diminishing after the initial recovery while aircraft manufacturers are gradually increasing production rates the risk of renewed overcapacity in the market is increasing. The potential for deteriorating financial performance of the airline industry as a result of capacity growth exceeding traffic demand growth could result in lower demand for aircraft. As a result values and lease rates for aircraft might be negatively impacted.

In addition, the decrease in capital available to finance the purchase price of aviation assets resulting from the 2008-09 global financial crisis has reduced the level of activity in the secondary trading market for such aircraft and engines since many purchasers have been unable to obtain the necessary financing. A prolonged slowdown in secondary market activity will limit our ability to generate cash from sales of aviation assets which will have a material adverse impact on our financial condition and liquidity. In addition the significant decrease of activity in the secondary aircraft trading market is likely to result in lower prices for any aircraft sold.

We were required to write-down the value of some of our assets during 2009 and 2010 due to the 2008-09 global recession and financial crisis and if conditions again worsen, we may be required to make additional write-downs.

We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amounts are not recoverable from their undiscounted cash flows. We performed an impairment analysis of our long-lived assets during the year 2010 and as of December 31, 2010. In this impairment analysis, we focused on aircraft older than 15 years, since the cash flows supporting our carrying values of those aircraft are more dependent upon current lease contracts, which leases are more sensitive to weakness in the current global economic environment. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment. The impairment analysis for aircraft older than 15 years did not result in an impairment. However, we did recognize an impairment of $14.4 million in the year ended December 31, 2010. The impairment related to four discrete factors including one older A320 aircraft which was repossessed from a lessee, one A320 aircraft for which the impairment was triggered by the receipt of $9.0 million of end-of-lease payments from the previous lessee, an intangible lease premium write-off on an aircraft acquired through the Genesis Transaction and the impairment of one engine.

If conditions again worsen significant uncertainties may cause a potential adverse impact on our business. In particular, our estimates and assumptions regarding forecasted cash flows from our long-lived assets would need to be reassessed. This includes the duration of the economic downturn

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along with the timing and strength of the pending recovery, both of which are important variables for purposes of our long-lived asset impairment tests. Any of our assumptions may prove to be inaccurate which could adversely impact forecasted cash flows of certain long-lived assets, especially for aircraft older than 15 years. If so, it is possible that an impairment may be triggered for other long-lived assets in 2011 and that any such impairment amounts may be material.

Our limited control over our joint ventures may delay or prevent us from implementing our business strategy which may adversely affect our financial results.

We are currently joint venture partners in several joint ventures, including AerCap Partners I, AerDragon and two joint ventures with Waha Capital PJSC ("Waha"). Under the joint venture agreements, we share control over significant decisions with our joint venture partners. Since we have limited control over our joint ventures and may not be able to exercise control over any future joint venture, we may not be able to require our joint ventures to take actions that we believe are necessary to implement our business strategy. Accordingly, this limited control could have a material adverse effect on our financial results.

Changes in interest rates may adversely affect our financial results.

We use floating rate debt to finance the acquisition of a significant portion of our aircraft and engines. All of our revolving credit facilities bear floating interest rates. As of December 31, 2009 and December 31, 2010, we had $4.2 billion and $5.0 billion, respectively, of floating rate indebtedness outstanding. We incurred floating rate interest expense of $93.5 million in the year ended December 31, 2010. If interest rates increase, we would be obligated to make higher interest payments to our lenders. Our practice has been to protect ourselves against interest rate increase on a portion of our floating-rate liabilities by entering into derivative contracts, primarily interest rate caps. However, we remain exposed to changes in interest rates to the extent that our derivative contracts are not correlated to our financial liabilities. In addition, we are exposed to the credit risk that the counter parties to our derivative contracts will default in their obligations. If we incur significant fixed rate debt in the future, increased interest rates prevailing in the market at the time of the incurrence or refinancing of such debt will also increase our interest expense.

Decreases in interest rates may also adversely affect our lease revenues generated from leases with lease rates tied to floating interest rates. In the year ended December 31, 2010, 15.8% of our basic lease revenue was attributable to leases with lease rates tied to floating interest rates. Therefore, if interest rates were to decrease, our lease revenue would decrease. In addition, since our fixed rate leases are based, in part, on prevailing interest rates at the time we enter into the lease, if interest rates decrease, new fixed rate leases we enter into may be at lower lease rates and our lease revenue will be adversely affected. As of December 31, 2010, if interest rates were to increase by 1%, we would expect to incur an increase in interest expense on our floating rate indebtedness of approximately $40.5 million on an annualized basis, including the offsetting benefits of interest rate caps and swaps currently in effect, and, if interest rates were to decrease any further, we would expect our lease revenue to decrease by up to $6.4 million on an annualized basis.

Our substantial indebtedness incurred to acquire our aircraft and engines requires significant debt service payments.

As of December 31, 2010, our consolidated indebtedness was $6.6 billion and represented 68% of our total assets as of that date and our interest expense (including the impact of hedging activities) was $240.3 million for the year ended December 31, 2010. Due to the capital intensive nature of our business and our strategy of expanding our aircraft and engine portfolios, we expect that we will incur additional indebtedness in the future and continue to maintain high levels of indebtedness. If market conditions worsen and precipitate further declines in aircraft and aviation related markets, our

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operations may not generate sufficient cash to service our debt which will have a material adverse impact on us. Our high level of indebtedness:

- causes a substantial portion of our cash flows from operations to be dedicated to interest and principal payments and therefore not available to fund our operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- restricts the ability of some of our subsidiaries and joint ventures to make distributions to us;
- may impair our ability to obtain additional financing in the future;
- may limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- may make us more vulnerable to downturns in our business, our industry or the economy in general.

The concentration of some aircraft and engine models in our aircraft and engine portfolios could adversely affect our business and financial results should any problems specific to these particular models occur.

Due to the high concentration of Airbus A320 family aircraft and CFM International CFM56 family engines in our aircraft and engine portfolios, our financial results may be adversely affected if the demand for these aircraft or engine models declines, if they are redesigned or replaced by their manufacturer or if these aircraft or engine models experience design or technical problems. As of December 31, 2010, 76.9% of the net book value of our aircraft portfolio was represented by Airbus aircraft. Our owned aircraft portfolio included 14 aircraft types, the five highest concentrations of which together represented 93.4% of our aircraft by net book value. The five highest concentrations were Airbus A320 aircraft, representing 40.0% of the net book value of our aircraft portfolio, Airbus A330 aircraft, representing 18.2% of the net book value of our aircraft portfolio, Boeing 737 aircraft, representing 16.9% of the net book value of our aircraft portfolio, Airbus A319 aircraft, representing 10.6% of the net book value of our aircraft portfolio and Airbus A321 aircraft representing 7.8% of net book value of our aircraft portfolio. No other aircraft type represented more than 5% of our portfolio by net book value. In addition to our significant number of existing Airbus aircraft, as of December 31, 2010, we had seven new Airbus A320 family aircraft, 12 new Airbus A330 wide-body aircraft and ten new Boeing 737 aircraft on order. We also have a significant concentration of CFM56 engines in our engine portfolio. As of December 31, 2010, 63.0% of the net book value of our engine portfolio was represented by CFM56 engines and 16.2% was represented by CF6 engines.

Should any of these aircraft or engine types or aircraft manufactured by Airbus in general encounter technical or other problems, the value and lease rates of those aircraft or engines will likely decline, and we may be unable to lease the aircraft or engines on favorable terms, if at all. Any significant technical problems with any such aircraft or engine models could result in the grounding of the aircraft or engines.

Any decrease in the value and lease rates of our aircraft and engines may have a material adverse effect on our financial results.

We are indirectly subject to many of the economic and political risks associated with emerging markets, which could adversely affect our financial results.

A significant number of our aircraft and engines are leased to airlines in emerging market countries. As of December 31, 2010, we leased 59.8% of our aircraft and 35.6% of our engines, weighted by net book value, to airlines in emerging market countries. The emerging markets in which our aircraft and engines are operated China, India, Indonesia, Kazakhstan, Pakistan, Poland, Kuwait, Taiwan, Republic of Korea, Thailand, Vietnam, Bulgaria, Czech Republic, Hungary, Russia, Turkey, Brazil, Ecuador, El Salvador, Mexico, Jamaica, Trinidad & Tobago, Ethiopia, Jordan, Morocco, South

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Africa, Tunisia, Slovenia, Estonia, Philippines, Egypt, Chile, Argentina and United Arab Emirates. We also may lease aircraft and engines to airlines in other emerging market countries in the future.

Emerging market countries have less developed economies that are more vulnerable to economic and political problems and may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. The occurrence of any of these events in markets served by our lessees and the resulting economic instability that may arise could adversely affect the value of our ownership interest in aircraft or engines subject to lease in such countries, or the ability of our lessees which operate in these markets to meet their lease obligations. As a result, lessees which operate in emerging market countries may be more likely to default than lessees that operate in developed countries. In addition, legal systems in emerging market countries may be less developed, which could make it more difficult for us to enforce our legal rights in such countries. For these and other reasons, our financial results may be materially and adversely affected by adverse economic and political developments in emerging market countries.

We are exposed to significant regional political and economic risks due to the concentration of our lessees in certain geographical regions which could adversely affect our financial results.

Through our lessees, we are exposed to local economic and political conditions. Such adverse economic and political conditions include additional regulation or, in extreme cases, requisition of our aircraft or engines. The effect of these conditions on payments to us will be more or less pronounced, depending on the concentration of lessees in the region with adverse conditions. The airline industry is highly sensitive to general economic conditions. A recession or other worsening of economic conditions, as currently seen in many regions, may have a material adverse effect on the ability of our lessees to meet their financial and other obligations under our leases. Furthermore a disruption in the financial markets, terrorist attack, high fuel prices or a weak local currency may increase the adverse impact on our lessees.

Lease rental revenues from lessees based in Asia accounted for 26% of our lease revenues in 2010. In recent periods, Asia has been one of the highest growth areas for airline passenger traffic and freight traffic, which has resulted in strong demand for aircraft from the region. In 2010, Asian traffic recovered rapidly following economic growth, in particular in China. As a result, according to International Air Transport Association ("IATA"), Asian international airline passenger traffic in 2010 increased by 9% compared to 2009 and freight traffic increased 24% in 2010. For the month of December 2010, year on year growth rates declined to only 2.9% in Asia with capacity growing 5.4% in the same month. If this disconnect between capacity and traffic growth persists it could adversely affect the financial condition of most airlines in the region. If the global economic downturn persists, we expect further continued declines in freight and passenger traffic in this region, which would adversely impact aircraft demand and lease rates and our ability to lease and release our aircraft.

Lease rental revenues from lessees based in Europe accounted for 49% of our lease revenues in 2010. Commercial airlines in Europe face, and can be expected to continue to face, increased competitive pressures, in part as a result of the deregulation of the airline industry by the European Union and the resulting expansion of low-cost carriers. European countries generally have relatively strict environmental regulations and traffic constraints that can restrict operational flexibility and decrease aircraft productivity, which could significantly increase operating costs of all aircraft, including our aircraft, thereby adversely affecting our lessees. Thus far the economic recovery in Europe also resulted in traffic recovery in the region in 2010, however the recovery was not as strong when compared to other regions. According to IATA, international airline passenger traffic in 2010 grew by 5.5% compared to 2009 and freight traffic grew by 10.8% in 2010. The relative weakness of the European economies poses a continued risk to the financial performance of the European airline

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industry, which could adversely impact aircraft demand and lease rates and our ability to lease and release our aircraft.

Lease rental revenues from lessees based in North America, accounted for 14% of our lease revenues in 2010. According to IATA, international airline passenger traffic recovered in 2010, increasing by 7.4% compared to 2009 and freight traffic increased by 21.8% in 2010. Passenger capacity growth was up 3.9% for the year, and 8.4% in December 2010. Although passenger and freight traffic increased in 2010, the increasing growth in capacity in combination with a decline in growth in traffic could adversely affect the financial condition of most airlines in the region, which would adversely impact aircraft demand and lease rates and our ability to lease and release our aircraft.

Lease rental revenues from lessees based in Latin America accounted for 6% of our lease revenues in 2010. The economies of Latin American countries are generally characterized by lower levels of foreign investment and greater economic volatility when compared to industrialized countries. Although during 2010 Latin American airlines saw international passenger traffic grow by 8.2% according to IATA, the bankruptcy of Mexicana proved individual carriers could still be vulnerable in a traffic growth environment. The competitive environment and worsening economic conditions could still negatively impact the financial health of some Latin American airlines, including our lessees.

Lease rental revenues from lessees based in Africa/Middle East accounted for 5% of our lease revenues in 2010. In recent years the airline industry in the Middle East experienced tremendous growth as a result of high oil prices, strong economic growth, significant investment in attracting tourism and gradual deregulation of the airline industry. The rapid traffic growth in the Middle East continued in 2010 with international passenger traffic growing 17.8% year on year while international cargo traffic increased by 26.7% according to IATA. Due to the region's substantial aircraft order backlog continues high paced growth is required to prevent overcapacity. As such the scheduled capacity growth committed by airlines in this region through aircraft orders could have an adverse impact on the financial health of some Middle Eastern airlines, including our lessees.

If we or our lessees fail to maintain our aircraft or engines, their value may decline and we may not be able to lease or re-lease our aircraft and engines at favorable rates, if at all, which would adversely affect our financial results.

We may be exposed to increased maintenance costs for our leased aircraft and engines associated with a lessee's failure to properly maintain the aircraft or engine or pay supplemental maintenance rent. If an aircraft or engine is not properly maintained, its market value may decline which would result in lower revenues from its lease or sale. Under our leases, our lessees are primarily responsible for maintaining the aircraft and engines and complying with all governmental requirements applicable to the lessee and the aircraft and engines, including operational, maintenance, government agency oversight, registration requirements and airworthiness directives. Although we require many of our lessees to pay us a supplemental maintenance rent, failure of a lessee to perform required maintenance during the term of a lease could result in a decrease in value of an aircraft or engine, an inability to re-lease an aircraft or engine at favorable rates, if at all, or a potential grounding of an aircraft or engine. Maintenance failures by a lessee would also likely require us to incur maintenance and modification costs upon the termination of the applicable lease, which could be substantial, to restore the aircraft or engine to an acceptable condition prior to sale or re-leasing. Supplemental maintenance rent paid by our lessees may not be sufficient to fund our maintenance costs. Our lessees' failure to meet their obligations to pay supplemental maintenance rent or perform required scheduled maintenance or our inability to maintain our aircraft or engines may materially and adversely affect our financial results.

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Competition from other aircraft or engine lessors with greater resources or a lower cost of capital than us could adversely affect our financial results.

The aircraft and engine leasing industry is highly competitive. Our competition is comprised of major aircraft leasing companies including GE Capital Aviation Services ("GECAS"), International Lease Finance Corp., CIT Aerospace, Aviation Capital Group, RBS Aviation Capital, AWAS, FLY Leasing Limited, BOC Aviation and AirCastle Ltd, and the following six major engine leasing companies: GE Engine Leasing, Engine Lease Finance Corporation, Pratt & Whitney Engine Leasing LLC, Willis Lease Finance Corporation, Rolls Royce and Partners Finance and Shannon Engine Support Ltd. Some of our competitors are significantly larger and have greater resources or lower cost of capital than us; accordingly, they may be able to compete more effectively in one or more of our markets. GECAS is able to operate with an integrated business model similar to our own, and therefore directly competes with each aspect of our business.

In addition, we may encounter competition from other entities such as:

airlines;

aircraft manufacturers and maintenance, repair and overhaul (MRO) organizations;

financial institutions, including those seeking to dispose of re-possessed aircraft at distressed prices;

aircraft brokers;

public and private partnerships, investors and funds with more capital to invest in aircraft and engines; and

other aircraft and engine leasing companies and MRO organizations that we do not currently consider our major competitors.

Some of these competitors have greater operating and financial resources and access to lower capital costs than us. We may not always be able to compete successfully with such competitors and other entities, which could materially and adversely affect our financial results.

Aircraft have limited economically useful lives and depreciate over time, which can adversely affect our financial condition.

As our aircraft age, they will depreciate and generally the aircraft will generate lower revenues and cash flows. As of December 31, 2010, 6.0% of our aircraft portfolio by net book value was older than 15 years. If we do not replace our older depreciated aircraft with newer aircraft, our ability to maintain or increase our revenues and cash flows will decline. In addition, since we depreciate our aircraft for accounting purposes on a straight line basis to the aircraft's estimated residual value over its estimated useful life, if we dispose of an aircraft for a price that is less than the depreciated book value of the aircraft on our balance sheet, we will recognize a loss on the sale.

The advanced age of some of our aircraft may cause us to incur higher than anticipated maintenance expenses, which could adversely affect our financial results.

As of December 31, 2010, 6.0% of our net book value of our aircraft portfolio related to aircraft that were over 15 years of age. In general, the costs of operating an aircraft, including maintenance expenditures, increase as the aircraft ages. In addition, older aircraft are typically less fuel-efficient, noisier and produce higher levels of emissions, than newer aircraft and may be more difficult to re-lease or sell. In a depressed market, the value of older aircraft may decline more rapidly than the values of newer aircraft and our operating results may be adversely affected. Increased variable expenses like fuel, maintenance and increased governmental regulation could make the operation of

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older aircraft or engines less profitable and may result in increased lessee defaults. Incurring higher than anticipated maintenance expenses associated with the advanced age of some of our aircraft or our inability to sell or re-lease such older aircraft would materially and adversely affect our financial results.

The advent of superior aircraft and engine technology or the introduction of a new line of aircraft could cause our existing aircraft and engine portfolio to become outdated and therefore less desirable, which could adversely affect our financial results.

As manufacturers introduce technological innovations and new types of aircraft and engines, some of the aircraft and engines in our aircraft and engine portfolios may become less desirable to potential lessees. In addition, the imposition of increased regulation regarding stringent noise or emissions restrictions may make some of our aircraft and engines less desirable in the marketplace. Any of these risks may adversely affect our ability to lease or sell our aircraft or engines on favorable terms, if at all, which would have a material adverse effect on our financial results.

New aircraft manufacturers, such as Mitsubishi Aircraft Corporation in Japan, Sukhoi Company (JSC) in Russia and Aviation Industries in China could someday produce aircraft that compete with current offerings from Airbus, ATR, Boeing, Bombardier and Embraer. Additionally, manufacturers in China may develop a narrowbody aircraft that competes with established aircraft types from Boeing and Airbus, and the new Chinese product could put downward price pressure on and decrease the marketability for aircraft from Boeing and Airbus. New aircraft types that are introduced into the market could be more attractive for the target lessees of our aircraft.

Additionally, the market may not be able to absorb the scheduled production increases by Airbus and Boeing. If the additional capacity scheduled to be produced by the manufacturers exceeds the additional future requirement for capacity the resultant over capacity could have a negative effect on aircraft values and lease rates. Also the financial community would be required to increase their lending volume to match the increase in aircraft production. As a result of the increased funding requirement for new deliveries, the cost of lending or the ability to obtain debt could be negatively affected if lending capacity does not increase in line with the increased aircraft production.

Airbus has announced that it will have two new engine variants available for its A320 family aircraft, which could decrease the value and lease rates of aircraft we acquire.

On December 1, 2010, Airbus announced the launch of the NEO program, which involves the offering of two new engine types one from Pratt & Whitney, a division of United Technologies Corporation, and the other from CFM International, Inc. on certain Airbus A320 family aircraft delivering in 2016 and thereafter. Airbus proposes to charge a price premium for A320 family aircraft equipped with these new engines. The availability of A320 family aircraft with these new engine types may have an adverse effect on residual value and future lease rates on current A320 family aircraft. The development of these new engine options could decrease the desirability of the current A320 family aircraft that are not equipped with these new engines and thereby increase the supply of this type of aircraft in the marketplace. This increase in supply could, in turn, reduce both future residual values and lease rates for this type of aircraft. It is also possible that other airframe manufacturers could embark on similar programs, which could have similar effects on residual values and lease rates of the aircraft manufactured by these manufacturers.

If our lessees' insurance coverage is insufficient, it could adversely affect our financial results.

While we do not directly control the operation of any of our aircraft or engines, by virtue of holding title to aircraft, directly or indirectly, in certain jurisdictions around the world, we could be held strictly liable for losses resulting from the operation of our aircraft and engines, or may be held liable for those losses on other legal theories. We require our lessees to obtain specified levels of insurance

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and indemnify us for, and insure against, liabilities arising out of their use and operation of the aircraft or engine.

However, following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of insurance coverage available to airlines for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. At the same time, aviation insurers significantly increased the premiums for third party war risk and terrorism liability insurance and coverage in general. As a result, the amount of third party war risk and terrorism liability insurance that is commercially available at any time may be below the amount stipulated in our leases.

Our lessees' insurance or other coverage may not be sufficient to cover all claims that may be asserted against us arising from the operation of our aircraft and engines by our lessees. Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the insurance proceeds that would be received by us in the event we are sued and are required to make payments to claimants, which could materially and adversely affect our financial results.

Our lessee insurance coverage is dependent on the financial condition of insurance companies. If insurance companies are unable to meet their obligations, it could adversely impact our financial results.

If our lessees fail to appropriately discharge aircraft liens, we may be obligated to pay to discharge the aircraft liens, which could adversely affect our financial results.

In the normal course of their business, our lessees are likely to incur aircraft and engine liens that secure the payment of airport fees and taxes, custom duties, air navigation charges, including charges imposed by Eurocontrol, landing charges, crew wages, repairer's charges, salvage or other liens that may attach to our aircraft or engine. These liens may secure substantial sums that may, in certain jurisdictions or for certain types of liens, particularly liens on entire fleets of aircraft, exceed the value of the particular aircraft or engine to which the liens have attached. Aircraft and engines may also be subject to mechanical liens as a result of routine maintenance performed by third parties on behalf of our customers. Although the financial obligations relating to these liens are the responsibility of our lessees, if they fail to fulfill their obligations, the liens may attach to our aircraft or engines and ultimately become our responsibility. In some jurisdictions, aircraft and engine liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft or engine.

Until they are discharged, these liens could impair our ability to repossess, re-lease or sell our aircraft or engines. Our lessees may not comply with their obligations under their leases to discharge aircraft liens arising during the terms of their leases. If they do not, we may find it necessary to pay the claims secured by such aircraft liens in order to repossess the aircraft or engine. Such payments would materially and adversely affect our financial results.

In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine.

In some jurisdictions, an engine affixed to an aircraft may become an accession to the aircraft, so that the ownership rights of the owner of the aircraft supersede the ownership rights of the owner of the engine. If an aircraft is security for the owner's obligations to a third party, the security interest in the aircraft may supersede our rights as owner of the engine. This legal principle could limit our ability to repossess an engine in the event of an engine lease default while the aircraft with our engine installed remains in such jurisdiction. We would suffer a substantial loss if we were not able to repossess engines leased to lessees in these jurisdictions, which would materially and adversely affect our financial results.

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Failure to obtain certain required licenses, certificates and approvals could adversely affect our ability to re-lease or sell aircraft and engines, our ability to perform maintenance services or to provide cash management services, which would materially and adversely affect our financial condition and results of operations.

Under our leases, we may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft and engines. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might be withdrawn. Furthermore, consents needed in connection with future re-leasing or sale of an aircraft or engine may not be forthcoming. To perform some of our cash management services and insurance services from Ireland under our management arrangements with our joint ventures and securitization entities, we require a license from the Irish regulatory authorities, which we have obtained. In addition, to meet our MRO customers' requirements to maintain certain flight certifications, AeroTurbine requires certificates from the Federal Aviation Administration, or FAA, and the European Aviation Safety Agency, or EASA, which it has obtained. A failure to maintain these licenses or certificates or obtain any required license or certificate, consent or approval, or the occurrence of any of the foregoing events, could adversely affect our ability to provide qualifying services or re-lease or sell our aircraft or engines, which would materially and adversely affect our financial condition and results of operations.

Our ability to operate in some countries is restricted by foreign regulations and controls on investments.

Many countries restrict or control foreign investments to varying degrees, and additional or different restrictions or policies adverse to us may be imposed in the future. These restrictions and controls have limited, and may in the future restrict or preclude, our investment in joint ventures or the acquisition of businesses outside of the United States, or may increase the cost to us of entering into such transactions. Various governments, particularly in the Asia/Pacific region, require governmental approval before foreign persons may make investments in domestic businesses and also limit the extent of any such investments. Furthermore, various governments may require governmental approval for the repatriation of capital by, or the payment of dividends to, foreign investors. Restrictive policies regarding foreign investments may increase our costs of pursuing growth opportunities in foreign jurisdictions, which could materially and adversely affect our financial results.

There are a limited number of aircraft and engine manufacturers and the failure of any manufacturer to meet its aircraft and engine delivery obligations to us could adversely affect our financial results.

The supply of commercial jet aircraft is dominated by two airframe manufacturers, Boeing and Airbus, and three engine manufacturers, GE Aircraft Engines, Rolls Royce plc and Pratt & Whitney. As a result, we are dependent on these manufacturers' success in remaining financially stable, producing products and related components which meet the airlines' demands and fulfilling their contractual obligations to us. For Airbus, the impact of delayed deliveries of the A380 has resulted in substantial financial losses for the manufacturer, which subsequently forced Airbus to resort to a significant cost saving program. A strengthening of the Euro against the US dollar will put further cost pressure on Airbus. Although Boeing is not exposed to the same Euro-US dollar currency risk, announced delays in the Boeing 787 program could potentially lead to similar consequences to those resulting from the Airbus A380 program delays.

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Should the manufacturers fail to respond appropriately to changes in the market environment or fail to fulfill their contractual obligations, we may experience:

- missed or late delivery of aircraft and engines ordered by us and an inability to meet our contractual obligations to our customers, resulting in lost or delayed revenues, lower growth rates and strained customer relationships;

- an inability to acquire aircraft and engines and related components on terms which will allow us to lease those aircraft and engines to customers at a profit, resulting in lower growth rates or a contraction in our aircraft portfolio;

- a market environment with too many aircraft and engines available, creating downward pressure on demand for the aircraft and engines in our fleet and reduced market lease rates and sale prices;

- poor customer support from the manufacturers of aircraft, engines and components resulting in reduced demand for a particular manufacturer's product, creating downward pressure on demand for those aircraft and engines in our fleet and reduced market lease rates and sale prices for those aircraft and engines; and

- reduction in our competitiveness due to deep discounting by the manufacturers, which may lead to reduced market lease rates and sale prices and may affect our ability to remarket or sell some of the aircraft and engines in our portfolio.

We and our customers are subject to various environmental regulations that may have an adverse impact on our financial results.

Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant airframe is registered, and where the aircraft is operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition, the United States and the International Civil Aviation Organization, or ICAO, have adopted a more stringent set of standards for noise levels which apply to engines manufactured or certified beginning in 2006. Currently, United States regulations do not require any phase-out of aircraft that qualify with the older standards, but the European Union established a framework for the imposition of operating limitations on aircraft that do not comply with the newer standards. These regulations could limit the economic life of our aircraft and engines, reduce their value, limit our ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require us to make significant additional investments in the aircraft and engines to make them compliant.

In addition to more stringent noise restrictions, the United States, European Union and other jurisdictions are beginning to impose more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide from engines. Though current emissions control laws generally apply to newer engines, new laws could be passed in the future that also impose limits on older engines, and therefore any new engines we purchase, as well as our older engines, could be subject to existing or new emissions limitations or indirect taxation. For example, the European Union issued a directive in January 2009 to include aviation within the scope of its greenhouse gas emissions trading scheme, thereby requiring that all flights arriving, departing or flying within any European Union country, beginning on January 1, 2012, comply with the scheme and surrender allowances for emissions, regardless of the age of the engine used in the aircraft. In the US similar legislation is currently being proposed. Limitations on emissions such as the one in the European Union could favor younger more fuel efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect our ability to re-lease or otherwise dispose of less efficient aircraft on a timely basis, at favorable terms, or at all. This is an area of law that is rapidly changing and as of yet remains specific

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to certain jurisdictions. While we do not know at this time whether new emission control laws will be passed, and if passed what impact such laws might have on our business, any future emissions limitations could adversely affect us.

Our operations are subject to various federal, state and local environmental, health and safety laws and regulations in the United States, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the health and safety of our employees. A violation of these laws and regulations or permit conditions can result in substantial fines, permit revocation or other damages. Many of these laws impose liability for clean-up of contamination that may exist at our facilities (even if we did not know of or were not responsible for the contamination) or related personal injuries or natural resource damages or costs relating to contamination at third party waste disposal sites where we have sent or may send waste. We cannot assure that we will be in complete compliance with these laws, regulations or permits at all times. We may have liability under environmental laws or be subject to legal actions brought by governmental authorities or other parties for actual or alleged violations of, or liability under, environmental, health and safety laws, regulations or permits.

We are the manager for several securitization vehicles and joint ventures and our financial results would be adversely affected if we were removed from these positions.

We are the aircraft manager for various securitization vehicles, joint ventures and third parties and receive annual fees for these services. In 2010, we generated revenue of $11.8 million from providing aircraft management services to non-consolidated securitization vehicles and joint ventures and third parties. We may be removed as manager by the affirmative vote of a requisite number of holders of the securities issued by the securitization vehicles upon the occurrence of specified events and at specified times under our joint venture agreements. If we are removed, in the case of our consolidated securitization vehicles and joint ventures, our expenses would increase since such securitization vehicles or joint ventures would have to hire an outside aircraft manager and, in the case of non-consolidated securitization vehicles, joint ventures and third parties, our revenues would decline as a result of the loss of our fees for providing management services to such entities. If we are removed as aircraft manager for any securitization vehicle or joint venture that generates a significant portion of our management fees, our financial results could be materially and adversely affected.

The departure of senior managers could adversely affect our financial results.

Our future success depends, to a significant extent, upon the continued service of our senior management personnel. For a description of the senior management team, see "Item 6. Directors, Senior Management and Employees". The departure of senior management personnel could have a material adverse effect on our ability to achieve our business strategy.

Risks Related to the Aviation Industry

Interruptions in the capital markets could impair our lessees' ability to finance their operations which could prevent the lessees from complying with payment obligations to us.

The global financial markets have been highly volatile and the availability of credit from financial markets and financial institutions has been systematically reduced. Many of our lessees have expanded their airline operations through borrowings and are leveraged. These lessees will depend on banks and the capital markets to provide working capital and to refinance existing indebtedness. To the extent such funding is unavailable or available only at high interest costs or on unfavorable terms, and to the extent financial markets do not allow equity financing as an alternative, our lessees operations and operating results may be adversely affected and they may not comply with their respective payment obligations to us.

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Airline reorganizations could impair our lessees' ability to comply with their lease payment obligations to us.

In recent years, several airlines have filed for protection under their local bankruptcy and insolvency laws and, in 2010, certain airlines have gone into liquidation. Historically, airlines involved in reorganizations have undertaken substantial fare discounting to maintain cash flows and to encourage continued customer loyalty. The bankruptcies have led to the grounding of significant numbers of aircraft, rejection of leases and negotiated reductions in aircraft lease rentals, with the effect of depressing aircraft market values.

Additional reorganizations or liquidations by airlines under applicable bankruptcy or reorganization laws or further rejection or abandonment of aircraft by airlines in bankruptcy proceedings may depress aircraft values and aircraft lease rates. Additional grounded aircraft and lower market values would adversely affect our ability to sell certain of our aircraft or re-lease other aircraft at favorable rates.

A return to historically high fuel prices or continued rapid fluctuations in fuel prices and high fuel costs could affect the profitability of the aviation industry and our lessees' ability to meet their lease payment obligations to us, which would adversely affect our financial results.

Fuel costs represent a major expense to companies operating in the aviation industry. Fuel prices have fluctuated widely depending primarily on international market conditions, geopolitical and environmental events and currency/exchange rates. Fuel costs are not within the control of lessees and significant increases in fuel costs or hedges that inaccurately assess the direction of fuel costs would materially and adversely affect their operating results.

Factors such as natural disasters can significantly affect fuel availability and prices. In August and September 2005, Hurricanes Katrina and Rita inflicted widespread damage along the Gulf Coast of the United States, causing significant disruptions to oil production, refinery operations and pipeline capacity in the region, and to oil production in the Gulf of Mexico. These disruptions resulted in decreased fuel availability and higher fuel prices. Also the perception of a structural shortage in oil supplies that resulted in the 2008 oil price boom, and saw fuel prices increase to historical highs before declining substantially as a result of the 2008-09 global recession, poses a substantial risk to the airline industry. Currently the political unrest in North Africa and the fear of political unrest spreading to the large oil exporting countries in the Middle East is resulting in steadily rising fuel prices. The reduction in supply of oil from North Africa is compensated by production increases from OPEC members, however if political unrest spreads to any of the larger oil exporting countries in the Middle East fuel process could rise beyond the peak levels of 2008.

A return to 2008 historically high fuel prices that are not hedged appropriately would have a material adverse impact on airlines' profitability. Swift movements in fuel prices when airlines have hedged their fuel costs can adversely affect profitability and liquidity as airlines may be required to post cash collateral under hedge agreements. Due to the competitive nature of the aviation industry, operators may be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully off-sets the increased fuel costs they may incur. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. If fuel prices return to historically high levels due to future terrorist attacks, acts of war, armed hostilities, natural disasters or for any other reason, they are likely to cause our lessees to incur higher costs and/or generate lower revenues, resulting in an adverse affect on their financial condition and liquidity. Consequently, these conditions may adversely affect our lessees' ability to make rental and other lease payments, result in lease restructurings and/or aircraft and engine repossessions, increase our costs of servicing and marketing our aircraft and engines, impair our ability to re-lease them or otherwise dispose of them on a timely basis at favorable rates or terms, if at all, and reduce the proceeds received for such assets upon any disposition. Any of these events could adversely affect our financial results.

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If the effects of terrorist attacks and geopolitical conditions continue to adversely affect the financial condition of the airlines, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results.

As a result of the September 11, 2001 terrorist attacks in the United States and subsequent terrorist attacks abroad, notably in the Middle East, Southeast Asia and Europe, increased security restrictions were implemented on air travel, costs for aircraft insurance and security measures have increased, passenger and cargo demand for air travel decreased and operators have faced and continue to face increased difficulties in acquiring war risk and other insurance at reasonable costs. In addition, war or armed hostilities, or the fear of such events could further exacerbate many of the problems experienced as a result of terrorist attacks. Uncertainty regarding the situation in Iraq, the Israeli/Palestinian conflict, tension over Iran's nuclear programs, and recent political instability in North Africa and the Middle East may lead to further instability in these regions. Future terrorist attacks, war or armed hostilities, or the fear of such events, could further adversely affect the aviation industry and may have an adverse effect on the financial condition and liquidity of our lessees, aircraft and engine values and rental rates, and may lead to lease restructurings or repossessions, all of which could adversely affect our financial results.

Terrorist attacks and adverse geopolitical conditions have negatively impacted the aviation industry and concerns about such events could also result in:

- higher costs to the airlines due to the increased security measures;
- decreased passenger demand and revenue due to the inconvenience of additional security measures;
- uncertainty of the price and availability of jet fuel and the cost and practicability of obtaining fuel hedges under current market conditions;
- higher financing costs and difficulty in raising the desired amount of proceeds on favorable terms, if at all;
- significantly higher costs of aviation insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance has been or will continue to be available;
- inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of terrorist attacks and geopolitical conditions, including those referred to above; and
- special charges recognized by some operators, such as those related to the impairment of aircraft and engines and other long lived assets stemming from the grounding of aircraft as a result of terrorist attacks, the economic slowdown and airline reorganizations.

Future terrorist attacks, acts of war or armed hostilities may cause certain aviation insurance to become available only at significantly increased premiums, which may only provide reduced amounts of coverage that are insufficient to comply with the levels of insurance coverage currently required by aircraft and engine lenders and lessors or by applicable government regulations, or to not be available at all.

Although the Aircraft Transportation Safety and System Stabilization Act adopted in the United States on September 22, 2001 and similar programs instituted by the governments of other countries provide for limited government coverage under government programs for specified types of aviation insurance, these programs may not continue and governments may not pay under these programs in a timely fashion.

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Future terrorist attacks, acts of war or armed hostilities are likely to cause our lessees to incur higher costs and to generate lower revenues, which could result in an adverse effect on their financial condition and liquidity. Consequently, these conditions may affect their ability to make rental and other lease payments to us or obtain the types and amounts of insurance required by the applicable leases, which may in turn lead to aircraft groundings, may result in additional lease restructurings and repossessions, may increase our cost of re-leasing or selling the aircraft and may impair our ability to re-lease or otherwise dispose of them on a timely basis at favorable rates or on favorable terms, if at all, and may reduce the proceeds received for our aircraft and engines upon any disposition. These results could adversely affect our financial results.

The effects epidemic diseases and natural disasters, such as extreme weather conditions, floods, earthquakes and volcano eruptions may adversely affect the airline industry in the future, which might cause our lessees to not be able to meet their lease payment obligations to us, which would adversely affect our financial results.

The outbreak of epidemic diseases, such as previously experienced with SARS and H1N1, could materially and adversely affect passenger demand for air travel. Similarly the lack of air travel demand and/or the inability of airlines to operate to or from certain regions due to severe weather conditions and natural disasters including floods, earthquakes and volcano eruptions could impact the financial health of certain airlines including our lessees. These consequences could result in our lessees' inability to satisfy their lease payment obligations to us, which in turn would adversely affect our financial results. Additionally the potential reduction in air travel demand could result in lower demand for aircraft and consequently lower market values that would adversely affect our ability to sell certain of our aircraft or re-lease other aircraft at favorable rates.

Risks Related to Our Organization and Structure

If the ownership of our ordinary shares continues to be highly concentrated, it may prevent minority shareholders from influencing significant corporate decisions and may result in conflicts of interest.

Waha owns 20.0% of our ordinary shares and Cerberus Capital Management, L.P. ("Cerberus"), owns 18.7% of our ordinary shares. As a result, Waha and/or Cerberus may be able to significantly influence fundamental corporate matters and transactions, including the appointment of our directors, mergers, amalgamations, consolidations or acquisitions, the sale of all or substantially all of our assets, the amendment of our articles of association and our dissolution. This concentration of ownership may delay, deter or prevent acts that would be favored by our other shareholders, such as a change of control transaction that would result in the payment of a premium to our other shareholders. In addition, this concentration of share ownership may adversely affect the trading price of our ordinary shares if the perception among investors exists that owning shares in a company with a significant shareholder is not desirable.

We are a Netherlands public limited liability company ("naamloze vennootschap" or "N.V.") and it may be difficult to obtain or enforce judgments against us or our executive officers, some of our directors and some of our named experts in the United States.

We were formed under the laws of The Netherlands and, as such, the rights of holders of our ordinary shares and the civil liability of our directors will be governed by the laws of The Netherlands and our articles of association. The rights of shareholders under the laws of The Netherlands may differ from the rights of shareholders of companies incorporated in other jurisdictions. Some of the named experts referred to in this annual report are not residents of the United States, and most of our directors and our executive officers and most of our assets and the assets of our directors are located outside the United States. In addition, under our articles of association, all lawsuits against us and our directors and executive officers shall be governed by the laws of The Netherlands and must be brought exclusively before the Courts of Amsterdam, The Netherlands. As a result, you may not be able to

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serve process on us or on such persons in the United States or obtain or enforce judgments from U.S. courts against them or us based on the civil liability provisions of the securities laws of the United States. There is doubt as to whether the courts of The Netherlands courts would enforce certain civil liabilities under U.S. securities laws in original actions and enforce claims for punitive damages.

Under our articles of association, we indemnify and hold our directors, officers and employees harmless against all claims and suits brought against them, subject to limited exceptions. Under our articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder shall be governed exclusively by the laws of The Netherlands and subject to the jurisdiction of The Netherlands courts, unless such rights or obligations do not relate to or arise out of their capacities listed above. Although there is doubt as to whether U.S. courts would enforce such provision in an action brought in the United States under U.S. securities laws, such provision could make judgments obtained outside of The Netherlands more difficult to enforce against our assets in The Netherlands or jurisdictions that would apply Netherlands law.

Our international operations expose us to geopolitical, economic and legal risks associated with a global business.

We conduct our business in many countries, and we anticipate that revenue from our international operations, particularly from the Asia/Pacific region, will continue to account for a significant amount of our future revenue. There are risks inherent in conducting our business internationally, including:

- general political and economic instability in international markets;
- limitations in the repatriation of our assets, including cash;
- expropriation of our international assets;
- different liability standards and legal systems that may be less developed and less predictable than those in the United States; and
- laws of countries that do not protect our intellectual property and international rights to the same extent as the laws of the United States.

These factors may have a material adverse effect on our financial results.

If our subsidiaries do not make distributions to us we will not be able to pay dividends.

Substantially all of our assets are held by and our revenues are generated by our subsidiaries. While we do not currently, or intend to, pay dividends, we will be limited in our ability to pay dividends unless we receive dividends or other cash flow from our subsidiaries. Substantially all of our owned aircraft are held through special purpose subsidiaries or finance structures which borrow funds to finance or refinance the aircraft. The terms of such financings place restrictions on distributions of funds to us. If these limitations prevent distributions to us or our subsidiaries do not generate positive cash flows, we will be limited in our ability to pay dividends and may be unable to transfer funds between subsidiaries if required to support our subsidiaries.

A new standard for lease accounting is expected to be announced in the future, but we are unable to predict the impact of such a standard at this time.

In August 2010, the Financial Accounting Standards Board ("FASB") issued an Exposure Draft that proposes substantial changes to existing lease accounting, which will affect all lease arrangements. The FASB's proposal requires that all leases be recorded on the financial statements of both the lessee and lessor.

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Under the proposed accounting model, lessees will be required to record an asset representing the right-to-use the leased item for the lease term (the "Right-of-Use Asset") and a liability to make lease payments. The Right-of-Use Asset and liability incorporate the rights, including renewal options, and obligations, including contingent payments, residual value guarantees and termination payments, arising under the lease and are based on the lessee's assessment of expected fixed and variable payments to be made over the lease term. The proposed model requires measuring these amounts at the present value of the future expected payments.

Under the proposed accounting model, lessors will apply one of two approaches to each lease based on whether the lessor retains exposure to significant risks or benefits associated with the underlying asset, as defined. The performance obligation approach will be applied when the lessor has retained exposure to significant risks or benefits associated with the underlying asset. The de-recognition approach will apply when the lessor does not retain significant risks or benefits associated with the underlying asset.

Under either approach, lessors will recognize an asset for their right to receive lease payments when these can be measured reliably (a "Lease Receivable"). The Lease Receivable will be initially measured based on the present value of the lease payments expected to be received over the determined lease term. The expected lease payments include fixed and contingent rentals, residual value guarantees and lease termination penalties. The lease term may include extension and will be the longest possible lease term that is more likely than not to occur, including any extension options. Subsequently, the lessor will measure the Lease Receivable at amortized cost using the interest method. The lessor will recognize interest income over the lease term and the lease payments will reduce the Lease Receivable.

Under the performance obligation approach, the underlying leased asset is considered to remain the lessor's economic resource, and the lessor is obligated to allow the lessee to use the underlying asset during the term of the lease. The lessor will initially recognize a Lease Receivable and a lease liability (a "Performance Obligation") for its obligation to allow the lessee to use the leased asset. The Performance Obligation is initially the same amount as the measurement of the Lease Receivable. Under the performance obligation approach, income is recognized as the Performance Obligation is reduced in a systematic and rational manner based on the pattern of usage. No income is recognized at the beginning of a lease under this approach.

Under the de-recognition approach, some of the economic benefits associated with the leased asset are considered to transfer to the lessee in exchange for an unconditional right to receive lease payments. The lessor will recognize a Lease Receivable and de-recognize the portion of the underlying asset representing the economic benefits that were transferred to the lessee. Any remaining economic benefits not transferred to the lessee will be recognized by the lessor as a residual asset. Income or loss is recognized at the beginning of the lease under this approach.

The comment period for this proposal ended in December 2010 and the FASB intends to issue a final standard in 2011. The proposal does not include a proposed effective date, rather it is expected to be considered as part of the evaluation of the effective dates for the major projects currently undertaken by the FASB. At present we are unable to assess the effects the adoption of the new lease standard will have on our financial statements. We believe the presentation of our financial statements, and those of our lessees, will change; however, we do not anticipate that the accounting pronouncement will change the fundamental economic reasons why airlines lease aircraft.

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Risks Related to Taxation

We may become a passive foreign investment company, or PFIC, for U.S. federal income tax purposes.

We cannot yet determine whether we will be classified as a PFIC for the 2011 fiscal year. The determination as to whether a foreign corporation is a PFIC is a complex determination based on all of the relevant facts and circumstances and depends on the classification of various assets and income under PFIC rules. In our case, the determination is further complicated by the application of the PFIC rules to leasing companies and to joint ventures and financing structures common in the aircraft leasing industry. It is unclear how some of these rules apply to us. Further, this determination must be tested annually and our circumstances may change in any given year. We do not intend to make decisions regarding the purchase and sale of aircraft with the specific purpose of reducing the likelihood of our becoming a PFIC. Accordingly, our business plan may result in our engaging in activities that could cause us to become a PFIC. If we are or become a PFIC, U.S. shareholders may be subject to increased U.S. federal income taxes on a sale or other disposition of our ordinary shares and on the receipt of certain distributions and will be subject to increased U.S. federal income tax reporting requirements. See "Item 10. Additional Information U.S. Tax Considerations" for a more detailed discussion of the consequences to you if we are treated as a PFIC and a discussion of certain elections that may be available to mitigate the effects of that treatment. We urge you to consult your own tax advisors regarding the application of the PFIC rules to your particular circumstances.

We may become subject to income or other taxes in jurisdictions which would adversely affect our financial results.

We and our subsidiaries are subject to the income tax laws of Ireland, The Netherlands, Sweden and the United States and other jurisdictions in which our subsidiaries are incorporated or based. In addition, we or our subsidiaries may be subject to additional income or other taxes in these and other jurisdictions by reason of the management and control of our subsidiaries, our activities and operations, where our aircraft operate or where the lessees of our aircraft (or others in possession of our aircraft) are located. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled to reduce the exposure to such additional taxation, we may be subject to such taxes in the future and such taxes may be substantial. The imposition of such taxes could have a material adverse effect on our financial results.

We may incur current tax liabilities in our primary operating jurisdictions in the future.

We expect to make current tax payments in some of the jurisdictions where we do business in the normal course of our operations. Our ability to defer the payment of some level of income taxes to future periods is dependent upon the continued benefit of accelerated tax depreciation on our flight equipment in some jurisdictions, the continued deductibility of external and intercompany financing arrangements and the application of tax losses prior to their expiration in certain tax jurisdictions, among other factors. The level of current tax payments we make in any of our primary operating jurisdictions could adversely affect our cash flows and have a material adverse effect on our financial results.

We may become subject to additional Irish taxes based on the extent of our operations carried on in Ireland.

Our Irish tax resident subsidiaries are currently subject to Irish corporate income tax on trading income at a rate of 12.5%, on capital gains at 25%, and on other income at 25%. We expect that substantially all of our Irish income will be treated as trading income for tax purposes in future periods. As of December 31, 2010, we had significant Irish tax losses available to carry forward against our trading income. The continued application of the 12.5% tax rate to trading income generated in our Irish tax resident subsidiaries and the ability to carry forward Irish tax losses to shelter future taxable

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trading income depends in part on the extent and nature of activities carried on in Ireland both in the past and in the future. AerCap Ireland and its Irish tax resident subsidiaries intend to carry on their activities in Ireland so that the 12.5% rate of tax applicable to trading income will apply and that they will be entitled to shelter future income with tax losses that arose from the same trading activity. We may not continue to be entitled to apply our loss carryforwards against future taxable trading income in Ireland.

We may fail to qualify for benefits under one or more tax treaties.

We do not expect that our subsidiaries located outside of the United States will have any material U.S. federal income tax liability by reason of activities we carry out in the United States and the lease of assets to lessees that operate in the United States. However, this conclusion will depend, in part, on continued qualification for the benefits of income tax treaties between the United States and other countries in which we are subject to tax (particularly The Netherlands and Ireland). That in turn may depend on the nature and level of activities carried on by us and our subsidiaries in each jurisdiction, the identity of the owners of equity interests in subsidiaries that are not wholly owned and the identities of the direct and indirect owners of our indebtedness.

The nature of our activities may be such that our subsidiaries may not continue to qualify for the benefits under income tax treaties with the United States and that may not otherwise qualify for treaty benefits. Failure to so qualify could result in the imposition of U.S. federal taxes which could have a material adverse effect on our financial results.

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Item 4. Information on the Company

We are an integrated global aviation company with a leading market position in aircraft and engine leasing, trading and parts sales. We possess extensive aviation expertise that permits us to extract value from every stage of an aircraft's lifecycle across a broad range of aircraft and engine types. It is our strategy to acquire aviation assets at attractive prices, lease the assets to suitable lessees, and manage the funding and other lease related costs efficiently. We also provide aircraft management services and perform aircraft and limited engine MRO services and aircraft disassemblies through our certified repair stations. We believe that by applying our expertise through an integrated business model, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our shareholders. We are headquartered in The Netherlands and have offices in Ireland, the United States, Singapore, China, the United Arab Emirates and the United Kingdom, with a total of 356 employees, as of December 31, 2010.

We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of December 31, 2010, we owned 271 aircraft and 95 engines, managed 50 aircraft, had 34 new aircraft on order (including five Boeing 737 purchase rights), had entered into sales contracts for four aircraft and had executed letters of intent to sell two aircraft and buy one aircraft and one engine.

We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk of the residual value of the equipment at the end of the lease. As of December 31, 2010, our owned and managed aircraft and engines were leased to 131 commercial airline and cargo operator customers in 55 countries and managed from our offices in The Netherlands, Ireland, the United States, Singapore, China, the United Arab Emirates and the United Kingdom.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft and engine transactions in a variety of market conditions. From January 1, 2008 to December 31, 2010, we have executed over 800 aircraft and engine transactions, including 248 aircraft leases, 145 engine leases, 220 aircraft purchase or sale transactions, 114 engine purchase or sale transactions and the disassembly of 53 aircraft, 34 airframes and 73 engines. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft and engine portfolios. Between January 1, 2008 and December 31, 2010, our weighted average owned aircraft utilization rate was 98.1%. Our utilization rate for aircraft is calculated based on the average number of months the aircraft are on lease each year. The utilization rate is weighted proportionate to the net book value of the aircraft at the end of the period measured.

We were formed as a Netherlands public limited liability company ("*naamloze vennootschap or N.V.*") on July 10, 2006 to acquire all of the assets and liabilities of AerCap Holdings C.V., a Netherlands limited partnership. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V. (formerly known as debis AirFinance B.V.). On June 30, 2005, AerCap Holdings C.V. acquired all of AerCap B.V.'s shares and the liabilities owed by AerCap B.V. to its prior shareholders for a total consideration of $1.37 billion, $370.0 million of which was funded with equity contributions from the Cerberus funds. On April 26, 2006, we acquired all of the existing share capital of AeroTurbine, Inc., an engine trading and leasing and parts sales company. On October 27, 2006, AerCap Holdings N.V. acquired all of the assets and liabilities of AerCap Holdings C.V. On November 27, 2006, we completed the initial public offering of 26.1 million of our ordinary shares on The New York Stock Exchange. On August 6, 2007 we completed the secondary offering of 20.0 million additional ordinary shares on The New York Stock Exchange. On March 25, 2010, the all-share acquisition of Genesis was completed and increased our outstanding ordinary shares by 34.3 million. On November 11, 2010, we completed a transaction with

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Abu Dhabi-based investment holding company Waha ("Waha Transaction"). As part of this transaction our outstanding ordinary shares increased by 29.8 million. As of December 31, 2010, we had 149,232,426 shares issued and outstanding.

Our principal executive offices are located at AerCap House, Stationsplein 965, 1117 CE Schiphol, The Netherlands, and our general telephone number is +31 20 655-9655. Our website address is *www.aercap.com*. Information contained on our website does not constitute a part of this annual report. Puglisi & Associates is our authorized representative in the United States. The address of Puglisi & Associates is 850 Liberty Avenue, Suite 204, Newark, DE 19711 and their general telephone number is (302) 738-6680.

Our Business Strategy

Leverage Our Ability to Manage Aircraft and Engines Profitably throughout their Lifecycle. We intend to continue to leverage our integrated business model by selectively:

purchasing aircraft and engines directly from manufacturers;

entering into sale-leaseback transactions with aircraft and engine operators;

using our global customer relationships to obtain favorable lease terms for both aircraft and engines and reduce time off-lease;

maintaining diverse sources of global funding;

selling select aircraft and engines;

disassembling older airframes and engines for sale of their component parts;

taking advantage of price incentives offered by sellers for the purchase of entire portfolios of aircraft and engines of varying ages and types; and

providing management services to securitization vehicles, our joint ventures and other aircraft owners at limited incremental cost to us.

Our ability to profitably manage aircraft throughout their lifecycle depends in part on our ability to successfully source acquisition opportunities of new and used aircraft at favorable prices, as well as secure long-term funding for such acquisitions, lease aircraft and engines at profitable rates, minimize downtime between leases and associated technical expenses and opportunistically sell aircraft and engines.

Efficiently Manage our Liquidity. As of December 31, 2010, we had access to $1.3 billion of committed undrawn credit facilities. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, securitization structures and export/import financings including European Export Credit Agencies ("ECA")-guaranteed loans, in order to maximize our financial flexibility. We also leverage our long-standing relationships with the major aircraft financers and lenders to secure access to capital. In addition, we attempt to maximize the cash flows and continue to pursue the sale of aircraft to generate additional cash flows.

Expand Our Aircraft and Engine Portfolio. We intend to grow our portfolio of aircraft and engines through portfolio purchases, new aircraft purchases, sale-leasebacks, airline refleetings, acquisitions and other opportunistic transactions that increase our aircraft and engine portfolio. We will rely on our experienced team of aircraft and engine market professionals to identify and purchase assets we believe are being sold at attractive prices or that we believe will increase in demand and value. In addition, we intend to continue to rebalance our aircraft and

engine portfolios through acquisitions, sales and selective disassemblies to maintain the appropriate mix of aviation assets to meet our customers' needs.

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Maintain a Diversified and Satisfied Customer Base. We currently lease our owned and managed aircraft and engines to 131 different airlines in 55 different countries. We monitor our exposure concentrations by both lessee and country jurisdiction and intend to maintain a well diversified customer base. We believe we offer a quality product, both in terms of asset and customer service, to all of our customers. We have successfully worked with many airlines to find mutually beneficial solutions to operational and financial challenges. We believe we maintain excellent relations with our customers. We have been able to achieve a high utilization rate on our aircraft and engine assets as a result of our customer reach and quality product offering.

Obtain Maintenance Cost Savings. We seek to reduce our aircraft and engine maintenance costs by using aircraft and engine parts we obtain from the selective disassembly of acquired and existing airframes and engines. We intend to achieve further maintenance cost savings by using our fleet of serviceable spare engines as replacements for engines leased on aircraft that are undergoing overhaul and repair services.

Acquire Complementary Businesses. We intend to selectively pursue acquisitions that we believe will provide us with benefits currently not available to us, such as the Genesis and Waha Transactions. The synergies, economies of scale and operating efficiencies we expect to derive from our acquisitions will allow us to strengthen our competitive advantages and diversify our sources of revenue.

Aircraft

Overview

We operate our aircraft business on a global basis. As of December 31, 2010, we owned and managed 321 aircraft. We owned 271 aircraft in our aircraft business and managed 50 aircraft. As of December 31, 2010, we leased these aircraft to 111 commercial airline and cargo operator customers in 52 countries. In addition, as of December 31, 2010, we had seven new Airbus A320 narrowbody aircraft and 12 new Airbus A330 wide-body aircraft on order. We also had entered into a purchase contract for 15 new Boeing 737 aircraft, consisting of ten firm aircraft and five purchase rights and had executed letters of intent for the purchase of one additional Boeing 737 aircraft. As of December 31, 2010, we also had entered into sales contracts for four Boeing 757 aircraft and a letter of intent to sell two MD 82 aircraft. Including all owned and managed aircraft, aircraft under contract or letter of intent and aircraft in our order book, our portfolio totaled 350 aircraft as of December 31, 2010.

Over the life of the aircraft, we seek to increase the returns on our investments by managing our aircraft's lease rates, time off-lease, financing costs and maintenance costs, and by carefully timing their sale or disassembly. We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk, of the residual value of the equipment at the end of the lease. Rather than purchase their aircraft, many airlines operate their aircraft under operating leases because operating leases reduce their capital requirements and costs and allow them to manage their fleet more efficiently. Over the past 20 years, the world's airlines have increasingly turned to operating leases to meet their aircraft needs.

Our contract lease terms generally range from 12 months to 144 months. By varying our lease terms, we mitigate the effects of changes in cyclical market conditions at the time aircraft become eligible for re-lease. In periods of strong aircraft demand, we seek to enter into medium and long-term leases to lock-in the generally higher market lease rates during those periods, while, in periods of low aircraft demand we seek to enter into short-term leases to mitigate the effects of the generally lower market lease rates during those periods. In addition, we generally seek to reduce our leasing transition costs by entering into lease extensions rather than taking re-delivery of the aircraft and leasing it to a new customer. The terms of our lease extensions reflect the market conditions at the time the lease extension is signed and typically contain different terms than the original lease.

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Upon expiration of an operating lease, we extend the lease term, take redelivery of the aircraft, remarket and re-lease it to new lessees, sell the aircraft, or transfer the aircraft to our disassembly business for sale of its parts. Typically, we re-lease our leased aircraft well in advance of the expiration of the then current lease and deliver the aircraft to a new lessee in less than two months following redelivery by the prior lessee. During the period in which an aircraft is in between leases, we typically perform routine inspections and the maintenance necessary to place the aircraft in the required condition for delivery and, in some cases, make modifications requested by our next lessee.

Our extensive experience, global reach and operating capabilities allow us to rapidly complete numerous aircraft transactions, which enables us to increase the returns on our aircraft investments and reduce the time that our aircraft are not generating revenue for us. We successfully executed 498 aircraft transactions between January 1, 2008 and December 31, 2010.

The following tables set forth information regarding the aircraft transactions we have executed between January 1, 2008 and December 31, 2010, the number of initial leases and re-leases we entered into, the number of leases we extended, the number of leases we restructured, the number of aircraft we purchased and the number of aircraft we sold. The trends shown in the table reflect the execution of the various elements of our leasing strategy for our owned and managed portfolio, as described further below.

	Owned Aircraft			
Activity	**2008**	**2009**	**2010**	**Total/ Average**
New leases on new aircraft	45	21	6	72
New leases on used aircraft	34	6	18	58
Extensions of lease contracts	34	24	26	84
Average lease term for new leases (months)(1)	123.2	138.3	138.0	128.8
Average lease term for re-leases (months)(1)	63.6	42.3	61.6	61.5
Average lease term for lease extensions (months)(2)	36.2	18.8	35.5	31.0
Lease restructurings	1	13	7	21
Aircraft purchases	58	41	55	154
Aircraft sales	26	9	16	51
Average aircraft utilization rates(3)	97.7%	98.1%	98.3%	98.1%

(1) Average lease term of new leases and re-leases contracted during the period. The average lease term for new leases and re-leases is calculated by reference to the period between the date of contractual delivery to the date of contractual redelivery of the aircraft.

(2) Average lease term for aircraft extensions contracted during the period. The average lease term for lease extensions is calculated by reference to the period between the date of the original expiration of the lease and the new expiration date.

(3) Our utilization rate for aircraft is calculated based on the average number of months the aircraft are on lease each year. The utilization rate is weighted proportionate to the net book value of the aircraft at the end of the period measured.

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	Managed Aircraft			
Activity	**2008**	**2009**	**2010**	**Total/ Average**
New leases on new aircraft		1		1
New leases on used aircraft	12	4	2	18
Extensions of lease contracts	6	5	4	15
Average lease term for re-leases (months)(1)	64.0	53.0	32.0	58.0
Average lease term for lease extensions (months)(2)	46.5	26.4	33.8	36.4
Lease restructurings		4	5	9
Aircraft purchases				
Aircraft sales	5	6	4	15

(1) Average lease term of re-leases contracted during the period. The average lease term for re-leases is calculated by reference to the period between the date of contractual delivery to the date of contractual redelivery of the aircraft.

(2) Average lease term for aircraft lease extensions contracted during the period. The average lease term for lease extensions is calculated by reference to the period between the date of the original expiration of the lease and the new expiration date.

The tables above illustrate how we have implemented our leasing strategies in response to changing trends in the aircraft leasing market. For example up to and including 2008, as strengthening in the commercial airline sector continued, we lengthened the terms of our owned aircraft leases to lock-in the generally higher lease rates prevailing in the market at the time. During 2009, average lease terms for re-leases and extensions have decreased as compared to 2008, in reaction to the deterioration in lease rates resulting from the global economic slowdown occurring during much of 2009. As a result of improving market conditions the average lease terms for re-leases and extensions in 2010 increased to levels comparable to 2008. Leases of new aircraft generally have longer terms than used aircraft which are re-leased. In addition, leases of more expensive aircraft generally have longer lease terms than less expensive aircraft. The average lease term for new leases increased in 2009 and 2010, due to the signing of longer-term lease contracts on new A330 aircraft, which are more expensive than new A320 aircraft, which comprised the bulk of new leases in years previous to 2009. Lease terms for owned aircraft tend to be longer than for managed aircraft because the average age of our owned fleet is lower than that of our managed fleet.

Before making any decision to lease an aircraft, we perform a review of the prospective lessee, which generally includes reviewing financial statements, business plans, cash flow projections, maintenance records, operational performance histories, hedging arrangements for fuel, foreign currency and interest rates and relevant regulatory approvals and documentation. We also perform on-site credit reviews for new lessees which typically includes extensive discussions with the prospective lessee's management before we enter into a new lease. Depending on the credit quality and financial condition of the lessee, we may require the lessee to obtain guarantees or other financial support from an acceptable financial institution or other third parties.

We typically require our lessees to provide a security deposit for their performance under their leases, including the return of the aircraft in the specified maintenance condition at the expiration of the lease. The size of the security deposit is normally equal to two months' rent.

All of our lessees are responsible for their maintenance costs during the lease term. Based on the credit quality of the lessee, we require some of our lessees to pay supplemental maintenance rent to cover scheduled major component maintenance costs. If a lessee pays the supplemental maintenance rent, we reimburse them for their maintenance costs up to the amount of their supplemental maintenance rent payments. Under the terms of our leases, at lease expiration, to the extent that a

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lessee has paid us more supplemental maintenance rent than we have reimbursed them for their maintenance costs, we retain the excess rent. In most lease contracts not requiring the payment of supplemental rents, the lessee is required to redeliver the aircraft in a similar maintenance condition as when accepted under the lease. To the extent that the delivery condition is different from the acceptance condition, there is normally an end of lease compensation adjustment for the difference at re delivery. As of December 31, 2010, 112 of our 271 owned aircraft provided for the payment of supplemental maintenance rent. Whether a lessee pays supplemental maintenance rent or not, we usually agree to compensate a lessee for scheduled maintenance on airframe and engines related to the prior utilization of the aircraft. For this prior utilization, we have normally received compensation from prior lessees.

In all cases, we require the lessee to reimburse us for any costs we incur if the aircraft is not in the required condition upon redelivery. All of our leases contain extensive provisions regarding our remedies and rights in the event of a default by the lessee, and also include specific provisions regarding the required condition of the aircraft upon its redelivery.

Our lessees are also responsible for compliance with all applicable laws and regulations governing the leased aircraft and all related costs. We require our lessees to comply with either the FAA, EASA or their foreign equivalent standards.

During the term of our leases, some of our lessees have experienced financial difficulties resulting in the need to restructure their leases. Generally, our restructurings have involved a number of possible changes to the lease's terms, including the voluntary termination of leases prior to their scheduled expiration, the arrangement of subleases from the primary lessee to a sublessee, the rescheduling of lease payments and the exchange of lease payments for other consideration, including convertible bonds, warrants, shares and promissory notes. We generally seek to receive these and other marketable securities from our restructured leases, rather than deferred receivables. In some cases, we have been required to repossess a leased aircraft and in those cases, we have usually exported the aircraft from the lessee's jurisdiction to prepare it for remarketing. In the majority of these situations, we have obtained the lessee's cooperation and the return and export of the aircraft was completed without significant delay, generally within two months. In some situations, however, our lessees have not cooperated in returning aircraft and we have been required to take legal action. In connection with the repossession of an aircraft, we may be required to settle claims on the aircraft or to which the lessee is subject, including outstanding liens on the repossessed aircraft. Since our inception in 1995, we have repossessed 64 aircraft under defaulted leases with 30 different lessees in 19 jurisdictions.

Aircraft Portfolio and Existing Lessees

Our aircraft portfolio consists primarily of modern, technologically advanced and fuel-efficient narrowbody aircraft, with a particular concentration of Airbus A320 family. As of December 31, 2010, we owned and managed 321 aircraft. We owned 271 aircraft and managed 50 aircraft. Of the 321 aircraft as of December 31, 2010, 315 were on operating lease and six owned aircraft were off-lease. Of the six aircraft off lease at December 31, 2010, four aircraft were delivered to lessees in the beginning of 2011, and the remaining two were subject to either a lease agreement or letter of intent. As of December 31, 2010, we leased the 321 owned aircraft on operating leases to 111 commercial airline and cargo operator customers in 52 countries. The weighted average age of our 271 owned aircraft was 5.5 years as of December 31, 2010. We believe that we own one of the youngest aircraft fleets in the world.

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The following table provides details regarding our aircraft portfolio by type of aircraft as of December 31, 2010:

	Owned portfolio		Managed portfolio			
Aircraft type	Number of Aircraft owned	Percentage of total net book value	Number of aircraft	Number of aircraft on order	Number of aircraft under purchase contract or letter of intent	Total owned, Managed and ordered aircraft
Airbus A300 Freighter	1	0.3%				1
Airbus A319	30	10.6%				30
Airbus A320	112	40.0%	9	7		128
Airbus A321	20	7.8%	3			23
Airbus A330	20	18.2%	4	12		36
Boeing 737 Classics	15	1.4%	27			42
Boeing 737(NG)	43	15.4%		15	1	59
Boeing 747	2	1.1%				2
Boeing 757	10	1.4%	1		(4)	7
Boeing 767	5	2.0%	2			7
Boeing 777		0.0%	2			2
CRJ 705		0.0%	1			1
CRJ 900	4	1.0%				4
MD 11 Freighter	1	0.3%	1			2
MD 83	2	0.0%			(2)	0
MD 82	4	0.1%				4
ERJ 170	2	0.4%				2
Total	**271**	**100%**	**50**	**34**	**(5)**	**350**

In July 2008, we entered into an agreement with Airbus Freighter Conversions GmbH ("AFC") whereby AFC would convert 30 of our older Airbus A320s and A321s from passenger to freighter aircraft. Delivery of the first converted aircraft is expected to take place in 2011, with the remaining 29 aircraft scheduled for conversion between 2012 and 2015. In the future we may choose to acquire additional freighter aircraft or continue to convert some of our older A320 family passenger aircraft to freighter aircraft.

Aircraft on Order or Subject to Letters of Intent.

We have a large number of new aircraft on order and have signed letters of intent for the purchase of a number of additional aircraft.

In January 2006, we placed an order with Airbus for the purchase of 70 new A320 family aircraft, including five aircraft subject to reconfirmation rights. During 2008 and the first two months of 2009, we notified Airbus that we will not take delivery of the five aircraft subject to reconfirmation rights. In 2009 we added four additional aircraft to the existing forward order. As of December 31, 2010, 50 aircraft had been delivered, 12 aircraft were sold and seven aircraft remain to be delivered under the agreement. The remaining seven aircraft are scheduled to be delivered between 2011 through 2013.

In December 2006, we placed an order with Airbus to acquire 20 new A330 wide-body aircraft. In May 2007, we added an additional ten A330 aircraft to this order. In 2009 two additional A330 aircraft were added to the forward order. As of December 31, 2010, 16 aircraft had been delivered, four aircraft were sold and 12 aircraft remained to be delivered pursuant to the agreement. The remaining 12 aircraft are scheduled to be delivered between 2011 through 2012.

In 2010, we signed an agreement with Boeing covering the purchase of up to 15 Boeing 737-800 aircraft, consisting of ten firm aircraft delivering in 2015 and five purchase rights.

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The following table provides information regarding the letter of intent and purchase and sale agreements in place and executed as of December 31, 2010, excluding the aforementioned A320, A330 and Boeing 737 forward order aircraft.

Aircraft type	Number of aircraft	Letter of Intent or Agreement	New/Used
Purchases			
Boeing 737-700	1	Letter of Intent	Used
Sales			
MD 82	2	Letter of Intent	Used
Boeing 757-200	4	Sale Agreement	Used
	6		

Although we expect to be able to negotiate and agree on final documentation with respect to the letter of intent, we may not be able to do so and therefore this transaction might not in fact occur.

The following table provides information regarding the percentage of lease revenue arising from leases of aircraft to the indicated lessees of our owned aircraft portfolio for the year ended December 31, 2010.

Lessee	Percentage of 2010 lease revenue
Aeroflot Russian Airlines	10.0%
TUI Aviation	7.4%
Air France	3.3%
Asiana Airlines	3.2%
TAP (Transporte Aéreos Portugueses)	3.1%
Kingfisher Airlines	2.8%
Air Berlin	2.7%
Garuda	2.5%
Wizz Air	2.5%
US Airways	2.2%
Air Jamaica	1.9%
Alitalia	1.9%
Mandala	1.7%
Thai International	1.6%
Monarch Airlines	1.6%
Mexicana	1.5%
Air Astana	1.5%
Airblue	1.5%
Other(1)	47.1%
Total	**100**%

(1) Consists of more than 86 individual lessees. No other lessee accounted for more than 1.5% of our lease revenue in 2010.

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We lease our aircraft to lessees located in numerous and diverse geographical regions and have focused our leasing efforts on the fast growing Asia/Pacific market. The following table sets forth the percentage of our total lease revenue by country of lessee in which we lease our owned aircraft for the year ended December 31, 2010.

Country	Percentage of 2010 lease revenue
Germany	12.0%
Russia	11.3%
United States of America	8.4%
Indonesia	5.4%
China	4.7%
India	4.2%
France	3.8%
UK	3.6%
Korea	3.2%
Portugal	3.1%
Italy	2.9%
Turkey	2.6%
Hungary	2.5%
Brazil	2.2%
Thailand	2.2%
Jamaica	1.9%
Vietnam	1.7%
Mexico	1.5%
Canada	1.5%
Kazakhstan	1.5%
Pakistan	1.5%
Greece	1.3%
United Arab Emirates	1.3%
El Salvador	1.2%
Tunisia	1.0%
Cyprus	1.0%
Denmark	1.0%
Other(1)	11.5%
Total	**100%**

(1) No other country accounted for more than 1.0% of our lease revenue in 2009.

As of December 31, 2010, leases representing approximately 28.9% of our lease revenues in 2010 were scheduled to expire before December 31, 2013. As of December 31, 2010, of our 271 owned aircraft, 265 aircraft were on lease and had a weighted average remaining lease period per aircraft of 71.5 months and six aircraft were off-lease.

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The following table sets forth as of December 31, 2010 the number of leases that were scheduled to expire between December 31, 2010 and December 31, 2022 as a percentage of our 2010 lease revenue.

Year	Percentage of 2010 lease revenue(1)	Number of aircraft with leases expiring
2011	6.1%	19
2012	7.8%	27
2013	15.0%	47
2014	11.0%	36
2015	10.4%	34
2016	10.6%	25
2017	2.0%	4
2018	4.0%	12
2019	9.7%	18
2020	7.8%	19
2021	3.7%	8
2022	4.1%	16
Total	**92.2%**	**265**

(1) The percentage of lease revenue reflected in the table above does not sum to 100% because it does not include lease revenue from our owned aircraft that were sold in 2010 (0.3%), revenue from the six off-lease aircraft (1.1%), revenue from disassembled aircraft (0.1%), revenue from the leasing of engines and parts (4.8%) and lease revenue from the aircraft subject to lease-in lease-out transactions (1.5%).

Aircraft Acquisitions and Dispositions

From January 1, 2008 to December 31, 2010, we purchased 154 aircraft and sold 51 aircraft. In addition, as of December 31, 2010, we had negotiated and entered into contracts to sell four used aircraft and have executed letters of intent to sell two aircraft and purchase one additional aircraft.

In January 2006, we placed an order with Airbus for the purchase of 70 new A320 family aircraft, including five aircraft subject to reconfirmation rights. During 2008 and the first two months of 2009, we notified Airbus that we will not take delivery of the five aircraft subject to reconfirmation rights. In 2009 we added four additional aircraft to the existing forward order. As of December 31, 2010, 50 aircraft had been delivered, 12 aircraft were sold and seven aircraft remain to be delivered under the agreement. The remaining seven aircraft are scheduled to be delivered between 2011 through 2013.

In December 2006, we placed an order with Airbus to acquire 20 new A330 wide-body aircraft. In May 2007, we added an additional ten A330 aircraft to this order. In 2009 two additional A330 aircraft were added to the forward order. As of December 31, 2010, 16 aircraft had been delivered, four aircraft were sold and 12 aircraft remained to be delivered pursuant to the agreement. The remaining 12 aircraft are scheduled to be delivered between 2011 through 2012.

In 2010, we signed an agreement with Boeing covering the purchase of up to 15 Boeing 737-800 aircraft, consisting of ten firm aircraft delivering in 2015 and five purchase rights.

Due to the AeroTurbine Acquisition and our large order book of aircraft, we believe that we are well positioned to take advantage of trading opportunities and expand our aircraft portfolio. We believe that our global network of strong relationships with airlines, aircraft manufacturers, MRO service providers and commercial and financial institutions gives us a competitive advantage in sourcing and executing transactions.

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We purchase new and used aircraft directly from aircraft manufacturers, airlines, financial investors and other aircraft leasing and finance companies. The aircraft we purchase are both on-lease and off-lease, depending on market conditions and the composition of our portfolio. We believe there are additional opportunities to purchase aircraft at attractive prices from investors in aircraft assets who lack the infrastructure to manage their aircraft throughout their lifecycle. The buyers of our aircraft include airlines, financial investors and other aircraft leasing companies. We primarily acquire aircraft at attractive prices in two ways: by purchasing large quantities of aircraft directly from manufacturers to take advantage of volume discounts, and by purchasing portfolios consisting of aircraft of varying types and ages. In addition, we also opportunistically purchase individual aircraft that we believe are being sold at attractive prices, or that we expect will increase in demand and or residual value. Through our airline marketing team, which is in frequent contact with airlines worldwide, we are also able to identify attractive acquisition and disposition opportunities. We sell our aircraft when we believe the market price for the type of aircraft has reached its peak, or to rebalance the composition of our portfolio to meet changing customer demands.

Our dedicated portfolio management group consists of marketing, financial, engineering, technical and credit professionals. Prior to a purchase, this group analyzes the aircraft's price, fit in our portfolio, specification/configuration, maintenance history and condition, the existing lease terms, financial condition and credit worthiness of the existing lessee, the jurisdiction of the lessee, industry trends, financing arrangements and the aircraft's redeployment potential and value, among other factors.

Our revolving credit facilities are designed to allow us to rapidly execute our portfolio management strategies by providing us with large scale committed funding to acquire new and used aircraft, engines and parts. As of December 31, 2010, we had $1.3 billion of committed undrawn credit facilities, which are described below. This amount included $0.3 billion of an undrawn facility that allows us to purchase aircraft of up to 15 years of age ("UBS warehouse facility") and $0.1 billion of undrawn amounts in the AeroTurbine revolving credit facility. Of the remaining seven A320 family aircraft to be delivered as of December 31, 2010, we expect to finance three aircraft through the ECA facility. The four remaining A320 aircraft to be delivered are expected to be finance in either ECA facilities or other commercial bank facilities. Of the remaining 12 A330 aircraft to be delivered as of December 31, 2010, we expect to finance:

four aircraft through the ECA facility;

three aircraft in long term secured bank facilities; and

the remaining five aircraft to be delivered in 2012 in either ECA facilities or other commercial bank facilities.

As of December 31, 2010, we did not have committed funding available for the Boeing forward order of ten Boeing 737 aircraft delivering in 2015.

Joint Ventures

We have conducted some of our business through joint ventures. The joint venture arrangements allowed us to:

order new aircraft and engines in larger quantities to increase our buying power and economic leverage;

increase the geographical and product diversity of our portfolio;

obtain stable servicing revenues; and

diversify our exposure to the economic risks related to aircraft and engine purchases.

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AerVenture. In December 2005, we established AerVenture and in January 2006, AerVenture placed an order with Airbus for up to 70 new A320 family aircraft originally scheduled for delivery between 2007 and 2010. Five of the aircraft under the forward order were subject to reconfirmation rights and AerVenture elected to forego delivery of such aircraft pursuant to such rights. As of December 31, 2010, seven aircraft remained to be delivered in 2011 and through 2013. In June 2009 we sold a 50% equity interest in AerVenture to a joint venture partner Waha. In November 2010, we repurchased Waha's 50% equity interest in AerVenture. As of December 31, 2010, AerVenture is no longer a joint venture but a wholly owned subsidiary of AerCap.

AerDragon. In May 2006, we signed a joint venture agreement with China Aviation Supplies Holding Company and affiliates of Crédit Agricole establishing AerDragon. AerDragon consists of two companies, Dragon Aviation Leasing Company Limited, based in Beijing with a registered capital of $10.0 million and AerDragon Aviation Partners Limited, based in Ireland with initial registered capital of $50.0 million. The registered capital of AerDragon was increased to $90.0 million in 2008 and to $120.0 million in 2010. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Crédit Agricole. Following receipt of the local Chinese approvals required for it to begin operations, AerDragon commenced operations in October 2006. We provide certain aircraft and accounting related services to the joint venture. In the future, one of the main sources of aircraft for AerDragon is likely to be the acquisition of aircraft through sale leaseback transactions with Chinese airlines. This joint venture enhances our presence in the increasingly important China market and will enhance our ability to lease our aircraft and engines throughout the entire Asia/Pacific region. As of December 31, 2010, we do not consolidate AerDragon's financial results in our consolidated financial statements.

AerDragon acquired its first two A320 aircraft from us and we guaranteed the performance of AerDragon under the debt secured by one of the two aircraft. AerDragon has signed a forward order agreement with Airbus for the delivery of 13 A320 family aircraft. As of December 31, 2010 nine of the 13 aircraft were delivered. As at December 31, 2010, AerDragon had also entered into an agreement to purchase two Boeing 737-800 aircraft from a European based airline. These two Boeing 737-800 aircraft are due to be delivered in April 2011.

AerCap Partners I. In June 2008, AerCap Partners I Holding Limited, or AerCap Partners I, a 50% joint venture entered into between us and Deucalion Aviation Funds, acquired a portfolio of 19 aircraft from TUI Travel. The aircraft acquired are leased back to TUI Travel for varying terms. The aircraft portfolio was financed through a $425.7 million senior debt facility and $125.6 million of subordinated debt consisting of $62.8 million from us and $62.8 million from our joint venture partner. On the applicable maturity date under the senior debt facility, which for the first tranche is April 2015 and for the second tranche is April 2012, or, if earlier, in case of an AerCap insolvency, if the joint venture partners do not make additional subordinated capital available to the joint venture, AerCap can be required to purchase the aircraft from the joint venture for a price equal to the outstanding senior debt facility balance plus certain expenses and taxes related to the purchase. We have also entered into agreements to provide management and marketing services to AerCap Partners I. We consolidate AerCap Partner's financial results in our consolidated financial statements.

Other joint ventures. In 2010, we entered into three 50% joint ventures with three joint venture partners. The three joint ventures collectively own ten aircraft, consisting of three A330 aircraft, three A320 aircraft and four CRJ aircraft. We consolidate these three joint ventures in our consolidated financial statements. In 2010, we also entered into a 40% joint venture with Waha, which owns 12 aircraft. We do not consolidate the financial results of this 40% joint venture in our consolidated financial statements.

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Relationship with Airbus

We have a close and longstanding mutually advantageous relationship with Airbus. Our relationship dates back to our formation, when Daimler AG (formerly known as Daimler-Benz AG and DaimlerChrysler AG), a principal shareholder of European Aeronautic Defense & Space Company EADS N.V., an 80% shareholder of Airbus, was one of our founding shareholders. In the last ten years, we, directly or through our joint ventures, have contracted to purchase over 100 commercial jet aircraft from Airbus. We maintain a wide-ranging dialogue with Airbus seeking mutually beneficial opportunities such as taking delivery of new aircraft on short notice and purchasing used aircraft from airlines seeking to renew their fleet with Airbus aircraft.

Relationship with Boeing

In 2010, we signed an agreement with Boeing covering the purchase of up to 15 Boeing 737-800 aircraft, consisting of ten firm aircraft and five purchase rights. In recognition that our customers operate and often seek aircraft alternatives from both Airbus and Boeing, the recent Boeing order is a direct result to respond to the needs/interests of our customers.

Aircraft Services

We are one of the aircraft industry's leading providers of aircraft asset management and corporate services to securitization vehicles, joint ventures and other third parties. As of December 31, 2010, we had aircraft management and administration service contracts with 12 parties covering over 300 aircraft, two of which accounted for 79% of our aircraft services revenue in 2010. We categorize our aircraft services into aircraft asset management, administrative services and cash management services. Since we have an established operating system to provide these services to manage our own aircraft assets, the incremental cost of providing aircraft management services to securitization vehicles, joint ventures and third parties is limited. Our primary aircraft asset management activities are:

remarketing aircraft;

collecting rental and maintenance payments, monitoring aircraft maintenance, monitoring and enforcing contract compliance and accepting delivery and redelivery of aircraft;

conducting ongoing lessee financial performance reviews;

periodically inspecting the leased aircraft;

coordinating technical modifications to aircraft to meet new lessee requirements;

conducting restructurings negotiations in connection with lease defaults;

repossessing aircraft;

arranging and monitoring insurance coverage;

registering and de-registering aircraft;

arranging for aircraft and aircraft engine valuations; and

providing market research.

We charge fees for our aircraft management services based primarily on a mixture of fixed retainer amounts, but we also receive performance based fees related to the managed aircrafts' lease revenues or sale proceeds, or specific upside sharing arrangements.

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We provide cash management and administrative services to securitization vehicles and joint ventures. Cash management services consist of treasury services such as the financing, refinancing, hedging and on going cash management of these vehicles. Our administrative services consist primarily of accounting and secretarial services, including the preparation of budgets and financial statements, and liaising with, in the case of securitization vehicles, the rating agencies.

Engine and Parts

Overview

On April 26, 2006, we acquired all of the share capital of AeroTurbine, Miami, Florida. AeroTurbine was established in 1997 and is engaged in engine trading and leasing and the disassembly of airframes and engines for the sale of their component parts to the global aviation industry. We acquired AeroTurbine to:

implement our strategy of profitably managing aircraft throughout their lifecycle,

diversify our investments in aviation assets,

obtain a more significant presence in the market for older aircraft equipment; and

take advantage of its broad customer base.

In 2008, we successfully completed our planned management transition at AeroTurbine.

Engine Acquisitions and Dispositions

Engine sales and purchases is a core part of our engine and parts business. We believe that our market insight and recurring customer relationships have been the key factors underlying our success in this business.

We purchase engines for which there is high market demand or for which we believe demand will increase in the future. We opportunistically sell and exchange engines when we believe that the realizable value from a sale or exchange will equal or exceed the realizable value that we would expect to receive from leasing or disassembling the engine for the sale of its parts.

In determining whether to purchase or sell an engine, we assess the value of each engine according to a number of factors, including its hardware composition, airworthiness directive compliance and service bulletin status, life-limited parts thresholds, historical maintenance documentation, performance data and material certifications.

Our extensive experience buying, selling, leasing, repairing and disassembling engines for their parts has provided us with in-depth trading and management expertise across the most popular commercial product lines manufactured by General Electric, CFM International, Pratt & Whitney, Rolls Royce and International Aero Engines. We conduct extensive technical and maintenance records due diligence before we purchase each engine. Our experienced team of dedicated acquisition and maintenance professionals is composed of licensed aircraft and engine mechanics, licensed inspectors and aircraft maintenance record specialists who track and document the maintenance history of each engine and airframe that is to be acquired. We are frequently able to correct or reconstruct engine maintenance records, which can lower the maintenance and acquisition cost of our engines and aircraft. Since commencing operations in 1997, AeroTurbine has sold over 376 engines, generating revenues in excess of $399 million.

We typically finance the purchase of engines with borrowed funds and internally generated cash flows. We believe that we are able to react more rapidly to engine acquisition opportunities than most of our competitors because we have substantial committed financing and can often identify, conduct due diligence and close on prospective acquisitions in less than one week. We have a $425.0 million

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committed revolving facility which we can use to fund acquisitions of aircraft, engines and aircraft parts. As of December 31, 2010, we had $133.4 million of funds available under our revolving facility.

Engine Portfolio

We maintain a diverse inventory of high-demand, modern and fuel-efficient engines. As of December 31, 2010, we owned 95 engines, and an executed letters of intent to purchase one additional engine. Our engine portfolio consists primarily of CFM56 series engines, one of the most widely used engines in the commercial aviation market. As of December 31, 2010, 73 of our 95 engines were CFM56 series engines manufactured by CFM International.

We expect to expand and further diversify our engine portfolio in the future through engine acquisitions and aircraft disassemblies. As our aircraft portfolio ages, and specific aircraft become suitable for disassembly, we intend to disassemble such aircraft and remove high demand engines for addition to our engine portfolio, while the remaining airframes and engines will be disassembled for sale of their component parts. We also have the ability to perform limited MRO services on CFM56 series engines, which comprise most of the engines in our engine portfolio.

Airframe and Engine Disassembly and Parts Sales

Over time, the combined value of a typical aircraft's parts will eventually exceed the value of the aircraft as a whole operating asset, at which time the aircraft may be retired from service. Traditional aircraft lessors and airlines often retire their aircraft by selling or consigning them to companies that specialize in aircraft and engine disassembly. The AeroTurbine Acquisition has allowed us to incorporate this valuable revenue source into our integrated business model, which is focused on managing aircraft and engines throughout their lifecycle.

We sell airframe parts primarily to aircraft parts distributors and MRO service providers. Airframe parts comprise a broad range of aircraft sub-component groups, including avionics, hydraulic and pneumatic systems, auxiliary power units, landing gear, interiors, flight control surfaces, windows and panels. Since commencing operations in 1997, AeroTurbine has disassembled 98 aircraft for the sale of their parts and we believe that we were among the first to voluntarily and strategically disassemble Airbus A320 and A340 family aircraft. Our aircraft disassembly operations are focused on the strategic acquisition of aircraft with engines that are among the most sought after in the secondary market.

We are focused on developing long-term supply relationships with clients that perform MRO services on aircraft and engines. Parts sales allow us to increase the value of our aircraft and engine assets by putting each sub-component (engines, airframes and related parts) to its most profitable use (sale, lease, and/or disassembly for parts sales). In addition, this capability provides us with an additional cost advantage over our non-integrated competitors by providing us with a critical source of low cost replacement engines and parts to support the maintenance of our aircraft and engine portfolios.

Prior to the acquisition of our facility in Goodyear, Arizona, we outsourced the physical disassembly of our airframes into parts, but sold the airframe parts ourselves.

Engine Leasing

Generally, it is uneconomical for aircraft operators with small aircraft fleets to own the quantity of spare engines required to adequately cover their operational requirements. As a result, aircraft operators often lease spare engines when they send out their engines for off-site MRO. Spare engines are generally leased either directly from engine lessors like us, or from the MRO service provider that is repairing the aircraft operator's engine. To meet their clients' needs, MRO service providers often lease engines from engine lessors. We are focused on the short-term engine lease market with a typical

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lease term of 60 to 180 days. Short-term engine leases tend to have higher lease rates than long-term leases, because lessees require the engines on short notice and are willing to pay a premium for the flexibility of a short-term lease. Engines subject to short-term leases typically spend more time off-lease, while they are released with greater frequency.

The short-term engine leasing market has also developed in part in response to airlines' need to rapidly place aircraft back in service in the event of an unexpected engine problem. Short-term engine leases provide an alternative to owning spare engines or entering into long-term leases, where the engines can needlessly sit idle for long periods. To meet clients' urgent engine leasing needs, we typically maintain a substantial inventory of ready-to-lease engines in our off-lease inventory. We believe that our ability to modify and configure most of our lease portfolio engines is an important competitive advantage, since it can facilitate the rapid installation of our engines onto our customers' aircraft. In addition, we have the capability to provide limited on-site maintenance and repair for most of our leased engines which, in some circumstances, enables us to facilitate the return to service of our customers' grounded aircraft.

Our engine leasing customer base is comprised of a wide variety of airlines and cargo and charter operators, in addition to MRO service providers, and other aircraft and engine leasing companies. As of December 31, 2010, we had engines on lease to 32 customers located in 20 countries.

We generally receive a fixed rental payment for our leased engines plus a variable rental payment based on the use of the engine. We typically receive monthly rent for our engines in advance, and additional rent for actual engine operation in arrears to compensate us for the anticipated future maintenance costs of such engines. Our engine lessees generally provide us with a security deposit in the amount of two months' rent, in addition to which we receive the first month's rental payment in advance.

On a few occasions, our engine lessees have experienced financial difficulties, requiring us to terminate or restructure our engine leases with the lessee. Over the past ten years, we have only had to resort to legal action for the repossession of engines with two of our lease customers.

Airframe MRO Capability

On August 4, 2006, we leased an aircraft MRO facility located in Goodyear, Arizona, acquired certain assets and hired 74 of the employees working at the facility. In connection with this lease, we acquired an additional repair station which is certified by the FAA and EASA and associated equipment which permits us to perform a variety of MRO services on commercial transport aircraft, including aircraft heavy maintenance, limited powerplant repair to engine and line components, which includes starters, generators, hydraulic pumps, and quick engine changes installation. The Goodyear facility includes a 226,000 square foot hangar with the ability to house up to four wide-body aircraft, or eight narrowbody aircraft for the purpose of performing heavy maintenance repairs, aircraft disassemblies and engine changes. The ramp area outside of the hangar can facilitate both short and long term storage of up to 14 aircraft. In addition to the hangar and ramp space, there is a significant storage field capable of storing over 120 aircraft with approximately 31 on site at the close of 2010. This transaction was primarily made to reduce our cost of aircraft disassembly, support the expansion of our airframe parts distribution and airframe MRO business. In 2010, we disassembled 36 customer aircraft and 17 AeroTurbine aircraft. We also performed heavy airframe maintenance on four AerCap A320 aircraft.

After completing a strategic review of its Engine Maintenance & Overhaul business unit segment in 2008, AeroTurbine, Inc. reduced the operations of its engine performance restoration line. AeroTurbine will maintain current field service, accessories/line replaceable units (LRU) and light engine maintenance capabilities in support of its engine leasing business. As a result, AeroTurbine reduced its workforce at the Miami, Florida location by approximately 50 positions.

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Financing

Our management analyzes sources of financing based on the pricing and other terms and conditions in order to optimize the return on our investments. We have the ability to access a broad range of liquidity sources globally, including bank debt, governmental secured debt, securitization and debt capital markets. In April 2006, we entered into a $1.0 billion revolving credit facility with a syndicate of banks led by UBS to facilitate our growth strategy and the acquisition of aircraft up to 15 years of age. Simultaneously with the AeroTurbine Acquisition and the closing of the UBS facility, we put in place a $171.0 million facility, which was subsequently amended to $328.0 million and further increased during 2010 to $425.0 million, that enables us to acquire eligible aircraft engines and parts of any age. These facilities provide us with large scale committed financing that will allow us to rapidly execute aircraft portfolio purchases.

Once we obtain sufficient aircraft through our revolving credit facilities, we generally leverage our extensive financing experience and access to the securitization and other long-term debt markets to obtain long-term, lower cost non-recourse financing. Since 1996, we have raised over $26 billion of funding in the global financial markets including over $11 billion of funds through initial issuances and refinancings in the aircraft securitization market. In May 2007, we completed a $1.7 billion securitization of 70 aircraft subject to operating leases. This securitization was a refinancing of our 2005 securitization. In the refinancing, we added 28 aircraft to the securitization, including 24 which had been previously secured by a variety of other debt structures and four which had yet to be purchased by us.

In June 2008, our consolidated subsidiary ALS II closed a $1 billion aircraft securitization. The securitization provides long-term non-recourse funding for 30 new A320 family aircraft which are part of the 70 aircraft order placed by us. The proceeds received by ALS II from the advances and the issuances of certain additional notes, were used by ALS II to acquire the 30 aircraft which will be leased to our customers and to pay certain transaction expenses. As of December 31, 2010, 30 A320 family aircraft have been financed in ALS II.

In December 2008, we signed a facility agreement with Crédit Agricole and other banks and financial institutions, which contained the negotiated terms pursuant to which the ECAs agreed to provide guarantees on up to $1.4 billion of financing. From time to time since 2008, the ECA facility has been amended to cover certain additional Airbus A330 and A320 family aircraft and an ECA capital markets transaction in relation to three A330 aircraft, and the maximum size of the facility has been increased to $1.6 billion. As of December 31, 2010, seven A330 aircraft and eight A320 family have been financed in this facility.

During 2009, we signed financing facility agreements in the amount of $1.7 billion, including the following:

a $272.0 million facility with China Development Bank Corporation to finance four A330 aircraft.;

a $846.0 million export credit facility with a syndicate of commercial banks led by Crédit Agricole to finance up to 20 Airbus A320 aircraft. Repayment under the credit facility is guaranteed by the ECA. As of December 31, 2010, five aircraft have been financed under this facility;

four pre-delivery payment financing facilities relating to our Airbus forward orders with a total of $413.0 million; and

other secured financing facilities with a total of $158.9 million

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During 2010, we signed financing facilities in the amount of $1.6 billion, including the following:

- fixed rate facilities for general corporate purposes with a total of $170.0 million;
- long term bank secured debt with banks and financial institutions for new and used aircraft with a total of $524.3 million;
- a facility guaranteed by US Export Import Bank with a total of $55.3 million;
- amendments to the existing ECA facilities with AerCap Ireland and AerVenture, and the AeroTurbine revolving credit facility with a total of $760.0 million; and
- other secured financing facilities with a total of $75.0 million.

Subsidiaries

AerCap Holdings N.V.'s major subsidiaries as of December 31, 2010 were AeroTurbine Inc., AerCap Ireland Ltd., AerVenture Ltd., Aircraft Lease Securitisation Ltd., Aircraft Lease Securitisation II Ltd., AerFunding I Ltd., AerCap International Bermuda Ltd., Genesis Funding Ltd., Triple Eight Aircraft Leasing Ltd., and AerCap Partners I Ltd., AerCap Holdings N.V. has numerous other subsidiaries, none of which contribute more than 5% of our consolidated revenues or represent more than 5% of our total assets.

Employees

The table below provides the number of our employees at each of our principal geographical locations as of the dates indicated.

Location	December 31, 2008	December 31, 2009	December 31, 2010
Amsterdam, The Netherlands	87	74	70
Shannon, Ireland	44	50	55
Fort Lauderdale, FL	17	18	17
Miami, FL(1)	128	120	126
Goodyear, AZ(1)	83	46	44
Other(2)	23	37	44
Total	**382**	**345**	**356**

(1) Employees located in Miami, Florida and Goodyear, Arizona are employees of AeroTurbine which we acquired in April 2006.

(2) We lease small offices in Shanghai (China), Irvine (TX), Finchampsted (UK), the United Arab Emirates and Singapore.

None of our employees are covered by a collective bargaining agreement and we believe that we maintain excellent employee relations. Although under Netherlands law we may be required to have a works council for our operations in The Netherlands, our employees have not elected to date to organize a works council. A works council is an employee organization that is granted certain statutory rights to be involved in certain of the company's decision making processes. The exercise of such rights, however, must take into account the interests of the company and its shareholders.

Organizational Structure

AerCap Holdings N.V. is a holding company which holds directly and indirectly consolidated investments in five main operating companies, most of which in turn own special purpose entities which

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hold our aircraft and engine assets. AerCap Holdings N.V. employs 12 people and does not own significant assets outside of its investments in its subsidiaries. Within the group, we also have several inactive subsidiaries or subsidiaries which are in the process of being liquidated. In addition to AerCap Holdings N.V.'s ownership in our principal operating subsidiaries, it holds our 50% economic interests in AerCap Partners I , II and III (23 aircraft) and a 50% ownership in a joint venture with Waha (four aircraft) . The five principal operating subsidiaries, their share ownership and the identity of their significant asset owning subsidiaries are detailed below.

AerCap B.V. is owned 100% by AerCap Holdings N.V. AerCap B.V. is located in Amsterdam, The Netherlands, and through its special purpose subsidiaries, owns the economic interests in 30 aircraft. AerCap B.V. does not employ any personnel.

AerCap Group Services B.V. is owned 100% by AerCap Holdings N.V. AerCap Group Services, B.V. is located in Amsterdam, The Netherlands and had 64 employees as of December 31, 2010. AerCap Group Services B.V. does not own significant assets, but provides a range of management services to other asset owning companies in the AerCap group of companies.

AerCap Ireland Limited is indirectly owned 100% by AerCap Holdings N.V. AerCap Ireland Limited is located in Shannon, Ireland and holds our economic interests in Aircraft Lease Securitisation Limited ("ALS I"), which owns 57 aircraft, in Aircraft Lease Securitisation II Limited ("ALS II"), which owns 30 aircraft and in Genesis Funding Ltd ("GFL"), which owns 39 aircraft. In addition, AerCap Ireland Limited owns 56 aircraft and 11 engines directly or through single aircraft owning special purpose entities and holds the economic interests in AerFunding (21 aircraft). AerCap Ireland Limited is also the holder of our joint venture investment in AerDragon. AerCap Ireland Limited had 55 employees as of December 31, 2010.

AerCap, Inc. is owned 100% by AerCap Holdings N.V. AerCap, Inc. is located in Ft. Lauderdale, Florida. AerCap, Inc. does not employ any personnel. AerCap, Inc. owns 100% of AerCap Group Services, Inc., which had 17 employees as of December 31, 2010 and provides a range of services to other asset owning companies in the AerCap group of companies. AerCap, Inc. and its wholly owned subsidiaries (excluding AeroTurbine, Inc.) are the lessees under four lease-in, lease-out transactions and own one aircraft. AerCap, Inc. owns 100% of the share capital of AeroTurbine, Inc.

AeroTurbine, Inc is owned 100% by AerCap, Inc. AeroTurbine, Inc. is located in Miami, Florida, has a facility in Goodyear, Arizona and employed 208 people as of December 31, 2010. AeroTurbine, Inc. owns 86 engines, ten aircraft which are designated for disassembly and part-out and an inventory of aircraft and engine parts for sale.

Competition

The aircraft leasing and sales business is highly competitive. We face competition from aircraft manufacturers, financial institutions, other leasing companies, aircraft brokers and airlines. Competition for a leasing transaction is based on a number of factors, including delivery dates, lease rates, term of lease, other lease provisions, aircraft condition and the availability in the market place of the types of aircraft that can meet the needs of the customer. As a result of our geographical reach, diverse aircraft portfolio and success in remarketing our aircraft, we believe we are a strong competitor in all of these areas; however, some of our competitors such as GECAS, have significantly larger and more diversified aircraft portfolios and potentially greater access to financing than we do.

The engine leasing industry is fragmented and is also highly competitive. The engine leasing industry is generally divided into two principal competitive segments: short-term engine lessors that focus on providing temporary spare engine support while a customer's engine requires off-site MRO (typical 60 to 90 day lease periods) and long-term engine lessors that focus on providing spare or primary engines to operators as an alternative to ownership of the engine by the lessee (typical lease

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periods of over one year). Though we are much more active in the short-term engine leasing segment, we compete in both lease segments. The engine leasing market is primarily comprised of seven major engine leasing companies, including ourselves. We believe we are a strong competitor, particularly in the short-term engine leasing segment, due to our rapid response in-house MRO capabilities; however, some of our competitors such as GE Engine Leasing, Shannon Engine Support, Engine Lease Finance, Pratt & Whitney Engine Leasing LLC, Rolls Royce and Partners Finance and Willis Lease Finance, have significantly larger and more diversified engine portfolios and greater access to financing than we do. We also encounter competition from airlines, financial institutions, engine brokers, consignment agencies and special purpose entities with investment objectives similar to ours.

The aircraft parts market is generally divided into two principal segments, consisting of (i) airframe parts sales and (ii) engine parts sales specialists. While we compete in both markets with a few large companies, we also separately compete with numerous other parts sales organizations, MRO service providers, original equipment manufacturers, commercial airlines and many smaller competitors primarily in the U.S. and Europe. Additionally, there are numerous small brokers and traders that generally sell from limited inventories and participate in niche markets. Competition in the aircraft and engine parts markets is based on quality, ability to provide a timely and consistent source of materials, ability to provide a multiple range of desirable products, speed of delivery and pricing.

Insurance

Our lessees are required under our leases to bear responsibility, through an operational indemnity subject to customary exclusions, and to carry insurance for any liabilities arising out of the operation of our aircraft or engines, including any liabilities for death or injury to persons and damage to property that ordinarily would attach to the operator of the aircraft or engine. In addition, our lessees are required to carry other types of insurance that are customary in the air transportation industry, including hull all risks insurance for both the aircraft and each engine whether or not installed on our aircraft, hull war risks insurance covering risks such as hijacking, terrorism, confiscation, expropriation, nationalization and seizure (in each case at a value stipulated in the relevant lease which typically exceeds the net book value by 10%, subject to adjustment in certain circumstances) and aircraft spares insurance and aircraft third party liability insurance, in each case subject to customary deductibles. We are named as an additional insured on liability insurance policies carried by our lessees, and we and/or our lenders are designated as a loss payee in the event of a total loss of the aircraft or engine. We monitor the compliance by our lessees with the insurance provisions of our leases by securing confirmation of coverage from the insurance brokers. We also purchase insurance which provides us with coverage when our aircraft or engines are not subject to a lease or where a lessee's policy lapses for any reason. In addition we carry customary insurance for our property and parts inventory, and we also maintain customary product liability insurance covering liabilities arising from our aircraft, engine and aviation parts trading activities. Insurance experts advise and make recommendations to us as to the appropriate amount of insurance coverage that we should obtain.

Regulation

While the air transportation industry is highly regulated, since we do not operate aircraft, we generally are not directly subject to most of these regulations. However, our lessees are subject to extensive regulation under the laws of the jurisdiction in which they are registered and in which they operate. These regulations, among other things, govern the registration, operation and maintenance of our aircraft and engines. Most of our aircraft are registered in the jurisdiction in which the lessee of the aircraft is certified as an air operator. Both our aircraft and engines are subject to the airworthiness and other standards imposed by our lessees' jurisdictions of operation. Laws affecting the airworthiness of aviation assets are generally designed to ensure that all aircraft, engines and related equipment are continuously maintained in proper condition to enable safe operation of the aircraft. Most countries'

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aviation laws require aircraft and engines to be maintained under an approved maintenance program having defined procedures and intervals for inspection, maintenance and repair.

In addition, under our leases, we may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft and engines. Also, to perform some of our cash management services and insurance services from Ireland under our management arrangements with our joint ventures and securitization entities, we are required to have a license from the Irish regulatory authorities which we have obtained.

With regard to our MRO activities, we maintain FAA and EASA certifications to conduct limited repair station tasks on engines. These certifications are subject to periodic review, and involve regulatory oversight and audit of the respective personnel and procedures utilized to conduct MRO services to aircraft, engines and components thereof, so as to ensure that our repair station managers and mechanics are properly qualified to perform the work for which we are certified. In addition, our MRO facility is subject to environmental regulation regarding, among other things, the use, storage and disposal of certain hazardous material.

Facilities

In April 2008, we relocated to a 37,000 square foot office facility in Amsterdam, the Netherlands. The new office has been contracted under a five-year lease which commenced on April 1, 2008. In June 2010 we relocated our Shannon office to a 16,000 square foot facility in Shannon, Ireland. We lease our Shannon facility under a 21-year lease (10,000 square feet) and a 19 year lease (6,000 square feet) which began March 28, 2008 and June 18, 2010 respectively and have options to terminate both leases in 2018 and in 2024.

We also have a ten-year lease, which began on January 1, 2004, for a 150,000 square foot complex located near the Miami International Airport that we use as an office and warehouse. We lease our Goodyear facility, which includes a 213,000 square foot hangar and substantial additional space for outdoor storage of our aircraft, pursuant to a long-term lease that expires in 2026.

In addition to the above facilities, we also lease small offices in Fort Lauderdale (Florida), Shanghai (China), Irvine (Texas), Finchampsted (UK), the United Arab Emirates and Singapore.

Trademarks

We have registered the "AerCap" name with WIPO International (Madrid) Registry and the Benelux Merkenbureau. The "AerCap" trademark and the AeroTurbine name have been registered with the United States Patent and Trademark Office.

Litigation

In the ordinary course of our business, we are a party to various legal actions, which we believe are incidental to the operation of our business. We believe that the outcome of the proceedings to which we are currently a party will not have a material adverse effect on our financial position, results of operations and cash flows.

VASP Litigation

We leased 13 aircraft and three spare engines to Viação Aerea de São Paulo, or VASP, a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess our aircraft. In 1992, we obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines from VASP. We repossessed and exported the aircraft and engines

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in 1992. VASP appealed this decision. In 1996, the High Court of the State of Sao Paulo ruled in favor of VASP on its appeal. We were instructed to return the aircraft and engines to VASP for lease under the terms of the original lease agreements. The High Court also granted VASP the right to seek damages in lieu of the return of the aircraft and engines. Since 1996 we have pursued this case in the Brazilian courts through various motions and appeals. On March 1, 2006, the Superior Court of Justice dismissed our most recent appeal and on April 5, 2006 a special panel of the Superior Court of Justice confirmed the Superior Court of Justice decision. On May 15, 2006 we appealed this decision to the Federal Supreme Court. In September 2009 the Federal Supreme Court of Justice presiding over the case ordered an opinion on our appeal from the office of the Attorney General. This opinion was provided in October 2009. The Attorney General recommends that the extraordinary appeal should be accepted for trial and that the case would be subjected to a new judgment, before the Superior Court of Justice. The Federal Supreme Court is not bound by the opinion of the Attorney General. However, our external legal counsel informed us that it would be normal practice to take this opinion into consideration. There are no assurances though whether the Federal Supreme court would rule in accordance with the Attorney General opinion or, if it did, what the outcome of the judgment of the Superior Court of Justice would be.

On February 23, 2006, VASP commenced a procedure for the calculation of the award for damages and since then both we and VASP have appointed experts to assist the court in calculating damages. Our external legal counsel has advised us that even if we lose on the merits, they do not believe that VASP will be able to demonstrate any damages. We continue to actively pursue all courses of action that may be available to us and intend to defend our position vigorously.

In July 2006, we commenced a claim for damages in the English courts against VASP based on the damages we incurred as a result of the default by VASP under seven lease obligations where the leases were governed by English law. VASP was served process in Brazil in October 2007 and in response has filed an application to challenge the jurisdiction of the English court which we will oppose. VASP has applied to the Court to adjourn the date for the hearing of its application to challenge the jurisdiction of the English Court pending the sale of some of its assets in Brazil. We have opposed this application and by an order dated March 6, 2008 the English court dismissed VASP's applications. In September 2008, the bankruptcy court in Brazil ordered the bankruptcy of VASP. VASP has appealed this decision. In December 2008, we filed with the English court an application for default judgment for loss of profits plus accrued interest under seven lease agreements. On March 16, 2009 we obtained a default judgment in which we have been awarded a claim of approximately $40.0 million for loss of profit plus accrued interest under seven lease agreements. In order to obtain this award, we will need to begin enforcement proceedings in Brazil against VASP, which is currently in bankruptcy. We cannot provide any assurance as to the outcome of this claim.

In addition to the claim in the English courts we have also commenced proceedings in the Irish courts against VASP based on the damages we incurred as a result of the default of VASP under nine lease obligations where the leases were governed by Irish law. The Irish courts have granted an order for service of process, however VASP is currently opposing this service of process in Brazil. The Brazilian Superior Court of Justice ruled that service of process on VASP has been completed, however VASP have appealed that decision and pending the outcome of that appeal we cannot make an application to the Irish courts.

Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provision for this litigation.

Item 4A. Unresolved Staff Comments

Not applicable.

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Item 5. Operating and Financial Review and Prospects

You should read this discussion in conjunction with our audited consolidated financial statements and the related notes included in this annual report. Our financial statements are presented in accordance with generally accepted accounting principles in the United States of America, or US GAAP. The discussion below contains forward looking statements that are based upon our current expectations and are subject to uncertainty and changes of circumstances. See "Item 3. Key Information Risk Factors" and "Special Note About Forward Looking Statements".

Overview

Net income attributable to AerCap Holdings N.V. for the full year 2010 was $207.6 million. Net income attributable to AerCap Holdings N.V. excluding non-cash charges relating to the mark-to-market of interest rate caps and share based compensation was $223.9 million, up 49.1% as compared to $150.2 million in 2009. The after-tax charge relating to the mark-to-market of our interest rate caps was $13.5 million and the after-tax charge from share based compensation was $2.8 million. The increase in net income attributable to AerCap Holdings N.V. excluding the non-cash charges was driven primarily by the Genesis transaction and the deliveries of forward order aircraft. Net spread, the difference between basic lease rents and interest expense excluding the mark-to-market of interest rate caps, was $666.0 million for full year 2010, up 43% as compared to 2009. This measure reflects the increase in leasing income. Total basic and fully diluted earnings per share for the full year 2010 were $1.81. Total basic and fully diluted earnings per share excluding non-cash charges relating to mark-to-market of interest rate caps of $0.12 per share and share based compensation of $0.02 per share were $1.95. The average number of outstanding shares was 115.0 million for the year ended December 31, 2010.

Major Developments in 2010

On March 25, 2010, the all-share acquisition of Genesis was completed and increased our outstanding ordinary shares by 34.3 million;

on November 11, 2010, we completed the transaction with Waha. As part of this transaction, we issued approximately 29.8 million new shares to Waha. In exchange, we received $105 million in cash, Waha's 50% interest in the joint venture company AerVenture, a 40% interest in Waha's own 12-aircraft portfolio and a 50% interest in four CRJ aircraft;

in 2010, we signed an agreement with Boeing covering the purchase of up to 15 Boeing 737-800 aircraft, consisting of ten firm aircraft delivering in 2015 and five purchase rights; and

we signed agreements for $1.6 billion of new debt facilities in 2010.

Liquidity and Access to Capital

Aircraft and engine leasing is a capital intensive business and we have significant capital requirements. These commitments include requirements to make pre-delivery payments, as well as the requirement to pay the balance of the purchase price for aircraft on delivery. As of December 31, 2010, we had 34 aircraft under forward purchase commitments (including five Boeing 737 purchase rights), with nine scheduled to be delivered in 2011 and six scheduled to be delivered in 2012. As a result, we will need to raise additional funds though a combination of accessing committed debt facilities and securing additional financing for pre-delivery and final delivery payment obligations and we may need to raise additional funds through selling aircraft or other aircraft investments, including participations in our joint ventures, and if necessary, generating proceeds from potential capital market transactions.

In the longer term, we expect to fund the growth of our business, including the acquisition of aircraft and engines, through internally generated cash flows, the incurrence of new bank debt, the

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refinancing of existing bank debt and other capital raising initiatives. For additional information on the availability of funding under our contracted credit facilities see " Indebtedness".

Non Cash Charge for Share based Compensation

The non cash charge for share based compensation, net of tax, was $2.8 million for the full year 2010. The charge relates to restricted shares and share options in entities that own a substantial percentage of our shares and which are held by members of our senior management, independent directors and a consultant and share options in AerCap Holdings N.V. which are held by members of our senior management. The charge did not reduce our net equity.

Non Cash Charge for Mark-to-market of Interest Rate Caps

The non cash charge for mark-to-market of interest rate caps, net of tax and non-controlling interest, was $13.5 million for the full year 2010. We use interest rate caps to hedge against the impact of interest rate increases on variable-rate debt. Our interest rate caps do not qualify for hedge accounting under US GAAP and the periodic mark-to-market gains or losses of our caps is recorded as interest expense.

Aviation Assets

Our total assets and owned portfolio continue to grow. We acquired $2.6 billion of aviation assets including 55 aircraft and 16 engines in 2010. Total assets were $9.6 billion at December 31, 2010. Total assets increased 42% during 2010 which was driven by the acquisition of aviation assets and the Genesis Transaction. The increase in flight equipment was the result of a net increase of 39 owned aircraft in our portfolio. The number of aircraft in our portfolio was 350 as of December 31, 2010, consisting of 271 owned aircraft, 50 managed aircraft, 34 aircraft in our order book (including five Boeing 737 purchase rights), one aircraft subject to purchase contract and six aircraft subject to a sale agreement. The number of aircraft increased by 59 units from 291 since the end of 2009. The increase in aircraft was largely driven by the Genesis Transaction and the delivery of forward order aircraft, partially offset by sale and part out of owned and managed aircraft. The number of engines owned or on contract was 96, an increase of four engines from 92 engines owned or on contract at the end of 2009.

Factors Affecting our Results

Our results of operations have been affected by a variety of factors, primarily:

- the number, type, age and condition of the aircraft and engines we own;
- aviation industry market conditions;
- the demand for our aircraft and engines and the resulting lease rates we are able to obtain for our aircraft and engines;
- the availability and cost of debt capital to finance purchases of aircraft and aviation assets;
- the purchase price we pay for our aircraft and engines;
- the number, types and sale prices of aircraft and engines we sell in a period;
- the ability of our lessee customers to meet their lease obligations and maintain our aircraft and engines in airworthy and marketable condition;

the utilization rate of our aircraft and engines;

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the recognition of non-cash share based compensation expense related to the issuance of restricted stock and stock options to our employees and our Non-Executive Directors by the Cerberus Funds which controlled 100% of our stock at the time of the 2005 Acquisition and the issuance by the Company of stock options to our employees; and

interest rates which affect our aircraft lease revenues, our interest on debt expense and the market value of our interest rate derivatives.

Factors Affecting the Comparability of Our Results

AeroTurbine Acquisition

On April 26, 2006, we acquired all of the existing share capital of AeroTurbine, Inc., an engine trading and leasing and part sales company. We acquired AeroTurbine to implement our strategy of managing aircraft profitably throughout their lifecycle, to diversify our investment in aviation assets and to obtain a more significant presence in the market for older aircraft equipment. In accordance with ASC 805, we allocated the purchase price paid to the assets acquired and liabilities assumed based on their fair values. Since the purchase consideration was greater than the combined carrying value of the assets purchased and liabilities assumed by us, the purchase price allocation resulted in higher carrying values for the AeroTurbine assets as well as $25.6 million of intangible assets and goodwill of $6.8 million at the date of the AeroTurbine Acquisition. The inclusion of AeroTurbine in our consolidated results has increased our lease and sales revenue and cost of goods sold through the addition of $408.1 million and $415.0 million of combined flight equipment and inventory in our December 31, 2009 and December 31, 2010 consolidated balance sheets, respectively. In addition, the interest on AeroTurbine's debt has increased our consolidated interest expense and the inclusion of AeroTurbine's operations has increased our selling, general and administrative expenses. More specifically, for the year ended December 31, 2006, we recognized $62.4 million of non cash, share based compensation, net of taxes, in our consolidated selling, general and administrative expenses related to restricted shares granted in connection with the AeroTurbine Acquisition.

Prior to the AeroTurbine Acquisition, we operated our business as one reportable segment: leasing, financing, sales and management of commercial aircraft. From the date of the AeroTurbine Acquisition, we manage our business and analyze and report our results on the basis of two business segments: leasing, financing, sales and management of commercial aircraft ("Aircraft") and leasing, financing and sales of engines and parts ("Engines and Parts").

Genesis Lease Limited

On March 25, 2010, the all-share acquisition of Genesis was completed. The Genesis aircraft portfolio consisted of 54 aircraft, of which one was subsequently sold. As at December 31, 2010, 53 of those aircraft were in operation on lease to 34 airlines located in 23 countries. The Genesis portfolio includes 47 narrow-body aircraft (Boeing 737-400, 500, 700 and 800, Airbus A319-100, A321-231 and A320-200), two Boeing 747-400 cargo aircraft, two regional jets (ERJ170-100) and two wide-body passenger aircraft (Airbus A330-200 and Boeing 767-300ER). GECAS provides Genesis with most services related to leasing its fleet of aircraft, including marketing aircraft for lease and re-lease, collecting rents and other payments from lessees, monitoring maintenance, insurance and other obligations under leases and enforcing rights against lessees. We acquired Genesis to achieve several key strategic and financial objectives in a single transaction, such as access to a significant amount of unrestricted cash without the dilutive impact on earnings per share as compared to other alternatives, the combination of Genesis' expected unrestricted cash generation with our growth outlook, the improvement of our quality of earnings, the increase in our global client base, significant cost synergies and improved stock trading liquidity for shareholders. The inclusion of Genesis in our consolidated

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results has increased our lease revenue through the addition of $1.3 billion of flight equipment in our December 31, 2010 consolidated balance sheet.

Stock Compensation Expenses

Our financial results for the year ended December 31, 2006 include a charge of $68.3 million, net of tax of $10.3 million for non-cash, share based compensation expense related to the vesting of options and restricted stock previously granted or sold by the Cerberus Funds to members of our senior management, our Non-Executive Directors and one consultant primarily in connection with the 2005 Acquisition and to the owners of AeroTurbine at the time of its acquisition by us. While we continue to recognize some additional non-cash, share based compensation in connection with these restricted stock and options, as well as options issued in 2007 and 2008 by AerCap Holdings N.V., future charges are not expected to be of a similar magnitude as those recognized in 2006. Our financial results for the year ended December 31, 2010 include a charge for share based compensation of $3.4 million ($2.8 million net of tax).

Critical Accounting Policies Applicable to Us

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with US GAAP, and require us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Our estimates and assumptions are based on historical experiences and currently available information. We utilize professional appraisers and valuation experts, where possible, to support our estimates, particularly with respect to flight equipment. Despite our best efforts, actual results may differ from our estimates under different conditions, sometimes materially. A summary of our significant accounting policies is presented in Note 2 to our audited consolidated financial statements included elsewhere in this annual report. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results of operations and require our judgments, estimates and assumptions. Our most critical accounting policies and estimates are described below.

Lease Revenue Recognition

We lease flight equipment principally under operating leases and report rental income on a straight-line basis over the life of the lease as it is earned. Virtually all of our lease contracts require payment in advance. Rents collected in advance of when they are earned are recorded as deferred revenue on our balance sheet and recorded as lease revenue as they are earned. Provisions for doubtful notes and accounts receivables are recorded in the income statement when rentals become past-due and the rentals exceed security deposits held, except where it is anticipated that the lease will end in repossession and then provisions are made regardless of the level of security deposits. Our management monitors the status of customers and the collectability of their receivables based on factors such as the customer's credit worthiness, payment performance, financial condition and requests for modifications of lease terms and conditions. Customers for whom collectability is not reasonably assured are placed on non-accrual status and revenue is recorded on a cash basis. When our management deems the collectability to be reasonably assured, based on the above factors, the customer is removed from non-accrual status and revenue is recognized on an accrual basis. As described below, revenue from supplemental maintenance rent is recognized when we no longer expect to reimburse maintenance rent to lessees.

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Depreciation and Amortization

Flight equipment held for operating leases, including aircraft, is recorded on our balance sheet at cost less accumulated depreciation and impairment. Aircraft are depreciated over the assets' useful life, which is 25 years from the date of manufacture for substantially all of our aircraft, using the straight-line method to estimated residual values. Estimated residual values are generally determined to be approximately 15% of the manufacturer's price.

Engines purchased primarily for leasing through our AeroTurbine operations are depreciated on a straight-line basis. Current production model engines and out-of-production model engines that are expected to be leased are depreciated to a residual value of approximately 60% of cost over a period of 15 and 7 years, respectively. Engines expected to be disassembled and sold through AeroTurbine's parts business upon termination of the lease are depreciated over the remaining lease term to a residual value based on expected net part-out proceeds. The carrying value of flight equipment that we designate for disassembly is transferred to our inventory pool and is held for sale at the time of such designation. We discontinue the depreciation of our flight equipment when it is held as inventory. Differences between our estimates of useful lives and residual values and actual experience may result in future impairments of aircraft or engines and/or additional gains or losses upon disposal. We review residual values of aircraft and engines periodically based on our knowledge of current residual values and residual value trends to determine if they are appropriate and record adjustments as necessary.

Intangibles assets related to customer relationships are amortized over ten years, which is the length of time that we expect to benefit from existing customer relationships. The amortization in each year is based on the anticipated sales in each year which benefit from such relationships. Our FAA certificate is amortized straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate relates.

Inventory

Inventory, which consists primarily of engine and airframe parts and rotable and consumable parts, is valued at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and aircraft purchased for disassembly and bulk inventory purchases. Costs are allocated using the relationship of the cost of the engine, aircraft or bulk inventory purchase to the estimated retail sales value at the time of purchase. At the time of sale, this ratio is applied to the sales price of each individual part to determine its cost. We evaluate this ratio on a quarterly basis and if necessary we update sales estimates and make prospective adjustments to this ratio. Any inventory identified with an estimated sales value lower than the carrying value is reduced to the estimated sales value at the time of the review.

Impairments

In accordance with ASC 360, our flight equipment held for operating lease, engines, parts and definite lived intangible assets are evaluated for impairment when events and circumstances indicate that the carrying amounts of those assets may not be recoverable. We normally evaluate these events and circumstances on an annual basis. However, given current market conditions the evaluation is performed on a quarterly basis. The review for recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposition. The assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets. In relation to flight equipment on operating lease, the impairment assessment is performed on each individual aircraft. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired asset over its

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fair value. Fair value reflects the present value of cash expected to be received from the asset in the future, including its expected residual value discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar assets, appraisal data and industry trends. Residual value assumptions generally reflect an asset's booked residual, except where more recent industry information indicates a different value is appropriate. We generally focus our impairment assessment on older aircraft as the cash flows supporting the carrying value of such older aircraft are more dependent upon current lease contracts, which leases are more sensitive to weaknesses in the global economic environment.

As of December 31, 2010 we owned 271 aircraft of which 47 were older than 15 years. The 47 aircraft had a net book value of $470.3 million which represented 6.0% of our total flight equipment held for operating lease. The undiscounted cash flows of the 47 aircraft older than 15 years were estimated at $629.9 million, which represents 33.9% excess above net carrying value. As of December 31, 2010 all of the 47 aircraft passed the recoverability test, accordingly no impairment was recognized for these 47 aircraft. The aircraft passed the recoverability test with undiscounted cash flows exceeding the carrying value of aircraft between 1% and 148%. The following assumptions drive the undiscounted cash flows: contracted lease rents per aircraft through current lease expiry, subsequent re-lease rates based on current marketing information and residual values based on current market transactions. We review and stress test our key assumptions to reflect any observed weakness in the global economic environment. Further deterioration of the global economic environment and a further decrease of aircraft values might have a negative effect on the undiscounted cash flows of older aircraft and might triggering further impairments.

In the year ended December 31, 2010, we recognized an impairment of $14.4 million. The impairment related to four discrete factors including one older A320 aircraft which was repossessed from a lessee, one A320 aircraft for which the impairment was triggered by the receipt of $9.0 million of end-of-lease payments from the previous lessee, an intangible lease premium write-off on an aircraft acquired through the Genesis Transaction and the impairment of one engine.

In accordance with ASC 360, we evaluate any goodwill, related to the AeroTurbine Acquisition and indefinite lived intangible assets for impairment at the reporting unit level each year and upon the occurrence of events or circumstances that indicate that the asset may be impaired. We determine the fair value of our reporting units using discounted cash flow and earnings multiples approaches. When our valuation suggests that the fair value of our reporting unit is less than our net equity, we determine the amount of implied goodwill by allocating the fair value of the reporting unit to our assets and liabilities as we would in purchase accounting and adjust our goodwill to its implied value through an impairment entry. If we fail to meet our forecasted future cash flows or if weak economic conditions prevail in our primary markets, the estimated fair values of our reporting unit may be adversely affected, resulting in impairment charges.

Accrued Maintenance Liability

In all of our leases, the lessees are responsible for maintenance and repairs of our flight equipment and related expenses during the term of the lease. In some instances, we may incur maintenance and repair expenses for off-lease aircraft. We recognize leasing expenses in our income statement for all such expenditures. In many operating lease and finance lease contracts, the lessee has the obligation to make a periodic payment of supplemental maintenance rent which is calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. Up to 2008, we did not recognize such supplemental rent received as revenue, but as an accrued maintenance liability. In 2008, we changed the methodology we employ to estimate the amount of

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maintenance rent we expect to reimburse lessees. The change in estimate arose from the implementation of a new model used to forecast future maintenance reimbursements.

We record as revenue all maintenance rent receipts not expected to be repaid to lessees. In these leases, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft or engine, we make a payment to the lessee to help compensate for the cost of the maintenance, up to the maximum of the supplemental maintenance rental payments made with respect to the lease contract. In shorter-term lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow us to directly manage the occurrence, timing and associated cost of qualifying maintenance work on the flight equipment, supplemental rents collected during the lease are recognized as lease revenue. For flight equipment subject to these shorter-term contracts, we record a charge to leasing expenses at the time maintenance work is performed on the flight equipment.

In most lease contracts not requiring the payment of supplemental rents, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at redelivery. We recognize receipts of end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

In addition, we may be obligated to make additional payments to the lessee for maintenance related expenses (lessor maintenance contributions or top-ups) primarily related to usage of major life-limited components occurring prior to the lease. We record a charge to leasing expenses at the time of the occurrence of a lessor contribution or top-up payment, except in instances where we have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, in which case such payments are charged against the existing accrual.

For all of our lease contracts, any amounts of accrued maintenance liability existing at the end of a lease are released and recognized as lease revenue at lease termination. When flight equipment is sold, the portion of the accrued maintenance liability which is not specifically assigned to the buyer is released from the balance sheet and recognized as sales revenue from the sale of the flight equipment.

Consolidation

We consolidate all companies in which we have direct or indirect legal or effective control and all variable interest entities for which we are deemed the primary beneficiary under ASC 810. Consolidated entities include certain joint ventures such as our AerCap Partners joint ventures, our aircraft lease securitization vehicles, and our AerFunding financing vehicle, but exclude AerDragon and the Waha 40% joint venture. The determination of which entities are variable interest entities and of which variable interest entities we are the primary beneficiary involves the use of significant estimates, including whether we have the power to control, the entity has sufficient equity to finance its activities without additional subordinated financial support and the expected cash flows to the entity and distributions of those cash flows in the future. We estimate expected cash flows based on the variable interest entities' contractual rights and obligations as well as reasonable expectations for future business developments. We then adjust these cash flow estimates to simulate possible changes in economic trends which could impact the variable interest entity to determine which entity will absorb a majority of the variability in order to determine if we are the primary beneficiary of the variable interest entity.

Deferred Income Taxes

We provide for income taxes according to ASC 740. We have significant tax loss carryforwards in certain of our subsidiaries. We evaluate valuation allowances for tax losses at the individual company

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level or consolidated tax group level in accordance with the tax law in the specific jurisdiction. We evaluate the potential for recovery of our tax losses by estimating the future taxable profits expected from each subsidiary and considering prudent and feasible tax planning strategies. In estimating future taxable profits, we consider all current contracts and assets of the business, as well as a reasonable estimation of future taxable profits achievable by us. If we are not able to achieve the level of projected taxable profits used in our assessment, and no tax planning strategies are available to us, an additional valuation allowance may be required against our tax assets with a corresponding charge to our income statement in the future.

Revenues

Our revenues consist primarily of lease revenue from aircraft and engine leases, sales revenue, management fee revenue and interest revenue.

Lease Revenue.

Nearly all of our aircraft and engine lease agreements provide for the payment of a fixed, periodic amount of rent or a floating, periodic amount of rent tied to interest rates during the term of the lease. In the year ended December 31, 2010, 15.8% of our basic aircraft lease revenue was attributable to leases tied to floating interest rates. In limited circumstances, our leases may require a basic rental payment based partially or exclusively on the amount of usage during a period. In addition, many of our leases require the payment of supplemental maintenance rent based on aircraft or engine utilization and lease term, or an end-of-lease compensation amount calculated with reference to the technical condition of the aircraft or engine at lease expiration. The amount of lease revenue we recognize is primarily influenced by five factors:

- the contracted lease rate, which is highly dependent on the age, condition and type of the leased equipment;
- for leases with rates tied to floating interest rates, interest rates during the term of the lease;
- the number, type, condition and age of flight equipment subject to lease contracts;
- the lessee's performance of their lease obligations; and
- the amount of end-of-lease compensation payments we receive and the amount of accrued maintenance liabilities released to revenue during and at the end of a lease.

In addition to aircraft or engine specific factors such as the type, condition and age of the asset, the lease rates for our leases with fixed rental payments are determined in part by reference to the prevailing interest rate for a debt instrument with a term similar to the lease term and with a similar credit quality as the lessee at the time we enter into the lease. Many of the factors described in the bullet points above are influenced by global and regional economic trends, airline market conditions, the supply/demand balance for the type of flight equipment we own and our ability to remarket flight equipment subject to expiring lease contracts under favorable economic terms.

We operate our business on a global basis. As of December 31, 2010, we had 271 owned aircraft and 95 owned engines on lease to 118 customers in 50 countries, with one lessee accounting for more

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than 10% of lease revenue for the year ended December 31, 2010. The following table shows the regional profile of our lease revenue for the periods indicated:

	AerCap Holdings N.V.		
	Year ended December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2010
Europe	42%	50%	49%
Asia/Pacific	28%	25%	26%
North America/Caribbean	18%	14%	14%
Latin America	10%	6%	6%
Africa/Middle East	2%	5%	5%
Total	**100%**	**100%**	**100%**

The geographical concentration of our customer base has varied historically, reflecting the opportunities available in particular markets at a given time.

Sales Revenue.

Our sales revenue is generated from the sale of our aircraft, engines, and inventory. The price we receive for our aircraft, engines and inventory is largely dependent on the condition of the asset being sold, prevailing interest rates, airline market conditions and the supply/demand balance for the type of asset we are selling. The timing of the closing of aircraft and engine sales is often uncertain, as a sale may be concluded swiftly or negotiations may extend over several weeks or months. As a result, even if sales are comparable over a long period of time, during any particular fiscal quarter or other reporting period we may close significantly more or fewer sale transactions than in other reporting periods. Accordingly, sales revenue recorded in one fiscal quarter or other reporting period may not be comparable to sales revenue in other periods.

Management Fee Revenue.

We generate management fee revenue through a variety of management services that we provide to non-consolidated aircraft securitization vehicles and joint ventures and third party owners of aircraft. Our management services include leasing and remarketing services, cash management and treasury services, technical advisory services and accounting and administrative services. We currently generate almost three quarters of our management fee income from services we provide to two securitization vehicles, Airplanes Group and AerCo. Since ALS I's results are consolidated in our financial statements, we do not generate any accounting revenue from the services we provide to it.

Interest Revenue.

Our interest revenue is derived primarily from deposit interest on unrestricted and restricted cash balances, interest earned on assets supporting defeased liabilities and interest recognized on financial instruments we hold, such as notes issued by lessees in connection with lease restructurings and subordinated debt investments in unconsolidated securitization vehicles or affiliates. The amount of interest revenue we recognize in any period is influenced by the amount of free or restricted cash balances, the scheduled amortization of defeased liabilities, the principal balance of financial instruments we hold, contracted or effective interest rates, and movements in provisions for financial instruments which can affect adjustments to valuations or provisions.

Other Revenue.

Our other revenue includes net gains or losses we generate from the sale of aircraft related investments, and reversals of provisions on such investments such as our subordinated interests in

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securitization vehicles and notes, warrants or convertible securities issued by our lessees, which we receive from lessees as compensation for amounts owed to us in connection with lease restructurings. The amount of other revenue recognized in any period is influenced by the number of saleable financial instruments we hold, the credit profile of the obligor and the demand for such investments in the market at the time. Since there is limited or no market liquidity for some of the securities we receive in connection with lease restructurings, making the securities difficult to value, and because many of the issuers of the securities are in a distressed financial condition, we may experience volatility in our revenues when we sell our aircraft related investments due to significant changes in their value.

Operating Expenses

Our primary operating expenses consist of depreciation, interest on debt, other operating expenses, and selling, general and administrative expenses.

Depreciation.

Our depreciation expense is influenced by the adjusted gross book values of our flight equipment, the depreciable life of the flight equipment and the estimated residual value of the flight equipment. Adjusted gross book value is the original cost of our flight equipment, including purchase expenses, adjusted for subsequent capitalized improvements, impairments, and accounting basis adjustments associated with business combinations.

Cost of Goods Sold.

Our cost of goods sold consists of the net book value of flight equipment, including inventory, sold to third parties at the time of the sale.

Interest on Debt.

Our interest on debt expense arises from a variety of funding structures and related derivative instruments as described in " Indebtedness". Interest on debt expense in any period is primarily affected by contracted interest rates, principal amounts of indebtedness, including notional values of derivative instruments and unrealized mark-to-market gains or losses on derivative instruments for which we did not achieve cash flow hedge accounting treatment.

Other Operating Expenses.

Our other operating expenses consist primarily of operating lease-in costs, leasing expenses and provision for doubtful notes and accounts receivable.

Our operating lease-in costs relate to our lease obligations for aircraft we lease from financial investors and sublease to aircraft operators. We entered into all of our lease-in transactions between 1988 and 1992 and the leases on the remaining four aircraft at December 31, 2010 expire between 2011 and 2014. As described in Note 15 to our consolidated financial statements included in this annual report, we have established an onerous contract accrual equal to the difference between the present value of our lease expenses and the sublease revenue we receive, discounted at appropriate discount rates. This amount is amortized monthly as a reduction of operating lease-in costs on a constant yield basis as we meet our obligations to the aircrafts' legal owners under the applicable leases.

Our leasing expenses consist primarily of maintenance expenses on our flight equipment, which we incur when our flight equipment is off-lease, lessor maintenance contribution expenses, technical expenses we incur to monitor the maintenance condition of our flight equipment during a lease, end-of-lease payments, expenses to transition flight equipment from an expired lease to a new lease contract and non-capitalizable flight equipment transaction expenses.

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Our provision for doubtful notes and accounts receivable consists primarily of provisions we establish to reduce the carrying value of our notes and accounts receivables to estimated collectible levels.

The primary factors affecting our other operating expenses are:

- lessee defaults, which may result in additional provisions for doubtful notes and accounts receivable, material expenses to repossess flight equipment and restore it to an airworthy and marketable condition, unanticipated lease transition costs, and an increase to our onerous contract accrual;
- the frequency of lease transitions and the associated costs; and
- the frequency and amount of lessor maintenance contribution expenses.

Selling, General and Administrative Expenses.

Our principal selling, general and administrative expenses consist of personnel expenses, including salaries, benefits, charges for share based compensation, professional and advisory costs and office and travel expenses as summarized in Note 20 to our audited consolidated financial statements included in this annual report. The level of our selling, general and administrative expenses is influenced primarily by our number of employees and the extent of transactions or ventures we pursue which require the assistance of outside professionals or advisors. Our selling, general and administrative expenses also include the mark-to-market gains and losses for our foreign exchange rate hedges related to our Euro denominated selling, general and administrative expenses.

Provisions for Income Taxes

Our operations are taxable primarily in four main jurisdictions in which we manage our business: The Netherlands, Ireland, the United States and Sweden. Deferred income taxes are provided to reflect the impact of temporary differences between our US GAAP income from continuing operations before income taxes and our taxable income. Our effective tax rate has varied significantly year to year from 2006 to 2008. The primary source of temporary differences is the availability of accelerated tax depreciation in our primary operating jurisdictions. Our effective tax rate in any year depends on the tax rates in the jurisdictions from which our income is derived along with the extent of permanent differences between US GAAP income from continuing operations before income taxes and taxable income.

We have substantial tax losses in certain jurisdictions which can be carried forward, which we recognize as tax assets. We evaluate the recoverability of tax assets in each jurisdiction in each period based upon our estimates of future taxable income in those jurisdictions. If we determine that we are not likely to generate sufficient taxable income in a jurisdiction prior to expiration, if any, of the availability of tax losses, we establish a valuation allowance against the tax loss to reduce the tax asset to its recoverable value. We evaluate the appropriate level of valuation allowances annually and make adjustments as necessary. Increases or decreases to valuation allowances can affect our provision for income taxes on our consolidated income statement and consequently may affect our effective tax rate in a given year.

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Comparative Results of Operations

Results of Operations for the Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

	Year ended December 31, 2009	Year ended December 31, 2010
	(US dollars in millions)	
Revenues		
Lease revenue	$ 650.6	$ 960.8
Sales revenue	324.8	850.0
Management fee revenue	12.1	11.8
Interest revenue	10.1	4.3
Other revenue	5.7	7.5
Total revenues	**1,003.3**	**1,834.4**
Expenses		
Depreciation	221.0	333.8
Asset Impairment	32.6	14.4
Cost of goods sold	248.9	785.3
Interest on debt	92.1	240.3
Operating lease-in costs	13.1	12.3
Leasing expenses	65.1	68.1
Provision for doubtful notes and accounts receivable	1.0	1.2
Selling, general and administrative expenses	116.2	120.2
Other expenses	3.0	
Total expenses	**793.0**	**1,575.6**
Income from continuing operations before income taxes	210.3	258.8
Provision for income taxes	(3.9)	(22.3)
Amalgamation gain, net of transaction expenses		0.3
Net income	206.4	236.8
Net loss (income) attributable to non-controlling interest, net of taxes	(41.2)	(29.2)
Net income attributable to AerCap Holdings N.V.	**$ 165.2**	**$ 207.6**

Revenues. Our total revenues increased by $831.1 million, or 82.8%, to $1,834.4 million in the year ended December 31, 2010 from $1,003.3 million in the year ended December 31, 2009. In the year ended December 31, 2010, we generated $1,606.8 million of revenue in our aircraft segment and $227.6 million of revenue in our engine and parts segment, and, in the year ended December 31, 2009, we generated $780.4 million of revenue in our aircraft segment and $222.9 million in our engine and parts segment. The principal categories of our revenue and their variances were:

	Year ended December 31, 2009	Year ended December 31, 2010	Increase/ (decrease)	Percentage Difference
	(US dollars in millions)			
Lease revenue				
Basic rents	$ 581.9	$ 878.4	$ 296.5	51.0%
Maintenance rents and end of lease compensation	68.7	82.4	13.7	19.9%
Sales revenue	324.8	850.0	525.2	161.7%
Management fee revenue	12.1	11.8	(0.3)	(2.5)%
Interest revenue	10.1	4.3	(5.8)	(57.4)%
Other revenue	5.7	7.5	1.8	31.6%
Total	**$ 1,003.3**	**$ 1,834.4**	**$ 831.1**	**82.8%**

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Basic rents increased by $296.5 million, or 51.0%, to $878.4 million in the year ended December 31, 2010 from $581.9 million in the year ended December 31, 2009. The increase in basic rents was attributable primarily to:

the acquisition between January 1, 2009 and December 31, 2010 of 153 aircraft for lease with an aggregate net book value of $5.5 billion at the date of acquisition (including those acquired through the Genesis Transaction), partially offset by the sale of 25 aircraft, during such period, with an aggregate net book value of $0.8 billion at the date of sale. The net increase in our aircraft portfolio resulted in a $306.9 million increase in basic rents. The Genesis Transaction increased our aircraft portfolio by 53 aircraft and added $126.2 million in basic lease rents in the year ended December 31, 2010;

reduced by

a decrease in basic rents of $6.6 million in the year ended December 31, 2010 compared to the twelve months ended December 31, 2009 as a result of airline defaults;

a decrease in payments from leases with lease rates tied to floating interest rates in the year ended December 31, 2010 compared to the year ended December 31, 2009 due to decreases in market interest rates, which resulted in a $2.8 million decrease in basic rents; and

a decrease of $1.0 million in basic rents from our engine lease activities in the year ended December 31, 2010 compared to the year ended December 31, 2009.

Maintenance rents and end-of-lease compensation increased by $13.7 million, or 19.9%, to $82.4 million in the year ended December 31, 2010 from $68.7 million in the year ended December 31, 2009. The increase is mainly attributable to the recognition of $11.1 million increase in the release of maintenance rents as a result of airline defaults in the year ended December 31, 2010 as compared to the year ended December 31, 2009.

Sales revenue increased by $525.2 million, or 161.7%, to $850.0 million in the year ended December 31, 2010 from $324.8 million in the year ended December 31, 2009 The increase in sales revenue is mainly a result of increased aircraft sales in the year ended December 31, 2010, due to an increase in liquidity in the aircraft trading market to finance aircraft acquisitions. Sales revenue in the year ended December 31, 2010 was generated from the sale of 16 aircraft, 16 engines and parts inventory. In the year ended December 31, 2010, we sold nine A320 aircraft, four A330 aircraft, two Boeing 757 aircraft, one Boeing 767 aircraft and 16 engines, whereas in the year ended December 31, 2009, we sold five A320 forward order positions, two A320 aircraft and two A321 aircraft.

Management fee revenue did not materially change in the year ended December 31, 2010 compared to the year ended December 31, 2009.

Interest revenue decreased by $5.8 million, or 57.4%, to $4.3 million in the year ended December 31, 2010 from $10.1 million in the year ended December 31, 2009. The decrease was mainly caused by the unwinding of our notes receivable in defeasance structures, which earned $5.4 million higher interest income in the year ended December 31, 2009 compared to the year ended December 31, 2010.

Other revenue increased by $1.8 million, or 31.6%, to $7.5 million in the year ended December 31, 2010 from $5.7 million in the year ended December 31, 2009. Other revenue in both periods related primarily to the cash recovery of bankruptcy claims against previous lessees.

Depreciation. Depreciation increased by $112.8 million, or 51.0%, to $333.8 million in the year ended December 31, 2010 from $221.0 million in the year ended December 31, due primarily to the acquisition of 153 new aircraft between January 1, 2009 and December 31, 2010 with a book value at the time of the acquisition of $5.5 billion (including those acquired through the Genesis Transaction).

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The increase was partially offset by the sale of 25 aircraft between January 1, 2009 and December 31, 2010, with a book value at the time of sale of $0.8 billion. The Genesis Transaction increased our aircraft portfolio by 53 aircraft and added $45.0 million in depreciation in the year ended December 31, 2010.

Asset impairment. Asset impairment was $14.4 million in the year ended December 31, 2010. The impairment in the year ended December 31, 2010 related to one older A320 aircraft which was repossessed from a lessee, one A320 aircraft for which the impairment was triggered by the receipt of $9.0 million of end-of-lease payments from the previous lessee, an intangible lease premium write-off on an aircraft acquired through the Genesis Transaction and one engine. Asset impairment was $32.6 million in the year ended December 31, 2009. The impairment in the year ended December 31, 2009 related to ten older A320 aircraft and for six of the ten aircraft the impairment was triggered by the receipt of $21.0 million of end-of-lease payments from the previous lessees.

Cost of Goods Sold. Cost of goods sold increased by $536.4 million, or 215.5%, to $785.3 million in the year ended December 31, 2010 from $248.9 million in the year ended December 31, 2009. The increased in cost of goods sold is mainly a result of the increase in aircraft sales.

Interest on Debt. Our interest on debt increased by $148.2 million, or 160.9%, to $240.3 million in the year ended December 31, 2010 from $92.1 million in the year ended December 31, 2009. The majority of the increase in interest on debt was caused by:

- a $51.4 million increase in the non-cash recognition of mark-mark-to-market charges on derivatives to a $27.7 million charge in the year ended December 31, 2010 from a $23.7 million gain in the year ended December 31, 2009;
- an increase in average outstanding debt balance to $6.1 billion in the year ended December 31, 2010 from $4.3 billion in the year ended December 31, 2009, resulting in a $61.2 million increase in our interest on debt. The increase in our average outstanding debt was partially caused by the Genesis Transaction;
- an increase in our average cost of debt to 3.4% in the year ended December 31, 2010 from 2.7% in the year ended December 31, 2009. The increase in our average cost of debt is primarily the result of the closing of the Genesis Transaction. This resulted in an $30.1 million increase in our interest on debt.

Other Operating Expenses. Our other operating expenses increased by $2.4 million, or 3.0%, to $81.6 million in the year ended December 31, 2010 from $79.2 million in the year ended December 31, 2009. The principal categories of our other operating expenses and their variances were as follows:

	Year ended December 31, 2009	Year ended December 31, 2010	Increase/ (decrease)	Percentage difference
	(US$ in millions)			
Operating lease-in costs	$ 13.1	$ 12.3	$ (0.8)	(6.1)%
Leasing expenses	65.1	68.1	3.0	4.6%
Provision for doubtful notes and accounts receivable	1.0	1.2	0.2	20%
Total	**$ 79.2**	**$ 81.6**	**$ 2.4**	**3.0%**

Our operating lease-in costs did not materially change in the year ended December 31, 2010 compared to the year ended December 31, 2009.

Our leasing expenses increased by $3.0 million, or 4.6%, to $68.1 million in the year ended December 31, 2010 from $65.1 million in the year ended December 31, 2009. In the year ended December 31, 2010 our leasing expenses excluding default related leasing expenses increased by

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$15.1 million, primarily as a result of an increase in the number of lessor contributions. Expenses relating to airline defaults decreases by $ 12.1 million in the year ended December 31, 2010 compared to the year ended December 31, 2009.

Our provision for doubtful notes accounts receivable increased by $0.2 million, or 20%, to $1.2 million in the year ended December 31, 2010 from $1.0 million in the year ended December 31, 2009. None of our leases had defaults that significantly affected the provision for doubtful notes and accounts receivable in the year ended December 31, 2009 or 2010.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by $4.0 million, or 3.4%, to $120.2 million in the year ended December 31, 2010 from $116.2 million in the year ended December 31, 2009. This increase is due primarily to the closing of the Genesis transaction.

Income From Continuing Operations Before Income Taxes. For the reasons explained above, our income from continuing operations before income taxes increased by $48.5 million, or 23.1%, to $258.8 million in the year ended December 31, 2010 from $210.3 million in the year ended December 31, 2009.

Provision for Income Taxes. Our provision for income taxes increased by $18.4 million to a charge of $22.3 million in the year ended December 31, 2010. Our effective tax rate was negative 8.6% (charge) for the year ended December 31, 2010 and was negative 1.9% (charge) for the year ended December 31, 2009. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. The increase in the 2010 effective tax rate as compared to 2009 is the result of having more earnings generated from higher tax jurisdictions. Our income from continuing operations before income taxes per tax jurisdiction and associated tax rates can be summarized as follows:

	Year ended December 31,		
	2009	2010	Tax rate
Tax jurisdiction			
The Netherlands	$ (119,080)	$ (82,567)	25.0%
Ireland	162,520	147.571	12.5%
United States of America	(2,612)	(7,696)	37.6%
Sweden	912	26	19.0%
Isle of Man	113,185	124,878	0.0%
Income arising from non taxable items (permanent differences)	55,340	76,650	0.0%
	$ 210,265	258,862	
Non-recoverable losses Netherlands (valuation allowance)	$ 57,827	$ 109,600	25.0%

We expect that we will be able to achieve a similar division of our income from continuing operations before income taxes per tax jurisdiction for the year ended December 31, 2011.

Non-controlling interest, net of tax. Our non-controlling interest net of tax decreased by $12.0 million to $29.2 million net income attributable to non-controlling interests in the year ended December 31, 2010 from $41.2 million attributable to non-controlling interests million in the year ended December 31, 2009, due primarily to the repurchase of Waha's 50% equity interest in AerVenture.

Net Income attributable to AerCap Holdings N.V. For the reasons explained above, our net income attributable to AerCap Holdings N.V. increased by $42.4 million, or 25.7%, to $207.6 million in the year ended December 31, 2010 from $165.2 million in the year ended December 31, 2009.

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Results of Operations for the Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

	Year ended December 31, 2008	Year ended December 31, 2009
	(US dollars in millions)	
Revenues		
Lease revenue	$ 605.3	$ 650.6
Sales revenue	616.6	324.8
Management fee revenue	11.7	12.1
Interest revenue	18.5	10.1
Other revenue	4.2	5.7
Total revenues	**1,256.3**	**1,003.3**
Expenses		
Depreciation	169.4	221.0
Asset Impairment	18.8	32.6
Cost of goods sold	506.3	248.9
Interest on debt	219.2	92.1
Operating lease-in costs	14.5	13.1
Leasing expenses	55.6	65.1
Provision for doubtful notes and accounts receivable	3.7	1.0
Selling, general and administrative expenses	128.3	116.2
Other expenses		3.0
Total expenses	**1,115.8**	**793.0**
Income from continuing operations before income taxes	140.5	210.3
Provision for income taxes	0.4	(3.9)
Net income	140.9	206.4
Net loss (income) attributable to non-controlling interest, net of taxes	10.9	(41.2)
Net income attributable to AerCap Holdings N.V.	**$ 151.8**	**$ 165.2**

Revenues. Our total revenues decreased by $253.0 million, or 20.1%, to $1,003.3 million in the year ended December 31, 2009 from $1,256.3 million in the year ended December 31, 2008. In the year ended December 31, 2009, we generated $780.4 million of revenue in our aircraft segment and $222.9 million of revenue in our engine and parts segment, and, in the year ended December 31, 2008, we generated $1,069.8 million of revenue in our aircraft segment and $186.4 million in our engine and parts segment. The principal categories of our revenue and their variances were:

	Year ended December 31, 2008	Year ended December 31, 2009	Increase/ (decrease)	Percentage Difference
	(US dollars in millions)			
Lease revenue				
Basic rents	$ 520.8	$ 581.9	$ 61.1	11.7%
Maintenance rents and end of lease compensation	84.5	68.7	(15.8)	(18.7)%
Sales revenue	616.6	324.8	(291.8)	(47.3)%
Management fee revenue	11.7	12.1	0.4	3.4%
Interest revenue	18.5	10.1	(8.4)	(45.4)%
Other revenue	4.2	5.7	1.5	35.7%
Total	**$ 1,256.3**	**$ 1,003.3**	**$ (253.0)**	**(20.1)%**

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Basic rents increased by $61.1 million, or 11.7%, to $$581.9 million in the year ended December 31, 2009 from $520.8 million in the year ended December 31, 2008. The increase in basic rents was attributable primarily to:

the acquisition between January 1, 2008 and December 31, 2009 of 99 aircraft for lease with an aggregate net book value of $3.1 billion at the date of acquisition, partially offset by the sale of 35 aircraft, during such period, with an aggregate net book value of $0.4 billion at the date of sale. The net increase in our aircraft portfolio resulted in a $96.3 million increase in basic rents;

reduced by

a decrease in payments from leases with lease rates tied to floating interest rates in the year ended December 31, 2009 compared to the year ended December 31, 2008 due to decreases in market interest rates, which resulted in a $15.7 million decrease in basic rents;

a decrease of $14.4 million in basic rents from our engine lease activities in the year ended December 31, 2009 compared to the year ended December 31, 2008, resulting from the decrease in our engine lease activities;

a decrease in basic rents of $5.0 million in the year ended December 31, 2009 as a result of airline defaults which occurred in 2008.

Maintenance rents and end-of-lease compensation decreased by $15.8 million, or 18.7%, to $68.7 million in the year ended December 31, 2009 from $84.5 million in the year ended December 31, 2008. The decrease in maintenance rents is attributable to a change in the estimate of the amount of the maintenance rent expected to be reimbursed to lessees implemented in 2008. The change of estimate was due to implementation of an improved model used to forecast future maintenance reimbursements, which resulted in the recording of additional $12.9 million of maintenance revenue in the year ended December 31, 2008. AerCap records as revenue all maintenance rent receipts not expected to be repaid to lessees.

Sales revenue decreased by $291.8 million, or 47.3%, to $324.8 million in the year ended December 31, 2009 from $616.6 million in the year ended December 31, 2008. During 2009 we sold five forward order positions which are recorded in sales revenue on a net basis (i.e. sales price less cost of goods sold) at the time of the related delivery. The recognition of the net gain on sale as sales revenue and the mix of aircraft types sold was the primary cause of the reduction in sales revenue. In the year ended December 31, 2009, we sold five A320 forward order positions, two A320 aircraft and two A321 aircraft, whereas in the year ended December 31, 2008 we sold three A330 aircraft, three A321 aircraft, eight A320 aircraft, two Boeing 737 aircraft, one MD 83 aircraft, six MD 82 aircraft, one DC8 aircraft and two Fokker 100 aircraft.

Management fee revenue did not materially change in the year ended December 31, 2009 compared to the year ended December 31, 2008.

Interest revenue decreased by $8.4 million, or 45.4%, to $10.1 million in the year ended December 31, 2009 from $18.5 million in the year ended December 31, 2008. The decrease was mainly caused by a decrease in deposit rates of interest and the unwinding in December, 2008 of one of our notes receivable in defeasance structures, which earned $3.2 million interest income in the year ended December 31, 2008.

Other revenue increased by $1.5 million, or 35.7%, to $5.7 million in the year ended December 31, 2009 from $4.2 million in the year ended December 31, 2008. In the year ended December 31, 2009, we sold shares in an investment in an airline obtained in a restructuring. In the year ended December 31, 2008 we sold an A340 aircraft held in a joint venture which was 27% owned and recognized small amounts of revenue from the recovery of bankruptcy claims.

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Depreciation. Depreciation increased by $51.6 million, or 30.5%, to $221.0 million in the year ended December 31, 2009 from $169.4 million in the year ended December 31, 2008 due primarily to the acquisition between January 1, 2008 and December 31, 2009 of 99 aircraft for lease with an aggregate net book value of $3.1 billion at the date of acquisition, partially offset by the sale of 35 aircraft, during such period, with an aggregate net book value of $0.4 billion at the date of sale.

Asset impairment. Asset impairment was $32.6 million in the year ended December 31, 2009. Asset impairment was caused primarily by the decrease in fair values of inventory parts, older fuel-inefficient aircraft and engines. In the year ended December 31, 2009 the impairment primarily related to ten older A320 aircraft and for six of the ten aircraft the impairment was triggered by the receipt of $21.0 million of end-of-lease payments from the previous lessees. These end-of-lease payments were recorded as lease revenue during 2009.

Cost of Goods Sold. Cost of goods sold decreased by $257.4 million, or 50.8%, to $248.9 million in the year ended December 31, 2009 from $506.3 million in the year ended December 31, 2008. The decrease in cost of goods sold is mainly a result of the net gain on sale treatment of the sale of five forward order positions and the mix of aircraft types sold as described above.

Interest on Debt. Our interest on debt decreased by $127.1 million, or 58.0%, to $92.1 million in the year ended December 31, 2009 from $219.2 million in the year ended December 31, 2008. The majority of the decrease in interest on debt was caused by:

a decrease in our average cost of debt to 2.7% in the year ended December 31, 2009 from 4.6% in the year ended December 31, 2008. The decrease in our average cost of debt results from the use of caps as part of our hedging strategy in combination with a decrease in interest rates. This resulted in a $65.7 million decrease in our interest on debt;

a $81.8 million increase in the non-cash recognition of mark-to-market gains on derivatives to a $23.7 million gain in the year ended December 31, 2009 from a $58.1 million loss in the year ended December 31, 2008;
partially offset by

an increase in the average outstanding debt balance to $4.3 billion in the year ended December 31, 2009 from $3.3 billion in the year ended December 31, 2008, resulting in a $26.4 million increase in our interest on debt.

Other Operating Expenses. Our other operating expenses increased by $5.4 million, or 7.3%, to $79.2 million in the year ended December 31, 2009 from $73.8 million in the year ended December 31, 2008. The principal categories of our other operating expenses and their variances were as follows:

	Year ended December 31, 2008	Year ended December 31, 2009	Increase/ (decrease)	Percentage difference
		(US$ in millions)		
Operating lease-in costs	$ 14.5	$ 13.1	$ (1.4)	(9.7)%
Leasing expenses	55.6	65.1	9.5	17.1%
Provision for doubtful notes and accounts receivable	3.7	1.0	(2.7)	(73.0)%
Total	**$ 73.8**	**$ 79.2**	**$ 5.4**	**7.3%**

Our operating lease-in costs decreased by $1.4 million in the year ended December 31, 2009, due to the changes in the lease terms associated with one aircraft.

Our leasing expenses increased by $9.5 million, or 17.1%, to $65.1 million in the year ended December 31, 2009 from $55.6 million in the year ended December 31, 2008. The increase is primarily

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due to a $15.5 million increase of expenses in relation to airline defaults which occurred in 2008 plus an increase in lessor contributions and transition expenses.

Our provision for doubtful notes and accounts receivable decreased by $2.7 million, or 73.0%, to $1.0 million in the year ended December 31, 2009 from $3.7 million in the year ended December 31, 2008. We did not have defaults that significantly affected the provision for doubtful notes and accounts receivable in the year ended December 31, 2008 and 2009.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses decreased by $12.1 million, or 9.4%, to $116.2 million in the year ended December 31, 2009 from $128.3 million in the year ended December 31, 2008. This decrease is due primarily to a decline in recorded USD expenses for selling, general and administrative expenses paid in EUR as a result of a decrease in the average USD/EUR exchange rate between the nine month comparable periods, along with an employee workforce reduction.

Other expenses. Our other expenses of $3.0 million in the year ended December 31, 2009, reflect an accrual for the costs incurred by the Company in connection with the proposed all share Amalgamation between AerCap Holdings N.V. and Genesis Lease Limited.

Income From Continuing Operations Before Income Taxes. For the reasons explained above, our income from continuing operations before income taxes increased by $69.8 million, or 49.7%, to $210.3 million in the year ended December 31, 2009 from $140.5 million in the year ended December 31, 2008.

Provision for Income Taxes. Our provision for income taxes increased by $4.3 million to a charge of $3.9 million in the year ended December 31, 2009 from a benefit of $0.4 million in the year ended December 31, 2008. Our effective tax rate was negative 1.9% (charge) for the year ended December 31, 2009 and was positive 0.3% (income) for the year ended December 31, 2008. Our effective tax rate in any year is impacted by the mix of operations among our different tax jurisdictions. In the fourth quarter of the year ended December 31, 2007, we completed a corporate tax restructuring that resulted in more deductible expenses in one of our higher tax rate jurisdictions which positively impacted the mix of our profits for income tax purposes in the years ended December 31, 2008 and 2009. Our income from continuing operations before income taxes per tax jurisdiction and associated tax rates can be summarized as follows:

	Year ended December 31,		
	2008	2009	Tax rate
Tax jurisdiction			
The Netherlands	$ 7,825	$ (119,080)	25.5%
Ireland	55,357	162,520	12.5%
United States of America	(26,058)	(2,612)	37.3%
Sweden	1,968	912	19.0%
Isle of Man	101,400	113,185	0.0%
Income arising from non taxable items (permanent differences)		55,340	0.0%
	$ 140,492	$ 210,265	
Non-recoverable losses Netherlands (valuation allowance)	$	$ 57,827	25.5%

We expect that our corporate tax restructuring will enable us to achieve a similar division of our income from continuing operations before income taxes per tax jurisdiction for the year ended December 31, 2010.

Non-controlling interest, net of tax. Our non-controlling interest net of tax decreased by $52.1 million to $41.2 million net income attributable to non-controlling interests in the year ended

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December 31, 2009 from $10.9 loss attributable to non-controlling interests million in the year ended December 31, 2008, due primarily to the increase in net income of our consolidated joint ventures AerVenture and AerCap Partners.

Net Income attributable to AerCap Holdings N.V. For the reasons explained above, our net income attributable to AerCap Holdings N.V. increased by $13.4 million, or 8.8%, to $165.2 million in the year ended December 31, 2009 from $151.8 million in the year ended December 31, 2008.

Consolidated Cash Flows

The following table presents our consolidated cash flows for 2009 and 2010. We currently generate significant cash flows from our aircraft and engine leasing business; however, since a significant portion of our owned aircraft are held through restricted cash entities, such as ALS I and ALS II and since a significant portion of our capital requirements are outside our restricted cash entities, our management analyzes our cash flow at both consolidated and unconsolidated levels to make sure that we have sufficient cash flows available to finance our capital needs in our restricted cash entities and outside our restricted cash entities. Therefore, the following table and analysis should be read in conjunction with the Liquidity and Access to Capital section.

	2009	2010
	(US dollars in millions)	
Net cash flow provided by operating activities	$ 399.2	$ 582.4
Net cash flow used in investing activities	(1,591.6)	(1,378.8)
Net cash flow provided by financing activities	1,178.5	1,017.6

Cash Flows Provided by Operating Activities. Our cash flows provided by operating activities increased by $183.2 million, or 45.9%, to $582.4 million for the year ended December 31, 2010 from $399.2 million for the year ended December 31, 2009 primarily due to an increase in our aircraft portfolio and related basic lease revenues and the closing of the Genesis Transaction.

Cash Flows Used in Investing Activities. Our cash flows used in investing activities decreased by $212.8 million, or 13.4%, to $1,378.8 million for the year ended December 31, 2010 from $1,591.6 million for the year ended December 31, 2009. The decrease in the use of cash was primarily due to a $313.2 million decrease in pre-delivery payments made in the year ended December 31, 2010 as compared to the year ended December 31, 2009, along with a $103.7 million decrease in our cash flows used in investing activities as a result of the closing of the Genesis Transaction. This decrease was partially offset by a $173.7 million increase in aircraft purchase activity net of proceeds from sale of assets, along with a $22.9 million increase in restricted cash movement.

Cash Flows Provided by Financing Activities. Our cash flows provided by financing activities decreased by $160.9 million, or 13.7%, to $1,017.6 million for the year ended December 31, 2010 from $1,178.5 million for the year ended December 31, 2009. This decrease in cash flows provided by financing activities was due to an decrease of $206.6 million in new financing proceeds, net of repayments and debt issuance costs, along with a decrease of $71.8 million in capital contributions received from joint venture partners, offset by an increase of $110.2 million in the issuance of equity interests and an increase of $14.9 million of net receipt of maintenance and security deposits.

Indebtedness

As of December 31, 2010, our outstanding indebtedness totaled $6.6 billion and primarily consisted of export credit facilities, Japanese operating lease financings, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

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The following table provides a summary of our indebtedness at December 31, 2010:

Debt Obligation	Collateral	Commitment	Outstanding	Undrawn amounts	Weighted average interest rate	Final stated Maturity
		(US dollars in thousands)				
ECA-guaranteed financings	41 aircraft	2,333,694	1,577,325	756,369	2.46%	2022
ALS I debt	57 aircraft	806,574	806,574		0.53%	2032
ALS II debt	30 aircraft	803,852	803,852		2.11%	2038
UBS revolving credit facility	21 aircraft	850,000	591,676	258,324	2.02%	2014
GFL securitization debt	39 aircraft	627,704	627,704		0.50%	2032
TUI portfolio acquisition facility	17 aircraft	313,223	313,223		1.94%	2015
AT revolving credit facility	10 aircraft & 78 engines	425,000	291,628	133,372	2.26%	2014
Subordinated debt joint ventures partners*		87,568	87,568		19.52%	2022
Other debt	55 aircraft & 8 engines	1,569,341	1,466,613	102,728	3.78%	2022
Total		**7,816,956**	**6,566,163**	**1,250,793**		

*
Subordinated debt issued to two of our joint venture partners in 2008 and 2010.

The weighted average interest rate in the table above excludes the impact of related derivative instruments which we hold to hedge our exposure to interest rates.

See " Indebtedness" for more information regarding our indebtedness and see "Interest Rate Risk" for more information on our portfolio of derivative financial instruments.

Contractual Obligations

Our contractual obligations consist of principal and interest payments on debt, executed purchase agreements to purchase aircraft, operating lease rentals on aircraft under lease-in/lease-out structures and rent payments pursuant to our office leases. We intend to fund our contractual obligations through our lines of credit and other borrowings as well as internally generated cash flows. We believe that our sources of liquidity will be sufficient to meet our contractual obligations.

The following table sets forth our contractual obligations and their maturity dates as of December 31, 2010:

Payments Due By Period as of December 31, 2010

Contractual Obligations	Less than one year	One to three years	Three to five years	Thereafter	Total
	(U.S. dollars in thousands)				
Debt(1)	$ 894,934	$ 1,794,199	$ 2,555,321	$ 2,094,374	$ 7,338,828
Purchase obligations(2)	641,134	686,985	391,123		1,719,242
Operating leases(3)	26,728	20,982	3,765	10,042	61,517
Derivative obligations (1)	43,247	19,013	4,656		66,916
Total	**$ 1,606,043**	**$ 2,521,179**	**$ 2,954,865**	**$ 2,104,416**	**$ 9,186,503**

(1) Includes estimated interest payments based on one-month LIBOR of 0.26063% and three-month LIBOR of 0.30281% as of December 31, 2010.

(2) Includes 12 new A330 wide-body aircraft on order from Airbus, seven Airbus A320 family aircraft on order from Airbus and ten Boeing 737 aircraft on order from Boeing.

(3) Represents contractual operating lease rentals on aircraft under lease-in/lease-out structures and contractual payments on our office and facility leases in Amsterdam, The Netherlands, Miami, Florida, Fort Lauderdale, Florida, Goodyear, Arizona and Shannon, Ireland.

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The table below provides information as of December 31, 2010 regarding our debt and interest (1) obligations per facility type:

	Less than one year	One to three years	Three to five years	Thereafter	Total
	(US dollars in thousands)				
Pre-delivery payment facilities(2)	$ 110,101	$ 11,110	$	$	$ 121,211
Debt facilities with non-scheduled amortization(3)	383,751	978,060	1,210,222	723,049	3,295,082
Other facilities	401,082	805,029	1345,099	1,371,325	3,922,535
Total	**$ 894,934**	**$ 1,794,199**	**$ 2,555,321**	**$ 2,094,374**	**$ 7,338,828**

(1) Includes estimated interest payments based on one-month LIBOR of 0.26063% and three-month LIBOR of 0.30281% as of December 31, 2010.

(2) Repayment of debt owed on pre-delivery payment facilities is essentially offset by proceeds received from aircraft purchase debt facilities.

(3) Debt is amortized by the amount of free cash flow generated within each of these facilities.

Capital Expenditures

Our primary capital expenditure is the purchase of aircraft, including pre-delivery payments under our 1999 aircraft purchase agreement with Airbus. The table below sets forth our capital expenditures for the historical periods indicated.

	Year ended December 31,		
	2008	2009	2010
	(US dollars in thousands)		
Capital expenditures	$ 1,286,609	$ 1,264,446	1,939,874
Pre-delivery payments	339,422	453,305	140,094

In 2008, our principal capital expenditures were for three A319, nine A320 and two A330 aircraft delivered under our forward order agreements and ten A320, 11 Boeing 737-800, six Boeing 737-300, seven Boeing 757, two Boeing 767, four MD 82 and four MD 83 aircraft purchased in portfolio or single aircraft transactions. In 2009, our principal capital expenditures were for three A319, 22 A320 and nine A330 aircraft delivered under our forward order agreements and four A320, one Boeing 737-800 and two Boeing 767-200 aircraft purchased in portfolio or single aircraft transactions. In 2010, our principal capital expenditures were for four A319, 18 A320, three A321 and nine A330 aircraft delivered under our forward order agreements and two A319, 14 A320, two Boeing 737-700, two Boeing 737-800 and one Boeing 757-200 aircraft purchased in portfolio or single aircraft transactions.

The table below sets forth our expected capital expenditures for future periods indicated based on contracted commitments as of December 31, 2010.

	2011	2012	2013	Thereafter
	(US dollars in thousands)			
Capital expenditures	$ 597,603	$ 461,023	$ 135,610	$ 284,530
Pre-delivery payments	43,531	34,227	56,125	106,593
Total	**$ 641,134**	**$ 495,250**	**$ 191,735**	**$ 391,123**

As of December 31, 2010, we expect to make capital expenditures related to the 12 A330, seven A320 aircraft and ten Boeing 737 aircraft in 2011 and thereafter. As we implement our growth strategy,

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currently focused on the mid- to long-term, and expand our aircraft and engine portfolio, we expect our capital expenditures to increase in the future. We anticipate that we will fund these capital expenditures through internally generated cash flows, draw downs on our committed revolving credit facilities and the incurrence of bank debt, and other debt and equity issuances.

Off-Balance Sheet Arrangements

As of December 31, 2007, we were obligated to make sublease payments under six aircraft operating leases of aircraft with lease expiration dates between 2009 and 2013. In February 2008, we purchased two of the six aircraft that had been subject to operating leases and terminated the operating leases as described in Note 15 to our consolidated financial statements included herein. As of December 31, 2010, we were obligated to make sublease payments under four aircraft operating leases of aircraft with lease expiration dates between 2011 and 2013. We lease these four aircraft to aircraft operators. Since we are not fully exposed to the risks and rewards of ownership of these aircraft, we do not include these aircraft on our balance sheet. In addition, we do not recognize a financial liability for our operating lease obligations under the leases on our balance sheet. Due to the fact that sublease receipts related to these four aircraft are insufficient to cover our lease obligations, we have recognized an onerous contract accrual on our balance sheet which is equal to the difference between the present value of the lease expenses and the present value of the sublease income discounted at appropriate discount rates. This accounting treatment, however, does not result in the same presentation as if we accounted for these aircraft as owned assets and the related operating lease obligations as debt liabilities. Note 15 of our consolidated financial statements included in this annual report includes more information on this arrangement, including a table of future lease obligations by year.

We continue to have an economic interest in AerCo. This interest is not assigned any value on our balance sheet because we do not expect to realize any value for our investment. We have other investments in companies or ventures in the airline industry which we obtain primarily through restructurings in our leasing business. The value of these investments are immaterial to our financial position. We do not consolidate such companies on our balance sheet because the investments do not meet the requirements for consolidation.

As discussed above, we have entered into two joint ventures, AerDragon and the Waha 40% joint venture, that do not qualify for consolidated accounting treatment. The assets and liabilities of these two joint ventures are off our balance sheet and we only record our net investment under the equity method of accounting.

Management's use of "net income attributable to AerCap Holdings N.V. excluding non-cash charges relating to the mark-to-market of our interest rate caps and share based compensation"

The following is a definition of a non-GAAP measure used in this report on Form 20-F and a reconciliation of such measure to the most closely related GAAP measure:

Net income attributable to AerCap Holdings N.V. excluding non-cash charges relating to the mark-to-market of our interest rate caps and share based compensation. This measure is determined by adding non-cash charges related to the mark-to-market losses on our interest rate caps and share based compensation during the applicable period, net of related tax benefits, to GAAP net income. In addition to GAAP net income, we believe this measure may provide investors with supplemental information regarding our operational performance and may further assist investors in their understanding of our operational performance in relation to past and future reporting periods. We use interest rate caps to allow us to benefit from decreasing interest rates and protect against the negative impact of rising interest rates on its floating rate debt. Management determines the appropriate level of caps in any period with reference to the mix of floating and fixed cash inflows from our lease and other contracts. We do not apply hedge accounting to our interest rate caps. As a result, we recognize the

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change in fair value of the interest rate caps in our income statement during each period. The following is a reconciliation of net income attributable to AerCap Holdings N.V. excluding non-cash charges relating to the mark-to-market of interest rate caps and share based compensation to net income for the years ended December 31, 2010 and 2009:

	Year ended December 31, 2009	Year ended December 31, 2010
	(US dollars in millions)	
Net income attributable to AerCap Holdings N.V.	$ 165.2	$ 207.6
Plus: Non-cash charges relating to the mark-to-market of interest rate caps, net of tax	(18.2)	13.5
Non-cash charges related to share-based compensation, net of tax	3.2	2.8
Net income attributable to AerCap Holdings N.V. excluding non-cash charges related to mark-to-market of interest rate caps and share-based compensation	**$ 150.2**	**$ 223.9**

Management's use of "net spread"

Net spread. This measure is the difference between basic lease rents and interest expense excluding the impact from the mark-to-market of interest rate caps and non-recurring charges. We believe this measure may further assist investors in their understanding of the changes and trends related to the earnings of our leasing activities. This measure reflects the impact from changes in the number of aircraft leased, lease rates, utilization rates, as well as the impact from the use of interest rate caps instead of swaps to hedge our interest rate risk. The following is a reconciliation of net spread to basic rents for the year ended December 31, 2010 and 2009:

	Year ended December 31, 2009	Year ended December 31, 2010
	(US dollars in millions)	
Basic rents	**$ 581.9**	**$ 878.4**
Interest on debt(a)	92.2	240.3
Plus: mark-to-market of interest rate caps	23.7	(27.7)
Interest on debt excluding the impact of mark-to-market of interest rate caps and non-recurring charges from refinancing of securitized bonds	115.9	212.6
Net spread(b)	**$ 466.0**	**$ 665.8**

(a) Interest on debt for the year ended December 31, 2010, includes $26.4 million of amortization of debt issuance cost.

(b) The increase in net spread is lower than the increase in basic lease rents as a result of the delivery of new forward order aircraft and the Genesis Transaction. For new aircraft, the net spread is lower at the start of the lease because of higher interest expenses resulting from a higher loan to value. For the aircraft acquired through the Genesis Transaction, the net spread is lower as a result of high fixed rate swaps.

Recent Accounting Pronouncements

ASU 2009-17

Effective January 1, 2010, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2009-17 ("ASU 2009-17"), *Consolidations (Topic 810):*

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Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest, or interests, give it a controlling financial interest in a variable interest entity. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other entity that most significantly impact the other entity's economic performance. This ASU amends certain guidance for determining whether an entity is a variable interest entity and requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. ASU 2009-17 requires a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. The adoption of ASU 2009-17 did not have a material impact on our consolidated financial statements.

ASU 2010-06

In January 2010, the FASB issued ASU 2010-06 ("ASU 2010-06"), *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*, which requires new disclosures (1) to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and to describe the reasons for the transfers, and (2) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), to present separately information about purchases, sales issuances, and settlements on a gross basis rather than as one net number. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of ASU 2010-06 did not have a material impact on our consolidated financial statements.

INDEBTEDNESS

ECA-guaranteed financings Airbus A320 aircraft

General. In April 2003, we entered into an $840.0 million export credit facility for the financing of up to 20 Airbus A320 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. In January 2006, the export credit facility was amended and extended to cover an additional nine aircraft and its size increased to a maximum of $1.2 billion.

In November 2008, the export credit facility was further amended to cover one additional aircraft and the maximum amount of the facility remained unchanged. The terms of the lending commitment in the export credit facility are such that the export credit agencies only approve funding for aircraft that are due for delivery on a six-months rolling basis and have no obligation to fund deliveries beyond that period.

At December 31, 2010, we had financed 18 aircraft under this facility. We had $487.2million of loans outstanding under this facility as of December 31, 2010.

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Interest Rate. Set forth below are the interest rates for our export credit facilities.

	Amount outstanding at December 31, 2010 (US dollars in thousands)	Interest rate
Floating Rate Tranches:	$ 213,884	Three-month LIBOR plus 0.12%
	124,665	Three-month LIBOR plus 0.25%
	58,074	Three-month LIBOR plus 0.27%
	4,234	Three-month LIBOR plus 0.30%
	88,583	Three-month LIBOR plus 0.90%
Purchase accounting fair value adjustments	(2,237)	
Total:	**487,203**	

Maturity Date. We are obligated to repay principal on the export credit facility over a ten or 12-year term.

Collateral. The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We have entered into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2003 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control, which was obtained in connection with the 2005 Acquisition. A change of control occurs under our April 2003 export credit facility if our shares cease to be listed on The New York Stock Exchange unless, at the time our shares cease to be listed on The New York Stock Exchange, at least 66.66% of our ordinary shares are owned and controlled by one or more shareholders rated at least BBB- by Standard & Poor's Ratings Services and Baa3 or more by Moody's Investors Service, Inc.

ECA-guaranteed financings 2008 Airbus A330 and A320 family aircraft

General. In December 2008, we entered into a $1.4 billion export credit facility for the financing of up to 15 Airbus A330 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA.

From time to time since 2008, the export credit facility has been further amended to cover certain additional Airbus A330 and A320 family aircraft and an ECA capital markets transaction in relation to three A330 aircraft. The maximum size of the facility was increased to $1.6 billion. The terms of the lending commitment in the export credit facility are such that the export credit agencies only approve funding for aircraft that are due for delivery on a six-months rolling basis and have no obligation to fund deliveries beyond that period.

As of December 31, 2010, seven A330 aircraft and eight A320 family under this facility have been delivered from the manufacturer, excluding the ECA capital markets aircraft. We had $698.5 million of loans outstanding under this facility as of December 31, 2010.

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Interest Rate. Set forth below are the interest rates for the first and the subsequent three of our export credit facilities. The interest rates for the remaining loans will be agreed on a rolling basis.

	Amount outstanding at December 31, 2010	Interest rate
	(US dollars in thousands)	
Floating rate tranches	$ 136,351	Three-month LIBOR plus 1.40%
Fixed rate tranches	562,108	3.62%
Total:	**$ 698,459**	

Maturity Date. We are obligated to repay principal on the export credit facility over a ten or 12 year term.

Collateral. The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We will enter into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2008 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control. A change of control occurs under our December 2008 export credit facility if:

(i) AerCap Holdings N.V.'s shares cease to be listed on The New York Stock Exchange unless, at the time our shares cease to be listed on The New York Stock Exchange, at least 66.66% of our issued shares and voting rights are owned and controlled by one or more shareholders rated at least BBB- by Standard & Poor's Ratings Services and Baa3 or more by Moody's Investors Service, Inc.;

(ii) AerCap Holdings N.V. ceases to own and control 100% of the shares in AerCap A330 Holdings B.V., AerCap B.V. or AerCap Ireland Limited; or

(iii) AerCap A330 Holdings B.V. ceases to own and control and least 51% of the shares in AerCap A330 Holdings Limited.

ECA-guaranteed financings 2009 A320 aircraft

General. In March 2009, we entered into a $846.0 million export credit facility for the financing of up to 20 Airbus A320 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. As of December 31, 2010, five A320 family aircraft under this facility have been delivered from the manufacturer. We had $172.9 million of loans outstanding under this facility as of December 31, 2010. Following the redemption of shares issued by AerVenture such that AerCap AerVenture Holding B.V became the 100% owner of the issued share capital in AerVenture, this facility will no longer be utilized. Only the Export Credit 2008 Facility will be available for the financing of future contracted Airbus deliveries subject to customary ECA conditions.

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Interest Rate. The interest rates for the loans will be agreed on a rolling basis.

	Amount outstanding at December 31, 2010 (US dollars in thousands)	Interest rate
Floating rate tranches	$ 68,337	Three month LIBOR plus 1.11%
Fixed rate tranches	104,592	4.23%
Total:	**$ 172,929**	

Maturity Date. We are obligated to repay principal on the export credit facility over a ten or 12 year term.

Collateral. The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We will enter into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerVenture. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerVenture and AerCap Holdings N.V.

Certain Covenants. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2009 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control. A change of control occurs under our March 2009 export credit facility if:

(i) AerCap Holdings N.V.'s shares cease to be listed on The New York Stock Exchange unless, at the time our shares cease to be listed on The New York Stock Exchange, at least 66.66% of our issued shares and voting rights are owned and controlled by one or more shareholders rated at least BBB- by Standard & Poor's Ratings Services and Baa3 or more by Moody's Investors Service, Inc.;

(ii) AerCap Holdings N.V. ceases to own and control (directly or indirectly) 100% of the relevant servicer;

(iii) AerCap Holdings N.V. ceases to own and control 100% of the shares in AerCap AerVenture Holding B.V.;

(iv) AerCap AerVenture Holding B.V. ceases to own and control at least 50% of the shares in AerVenture;

(v) AerVenture ceases to own and control (directly or indirectly) 100% of the export lessees.

ALS I debt

General. On May 8, 2007, we completed a refinancing of our securitization of ALS I with the issuance of $1.7 billion of securitized notes in one class of AAA-rated class G-3 floating rate notes. The proceeds from the refinancing were used to redeem all outstanding ALS I debt, other than the most junior class of notes, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing ALS I's aircraft portfolio size to 70 aircraft.

Following a number of aircraft sales, there are 57 aircraft in the ALS I portfolio as of December 31, 2010. The primary source of payments on the notes is lease payments on the aircraft owned by the subsidiaries of ALS I. We retained the most junior class of notes in the securitization, as a result of which we still consolidate ALS I's results in our financial statements.

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MBIA Insurance Corporation issued a financial guaranty insurance policy to support the payment of interest when due and principal on the final maturity on the new notes, which are currently rated B3 and B by Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

Liquidity. Crédit Agricole provided a liquidity facility in the amount of $72.0 million, which may be drawn upon to pay expenses of ALS I and its subsidiaries, senior hedge payments and interest on the new senior class of notes.

Interest Rate. Set forth below is the interest rate for the Class G-3 note:

	Amount outstanding at December 31, 2010	Interest rate
	(US dollars in thousands)	
Class G3 notes	$ 806.574	One month LIBOR plus 0.26%

Aircraft Management Services. We provide lease and aircraft management and re-leasing and remarketing services for ALS I's aircraft, for which we receive a retainer fee of 0.212% per year of the initial appraised value of the aircraft, which was $2.1 billion, a monthly fee equal to 1.0% of the aggregate rent actually paid each month, and a sales based incentive fee of 1.25% of the specified target sales prices for the sale or insured loss of an aircraft. The target sales price for an aircraft is 90% of the appraised value of the aircraft, which is adjusted annually. We also provide insurance services for which we receive an annual fee of $50,000 and administrative services for which we receive a monthly fee of $1,380 for each aircraft, subject to annual adjustments for inflation and a minimum of $0.2 million per year.

We may be terminated as manager and administrative agent by ALS I or MBIA Insurance Corporation if we default on our obligations as manager or administrative agent or become insolvent. In addition, we may be terminated as manager if:

at the time of an event of default under the trust indenture for the securitization, at least 12 aircraft are not subject to leases and have been off-lease and reasonably available for re-lease for the previous three months,

an event of default arises under the trust indenture as a result of our failure as manager to perform certain covenants in the trust indenture and the failure affects more than 10% of the ALS I aircraft (based on the most recent appraised value of the aircraft at that time), or we, as manager, cease to be actively involved in the aircraft advisory and management business, or

we, as manager, cease to be actively involved in the aircraft advisory and management business.

We, as manager, may not be removed or resign prior to the expiration of the servicing agreement unless a replacement manager has been appointed.

Payment Terms. The interest and principal payments on the notes are due on a monthly basis. To the extent that the amount of funds available for payment on any payment date exceeds the amount needed to pay all payments having an equal or higher priority under the trust indenture, any such excess funds will be applied to reduce the outstanding principal balance of the new notes by distributing such excess amount in accordance with the priority of payments set forth in the trust indenture.

ALS I may voluntarily redeem the new notes for a redemption price of the notes equal to the outstanding principal balance of the notes. In addition, ALS I must pay any accrued but unpaid interest on the notes and any premium due to MBIA Insurance Corporation upon redemption of the notes. ALS I may redeem the notes in whole or in part, provided that if a default notice has been given under the trust indenture or the maturity of any notes has been accelerated then ALS I may only redeem the notes in whole.

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Maturity Date. The final maturity date of the notes will be May 10, 2032.

Collateral. The property of ALS I includes the rights under the financial guaranty insurance policy. The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of ALS I, as well as by the interests of ALS I's subsidiaries' interests in leases of the aircraft they own, by cash held by or for them and by their rights under agreements with the service providers. Rentals and reserves paid under leases of the ALS I aircraft will be placed in a collection account and paid out according to a priority of payments.

ALS II debt

General. On June 26, 2008, we completed a securitization in which ALS II issued securitized class A-1 notes and class A-2 notes, rated A+ by Standard & Poor's and A1 by Moody's. The class A-1 notes each had an outstanding principal balance of zero, and were issued to commitment holders. The commitment holders committed to advance funds, subject to certain conditions, including that ALS II shall have acquired at least 15 aircraft, up to an aggregate amount of $1.0 billion in connection with the purchase of 30 aircraft by ALS II. Funded class A-1 notes may be exchanged for class A-2 notes subject to certain conditions. The aggregate principal balance of the class A-1 notes together with the class A-2 notes will not exceed $1.0 billion. The class A-1 notes are ranked pari passu with the class A-2 notes.

The advances made by the commitment holders were used to purchase 30 aircraft from AerVenture Leasing 1 Limited, a subsidiary of AerVenture, all 30 of which have been delivered. The 30th aircraft was delivered in May 2010. The 30 aircraft are among the aircraft being delivered by Airbus to AerVenture between 2007 and 2011.

ALS II also issued class E-1 notes (the most junior class of notes) to AerVenture Leasing 1 Limited on June 26, 2008, the proceeds of which were applied to pay expenses of ALS II during the period between June 26, 2008 and the first delivery of aircraft. Additional class E-1 notes were issued to AerVenture Leasing 1 Limited in connection with the sale of aircraft to ALS II, and will be issued to AerVenture Leasing 1 Limited, AerVenture and AerCap Holdings N.V. in certain other circumstances. We expect to consolidate ALS II's financial results in our financial statements.

Liquidity. Crédit Agricole provided a liquidity facility in the amount of $55 million, which may be drawn upon to pay expenses of ALS II and its subsidiaries, commitment fees owed to the commitment holders, senior hedge payments and interest on the class A-1 notes and class A-2 notes.

Interest Rate. Set forth below is the interest rate for the subclasses of notes not held by us. LIBOR is the London interbank offered rate for one-month U.S. dollar deposits or, under certain circumstances, an interpolated LIBOR rate.

	Amount outstanding at December 31, 2010	Interest rate
	(US dollars in thousands)	
Class A-1 Notes	$ 803.852	One month LIBOR plus 1.85%

Maturity Date. The final maturity date of the notes will be June 26, 2038.

Collateral. The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of ALS II, as well as by ALS II's subsidiaries' interests in leases of the aircraft they own, by cash held by or for them and by their rights under agreements with the service providers. Rentals and reserves paid under leases of the ALS II aircraft will be placed in a collection account and paid out according to a priority of payments.

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UBS revolving credit facility

General. On April 26, 2006, our consolidated subsidiary, AerFunding 1 Limited entered into a non recourse senior secured revolving credit facility in the aggregate amount of up to $1.0 billion with UBS Real Estate Securities Inc., UBS Securities LLC, Deutsche Bank Trust Company Americas and certain other financial institutions.

On June 10,2010, the facility was amended and the revolving loans under the UBS revolving credit facility, which are divided into two classes, were amended. The maximum advance limit on class A loans was amended to $705.5 million from $830.0 million and the maximum advance limit on class B loans was amended to $144.5 million from $170.0 million.

As of December 31, 2010, we had $591.7 million of loans outstanding under the UBS revolving credit facility.

Borrowings under the UBS revolving credit facility can be used to finance between 66% and 79% of the appraised value of the acquired aircraft or, in the case of Boeing 737NG and Airbus A320 family aircraft, between 74% and 80% of the lower of the purchase price and the appraised value of the acquired aircraft. In addition, value enhancing expenditures and required liquidity reserves are also funded by the lenders. All borrowings under the UBS revolving credit facility are subject to the satisfaction of customary conditions and restrictions on the purchase of aircraft that would result in our portfolio becoming too highly concentrated, with regard to both aircraft type and geographical location. The borrowing period during which new advances may be made under the facility will expire on May 9, 2011.

Interest Rate. Borrowings under the UBS revolving credit facility bear interest (a) in the case of class A loans, based on the Eurodollar rate plus the class A applicable margin, or (b) in the case of class B loans, based on the Eurodollar rate plus the class B applicable margin. The following table sets forth the applicable margin for the two classes of the UBS revolving credit facility during the periods specified:

	Class A	Class B
Borrowing period(1)	1.35%	3.75%
First 180 days following conversion	2.10%	4.50%
From 181 days to 360 days following conversion	2.60%	5.00%
From 361 days to 450 days following conversion	2.85%	5.25%
From 450 days to 541 days following conversion	3.10%	5.50%
Thereafter	3.35%	5.75%

(1) The borrowing period is four years from May 8, 2007 after which the loan converts to a term loan.

Additionally, we are subject to (a) a 0.25% fee on any unused portion of the unused class A loan commitment and (b) a 0.50% fee on any unused portion of the unused class B loan commitment.

Payment Terms. Interest on the loans is due on a monthly basis. Principal on the loans amortizes on a monthly basis to the extent funds are available. All outstanding principal not paid during the term is due on the maturity date.

Prepayment. Advances under the UBS revolving credit facility may be prepaid without penalty upon notice, subject to certain conditions. Mandatory partial prepayments of borrowings under the UBS revolving credit facility are required:

upon the sale of certain assets by a borrower, including any aircraft or aircraft engines financed or refinanced with proceeds from the UBS revolving credit facility;

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upon the occurrence of an event of loss with respect to an aircraft or aircraft engine financed with proceeds from the UBS revolving credit facility from the proceeds of insurance claims; and

upon the securitization of any interests or leases with respect to aircraft or aircraft engines financed with proceeds from the UBS revolving credit facility.

Maturity Date. The maturity date of the UBS revolving credit facility is May 12, 2014.

Cash Reserve. AerFunding is required to maintain up to 6.0% of the borrowing value of the aircraft in reserve for the benefit of the class A and B lenders. Amounts held in reserve for the benefit of the class A and B lenders are available to the extent there are insufficient funds to pay required expenses, hedge payments or principal of or interest on the class A and B loans on any payment date. The amounts on reserve are funded by the lenders.

Collateral. Borrowings under the UBS revolving credit facility are secured by, among other things, security interests in and pledges or assignments of equity ownership and beneficial interests in all of the subsidiaries of AerFunding, as well as by AerFunding's interests in the leases of its assets.

Certain Covenants. The UBS revolving credit facility contains covenants that, among other things, restrict, subject to certain exceptions, the ability of AerFunding and its subsidiaries to:

sell assets;

incur additional indebtedness;

create liens on assets, including assets financed with proceeds from the UBS revolving credit facility;

make investments, loans, guarantees or advances;

declare any dividends or other asset distributions other than to distribute funds paid to us out of the flow of funds under the UBS revolving credit facility;

make certain acquisitions;

engage in mergers or consolidations;

change the business conducted by the borrowers and their respective subsidiaries;

make specified capital expenditures, other than those related to the purchase, maintenance or conversion of assets financed with proceeds from the UBS revolving credit facility;

own, operate or lease assets financed with proceeds from the UBS revolving credit facility; and

enter into a securitization transaction involving assets financed with proceeds from the UBS revolving credit facility unless certain conditions are met.

Genesis Securitization debt

General. On December 19, 2006, Genesis Funding Limited, or GFL, completed a securitization and issued a single class of AAA-rated G-1 floating rate notes. The proceeds of the transaction were used by GFL to finance the acquisition of a portfolio of 41 aircraft. Following a number of sales, there are 38 aircraft in the GFL portfolio as of December 31, 2010.

The primary source of payments on the notes is the lease payments on the aircraft owned by the subsidiaries of GFL. The notes have the benefit of a financial guaranty insurance policy issued by Financial Guaranty Insurance Company, or FGIC, which has issued a financial guaranty insurance policy to support the payment of interest when due on the notes and the payment of the outstanding

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principal balance of the notes on the final maturity date of the notes and, under certain other circumstances, prior thereto.

The notes initially were rated Aaa and AAA by Moody's Investors Service, Inc., or Moody's, and Standard & Poor's Rating Services or S&P, respectively. This rating was based on FGIC's rating. FGIC has suffered significant downgrades of its ratings since the issuance of the notes and is currently unrated by Moody's and S&P. As a result, Moody's and S&P have published stand-alone ratings of the G-1 notes of A3 and A-, respectively

Liquidity. Credit Agricole provide a liquidity facility in the amout of $60.0 million, which may be drawn upon to pay expenses of GFL and its subsdiaries, senior hedge payments and interest on the notes.

Interest Rate. Set forth below is the interest rate for the Class G-1 note:

	Amount outstanding at December 31, 2010	Interest rate
	(US dollars in thousands)	
Class G1 notes	$ 627,704	One month LIBOR plus 0.24%

Maturity Date. The final maturity date of the notes is December 22, 2032.

Payment Terms. Interest on the notes are due and payable on a monthly basis. Scheduled monthly principal payments on the notes commenced in December 2009 and, subject to satisfying certain debt service coverage ratios and other covenants, will continue until December 2011. After December 19, 2011, all revenues collected during each monthly period will be applied to repay the outstanding principal balance of the notes, after the payment of certain expenses and other liabilities, including the fees of the service providers (including GECAS as servicer and us in our role as manager), the liquidity facility provider and the policy provider, interest on the notes and interest rate swap payments, all in accordance with the priority of payments set forth in the indenture

GFL may voluntarily redeem the new notes for a redemption price of the notes equal to the outstanding principal balance of the notes. In addition, GFL must pay any accrued but unpaid interest on the notes and any premium due to FGIC upon redemption of the notes. GFL may redeem the notes in whole or in part, provided that if a default notice has been given under the trust indenture or the maturity of any notes has been accelerated then GFL may only redeem the notes in whole.

Aircraft Management Services. Pursuant to our servicing agreements, GECAS provides us with most services related to leasing our GLS fleet of aircraft, including marketing aircraft for lease and re-lease, collecting rents and other payments from lessees, monitoring maintenance, insurance and other obligations under leases and enforcing rights against lessees. Our servicing agreement with GECAS provides that we will pay to GECAS a base fee of $150,000 per month for servicing the aircraft in our portfolio, which increases by a monthly base fee of 0.01% of the purchase price for additional aircraft outside of our portfolio serviced by GECAS. Under the servicing agreement, we are required to pay GECAS additional servicing fees based on rents due and paid under aircraft leases and proceeds of dispositions of aircraft and certain other fees for additional services. The amounts presented above only reflect the base fee of $150,000 per month for the 38 aircraft in the portfolio.

Collateral. The notes are secured by first priority, perfected security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of GFL, their interests in the leases of the aircraft they own, cash held by or for them and by their rights under agreements with GECAS, the initial liquidity facility provider, hedge counterparties and the policy provider. The notes are also secured by a lien or similar interest in any of the aircraft in the portfolio that are registered in the United States or Ireland.

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TUI portfolio acquisition facility

General. In June 2008, AerCap Partners I Holding Limited, or AerCap Partners I, a 50% joint venture established between us and Deucalion Aviation Funds, entered into a sale and leaseback transaction pursuant to which it agreed to purchase 11 Boeing 737-800, six Boeing 757-200 and two Boeing 767-300 aircraft from the TUI Travel Group, or TUI, and lease the aircraft back to TUI.

To finance the purchase of the 19 aircraft, a subsidiary of AerCap Partners I, AerCap Partners I Limited, entered into a senior facility in an amount of up to $448.6 million with Crédit Agricole, KfW IPEX-Bank GmbH, Deutsche Bank AG London Branch and HSH Nordbank AG which was arranged by Crédit Agricole and KfW IPEX-Bank GmbH. The senior facility is divided into two tranches, the first being used to finance the purchase of the 11 Boeing 737-800 aircraft and the second to finance the purchase of the other eight aircraft. AerCap Partners I pay the lenders for the amounts drawn on the senior facility in monthly installments. The principal amount outstanding under the loan in relation to the first tranche must be repaid in full on April 1, 2015 and the principal amount outstanding under the loan in relation to the second tranche on April 1, 2012.

Following drawdown of the amounts in relation to the 19 aircraft, the remaining commitment under the facility was cancelled subsequent to June 30, 2008.

As of December 31, 2010, following certain aircraft sales, 17 aircraft are financed in the transaction. The aggregate principal amount of the loans outstanding under the senior facility as of December 31, 2010 was $313.2 million.

Interest Rate. Borrowings under the first tranche of the senior facility bear interest at a floating interest rate of one month LIBOR plus a margin of 1.575% until April 1, 2013 and a margin of 1.75% thereafter. Borrowings under the second tranche of the senior facility bear interest at a floating interest rate of one month LIBOR plus a margin of 1.575% until April 1, 2010 and 2.00% thereafter. Interest under the senior facility is payable monthly in arrears on each repayment date.

		Amount outstanding at December 31, 2010 (US dollars in thousands)	Interest rate
Senior Facility	$	236,206	One month LIBOR plus 1.575%
	$	77,017	One month LIBOR plus 2.000%
Total	**$**	**313,223**	

Prepayment. Borrowings under the facilities may be prepaid (subject to minimum payment amounts and notice provisions) without penalty, except for break funding costs if payment is made on a day other than a repayment date. However, a prepayment fee of 1% of the amount prepaid is payable to the lenders if such prepayment exceeds $15.0 million in aggregate in each of the first and second years following the signing date.

Put Option. If AerCap Partners I Limited is the owner of the aircraft on the relevant put option date relating to the 19 aircraft (April 1, 2015 with respect to the 11 Boeing 737-800 aircraft and April 1, 2012 with respect to the remaining eight aircraft) and amounts under the facility remain outstanding with respect to the aircraft subject to the put option, Crédit Agricole can require AerCap Holdings N.V. (i) to purchase the subject aircraft, (ii) to purchase the subject aircraft and the shares of the relevant lessor of the subject aircraft or (iii) to purchase the beneficial interest that AerCap Partners I Limited has in the subject aircraft. Crédit Agricole can, subject to certain provisions including cure rights of Deucalion Aviation Funds, also exercise the put option on an AerCap Holdings N.V. insolvency event.

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Maturity Date. The maturity date of the senior facility is, in respect of the first tranche, April 1, 2015, and, in respect of the second tranche, April 1, 2012.

Collateral. Borrowings under the senior facility are secured by, among other things, charges over the shares in AerCap Partners I, AerCap Partners I Holding Limited and Lantana Aircraft Leasing Limited, charges over various bank accounts, mortgages over the financed aircraft and security assignments of, inter alia, the lease agreements and letters of credit provided to AerCap Partners I by Royal Bank of Scotland plc.

Certain Covenants. The senior facility contains customary covenants for secured financings through special purpose companies. AerCap Partners I also covenants in the senior facility (a) to provide loan-to-value ratio appraisals to the agent on agreed dates and (b) that the ratio of tranche 1 aircraft to all financed aircraft must be at least 43%.

AT revolving credit facility

General. On December 16, 2010, AeroTurbine entered into a third amended and restated senior credit agreement with Crédit Agricole and certain other financial institutions identified therein. Pursuant to this agreement, the total commitment of the credit facility under the second amended senior credit agreement increased from $328.0 million to $425.0 million. The maturity date for Crédit Agricole and a majority of lenders in the facility was extended from December 19, 2012 to December 19, 2014.

As of December 31, 2010, AeroTurbine had $291.6 million outstanding under the Crédit Agricole credit facility.

Interest Rate. Borrowings under the facility bear interest at LIBOR plus a margin, (with the exception of certain swing line loans which bear interest based on the prime rate plus margin) . Set forth below are the interest rates for the Crédit Agricole revolving loan facility. From December 19, 2012, all borrowings under the facility will bear a margin of 2.50%.

	Amount outstanding at December 31, 2010 (US dollars in thousands)	Interest rate
Revolving Loan Facility	$ 291.628	LIBOR + 1.99%

Prepayment. Advances under the Crédit Agricole credit facility may be prepaid without prepayment penalty. Mandatory prepayments of the Crédit Agricole facility are required:

- if the aggregate principal amount borrowed under the credit facility exceeds the borrowing base; and
- upon the receipt of proceeds of any property or casualty insurance claim or any condemnation proceeding relating to any asset of the AeroTurbine or its subsidiaries.

Payment Terms. Payments of interest under the revolving loan facility are due quarterly (or, if the interest period is less than three months for a LIBOR loan, the last day of the interest period for that loan). Payments of principal on the revolving loan facility are due on the maturity date. All outstanding revolving loans not paid during the term shall be due on the maturity date. AeroTurbine will reimburse the letter of credit issuer for any drawing made under any outstanding letter of credit on the date AeroTurbine receives notice of such drawing (if such notice is received prior to 12 noon on such date) or on the immediately following business day (if such notice is received at or after 12 noon on such date).

Maturity Date. The maturity date of the Crédit Agricole credit facility is December 19, 2014.

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Collateral. Borrowings under the Crédit Agricole credit facility are secured by security interests in and pledges or assignments of all the shares and other ownership interests in AeroTurbine and its subsidiaries, as well as by all assets of AeroTurbine and its subsidiaries.

Certain Covenants. The Crédit Agricole credit facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of AeroTurbine to:

- incur additional indebtedness;
- create liens on assets, including assets financed with proceeds from the Crédit Agricole credit facility;
- make advances, loans, extensions of credit, guarantees, capital contributions or other investments;
- declare or pay any dividends or other asset distributions;
- engage in mergers or consolidations;
- engage in certain sale-leaseback transactions;
- change the business conducted by AeroTurbine and its subsidiaries; and
- make certain capital expenditures.

Guarantee. AeroTurbine's obligations under the Crédit Agricole credit facility are guaranteed by AerCap Holdings N.V. and the credit facility requires that AerCap Holdings N.V. continue to own and control at least 51% of the outstanding shares of AeroTurbine.

Subordinated debt joint venture partners

General. In 2008 and 2010, AerCap and two of our joint venture partners each subscribed a total of $87.6 million of 20% fixed rate subordinated loan notes, or subordinated loan notes. The subordinated debt held by AerCap is eliminated in consolidation of the joint ventures. The subordinated loan notes are fully subordinated in all respects including in priority of payment to, amongst other debts of the joint ventures, the senior facility. As is the case in respect of the senior facility, the obligation of the joint ventures to make payments in respect of the subordinated loan notes is limited in recourse to certain amounts actually received by the joint ventures.

Interest Rate. Interest accrues on the subordinated loan notes at a rate of 20% per annum. Subject to certain exceptions, interest is payable quarterly in arrears on the tenth business day after March 31, June 30, September 30 and December 31. Where (i) the amount which, pursuant to the terms of the senior facility, is available to the joint ventures to make payments in respect of, amongst other things, the subordinated loan notes is insufficient to meet the interest payments or (ii) the terms of the senior facility prohibit the payment in full of interest on the relevant payment date, then the joint venture partners must pay the maximum amount of interest that can properly be paid to the noteholders on the relevant interest payment date and the unpaid interest carries interest at a rate of 19.5% per annum until paid.

Voluntary Redemption. Subject to certain conditions, including (while the senior facility security remains outstanding) the consent of the collateral trustee, the joint venture partners may at any time redeem all or any of the outstanding subordinated loan notes.

Collateral. The collateral granted in respect of the senior facility also secures the debt constituted by the subordinated loan notes. However, the rights of the holders of subordinated loan notes in respect of this security are subordinated to the rights of the senior facility lenders, amongst others.

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Other debt

We have entered into various other commercial bank financings to fund the purchase of aircraft and for general corporate purposes in respect of which the aggregate principal outstanding as of December 31, 2010 was $1.5 billion. These financings include:

	Amount outstanding at December 31, 2010 (US dollars in thousands)
Pre-delivery payment facilities	$ 117,811
Secured aircraft portfolio transactions	307,452
Secured aircraft financings	724,014
Facilities for general corporate purposes	170,000
Japanese operating lease	80,703
Other financings	66,633
Total	**$ 1,466,613**

The financings mature at various dates through 2022. The interest rates are based on fixed or floating LIBOR rates, with spreads on the floating rate transactions ranging up between 0.24% and 5.50% or fixed rate between 2.71% and 12.00%. The majority of the financings are secured by, among other things, a pledge of the shares of the subsidiaries owning the related aircraft, a guarantee from us and, in certain cases, a mortgage on the applicable aircraft. All of our financings contain affirmative covenants customary for secured financings.

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Item 6. Directors, Senior Management and Employees

Directors and senior management.

Name	Age	Position
Directors(1)		
Pieter Korteweg	69	Non-Executive Chairman of the Board of Directors
Ronald J. Bolger	63	Non-Executive Director, Vice Chairman
James N. Chapman	48	Non-Executive Director
Paul T. Dacier	53	Non-Executive Director
Michael Gradon	51	Non-Executive Director
Niall Greene	67	Non-Executive Director
Klaus W. Heinemann	59	Executive Director, Chief Executive Officer
W. Brett Ingersoll	47	Non-Executive Director
Marius J.L. Jonkhart	61	Non-Executive Director
Gerald P. Strong	66	Non-Executive Director
David J. Teitelbaum	39	Non-Executive Director
Robert G. Warden	38	Non-Executive Director
Executive Officers		
Wouter M. (Erwin) den Dikken	43	Chief Legal Officer; Chief Operating Officer AerCap Holdings N.V.
Paul E. Rofe	51	Group Treasurer AerCap Holdings N.V.
Keith A. Helming	52	Chief Financial Officer AerCap Holdings N.V.
Aengus Kelly	37	Chief Executive Officer AerCap, Inc.
Michael King	44	Chief Executive Officer AeroTurbine, Inc.
Garry Failler	52	Chief Technical Officer AerCap Holdings N.V.
Edward (Ted) O'Byrne	39	Chief Investment Officer AerCap Holdings N.V.
Tom Kelly	47	Chief Executive Officer, AerCap Ireland

Directors

Pieter Korteweg. Mr. Korteweg has been a director of our company since September 20, 2005. He serves as Vice Chairman of Cerberus Global Investment Advisors, LLC, and Director of Cerberus entities in the Netherlands. In addition, he serves as Non-executive Member of the Board of Showa Jisho Co. Ltd (Tokyo), Member of the Supervisory Board of BawagPSK Bank (Vienna) and Non-executive Member of the Board of LucidaPlc. (London). He currently also serves as Member of the Supervisory Board of Mercedes Benz Nederland BV and as senior advisor to Anthos B.V. Mr. Korteweg previously served as Non-executive Member of the Board of Aozora Bank Ltd., (Tokyo), Chairman of the Supervisory Board of Pensions and Insurance Supervisory Authority of The Netherlands, Chairman of the Supervisory Board of the Dutch Central Bureau of Statistics and Vice-Chairman of the Supervisory Board of De Nederlandsche Bank. From 1987 to 2001, Mr. Korteweg was President and Chief Executive Officer of the Group Executive Committee of Robeco Group in Rotterdam. From 1981 to 1986, he was Treasurer-General at The Netherlands Ministry of Finance. In addition, Mr. Korteweg was a professor of economics from 1971 to 1998 at Erasmus University Rotterdam in The Netherlands. Mr. Korteweg holds a PhD in Economics from Erasmus University Rotterdam.

Ronald J. Bolger. Mr. Bolger has been a director of our company since October 11, 2005. Mr. Bolger currently serves as a member of the board of directors of a number of companies including Ely Capital Ltd., Irish Food Processors, C & D Foods Ltd., Galway Clinic Doughiska Ltd. and Fine

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Grain Property Consortium. He is a former Managing Partner of KPMG Ireland and has wide experience in the financial services industry. He served on the Irish Prime Minister's Committee for Dublin's International Financial Services Centre from 1987 to 2002. Mr. Bolger was appointed Honorary Consul General of Singapore in Ireland in 2000. Mr. Bolger is a Chartered Accountant and holds a BA in Economics from University College Dublin.

James N. Chapman. Mr. Chapman has been a director of our company since December 7, 2005. Mr. Chapman is non-executive Vice Chairman and Director of SkyWorks Leasing, LLC, an aircraft management services company based in Greenwich, Connecticut, which he joined in December 2004. Prior to SkyWorks, Mr. Chapman joined Regiment Capital Advisors, an investment advisor based in Boston specializing in high yield investments, which he joined in January 2003. Prior to Regiment, Mr. Chapman was a capital markets and strategic planning consultant and worked with private and public companies as well as hedge funds (including Regiment) across a range of industries. Mr. Chapman was affiliated with The Renco Group, Inc. from December 1996 to December 2001. Presently, Mr. Chapman serves as a member of the board of directors of Hayes-Lemmerz International, Inc., MXenergy, Inc., Neenah Enterprises, Inc., Scottish Re Group Ltd., Tembec Inc. and Tower International, Inc., as well as a number of private companies. Mr. Chapman received an MBA with distinction from Dartmouth College and was elected as an Edward Tuck Scholar. He received his BA, with distinction, *magna cum laude*, from Dartmouth College and was elected to *Phi Beta Kappa*, in addition to being a Rufus Choate Scholar.

Paul T. Dacier. Mr. Dacier has been a director of our company since May 27, 2010. He is also currently executive Vice President and general counsel of EMC Corporation (an information infrastructure technology and solutions company). He joined EMC as corporate counsel in 1990 and was promoted to general counsel in 1992, Vice President in 1993, senior Vice President in 2000 and executive Vice President in 2006. He was a non-executive director of Genesis from November 2007 until the date of the amalgamation with AerCap International Bermuda Limited. Prior to joining EMC, Mr. Dacier was an attorney with Apollo Computer Inc. (a computer work station company) from 1984 to 1990. Mr. Dacier was elected to the council of the Boston Bar Association from 2007 until present and in 2010 he was named to the executive committee of their counsel. He served as a commissioner of the Massachusetts Judicial Nominating Commission from 2003 to 2006. He also is a past chair and remains on the board of directors of the New England Legal Foundation, a business appellate advocacy group. Mr. Dacier received a BA in history and a JD in 1983 from Marquette University. He is admitted to practice law in the Commonwealth of Massachusetts and the state of Wisconsin.

Michael Gradon. Mr. Gradon has been a director of our company since May 27, 2010. He is also currently a non-executive director of Grosvenor Limited, Exclusive Hotels, Modern Water plc, and he is on the committee of The All England Lawn Tennis Club and Wimbledon Championships. He was a non-executive director of Genesis from November 2007 until the date of the amalgamation with AerCap International Bermuda Limited. He practised law at Slaughter & May before joining the UK FTSE 100 company The Peninsular & Oriental Steam Navigation Company ("P&O") where he was a main board director from 1998 until its takeover in 2006. His roles at P&O included the group commercial & legal director function and he served as Chairman of P&O's property business. In addition Mr. Gradon served as Chairman of La Manga Club, Spain, and chief executive of the London Gateway projects. Mr. Gradon holds an MA degree in law from Cambridge University.

Niall Greene. Mr. Greene has been a director of our company since May 27, 2010, He is also currently the vice chair of the board of Aviareto Limited, a company that holds the contract from the International Civil Aviation Organization for the management of the International Registry of Mobile Assets and he is the chair of the board of Blade Engine Securitization Limited. He was a non-executive director of Genesis from October 2006 until the date of the amalgamation with AerCap International Bermuda Limited. Mr. Greene has more than 40 years of experience working in the aviation industry,

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including with Aer Lingus, GPA Group and GECAS. At GPA Group and GECAS, he held various senior management positions in marketing, corporate communications and business development. Mr. Greene received a law degree from the University of Limerick.

Klaus W. Heinemann. Mr. Heinemann has been the Chief Executive Officer of our company since April 2003 and has over 25 years of experience in the aviation financing industry. Mr. Heinemann has been a director of our company since 2002. Mr. Heinemann joined our company in October 2002 from DVB Bank, where he was a Member of the Executive Board. In 1988 he joined the Long-Term Credit Bank of Japan in London as Deputy General Manager and Head of the Aviation Group. He was later appointed as Joint General Manager of the Head Office at the Long-Term Credit Bank of Japan, where he was responsible for the Transportation Finance division before this division was sold to DVB Bank in 1998. Mr. Heinemann started his career with Bank of America in 1976, where he helped to build up its Aviation Finance department in Europe. Mr. Heinemann holds the degree of Diplom Kaufmann (Bachelor of Commerce) from the University of Hamburg.

W. Brett Ingersoll. Mr. Ingersoll has been a director of our company since September 20, 2005. He is currently a Managing Director of Cerberus Capital Management, L.P., Co-Head of its Private Equity Practice and a member of its Investment Committee. Mr. Ingersoll is also a director of ACE Aviation Holdings Inc. and a member of its Audit, Finance and Risk Committee and the Human Resources and Compensation Committee. In addition, Mr. Ingersoll is a director of various public and private companies, including DynCorp International, Inc., IAP Worldwide Services, Inc., Talecris Bio Therapeutics, Inc., Entrecap LLC and Endura Care, LLC. Prior to joining Cerberus in 2002, Mr. Ingersoll was a Partner at JP Morgan Partners from 1993 to 2002. Mr. Ingersoll received his MBA from Harvard Business School and his BA from Brigham Young University.

Marius J.L. Jonkhart. Mr. Jonkhart has been a director of our company since October 11, 2005. He is currently also a member of the Supervisory Boards of BAWAG P.S.K. AG, Tata Steel Nederland B.V., Orco Bank International N.V. and Staatsbosbeheer, and a non-executive director of Aozora Bank. Mr. Jonkhart is an advisor to Cerberus Global Investment Advisors, LLC. Mr. Jonkhart is an independent consultant. He was previously the Chief Executive Officer of De Nationale Investerings Bank N.V. and the Chief Executive Officer of NOB Holding N.V. He also served as the director of monetary affairs of the Dutch Ministry of finance. In addition, he has been a professor of finance at Erasmus University Rotterdam. He has served as a member of a number of supervisory boards, including the Supervisory Boards of the Connexxion Holding N.V., European Investment Bank, Bank Nederlandse Gemeenten N.V., Postbank N.V., NPM Capital N.V., Kema N.V., AM Holding N.V. and De Nederlandsche Bank N.V. He has also served as Chairman of the Investment Board of ABP Pension Fund and several other funds. Mr. Jonkhart holds a Master's degree in Business Administration, a Master's degree in Business Economics and a PhD in Economics from Erasmus University Rotterdam.

Gerald P. Strong. Mr. Strong has been a director of our company since July 26, 2006. He currently is a Partner of Cerberus UK Advisors running operations in Europe. Mr. Strong has extensive senior experience in a number of industries, including airlines, global communications, retailing, and consumer products. He has served senior roles in the restructuring and building of a number of international businesses in his career. Mr. Strong was Chairman of the Advisory Board on Telecom Security to the government of the United Kingdom from 2002 to 2005 and President and Chief Executive Officer of Teleglobe International Holdings Limited. He is also a member of the Governing Council of the Ashridge Business School, a Director of Focus Ltd., Chairman of Torex Ltd and Chairman of Virtual IT. Mr. Strong received his BA with honors from Trinity College, Dublin.

David J. Teitelbaum. Mr. Teitelbaum has been a director of our company since September 20, 2005. Mr. Teitelbaum is a Partner of Cerberus Capital Management, LLC and has worked for Cerberus and/or its affiliates since 1997. Mr. Teitelbaum is responsible for Cerberus's European advisory offices,

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overseeing activities that include Private Equity, Real Estate and Distressed Debt. Prior to joining the Cerberus Companies in 1997, Mr. Teitelbaum spent three years working on corporate finance and M&A transactions in the Los Angeles office of Donaldson, Lukfin & Jenrette. Mr. Teitelbaum has a Bachelor of Science from the University of California, at Berkeley.

Robert G. Warden. Mr. Warden has been a director of our company since September 20, 2005. He is also currently a Managing Director of Cerberus Capital Management, L.P., which he joined in February 2003. Mr. Warden is also currently a director of various public and private companies, including BlueLinx Corporation, Equable Ascent Financial, LLC and Four Points Media Group LLC. Prior to joining Cerberus, Mr. Warden was a Vice President at J.H. Whitney from May 2000 to February 2003, a Principal at Cornerstone Equity Investors LLC from July 1998 to May 2000 and an Associate at Donaldson, Lufkin & Jenrette from July 1995 to July 1998. Mr. Warden received his AB from Brown University.

Executive Officers

Wouter M. (Erwin) den Dikken. Mr. den Dikken was appointed as our Chief Operating Officer in 2010 in addition to his role as Chief Legal Officer to which role he was appointed in 2005. Mr. Den Dikken also previously served as the Chief Executive Officer of our Irish operations. He joined our legal department in 1998. Prior to joining us, Mr. den Dikken worked for an international packaging company in Germany as Senior Legal Counsel where he focused on mergers and acquisitions. Mr. den Dikken holds a law degree from Utrecht University.

Paul E. Rofe. Mr. Rofe was appointed the Group Treasurer of AerCap in January 2008, previously serving in the role of Vice President Corporate Group Treasury, since joining the company in September of 2006. He began his career in the aviation leasing and financing business with a Kleinwort Benson subsidiary in 1995, and then moved to BAE Systems for seven years, where he held the positions of Director Asset Management and General Manager Portfolio Management. Mr. Rofe qualified as an accountant in 1986 in the United Kingdom.

Keith A. Helming. Mr. Helming assumed the position of Chief Financial Officer of AerCap in 2006. Prior to joining us, he was a long standing executive at GE Capital Corporation, including serving recently for five years as Chief Financial Officer at aircraft lessor GECAS. He was with General Electric Company for over 25 years, beginning with their Financial Management Program in 1981. In addition to the GECAS role, Mr. Helming served as the Chief Financial Officer of GE Corporate Financial Services, GE Fleet Services and GE Consumer Finance in the United Kingdom, and also held a variety of other financial positions throughout his career at GECC. Mr. Helming holds a Bachelor of Science degree in Finance from Indiana University.

Aengus Kelly. Mr. Kelly served as our Group Treasurer from 2005 through December 31, 2007. He has been Chief Executive Officer of our US operations since January 2008. He started his career in the aviation leasing and financing business with Guinness Peat Aviation in 1998 and has continued working with its successors AerFi in Ireland and debis AirFinance and AerCap in Amsterdam. Prior to joining GPA in 1998, he spent three years with KPMG in Dublin. Mr. Kelly is a Chartered Accountant and holds a Bachelor's degree in Commerce and a Master's degree in Accounting and Finance from University College Dublin.

Michael King. Mr. King was named Chief Executive Officer of AeroTurbine on August 15, 2008. He joined the company in June 2006 as Senior Vice President of Materials and was later appointed as President in October 2007. Mr. King has an extensive aviation background having previously served as Group Vice President of Sales & Marketing for AAR Corp. where he worked for 14 years. During his tenure at AAR, he held various General Manager positions with overall responsibility for their New Parts Distribution Group, PMA Parts Group and Engine Parts Group. His prior experience with AAR

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also included roles as Vice President of their Engine Sales & Leasing Group, Engine Parts Regional Sales Manager and European Parts Regional Sales Manager (while based in their London, UK location). Mr. King is a graduate of the University of Illinois where he earned a BA in Economics and Marketing.

Garry Failler. Mr. Failler was appointed Chief Technical Officer of AerCap in January 2011. Previously he held the position of Chief Operating Officer of AeroTurbine in Miami. Mr. Failler has 30 years of extensive knowledge in the areas of aircraft Maintenance and Engineering, airline operations, aircraft design as well as in Maintenance, Repair & Overhaul (MRO). Prior to joining AeroTurbine, he served as Executive Vice President of Operations and Engineering at AeroThrust Corporation. Previous to this, Mr. Failler held various leadership positions including six years as Vice President of Engine Maintenance at Air Canada in Montreal. He also held leadership positions at Bombardier Aerospace and started his career at Canadian Airlines in Toronto where he held the position of Propulsion Engineer for eleven years. Mr. Failler earned diplomas in both Mechanical and Aeronautical Engineering from the Southern Alberta Institute of Technology in Calgary, Alberta, Canada.

Edward O'Byrne. Mr. O'Byrne has been appointed Chief Investment Officer in January 2011. Previously he held the position of Head of Portfolio Management overseeing aircraft trading, OEM relationships and portfolio management activities. He also currently serves as Chairman of the Board of AerCap's subsidiary AerVenture. Mr. O'Byrne joined AerCap in July 2007 as Vice President of Portfolio Management and Trading. Prior to joining AerCap, he worked as Airline Marketing Manager at Airbus North America and later as Director, Sales Contracts for Airbus Leasing Markets in Toulouse, France. Mr. O'Byrne received his MBA from the University of Chicago Booth School of Business and his BA from EuroMed in France.

Tom Kelly. Mr. Kelly was appointed Chief Executive Officer of AerCap Ireland in 2010 Mr. Kelly previously served as Chief Financial Officer of our Irish operations and has a substantial aircraft leasing and financial services background. Previously, Mr. Kelly spent ten years with GECAS where his last roles were as Chief Financial Officer and director of GECAS Limited, GECAS's Irish operation. Mr. Kelly also served as global controller for GECAS in his role as Senior Vice President & Controller. Prior to joining GECAS in 1997, Mr. Kelly spent over eight years with KPMG in their London office, acting as a Senior Manager in their financial services practice. Mr. Kelly is a Chartered Accountant and holds a Bachelor of Commerce degree from University College Dublin.

Compensation of Non-Employee Directors

We currently pay each Non-Executive Director an annual fee of €75,000 and pay each of these directors an additional €4,000 per meeting attended in person or €1,000 per meeting attended by phone. We pay our Chairman of our Board of Directors €150,000 per year. In addition, we pay the chair of the Audit Committee an annual fee of €25,000 and each committee member will receive an annual fee of €15,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone. We further pay the chair of the Nomination and Compensation Committee an annual fee of €15,000 and each committee member will receive an annual fee of €10,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone. Furthermore we pay Non-Executive Directors who are a member of the Group Treasury and Accounting Committee and/or the Group Portfolio and Investment Committee an annual fee of €10,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone. In addition our Non-Executive Directors receive an annual grant of options to acquire shares in the Company, as provided for in the Company's remuneration policy for members of the Board of Directors and in accordance with the terms of the Company's stock option plan as approved by the general meeting of shareholders on October 31, 2006. On December 31, 2010

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options to acquire a total of 21,287 shares in the Company have been granted under this plan to our Non-Executive Directors, as further specified below in this report. All members of the Board of Directors are reimbursed for reasonable costs and expenses incurred in attending meetings of our Board of Directors.

Executive Officer Compensation

In 2010, we paid an aggregate of approximately $7.4 million in cash (base salary and bonuses) and benefits as compensation to our ten executive officers during the year.

Compensation packages of our executive officers, consisting of base salary and bonuses (along with other benefits), are determined by the Nomination and Compensation Committee upon recommendation of the Chief Executive Officer (except for the compensation package of Mr. King, which is determined by Mr. A. Kelly) on an annual basis. The annual compensation package of our Chief Executive Officer, consisting of base salary and bonus (along with other benefits), is determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee. In addition, equity awards may be granted by the Nomination and Compensation Committee under our equity incentive plan, as further outlined below.

The amount of the annual bonus for each executive officers and our Chief Executive Officer, determined by our Nomination and Compensation Committee and the Board of Directors, respectively, is dependent on the target bonus level, pre-established for each individual executive officer and the Chief Executive Director by the Nomination and Compensation Committee and the Board of Directors, respectively, in combination with our actual performance relative to our internal budget for the past financial year, as approved by the Board of Directors each year, and the personal performance of the individual executive officer and the Chief Executive Officer, respectively. The annual bonuses are paid in arrears. Actual bonuses will not exceed target bonus levels as long as our budget for the relevant year has not been met, subject to exceptions which, if so, will be disclosed in this annual report. As a matter of policy, actual bonuses will be determined below target level in years that our budget is not met, unless specific circumstances require otherwise.

Equity awards granted to our executive officers under the Company's equity incentive plan are subject to vesting criteria related to our performance relative to our internal budget or multiple-year planning, as approved by the Board of Directors each year, except the stock options granted in December 2008 which are solely subject to time-based vesting criteria in view of the unpredictable global economic situation at the time of granting those particular option awards. Currently no equity awards have been granted under this plan to our Chief Executive Officer.

The restricted share units granted to our executive officers in 2010 are all subject to vesting criteria related to our average performance over a number of years in order to promote and encourage good performance over a prolonged period of time. All equity awards contain change of control provisions causing immediate vesting of all equity awards, to the extent not yet forfeited, in case of a change of control as defined in the respective equity award agreements as per customary practice.

Severance payments are part of the employment agreements with three of our executive officers, including the Chief Executive Officer. The amount of the pre-agreed severance is calculated in accordance with the so called cantonal court termination formula, as customarily applied in the Netherlands labor practice, except for the Chief Executive Officer's severance which is based on a flat 18 months base salary plus bonus in accordance with his pre-existing employment agreement.

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Equity Incentive Plans

Equity Incentives issued by the Cerberus Funds

In connection with the 2005 Acquisition and again during 2006, the Cerberus Funds, our indirect shareholders, issued restricted shares and stock options to certain of our employees, directors and a consultant to retain such individuals and motivate them to achieve our primary long-term performance goals. Since their issuance, restrictions on all restricted shares have lapsed and restricted shares in the Cerberus Funds have been exchanged for AerCap shares, and all vesting criteria on options issued have either been fully satisfied or have lapsed.

The indirect and direct ownership in our ordinary shares represented by the grants of shares and options discussed above are reflected in the table under " Share Ownership".

AerCap Holdings N.V. Equity Incentive Plan

On October 31, 2006, we implemented an equity incentive plan that is designed to promote our interests by enabling us to attract, retain and motivate directors, employees, consultants and advisors and align their interests with ours. Our new equity incentive plan provides for the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units and other stock awards ("NV Equity Grants") to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Subject to certain adjustments, the maximum number of equity awards available to be granted under the plan is equivalent to 4,251,848 of our shares.

The terms and conditions of awards, including vesting provisions for stock options, are determined by the Nomination and Compensation Committee and, for our Directors, by the Board of Directors in line with the remuneration policy approved by the general meeting of shareholders, except that, unless otherwise determined by the Nomination and Compensation Committee, or as set forth in an award agreement: (a) each stock option is granted for ten years from the date of grant, or, in the case of certain key employees, i.e., employees owning more than 10% of our ordinary shares, for five years from the date of grant; provided, however, no stock option period may extend beyond ten years from the date of grant; (b) the option price per share for incentive stock options may not be less than 100% of the fair market value of the ordinary shares except that the option price per share for a key employee may not be less than 110% of the fair market value of the ordinary shares at the time the incentive stock option is granted; and (c) incentive stock options may only be issued to the extent the aggregate fair market value of shares with respect to the exercise of the incentive stock options for the first time by an option holder during any calendar year is $100,000 or less, with any additional stock options being treated as nonqualified stock options.

In 2007, a total of 2,400,000 of non-qualified stock options were issued under the equity incentive plan to certain employees of the Company. All options issued vest over a period of four years based on both time and performance based criteria. The options are exercisable at a strike prices of $24.63 per share option. As of December 31, 2010, 1,237,500 of these options remain outstanding with the remainder having been forfeited due to not meeting performance based criteria or otherwise.

In June 2008, a total of 100,000 of non-qualified stock options were issued under the equity incentive plan to a certain employee of the Company. All options issued vest over a period of four years based on both time and performance based criteria. The options are exercisable at a strike prices of $15.03 per share option. As of December 31, 2010, 75,000 of these options respectively remain outstanding with the remainder having been forfeited due to not-meeting performance based criteria.

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In December 2008, a total of 700,000 non-qualified stock options were issued under the equity incentive plan to certain employees of the Company. All options issued are time-based only and vest at December 31, 2011 subject ot certain conditions and all options are exercisable at a strike price of $2.95 per share option. As of December 31, 2010, 650,000 of these options remain outstanding with the remainder having been forfeited.

In 2009, no additional awards were granted under the AerCap Holdings N.V. equity incentive plan.

In 2010 (and in the beginning of 2011), a total of 825,000 restricted share units were issued under the equity incentive plan to certain employees of the Company. 200,000 of these restricted share units will vest on May 31, 2013 based on both time and performance based criteria. 100,000 of these restricted share units will vest on February 28, 2015 based on both time and performance based criteria. The remaining 525,000 share units will vest on May 31, 2015 based on both time and performance based criteria. It is noted that, in addition to previous grants under the equity incentive plan, the performance criteria related to these restricted share units take into account the Company's average performance over a number of years with a view to even more promote and encourage good performance over a prolonged period of time. As of December 31, 2010, all restricted share units remain outstanding.

In December 2010, a total of 21,287 non-qualified stock options were issued under the equity incentive plan to the Non-Executive Directors of the Company. All options issued are time-based only and vest at January 1, 2014 and all options are exercisable at a strike price of $14.12 per share option. As of December 31, 2010 all of these options remain outstanding

Board Practices

General

Our Board of Directors currently consists of 12 directors, 11 of whom are non executive .In addition, following the closing of the transaction with Waha on November 11, 2010, we have two Waha observers on our Board of Directors who have the right to attend meetings of our Board of Directors but who do not have voting rights. Our Board of Directors will propose two candidate directors, to be nominated by Waha, for appointment as director to the annual general meeting of shareholders currently scheduled to be held in May 2011, in accordance with the subscription agreement between AerCap and Waha and the other relevant contractual documentation in connection with the Waha Transaction referenced above.

As a foreign private issuer, as defined by the Securities Exchange Act of 1934, as amended, we are not required to have a majority independent Board of Directors under applicable New York Stock Exchange rules. Our Board of Directors meets The Netherlands Corporate Governance Code independence requirements, which stipulate that, for the Board of Directors to be considered "independent", all or all but one of the Non-Executive Directors shall meet The Netherlands Corporate Governance Code independence criteria. According to these criteria a Non-Executive Director (and his or her spouse and immediate relatives) may not, among other things, (i) in the five years prior to his or her appointment, have been an employee or executive director of us or any Dutch public company affiliated with us, (ii) in the year prior to his or her appointment, have had an important business relationship with us or any Netherlands public company affiliated with us, (iii) receive any financial compensation from us other than for the performance of his or her duties as a director or other than in the ordinary course of business, (iv) hold 10% or more of our ordinary shares (including ordinary shares subject to any shareholder's agreement), (v) be a member of the management or supervisory board of a company owning 10% or more of our ordinary shares, and (vi) in the year prior to his or her appointment, has temporarily managed our day-to-day affairs while the executive director was unable to discharge his or her duties.

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The directors are appointed at the general meeting of the shareholders. Our directors may be appointed by the vote of a majority of votes cast at a general meeting of shareholders provided that our Board of Directors has proposed the appointment. Without a Board of Directors proposal, directors may also be appointed by the vote of a majority of the votes cast at a general meeting of shareholders if the majority represents at least one-third of our issued capital.

Shareholders may remove or suspend a director by the vote of a majority of the votes cast at a general meeting of shareholders provided that our Board of Directors has proposed the removal. Our shareholders may also remove or suspend a director, without there being a proposal by the Board of Directors, by the vote of a majority of the votes cast at a general meeting of shareholders if the majority represents at least one-third of our issued capital.

Under our Articles of Association, the rules for the Board of Directors and the board committees and Netherlands corporate law, the members of the Board of Directors are collectively responsible for the management, general and financial affairs and policy and strategy of our company.

The executive director is our Chief Executive Officer, who is primarily responsible for managing our day-to-day affairs as well as other responsibilities that have been delegated to the executive director in accordance with our Articles of Association and our internal rules for the Board of Directors. The Non-Executive Directors supervise the Chief Executive Officer and our general affairs and provide general advice to our Chief Executive Officer. In performing their duties, the Non-Executive Directors are guided by the interests of the company and shall, within the boundaries set by relevant Netherlands law, take into account the relevant interests of our shareholders and other stakeholders in the Company. The internal affairs of the Board of Directors are governed by our rules for the Board of Directors.

The Chairman of the Board is obligated to ensure, among other things, that (i) each director receives all information about matters that he or she may deem useful or necessary in connection with the proper performance of his or her duties, (ii) each director has sufficient time for consultation and decision making, and (iii) the Board of Directors and the board committees are properly constituted and functioning.

Each director has the right to cast one vote and may be represented at a meeting of the Board of Directors by a fellow director. The Board of Directors may pass resolutions only if a quorum of four directors, including our Chief Executive Officer and the Chairman, or, in his absence, the Vice Chairman, are present at the meeting. All resolutions must be passed by an absolute majority of the votes cast. If there is a tie, the matter will be decided by the Chairman of our Board of Directors, or in his absence, the Vice Chairman.

In 2010, the Board of Directors met on seven occasions. Throughout the year, the Chairman of the Board and individual Non-Executive Directors were in close contact with our Executive Officers. During its meetings and contacts with the Executive Officers, the Board discussed such topics as the Company's annual reports and annual accounts for the financial year 2010, the closing of the amalgamation with Genesis Leasing Limited, the Company's liquidity position, remaining funding requirements and funding sources, the Company's hedging policies, the Waha Transaction including the joint venture and the issue of shares in the capital of the Company, the forward order with Boeing in respect of new Boeing 737NG aircraft, executive management succession planning, review and discussion of reports from the various Board committees, strategic alternatives, the budget for 2011, remuneration and compensation, Board rotation schedule, governance and risk management and control, including but not limited to compliance with the Sarbanes Oxley Act.

Subject to Netherlands law, resolutions may be passed in writing by a majority of the directors in office. Pursuant to the internal rules for our Board of Directors, a director may not participate in discussions or the decision making process on a transaction or subject in relation to which he or she

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has a conflict of interest with us. Resolutions to enter into such transactions must be approved by a majority of our Board of Directors, excluding such interested director or directors.

Committees of the Board of Directors

The Board of Directors has established a Group Executive Committee, a Group Portfolio and Investment Committee, a Group Treasury and Accounting Committee, an Audit Committee and a Nomination and Compensation Committee.

Our Group Executive Committee is responsible for our operational management. It is chaired by our Chief Executive Officer and is comprised of up to ten current members of our senior management. The current members of our Group Executive Committee are Mr. Heinemann, Mr. Helming, Mr. A. Kelly, Mr. Rofe, Mr. den Dikken, Mr.. O'Byrne, Mr. T. Kelly and Mr. Failler.

Our Group Portfolio and Investment Committee has authority to enter into and is responsible for transactions relating to the acquisition and disposal of aircraft, engines and financial assets that are in excess of $100 million but less than $500 million, among others. It is chaired by our Chief Financial Officer and is comprised of members of the Group Executive Committee and Non-Executive Directors or any other person appointed by the Board of Directors upon recommendation of the Nomination and Compensation Committee. The current members of our Group Portfolio and Investment Committee are Mr. Helming, Mr. Heinemann, Mr. Warden, Mr. A. Kelly and Mr. Chapman.

Our Group Treasury and Accounting Committee has authority and is responsible for committing debt funding in excess of $100 million but not exceeding $500 million per transaction, among others. It is chaired by our Chief Financial Officer and is comprised of certain members of the Group Executive Committee and certain Non-Executive Directors or any other person appointed by the Board of Directors upon recommendation of the Nomination and Compensation Committee. The current members of our Group Treasury and Accounting Committee are Mr. Helming, Mr. Teitelbaum, Mr. Heinemann, Mr. A. Kelly, Mr. Rofe, Mr. T. Kelly, Mr. Jonkhart and Mr. Warden.

Our Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the integrity of our financial statements, our risk management and internal control arrangements, our compliance with legal and regulatory requirements, the performance, qualifications and independence of external auditors, and the performance of the internal audit function, among others. The Audit Committee is chaired by a person with the necessary qualifications who is appointed by the Board of Directors and is comprised of three Non-Executive Directors who are "independent" as defined by Rule 10A-3 of the Securities Exchange Act of 1934, as amended, as well as under The Netherlands Corporate Governance Code. The current members of our Audit Committee are Mr. Jonkhart, Mr. Chapman and Mr. Bolger. The Chair of the Audit Committee is Mr. Bolger.

Our Nomination and Compensation Committee selects and recruits candidates for the positions of the Chief Executive Officer, Non-Executive Director and Chairman of the Board of Directors and recommends their remuneration, bonuses and other terms of employment to the Board of Directors. In addition our Nomination and Compensation Committee approves the remuneration, bonuses and other terms of employment and recommends candidates for positions in the Group Portfolio and Investment Committee, the Group Treasury and Accounting Committee, the Group Executive Committee and recommends candidates for the Audit Committee and plans the succession within the Board of Directors and committees. It is chaired by the Chairman of our Board of Directors and is further comprised of up to three Non-Executive Directors appointed by the Board of Directors. The current members of our Nomination and Compensation Committee are Mr. Ingersoll, Mr. Jonkhart, Mr. Dacier and Mr. Korteweg.

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Nomination and Compensation Committee Interlocks and Insider Participation

None of our Nomination and Compensation Committee members or our executive officers have a relationship that would constitute an interlocking relationship with executive officers or directors of another entity or insider participation in compensation decisions.

Employees

The table below provides the number of our employees at each of our principal geographical locations as of the dates indicated.

Location	December 31, 2008	December 31, 2009	December 31, 2010
Amsterdam, The Netherlands	87	74	70
Shannon, Ireland	44	50	55
Fort Lauderdale, FL	17	18	17
Miami, FL(1)	128	120	126
Goodyear, AZ(1)	83	46	44
Other(2)	23	37	44
Total	**382**	**345**	**356**

(1) Employees located in Miami, Florida and Goodyear, Arizona are employees of AeroTurbine which we acquired in April 2006.

(2) We also lease small offices in Shanghai (China), Irvine (TX), Finchampsted (UK), the United Arab Emirates and Singapore.

None of our employees are covered by a collective bargaining agreement and we believe that we maintain excellent employee relations. Although by law we may be required to have a works council for our operations in The Netherlands, our employees have not elected to date to organize a works council. A works council is an employee organization that is granted statutory rights to be involved in certain of the company's decision making processes. The exercise of such rights, however, must not only promote the interests of employees, but also take into account the interests of the company and its shareholders.

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Share ownership.

The following table sets forth beneficial ownership of our shares which are held by members of our senior management team and our Non-Executive Directors:

	Cerberus Fund Options(1)	AerCap Holdings N.V. Options/Shares/Restricted Share Units					
	Ordinary shares underlying vested, but unexercised options(2)(3)	Ordinary shares underlying options(4)	Restricted share units(10)	Ordinary shares acquired through exercise of Cerberus Fund exchange right(11)	Ordinary shares acquired through conversion of Genesis shares (12)	Ordinary shares acquired through open market purchases	Fully Diluted Ownership Percentage(5)
Directors:							
Ronald J. Bolger	27,734	1,774					*
James N. Chapman	55,300	1,774				2,000	*
Paul T. Dacier		1,774			2,609		*
Michael Gradon		1,774			2,609		*
Niall Greene		1,774			2,609		*
Pieter Korteweg		3,547		27,230			*
W. Brett Ingersoll(6)		1,774					*
Klaus W. Heinemann(7)				859,926		35,000	*
Marius J. L. Jonkhart	27,734	1,774				10,000	*
Gerald P. Strong(6)		1,774					*
David J. Teitelbaum(6)		1,774					*
Robert G. Warden(6)		1,774					*
Executive Officers:							
Wouter M. (Erwin) den Dikken	61,005	287,500	225,000	148,565		11,000	*
Garry Failler(8)			100,000				*
Keith A. Helming	452,177	375,000	200,000			25,000	*
Aengus Kelly	122,015	625,000		252,791		10,000	*
Tom Kelly(8)			100,000				*
Michael King(9)		137,500					*
Edward (Ted) O'Byrne(8)			100,000			1,500	*
Paul E. Rofe			100,000				*
All our directors and executive officers as a group (20 persons)	745,965	1,446,287	825,000	1,288,512	7,827	94,500	2.9%

* Less than 1.0%.

(1) Shareholdings reflect indirect beneficial ownership of AerCap Holdings N.V. held through ownership of restricted common shares or options issued by the Cerberus Funds to acquire common shares of the Cerberus Funds or common shares of AerCap Holdings N.V. owned by the Cerberus Funds on a fully diluted basis, assuming the vesting and exercise of all outstanding share options.

(2) All options outstanding expire on June 30, 2015.

(3) The exercise price of these options is equivalent to $7.00 per ordinary share.

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(4) 1,000,000 of these outstanding options expire on September 13, 2017 and carry a strike price of $24.63 per option. 75,000 of these options expire on June 2, 2018 and carry a strike price of $15.03 per option. 350,000 of these options expire on December 11, 2018 and carry a strike price of $2.95 per option. The remaining 21,287 options expire on December 31, 2020 and carry a strike price of $14.12 per option.

(5) Percentage amount assumes the exercise by such persons of all options to acquire shares exercisable within 60 days and no exercise of options by any other person.

(6) Mssrs. Ingersoll and Warden are each a Managing Director of Cerberus Capital Management, L.P. and Mssrs. Strong and Teitelbaum are Managing Directors of affiliates of Cerberus Capital Management, L.P.

(7) Mr. Heinemann is both a member of our Board of Directors and our Chief Executive Officer.

(8) Mr. Failler, Mr. T. Kelly and Mr. O'Byrne have been appointed member of the Company's Group Executive Committee effective as of January 2011. The restrictive share units they are holding, have been awarded prior to their appointment to the Group Executive Committee.

(9) In addition to the options to acquire shares in the Company, Mr. King holds certain equity rights in AeroTurbine, Inc. an indirectly fully owned subsidiary of the Company.

(10) All restricted share units are subject to vesting conditions. 200,000 of these restricted share units will vest, subject to the vesting conditions, on May 31, 2013. 100,000 of these restricted share units will vest, subject to the vesting conditions, on February 28, 2015. The remaining 525,000 share units will vest, subject to the vesting conditions, on May 31, 2015.

(11) After disposal of shares to satisfy personal income tax, as applicable.

(12) Acquired through conversion of ADR's in Genesis Leasing Limited into the Company's ordinary shares in connection with the amalgamation with Genesis on March 25, 2010.

All of our ordinary shares have the same voting rights.

The address for all our officers and directors is c/o AerCap Holdings N.V., AerCap House, Stationsplein 965, 1117 CE Schiphol, The Netherlands.

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Item 7. Major Shareholders and Related Party Transactions

The table below indicates the beneficial holders of 5% or more of our common outstanding shares as of March 23, 2011, based on available public filings:

	Ordinary shares beneficially owned	
	Number	Percent
5% or Greater Beneficial Share Owner:		
Waha Capital PJSC	29,846,611	20.0%
Stephen Feinberg(1)	27,851,839	18.7%
Wellington Management Company, LLP	14,549,953	9.7%
Columbia Asset Management	9,573,667	6.4%

(1) Cerberus beneficially owns 18.7% of our ordinary shares on a fully diluted basis assuming the vesting and exercise of all outstanding Cerberus Fund options. All of these shares have the same rights as our other ordinary shares. Stephen Feinberg exercises sole voting and investment authority over all of our ordinary shares owned by Cerberus. Thus, pursuant to Rule 13d-3 under the Exchange Act, Stephen Feinberg is deemed to beneficially own 18.7% of our ordinary shares. The address for Mr. Feinberg is c/o Cerberus Capital Management, L.P., 299 Park Avenue, New York, New York 10171.

As of December 31, 2010, none of our ordinary shares were held by record holders in the Netherlands. All of our ordinary shares have the same voting rights.

Related Party Transactions

The following is a summary of material provisions of various transactions we have entered into with related parties since January 1, 2005.

Related Party Transactions with Current Affiliate

AerDragon consists of two joint venture companies Dragon Aviation Leasing Company Limited, or Dragon, based in China and AerDragon Aviation Partners Limited or AerDragon, based in Ireland. Both companies are owned 50% by China Aviation Supplies Holding Company, 25% by affiliates of Crédit Agricole and 25% by AerCap. In 2007, AerCap assigned a purchase right it had with Airbus under AerCap's 1999 forward order agreement relating to an A320 aircraft which was then directly acquired by AerDragon. In addition, during 2007 AerCap sold an A320 aircraft that was subject to a lease with an airline to AerDragon and guaranteed AerDragon's performance under the debt which was assumed by AerDragon from AerCap in the transaction. Both of these transactions were executed at terms, which we believe reflected market conditions at the time. AerCap provides lease management, insurance management and aircraft asset management services to AerDragon. AerCap charged AerDragon a total of $0.8 million as a guarantee fee and for these management services during 2010. We apply equity accounting for our 25% investment in both joint venture companies. Accordingly, the income statement effects of all transactions with either of the joint venture companies are eliminated in our financial statements.

AerCo is an aircraft securitization vehicle from which we hold all of the most junior class of subordinated notes and some notes immediately senior to those junior notes. We do not recognize value for the AerCo notes which we still hold on our consolidated balance sheets. Through March 2003 we consolidated AerCo, but we deconsolidated the vehicle in accordance with ASC 810 at that time. Subsequent to the deconsolidation of AerCo, we have received interest from AerCo on its D note investment of $1.7 million and $0.4 million for the year ended December 31, 2006 and the year ended December 31, 2007, respectively. In addition, we provide a variety of management services to AerCo

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for which we received fees of $5.2 million, $4.8 million, $4.6 million, $4.6 million and $4.1 million the years ended December 31, 2006, 2007, 2008, 2009 and 2010, respectively.

We have made payments to Cerberus and third parties on behalf of Cerberus totaling $1.2 million in 2005 and 2006. The payments to Cerberus represent reimbursement of consulting fees paid by Cerberus to individuals who have assisted us in the evaluation of portfolio or company purchases, including our AeroTurbine Acquisition. In addition, this amount also includes $0.2 million of reimbursements for consulting services incurred by Cerberus in connection with Cerberus's evaluation of the 2005 Acquisition. If we accept services from individuals employed by or contracted through Cerberus in the future, we will establish consulting agreements directly with such individuals instead of working with them through Cerberus. We expect these arrangements to reflect arms' length negotiations that will not be more favorable than the terms we could negotiate with an independent party. Payments to third parties on behalf of Cerberus consist of payments to advisors engaged by Cerberus in connection with the 2005 Acquisition.

On November 11, 2010 we issued approximately 29.8 million new shares to Waha. In exchange, we received $105 million in cash, Waha's 50% interest in the joint venture company AerVenture, a 40% interest in Waha's own 12-aircraft portfolio and a 50% interest in four CRJ aircraft.

In February 2006, we entered into a guarantee arrangement with DvB Bank AG and Aozora Bank Limited, an entity that is majority owned by Cerberus. In addition, Mr. Korteweg, the Chairman of our Board of Directors, and Mr. Jonkhart, a non-executive director, are and or were also on the board of directors of Aozora Bank. The guarantee supports certain of our obligations to a Japanese operating lessor of up to $13.8 million in connection with a JOL financing. The Japanese operating lessor required the guarantee as additional credit support following the 2005 Acquisition. We leased the A320 aircraft from the Japanese operating lessor under a lease and then subleased the aircraft to an aircraft operator. In the event we fail to make certain payments related to JOL financing, DvB Bank will make the payment on our behalf but will be reimbursed by Aozora Bank for any payments made. We have agreed to indemnify Aozora Bank for any payments it makes under the guarantee arrangement. The guarantee expired in March 2010. Under the terms of the guarantee arrangement, we were required to provide cash collateral to Aozora Bank if we breach certain financial covenants. We paid Aozora Bank a guarantee fee of 4.1% per annum of the amount guaranteed..

In April 2006, we entered into a senior secured revolving credit facility in the aggregate amount of up to $1.0 billion with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. Aozora Bank is a syndicate member under the facility and participated in up to $50.0 million of the Class A loans and up to $25.0 million of the Class B loans issued thereunder, representing 7.0% of the Class A loans and 13.9% of the Class B loans. As of December 31, 2010, we had drawn and there remained outstanding $489.6 million of the class A loans and $102.0 million of the class B loans.

In 2008, we acquired one A320-200, two Boeing 737s, one Boeing 757 and six MD 80s from EntreCap, an entity controlled by Cerberus. The purchase price of these aircraft was approximately $67 million.

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Item 8. Financial Information

Consolidated Statements and Other Financial Information.

Please refer to Item 18. Financial Statements and to pages F-1 through F-57 of this annual report.

Item 9. The Offer and Listing.

Offer and listing details.

Not applicable.

Markets.

The Company's shares are traded on the New York Stock Exchange under the symbol "AER".

Trading on the New York Stock Exchange

The following table shows, for the periods indicated, the high and low sales prices per ordinary share as reported on the New York Stock Exchange Composite Tape.

	Price Per AerCap Holdings N.V. Ordinary Share(1)	
	High ($)	Low ($)
Annual highs and lows		
2010	14.41	7.51
Quarterly highs and lows		
Quarter 1 2010	11.73	7.51
Quarter 2 2010	14.41	10.02
Quarter 3 2010	13.75	9.88
Quarter 4 2010	14.33	11.70
Monthly highs and lows		
January	10.88	8.75
February	9.51	7.68
March	11.73	9.49
April	14.21	11.70
May	14.41	10.02
June	12.73	10.36
July	13.13	9.88
August	13.75	10.44
September	12.23	10.95
October	12.96	11.70
November	14.33	12.50
December	14.20	12.83
2011		
January	15.95	13.76
February	15.99	13.32
March (through March 22, 2011)	13.93	12.62

(1) Share prices provided are closing prices for all periods presented.

On March 22, 2011, the closing sales price for our ordinary shares on the New York Stock Exchange as reported on the NYSE Composite Tape was $12.87.

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Item 10. Additional Information.

Memorandum and articles of association.

Set out below is a summary description of our ordinary shares and related material provisions of our articles of association and of Book 2 of The Netherlands Civil Code (Boek 2 van het Burgerlijk Wetboek), which governs the rights of holders of our ordinary shares.

Ordinary Share Capital

As of December 31, 2010, we had 200,000,000 authorized ordinary shares, par value €0.01 per share, of which 149,232,426 were issued and outstanding.

Pursuant to our articles of association, our ordinary shares may only be held in registered form. All of our ordinary shares are registered in a register kept by us or on our behalf by our transfer agent. Transfer of registered shares requires a written deed of transfer and the acknowledgment by the Company. Our ordinary shares are freely transferable.

Issuance of Ordinary Shares

A general meeting of shareholders can approve the issuance of ordinary shares or rights to subscribe for ordinary shares, but only in response to a proposal for such issuance submitted by the Board of Directors specifying the price and further terms and conditions. In the alternative, the shareholders may designate to our Board of Directors' authority to approve the issuance and price of issue of ordinary shares. The delegation may be for any period of up to five years and must specify the maximum number of ordinary shares that may be issued.

At the annual general meeting held in 2008 pursuant to our articles of association, our shareholders delegated to our Board of Directors, for a period of five years, the power to issue and/or grant rights to subscribe for ordinary shares up to the maximum amount of our authorized share capital which, as of the date of this annual report was 200 million ordinary shares.

Preemptive Rights

Unless limited or excluded by our shareholders or Board of Directors as described below, holders of ordinary shares have a pro rata preemptive right to subscribe for any ordinary shares that we issue, except for ordinary shares issued for non-cash consideration or ordinary shares issued to our employees.

Shareholders may limit or exclude preemptive rights. Shareholders may also delegate the power to limit or exclude preemptive rights to our Board of Directors with respect to ordinary shares, the issuance of which has been authorized by our shareholders. At the annual general meeting held in 2008 pursuant to our articles of association, our shareholders delegated to our Board of Directors, for a period of five years, the power to limit or exclude preemptive rights.

Repurchase of Our Ordinary Shares

We may acquire our ordinary shares, subject to certain provisions of the laws of The Netherlands and of our articles of association, if the following conditions are met:

- a general meeting of shareholders has authorized our Board of Directors to acquire the ordinary shares, which authorization may be valid for no more than 18 months;

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our equity, after deduction of the price of acquisition, is not less than the sum of the paid-in and called-up portion of the share capital and the reserves that the laws of The Netherlands or our articles of association require us to maintain; and

we would not hold after such purchase, or hold as pledgee, ordinary shares with an aggregate par value exceeding one-tenth of our issued share capital.

At the annual general meeting held in 2010, pursuant to our articles of association our shareholders authorized our Board of Directors to acquire ordinary shares, which authorization is valid for 18 months.

Mandatory Offer

Under the laws of the Netherlands any person that acquires, alone or in concert with others, directly or indirectly, the right to exercise at least 30% of the voting rights in our general meeting of shareholders is required, subject to limited statutory exceptions, to make a mandatory offer for all of our ordinary shares in the Company.

Capital Reduction; Cancellation

Shareholders may reduce our issued share capital either by cancelling ordinary shares held in treasury or by amending our articles of association to reduce the par value of the ordinary shares. A resolution to reduce our capital requires the approval of at least an absolute majority of the votes cast and, if less than one half of the share capital is represented at a meeting at which a vote is taken, the approval of at least two-thirds of the votes cast.

A partial repayment of ordinary shares under the laws of The Netherlands is only allowed upon the adoption of a resolution to reduce the par value of the ordinary shares. The repayment must be made pro rata on all ordinary shares. The pro rata requirement may be waived with the consent of all affected shareholders. In some circumstances, our creditors may be able to prevent a resolution to reduce our share capital from taking effect.

Risk Management and Control Framework

Our management is responsible for designing, implementing and operating an adequate functioning internal risk management and control framework. The purpose of this framework is to identify and manage the strategic, operational, financial and compliance risks to which we are exposed, to promote effectiveness and efficiency of our operations, to promote reliable financial reporting and to promote compliance with laws and regulations. Our internal risk management and control framework is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (1992). The COSO framework aims to provide reasonable assurance regarding effectiveness and efficiency of an entity's operations, reliability of financial reporting, prevention of fraud and compliance with laws and regulations.

Our internal risk management and control framework has the following key components:

Planning and control cycle

The planning and control cycle consists of an annual budget and business plan prepared by management and approved by our Board of Directors, quarterly forecasts and operational reviews and monthly financial reporting.

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Risk Management and Internal Controls

We have developed a system of policies and procedures for all areas of our operations, both financial and non-financial, that constitutes a broad system of internal control. This system of internal control has been developed through a risk-based approach and enhanced with a view to achieving and maintaining full compliance with the requirements of section 404 of the Sarbanes Oxley Act ("SOX"). Our system of internal control is embedded in our standard business practices and is validated through audits performed by our internal auditors and through management testing of SOX controls, which is performed with the assistance of external advisors. In addition, senior management personnel and finance managers of our main operating subsidiaries annually sign a detailed letter of representation with regard to financial reporting, internal controls and ethical principles. All of our employees working in finance or accounting functions are subject to a separate Finance Code of Ethics.

Controls and Procedures Statement Under the Sarbanes Oxley Act

As of December 31, 2010, our management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation pursuant to section 302 of the US Sarbanes Oxley Act and Rule 13a-15 promulgated under the US Securities Exchange Act of 1934, as amended of the effectiveness of the design and operation of the our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2010, such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the US Securities Exchange Act on 1934, as amended is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Disclosure Controls and Procedures

The Disclosure Committee assists our Chief Executive Officer and Chief Financial Officer in overseeing our financial and non-financial disclosure activities and to ensure compliance with applicable disclosure requirements arising under U.S. and Netherlands law and regulatory requirements. The Disclosure Committee obtains information for its recommendations from the operational and financial reviews, letters of representation which include a risk and internal control self assessment, input from the documentation and assessment of our internal controls over financial reporting and input from risk management activities during the year along with various business reports. The Disclosure Committee comprises various members of senior management.

Code of Conduct and Whistleblower Policy

Our Code of Conduct is applicable to all our employees, including the Chief Executive Officer, Chief Financial Officer and controllers. It is designed to promote honest and ethical conduct and timely and accurate disclosure in our periodic financial results. Our Whistleblower Policy provides for the reporting, if so wished on an anonymous basis, of alleged violations of the Code of Conduct, alleged irregularities of a financial nature by our employees, Directors or other stakeholders, alleged violation of our compliance procedures and other alleged irregularities without any fear of reprisal against the individual that reports the violation or irregularity.

Compliance Procedures

The Company has various procedures and programs in place to ensure compliance with relevant laws and regulations, including anti insider trading procedures, anti-bribery procedures, anti-fraud procedures and export control procedures. The Company's compliance officer is responsible for the design and effective operation of the compliance procedures and programs.

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Corporate Social Responsibility

During 2010 the Board has discussed and reviewed the Company's corporate social responsibility (CSR) objectives and activities. Although it is acknowledged that the Company's aircraft and engines are generally used for high impact activities when it comes to the environment, we maintain a fleet of young and fuel efficient aircraft and engines that are relatively less pollutive in comparison with other, older aircraft and engines that use more fuel and produce higher noise levels. In addition the Board has discussed and reviewed the Company's activities and conduct as it relates to ethics, labor environment, citizenship and transparency and financial reporting.

External Auditors

Our external auditor is responsible for auditing the financial statements. Following the recommendation by the Audit Committee and upon proposal by the Board of Directors, the General Meeting of Shareholders appoints each year the auditor to audit the financial statements of the current financial year. The external auditor reports to our Board of Directors and the Audit Committee of our Board of Directors. The external auditor is present at the meetings of the Audit Committee when our quarterly and annual results are discussed.

At the request of the Board of Directors and the Audit Committee, the Chief Financial Officer and the Internal Audit department review, in advance, each service to be provided by the auditor to identify any possible breaches of the auditor's independence. The Audit Committee pre-approves every engagement of our external auditor. Our Board rules determine, in line with Dutch laws and regulations, that when the responsible partner of the external audit firm has been in charge of the audit activities during a continuous period of five years without rotation, he will have a conflict of interest with the Company. The current responsible partner was appointed in the year 2006 for the first time.

Internal Auditors

We have an internal audit function in place to provide assurance, to the Audit Committee and the Company's executive officers, with respect to the Company's key processes, to the extent not already covered by the external auditors and/or the SOX 404 auditors. The internal audit function independently and objectively carries out audit assignments in accordance with the annual internal audit plan, as approved by the Audit Committee. The head of the internal audit function reports, in line with professional standards of the Institute of Internal Auditors, to the Audit Committee (functional reporting line) and to our Chief Executive Officer (administrative reporting line). The work of the internal audit department is fully endorsed by the Audit Committee and the Company's executive officers and is considered a valuable part of the Company's system of control and risk management.

Remuneration of Our Board of Directors

The general policy for the remuneration of our Board of Directors will be determined by a general shareholders meeting. The remuneration of directors will be set by our Board of Directors in accordance with our remuneration policy and the recommendation of the Nomination and Compensation Committee. With regard to arrangements concerning remuneration in the form of ordinary shares or share options, the Board of Directors must submit a proposal to the shareholders for approval. This proposal must, at a minimum, state the number of ordinary shares or share options that may be granted to directors and the criteria that apply to the granting of the ordinary shares or share options or the alteration of such arrangements. . The Directors may be granted equity based remuneration under the Company's incentive plan that is designed to promote the Company's interests by granting remuneration in the form of, amongst others, share or share options to directors, employees, consultants and advisors with a view to align their interests with the Company's (the

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"AerCap Holdings N.V. Equity Incentive Plan"), as approved by our shareholders on October 31, 2006, prior to the listing of the shares in our Company on the New York Stock Exchange. On December 31, 2010 options to acquire a total of 21,287 shares in the Company have been granted under this plan to our Non-Executive Directors.

General Meetings of Shareholders

At least one general meeting of shareholders must be held every year. The rights of shareholders may only be changed by amending our articles of association. A resolution to amend our articles of association is valid if the Board of Directors makes a proposal amending the articles of association and such proposal is adopted by a simple majority of votes cast.

The following resolutions require a two thirds majority vote if less than half of the issued share capital is present or represented at the general meeting of shareholders:

- capital reduction;
- exclusion or restriction of pre emptive rights, or designation of the Board of Directors as the authorized corporate body for this purpose;
- legal merger or legal demerger within the meaning of Title 7 of Book 2 of The Netherlands Civil Code (Boek 2 van het Burgerlijk Wetboek).

If a proposal to amend the articles of association will be considered at the meeting, we will make available a copy of that proposal, in which the proposed amendments will be stated verbatim.

An agreement of the Company to enter into a (i) statutory merger whereby the Company is the acquiring entity, or (ii) a legal demerger, with certain limited exceptions, must be approved by the shareholders.

Voting Rights

Each ordinary share represents the right to cast one vote at a general meeting of shareholders. All resolutions must be passed with an absolute majority of the votes validly cast except as set forth above. We are not allowed to exercise voting rights for ordinary shares we hold directly or indirectly.

Any major change in the identity or character of the Company or its business must be approved by our shareholders, including:

- the sale or transfer of substantially all our business or assets;
- the commencement or termination of certain major joint ventures and our participation as a general partner with full liability in a limited partnership (commanditaire vennootschap) or general partnership (vennootschap onder firma); and
- the acquisition or disposal by us of a participating interest in a company's share capital, the value of which amounts to at least one third of the value of our assets.

Adoption of Annual Accounts and Discharge of Management Liability

Each year, our Board of Directors must prepare annual accounts within four months after the end of our financial year. The annual accounts must be made available for inspection by shareholders at our offices within the same period. The annual accounts must be accompanied by an auditor's certificate, an annual report and certain other mandatory information. The shareholders shall appoint an accountant as referred to in

Article 393 of Book 2 of The Netherlands Civil Code, to audit the annual accounts. The annual accounts are adopted by our shareholders.

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The adoption of the annual accounts by our shareholders does not release the members of our Board of Directors from liability for acts reflected in those documents. Any such release from liability requires a separate shareholders' resolution.

Liquidation Rights

If we are dissolved or wound up, the assets remaining after payment of our liabilities will be first applied to pay back the amounts paid up on the ordinary shares. Any remaining assets will be distributed among our shareholders, in proportion to the par value of their shareholdings. All distributions referred to in this paragraph shall be made in accordance with the relevant provisions of the laws of The Netherlands.

Limitations on Non-Residents and Exchange Controls

There are no limits under the laws of The Netherlands or in our articles of association on non-residents of The Netherlands holding or voting our ordinary shares. Currently, there are no exchange controls under the laws of The Netherlands on the conduct of our operations or affecting the remittance of dividends.

Disclosure of Insider Transactions

Members of our Board of Directors and our executive management report their equity interests in the Company to the SEC on a voluntary basis.

Netherlands Squeeze-out Proceedings

If a person or a company or two or more group companies within the meaning of Article 2:24b of The Netherlands Civil Code acting in concert holds in total 95% of a Netherlands public limited liability company's issued share capital by par value for their own account, the laws of The Netherlands permit that person or company or those group companies acting in concert to acquire the remaining ordinary shares in the company by initiating squeeze out proceedings against the holders of the remaining shares. The price to be paid for such shares will be determined by the Enterprise Chamber of the Amsterdam Court of Appeal.

Choice of Law and Exclusive Jurisdiction

Under our articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder shall be governed exclusively by the laws of The Netherlands, unless such rights or obligations do not relate to or arise out of the capacities above. Any lawsuit or other legal proceeding by and between those persons relating to or arising out of their capacities listed above shall be exclusively submitted to the courts of The Netherlands. All of our current and former directors and officers must agree in connection with any such lawsuit or other legal proceeding to submit to the exclusive jurisdiction of The Netherlands courts, waive objections to such lawsuit or other legal proceeding being brought in such courts, agree that a judgment in any such legal action brought in The Netherlands courts is binding upon them and may be enforced in any other jurisdiction, and elect domicile at our offices in Amsterdam, The Netherlands for the service of any document relating to such lawsuit of other legal proceedings.

Registrar and Transfer Agent

A register of holders of the ordinary shares will be maintained by StockTrans, a Broadridge company in the United States who will also serve as the transfer agent. The telephone number of StockTrans is 1-800-733-1121.

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Material contracts

Aircraft Purchase Agreement, dated December 30, 2005, between Airbus S.A.S. and AerVenture. Pursuant to this agreement, AerVenture placed an order with Airbus for the purchase of 70 new A320 family aircraft. As of December 31, 2009, 32 of the aircraft remained to be delivered under the agreement, consisting of five A319 aircraft, 24 320 aircraft and three A321 aircraft.

Aircraft Purchase Agreement, dated December 11, 2006 as amended on May 11, 2007, between Airbus S.A.S. and AerCap Ireland Limited. Pursuant to this agreement, AerCap Ireland Limited placed an order with Airbus for the purchase of 30 new A330-200 aircraft. As of December 31, 2009, 21 of the aircraft remained to be delivered under the agreement.

Stock Purchase Agreement, dated March 16, 2006, among AerCap, Inc. and Mr. Finazzo, Ms. Finazzo and Mr. Nichols. Pursuant to the Stock Purchase Agreement, in April 26, 2006, we acquired all of the existing share capital of AeroTurbine. The purchase price for the AeroTurbine shares was $144.7 million.

In addition, we have entered into several credit facilities and other financing arrangements to fund our acquisition of our aircraft. See "Item 5 Indebtedness" for more information regarding the credit facilities and financing arrangements.

Exchange Controls

Not applicable.

Taxation.

Netherlands Tax Considerations

The following is a summary of Netherlands tax consequences of the holding and disposal of ordinary shares. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of ordinary shares. Holders should consult with their tax advisors with regards to the tax consequences of investing in the ordinary shares in their particular circumstances. The discussion below is included for general information purposes only.

Please note that this summary does not describe the tax considerations for holders of ordinary shares if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in us as defined in The Netherlands Income Tax Act 2001. Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis. Furthermore, this summary does not describe the tax considerations for holders of ordinary shares if the holder has an interest in us that qualifies as a "participation" for the purposes of The Netherlands Corporate Income Tax Act 1969. A participation generally exists in case of a shareholding of at least 5% of the company's paid-up share capital.

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Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and regulations, as in effect on the date hereof and as interpreted in published case law on the date hereof and is subject to change after such date, including changes that could have retroactive effect.

Withholding Tax

Dividends distributed by us generally are subject to Netherlands dividend withholding tax at a rate of 15%. The withholding mechanism requires us to deduct from the dividend an amount of withholding tax to be paid to The Netherlands tax authorities. The withholding tax is therefore effectively carried by the recipient of a dividend and not by us. The expression "dividends distributed" includes, among others:

distributions in cash or in kind;

liquidation proceeds, proceeds of redemption of ordinary shares, or proceeds of the repurchase of ordinary shares by us or one of our subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those ordinary shares as recognized for the purposes of Netherlands dividend withholding tax;

an amount equal to the par value of ordinary shares issued or an increase of the par value of ordinary shares, to the extent that it does not appear that a contribution, recognized for the purposes of Netherlands dividend withholding tax, has been made or will be made; and

partial repayment of the paid-in capital, recognized for the purposes of Netherlands dividend withholding tax, if and to the extent that we have net profits (in Dutch, "*zuivere winst*"), unless the holders of ordinary shares have resolved in advance at a general meeting to make such repayment and the par value of the ordinary shares concerned has been reduced by an equal amount by way of an amendment of our articles of association.

If a holder of ordinary shares is resident in a country other than The Netherlands and if a double taxation convention is in effect between The Netherlands and such other country, such holder of ordinary shares may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Netherlands dividend withholding tax.

A recipient of a dividend of the shares that is a qualifying company and that satisfies the conditions of the Convention between The Netherlands and the United States for the avoidance of double taxation of December 18, 1992 (the "Convention"), may be entitled to a reduced rate of dividend withholding tax (a "U.S. Holder"). These conditions include but are not limited to being a resident of the U.S. for the purposes of the Convention, being the beneficial owner of such dividend and qualifying under article 26 of the Convention (the so-called "Limitation on Benefits" article).

To claim a reduced withholding tax rate under the Convention (both reduction and refund procedure), the U.S. Holder that is a company must file a request with The Netherlands tax authorities for which no specific form is available.

A U.S. Holder that is a qualifying tax-exempt pension fund, pension trust, tax-exempt company or other organization constituted and operated exclusively to administer or provide benefits under one or more funds or plans established to provide pension, retirement or other employee benefits that satisfies the conditions of the Convention, may be entitled to an exemption or a refund of paid dividend taxes. Qualifying tax exempt pension organizations (as referred to in Section 35 of the Convention) must file form IB 96 USA for the application of relief at source from or refund of dividend withholding tax. Qualifying tax-exempt trusts, companies or U.S. organizations (as referred to in Section 36 of the Convention) are not entitled under the Convention to claim benefits at source, and instead must file claims for refund by filing form IB 95 USA. Copies of the forms may be obtained from the

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"Belastingdienst/Limburg/kantoor buitenland, Postbus 2865, 6401 DJ Heerlen, The Netherlands, or may be downloaded from *www.belastingdienst.nl*.

A qualifying tax-exempt entity that is a resident of a Member State of the European Union, or resident of a State of the European Economic Area that has been specifically designated in a Ministerial Regulation (2010: Norway and Iceland; 2011: Norway, Iceland and Liechtenstein), may be eligible for a refund of paid dividend taxes, if such entity also would not be subject to Dutch corporate income tax if it would be tax resident in The Netherlands. This refund is not available to entities that are engaged in similar activities as investment institutions (in Dutch: "*beleggingsinstellingen*") as referred to in Section 6a or 28 of The Netherlands Corporate Income Tax Act 1969.

Individuals and corporate legal entities who are resident or deemed to be resident in The Netherlands for Netherlands tax purposes ("Netherlands resident individuals" and "Netherlands resident entities", as the case may be) can generally credit Netherlands dividend withholding tax against their income tax or corporate income tax liability. The same generally applies to holders of ordinary shares that are neither resident nor deemed to be resident of The Netherlands if the ordinary shares are attributable to a Netherlands permanent establishment of such non-resident holder. Individuals who have made an election for the application of the rules of The Netherlands Income Tax Act 2001, as they apply to residents of The Netherlands, can credit Netherlands dividend withholding tax against their Dutch income as referred to in Chapter 7 of The Netherlands Income Tax Act 2001. In this respect, it is relevant whether the dividend income also would have qualified as Dutch taxable income without the application of this election.

In general, we will be required to remit all amounts withheld as Netherlands dividend withholding tax to The Netherlands tax authorities. However, under certain circumstances, we are allowed to reduce the amount to be remitted to The Netherlands tax authorities by the lesser of:

- Three percent of the portion of the distribution paid by us that is subject to Netherlands dividend withholding tax; and,

- Three percent of the dividends and profit distributions, before deduction of foreign withholding taxes, received by us from qualifying foreign subsidiaries in the current calendar year (up to the date of the distribution by us) and the two preceding calendar years, as far as such dividends and profit distributions have not yet been taken into account for purposes of establishing the above mentioned deductions.

Although this reduction reduces the amount of Netherlands dividend withholding tax that we are required to pay to The Netherlands tax authorities, it does not reduce the amount of tax that we are required to withhold from dividends.

Pursuant to legislation to counteract "dividend stripping", a reduction, exemption, credit or refund of Netherlands dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner. This legislation generally targets situations in which shareholders retain their economic interest in shares but reduce the withholding tax cost on dividends by a transaction with another party. For application of these rules it is not a requirement that the recipient of the dividends is aware that a dividend stripping transaction took place. The Netherlands State Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also be applied in the context of a double taxation convention.

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Taxes on Income and Capital Gains

Non-residents of The Netherlands. A holder of ordinary shares will not be subject to Netherlands taxes on income or on capital gains in respect of any payment under the ordinary shares or any gain realized on the disposal or deemed disposal of the ordinary shares, provided that:

(i) such holder is neither a resident nor deemed to be resident in The Netherlands for Netherlands tax purposes and, if such holder is an individual, such holder has not made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands;

(ii) such holder does not have an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in The Netherlands or is carried out through a permanent establishment, a deemed permanent establishment (statutorily defined term) or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the ordinary shares are attributable; and

(iii) in the event such holder is an individual, such holder does not carry out any activities in The Netherlands with respect to the ordinary shares that exceed ordinary active asset management (in Dutch, "*normaal vermogensbeheer*") and does not derive benefits from the ordinary shares that are (otherwise) taxable as benefits from other activities in The Netherlands (in Dutch, "*resultaat uit overige werkzaamheden*").

Netherlands resident individuals. If a holder of ordinary shares is a Netherlands resident individual (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands), any benefit derived or deemed to be derived from the ordinary shares is taxable at the progressive income tax rates (with a maximum of 52%), if:

(a) the ordinary shares are attributable to an enterprise from which The Netherlands resident individual derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being an entrepreneur or a shareholder, as defined in The Netherlands Income Tax Act 2001; or

(b) the holder of the ordinary shares is considered to perform activities with respect to the ordinary shares that exceed ordinary active asset management (in Dutch, "*normaal vermogensbeheer*") or derives benefits from the ordinary shares that are (otherwise) taxable as benefits from other activities (in Dutch, "*resultaat uit overige werkzaamheden*").

If the above mentioned conditions (a) and (b) do not apply to an individual holder of ordinary shares, the ordinary shares are recognized as investment assets and included as such in such holder's net investment asset base (in Dutch, "*rendementsgrondslag*"). Such holder will be taxed annually on a deemed income of 4% of the aggregate amount of his or her net investment assets for the year at an income tax rate of 30%. The aggregate amount of the net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year (2010). As of January 1, 2011, the aggregate amount of the investment assets for the year is the fair market value of the investment less the allowable liabilities at the beginning of that year. A tax free allowance may be available. Actual benefits derived from the ordinary shares are as such not subject to Netherlands income tax.

Netherlands resident entities. Any benefit derived or deemed to be derived from the ordinary shares held by Netherlands resident entities, including any capital gains realized on the disposal thereof, will generally be subject to Netherlands corporate income tax at a rate of 25.5% for 2010 and

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25% for 2011 (in both years a reduced corporate income tax rate of 20% applies with respect to taxable profits up to €200,000).

A Netherlands qualifying pension fund and a Netherlands qualifying tax exempt investment fund (in Dutch: "*vrijgestelde beleggingsinstelling*") are, in principle, not subject to Netherlands corporate income tax. A qualifying Netherlands resident investment fund (in Dutch, "*fiscale beleggingsinstelling*") is subject to Netherlands corporate income tax at a special rate of 0%.

Gift and Inheritance Taxes as of January 1, 2010

Non-residents of The Netherlands. No Netherlands gift or inheritance taxes will arise on the transfer of the ordinary shares by way of a gift by, or on the death of, a holder of ordinary shares who is neither resident nor deemed to be resident in The Netherlands, unless:

(i) in case of a gift of the ordinary shares under a condition precedent (in Dutch, "*opschortende voorwaarde")* by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual is resident or deemed to be resident in The Netherlands at the date of the fulfillment of the condition; or

(ii) in case of a gift of the ordinary shares by an individual who at the date of the gift or in case of a gift under a condition precedent at the date of the fulfillment of the condition was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift or the fulfillment of the condition, while being resident or deemed to be resident in The Netherlands.

Furthermore, Netherlands inheritance tax will arise in case of a gift under a condition precedent by an individual who at the date of the gift was neither resident nor deemed to be resident of The Netherlands, but at the date of his/her death was resident or deemed to be resident in The Netherlands, and the condition was fulfilled after the date of his/her death.

Residents of The Netherlands. Gift or inheritance taxes will arise in The Netherlands with respect to a transfer of the ordinary shares by way of a gift by, or, on the death of, a holder of ordinary shares who is resident or deemed to be resident in The Netherlands at the time of the gift or his/her death.

No Netherlands gift tax will arise in case of a gift of the ordinary shares under a condition precedent by an individual who at the date of the gift was resident or deemed to be resident, but at the date of the fulfillment of the condition was neither resident nor deemed to be resident in The Netherlands, unless such individual dies within 180 days after the date of the fulfillment of the condition, while being resident or deemed to be resident in The Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds The Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the ten years preceding the date of the gift, in case of a gift under a condition precedent the date of the fulfillment of the condition or the death of this person. Additionally, for purposes of Netherlands gift tax, a person not holding The Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 12 months preceding the date of the gift or in case of a gift under a condition precedent the date of the fulfillment of the condition. Applicable tax treaties may override the tax implications of deemed residency.

Other Taxes and Duties

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty will be payable by a holder of ordinary shares in connection with holding the ordinary shares or the disposal of the ordinary shares.

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U.S. Tax Considerations

Subject to the limitations and qualifications stated herein, this discussion sets forth the material U.S. federal income tax consequences of the purchase, ownership and disposition of the ordinary shares. The discussion of the holders' tax consequences addresses only those persons that hold those ordinary shares as capital assets and does not address the tax consequences to any special class of holder, including without limitation, holders of (directly, indirectly or constructively) 5% or more of the ordinary shares, dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, financial institutions, broker dealers, regulated investment companies, real estate investment trusts, traders in securities that elect the mark-to-market method of accounting for their securities holdings, persons that hold securities that are a hedge or that are hedged against currency or interest rate risks or that are part of a straddle, conversion or "integrated" transaction, certain U.S. expatriates, partnerships or other entities classified as partnerships for U.S. federal income tax purposes and U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar. This discussion does not address the effect of the U.S. federal alternative minimum tax, the Medicare tax on net investment income, or any state, local or foreign tax laws on a holder of ordinary shares. The discussion is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of ordinary shares that is for U.S. federal income tax purposes an individual citizen or resident of the U.S.; a U.S. corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; a trust if the trust (i) is subject to the primary supervision of a U.S. court and one or more U.S. persons are able to control all substantial decisions of the trust or (ii) has elected to be treated as a U.S. person; or an estate the income of which is subject to U.S. federal income tax regardless of its source. A "non-U.S. Holder" is a beneficial owner of our ordinary shares that is not a U.S. Holder.

Cash Dividends and Other Distributions

A U.S. Holder of ordinary shares generally will be required to treat distributions received with respect to such ordinary shares (including any amounts withheld pursuant to Netherlands tax law) as dividend income to the extent of AerCap's current or accumulated earnings and profits (computed using U.S. federal income tax principles), with the excess treated as a non-taxable return of capital to the extent of the holder's adjusted tax basis in the ordinary shares and, thereafter, as capital gain, subject to the passive foreign investment company ("PFIC") rules discussed below. Dividends paid to a U.S. Holder that is a corporation are not eligible for the dividends received deduction available to corporations. Current tax law provides for a maximum 15% U.S. tax rate on the dividend income of an individual U.S. Holder with respect to dividends paid by a domestic corporation or "qualified foreign corporation" if certain holding period requirements are met. A qualified foreign corporation generally includes a foreign corporation (other than a PFIC) if (i) its ordinary shares are readily tradable on an established securities market in the United States or (ii) it is eligible for benefits under a comprehensive U.S. income tax treaty. The ordinary shares are expected to be readily traded on the New York Stock Exchange. As a result, assuming we are not treated as a PFIC, we should be treated as a qualified foreign corporation with respect to dividends paid on our ordinary shares and, therefore, dividends paid to an individual U.S. Holder with respect to ordinary shares for which the requisite holding period is satisfied should be taxed at a maximum federal tax rate of 15%. The maximum 15% federal tax rate is scheduled to expire for taxable years commencing after December 31, 2012.

Distributions to U.S. Holders of additional ordinary shares or preemptive rights with respect to ordinary shares that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax, but in other circumstances may constitute a taxable dividend.

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Distributions paid in a currency other than U.S. dollars will be included in a U.S. Holder's gross income in a U.S. dollar amount based on the spot exchange rate in effect on the date of actual or constructive receipt whether or not the payment is converted into U.S. dollars at that time. The U.S. Holder will have a tax basis in such currency equal to such U.S. dollar amount, and any gain or loss recognized upon a subsequent sale or conversion of the foreign currency for a different U.S. dollar amount will be U.S. source ordinary income or loss. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to applicable limitations that may vary depending upon the circumstances, foreign taxes withheld from dividends on ordinary shares, to the extent the taxes do not exceed those taxes that would have been withheld had the holder been eligible for and actually claimed the benefits of any reduction in such taxes under applicable law or tax treaty, will be creditable against the U.S. Holder's federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, prospective purchasers of ordinary shares should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, a U.S. Holder may, at his election, deduct such otherwise creditable foreign taxes in computing his taxable income, subject to generally applicable limitations under U.S. law.

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on dividends paid with respect to ordinary shares unless such income is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States.

Sale or Disposition of Ordinary Shares

A U.S. Holder generally will recognize gain or loss on the taxable sale or exchange of the ordinary shares in an amount equal to the difference between the U.S. dollar amount realized on such sale or exchange (determined in the case of shares sold or exchanged for currencies other than U.S. dollars by reference to the spot exchange rate in effect on the date of the sale or exchange or, if the ordinary shares sold or exchanged are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date) and the U.S. Holder's adjusted tax basis in the ordinary shares determined in U.S. dollars. The initial tax basis of the ordinary shares to a U.S. Holder will be the U.S. Holder's U.S. dollar purchase price for the shares (determined by reference to the spot exchange rate in effect on the date of the purchase, or if the shares purchased are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date). Assuming that the Company is not a PFIC and has not been treated as a PFIC during your holding period for our ordinary shares, such gain or loss will be capital gain or loss and will be long-term gain or loss if the ordinary shares have been held for more than one year. With respect to sales occurring in taxable years commencing before January 1, 2013, the maximum long-term capital gain tax rate for an individual U.S. Holder is 15%. For sales beginning in taxable years after December 31, 2012, under current law the long-term capital gain rate for an individual U.S. Holder is 20%. The deductibility of capital losses is subject to limitations. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

A non-U.S. Holder of ordinary shares will not be subject to United States income or withholding tax on gain from the sale or other disposition of ordinary shares unless (i) such gain is effectively connected with the conduct of a trade or business within the United States or (ii) the non-U.S. Holder is an individual who is present in the United States for at least 183 days during the taxable year of the disposition and certain other conditions are met.

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Potential Application of Passive Foreign Investment Company Provisions

We cannot yet make a determination as to whether we will be classified as a PFIC for the current year. In general, a non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (1) at least 75% of its gross income is "passive income" or (2) at least 50% of the average value of its gross assets is attributable to assets that produce "passive income" or are held for the production of "passive income". Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities, foreign currency and securities transactions. Certain exceptions are provided, however, for rental income derived in the active conduct of a business.

The determination as to whether a foreign corporation is a PFIC is a complex determination that is based on all of the relevant facts and circumstances and that depends on the classification of various assets and income under applicable rules. It is unclear how some of these rules apply to us. Further, this determination must be tested annually at the end of the taxable year and, while we intend to conduct our affairs in a manner that will reduce the likelihood of our becoming a PFIC, our circumstances may change or our business plan may result in our engaging in activities that could cause us to become a PFIC. Accordingly, there can be no assurance that we will not be classified as a PFIC for the current taxable year or any future taxable year.

If we are or become a PFIC in a taxable year in which we pay a dividend or the prior taxable year, the 15% dividend rate discussed above with respect to dividends paid to non-corporate holders would not apply. If we are a PFIC, subject to the discussion of the qualified electing fund election below, a U.S. Holder of ordinary shares will be subject to additional tax and an interest charge on "excess distributions" received with respect to the ordinary shares or gains realized on the disposition of such ordinary shares. Such a U.S. Holder will have an excess distribution if distributions during any tax year exceed 125% of the average amount received during the three preceding tax years (or, if shorter, the U.S. Holder's holding period). A U.S. Holder may realize gain on an ordinary share not only through a sale or other disposition, but also by pledging the ordinary share as security for a loan or entering into certain constructive disposition transactions. To compute the tax on an excess distribution or any gain, (i) the excess distribution or gain is allocated ratably over the U.S. Holder's holding period, (ii) the amount allocated to the current tax year and amounts allocated to any year before the first year in which we are a PFIC is taxed as ordinary income in the current tax year, and (iii) the amount allocated to each previous tax year (other than the any year before the first year in which we are a PFIC) is taxed at the highest applicable marginal rate in effect for that year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax. These rules effectively prevent a U.S. Holder from treating the gain realized on the disposition of an ordinary share as capital gain.

If we are a PFIC and our ordinary shares are "regularly traded" on a "qualified exchange," a U.S. Holder may make a mark-to-market election, which may mitigate the adverse tax consequences resulting from the Company's PFIC status. The ordinary shares will be treated as "regularly traded" in any calendar year during which more than a *de minimis* quantity of ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter. The New York Stock Exchange on which the ordinary shares are expected to be regularly traded is a qualified exchange for U.S. federal income tax purposes.

If a U.S. Holder makes the mark-to-market election, for each year in which we are a PFIC the holder generally will include as ordinary income the excess, if any, of the fair market value of the ordinary shares at the end of the taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder makes the election, his basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. Any gain

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recognized on the sale or other disposition of ordinary shares, for which the mark-to-market election has been made, will generally be treated as ordinary income.

Alternatively, if we become a PFIC in any year, a U.S. Holder of ordinary shares may wish to avoid the adverse tax consequences resulting from our PFIC status by making a qualified electing fund ("QEF") election with respect to our ordinary shares in such year. If a U.S. Holder makes a QEF election, the holder will be required to include in gross income each year (i) as ordinary income, its pro rata share of our earnings and profits in excess of net capital gains and (ii) as long-term capital gains, its pro rata share of our net long-term capital gains, in each case, whether or not cash distributions are actually made. The amounts recognized by a U.S. Holder making a QEF election generally are treated as income from sources outside the U.S. If, however, U.S. Holders hold at least half of the ordinary shares, a percentage of our income equal to the proportion of our income that we receive from U.S. sources will be U.S. source income for the U.S. Holders of ordinary shares. Because a U.S. Holder of shares in a PFIC that makes a QEF election is taxed currently on its pro rata share of our income, the amounts recognized will not be subject to tax when they are distributed to the U.S. Holder. An electing U.S. Holder's basis in the ordinary shares will be increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution. If we are or become a PFIC, a U.S. Holder would make a QEF election in respect of its ordinary shares by attaching a properly completed IRS Form 8621 in respect of such shares to the holder's timely filed U.S. federal income tax return. For any taxable year that we determine that we are a PFIC, we will (i) provide notice of our status as a PFIC as soon as practicable following such taxable year and (ii) comply with all reporting requirements necessary for U.S. Holders to make QEF elections, including providing to shareholders upon request the information necessary for such an election.

Although a U.S. Holder normally is not permitted to make a retroactive QEF election, a retroactive election (a "retroactive QEF election") may be made for a taxable year of the U.S. Holder (the "retroactive election year") if the U.S. Holder (i) reasonably believed that, as of the date the QEF election was due, the foreign corporation was not a PFIC for its taxable year that ended during the retroactive election year and (ii) to the extent provided for in applicable Treasury Regulations, filed a protective statement with respect to the foreign corporation, applicable to the retroactive election year, in which the U.S. Holder described the basis for its reasonable belief and extended the period of limitation on the assessment of taxes for all taxable years of the shareholder to which the protective statement applies. If required to be filed to preserve the U.S. Holder's ability to make a retroactive QEF election, the protective statement must be filed by the due date of the investor's return (including extensions) for the first taxable year to which the statement is to apply. U.S. Holders should consult their own tax advisors regarding the advisability of filing a protective statement.

As discussed above, if we are a PFIC, a U.S. Holder of ordinary shares that makes a QEF election (including a proper retroactive QEF election) will be required to include in income currently its pro rata share of our earnings and profits whether or not we actually distribute earnings. The use of earnings to fund reserves or pay down debt or to fund other investments could result in a U.S. Holder of ordinary shares recognizing income in excess of amounts it actually receives. In addition, our income from an investment for U.S federal income tax purposes may exceed the amount we actually receive. If we are a PFIC and a U.S. Holder makes a valid QEF election in respect of their ordinary shares, such holder may be able to elect to defer payment, subject to an interest charge for the deferral period, of the tax on income recognized on account of the QEF election. Prospective purchasers of ordinary shares should consult their tax advisors about the advisability of making a QEF election, protective QEF election and deferred payment election.

Miscellaneous itemized deductions of an individual U.S. person can only be deducted to the extent that all of such person's miscellaneous itemized deductions exceed 2% of their adjusted gross income. In addition, an individual's miscellaneous itemized deductions are not deductible for purposes of computing the alternative minimum tax. Certain expenses of the Company might be a miscellaneous

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itemized deduction if incurred by an individual. A U.S. person that owns an interest in a "pass-through entity" is treated as recognizing income in an amount corresponding to its share of any item of expense that would be a miscellaneous itemized deduction and as separately deducting that item subject to the limitations described above. If it is determined that we are a PFIC, the IRS could take the position that we are a "pass-through entity" with respect to a U.S. Holder of ordinary shares that makes a QEF election.

Special rules apply to determine the foreign tax credit with respect to withholding taxes imposed on distributions on shares in a PFIC. If a U.S. Holder owns ordinary shares during any year in which we are a PFIC, such Holder must file Internal Revenue Service Form 8621.

We urge prospective purchasers of ordinary shares to consult their tax advisors concerning the tax considerations relevant to an investment in a PFIC, including the availability and consequences of making the mark-to-market election and QEF election discussed above.

Information Reporting and Backup Withholding

Information reporting to the U.S. Internal Revenue Service generally will be required with respect to payments on the ordinary shares and proceeds of the sale of the ordinary shares paid to holders that are U.S. taxpayers, other than corporations and other exempt recipients. A 28% "backup" withholding tax may apply to those payments if such a holder fails to provide a taxpayer identification number to the paying agent and to certify that no loss of exemption from backup withholding has occurred. Holders that are not subject to U.S. taxation may be required to comply with applicable certification procedures to establish that they are not U.S. taxpayers in order to avoid the application of such information reporting requirements and backup withholding. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the holder's U.S. federal income tax liability, if any, provided the required information is furnished to the U.S. Internal Revenue Service.

THE ABOVE DISCUSSION IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE ORDINARY SHARES.

Dividends.

Dividends may in principle only be paid out of profit as shown in the adopted annual accounts. We will only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent our equity exceeds the sum of the paid and called up portion of the ordinary share capital and the reserves that must be maintained in accordance with provisions of the laws of The Netherlands or our articles of association. The profits must first be used to set up and maintain reserves required by law and must then be set off against certain financial losses. We may not make any distribution of profits on ordinary shares that we hold. Our Board of Directors determines whether and how much of the remaining profit they will reserve, the manner and date of such distribution and notifies shareholders.

All calculations to determine the amounts available for dividends will be based on our annual Netherlands GAAP statutory accounts, which may be different from our consolidated financial statements under US GAAP, such as those included in this form 20-F. Our statutory accounts have to date been prepared, and will continue to be prepared, under Netherlands GAAP and are deposited with the Commercial Register in Amsterdam, The Netherlands. Our net income for the 12 months ended December 31, 2010 and our equity as of December 31, 2010 as set forth in our annual statutory accounts were $195.4 million and $2,254.9 million, respectively. We are dependent on dividends or

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other advances from our operating subsidiaries to fund any dividends we may pay on our ordinary shares.

Documents on display.

You may read and copy the reports and other information we file with the Securities and Exchange Commission, including this annual report and the exhibits thereto, at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and at the Commission's regional offices at 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604, and 3 World Financial Center, Room 4300, New York, New York 10281. You may also obtain copies of these materials by mail from the Public Reference Room of the Commission at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330. You may also access our annual reports and some of the other information we file with or submit to the Commission electronically through the Commission's website at *www.sec.gov*. In addition, you may inspect material we file at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Our primary market risk exposure is interest rate risk associated with short and long-term borrowings bearing variable interest rates and lease payments under leases tied to floating interest rates. To manage this interest rate exposure, we enter into interest rate swap and cap agreements. We are also exposed to foreign currency risk, which can adversely affect our operating profits. To manage this risk, we enter into forward exchange contracts.

The following discussion should be read in conjunction with Notes 1, 2, 11 and 14 to our audited consolidated financial statements contained in this annual report, which provide further information on our debt and derivative instruments contained in this annual report.

Interest Rate Risk

The rentals we receive under our leases are based on fixed and variable interest rates. We fund our operations with a mixture of fixed and floating rate debt and finance lease obligations. An interest rate exposure arises to the extent that the mix of these obligations are not matched with our assets. This exposure is primarily managed through the use of interest rate caps, fixing rate debt, interest rate swaps and interest rate floors using a cash flow based risk management model. This model takes the expected cash flows generated by our assets and liabilities and then calculates by how much the value of these cash flows will change for a given movement in interest rates.

Under our interest rate caps, we will receive the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap.

The table below provides information as of December 31, 2010 regarding our derivative financial instruments that are sensitive to changes in interest rates on our borrowing, including our interest rate caps, swaps and floors.

The table presents the average notional amounts and weighted average interest rates which are contracted for the specified year. Notional amounts are used to calculate the contractual payments to

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be exchanged under the contract. Weighted average variable rates are based on implied forward rates in the yield curve at the applicable date.

	2011	2012	2013	2014	2015	2016	Thereafter	Fair value
	(US Dollars in millions)							
Interest rate caps								
Notional amounts	$ 3,190	$ 2,721	$ 2,127	$ 990	$ 688	$ 380	$ 53	$ 46.1
Weighted average strike rate	3.16%	2.94%	2.70%	3.98%	4.32%	4.68%	4.50%	

	2011	2012	2013	2014	2015	2016	Thereafter	Fair value
	(US Dollars in millions)							
Interest rate swaps								
Notional amounts	$ 845	$ 590	$ 423	$ 233	$ 31			$ (38.9)
Weighted average pay rate	4.90%	1.75%	1.44%	1.48%	2.23%			

	2011	2012	2013	2014	2015	2016	Thereafter	Fair value
	(US Dollars in millions)							
Interest rate floors								
Notional amounts	$ 141	$ 107	$ 70	$ 45	$ 27			$ (7.8)
Weighted average pay rate	3.00%	3.00%	3.00%	3.00%	3.00%			

The variable benchmark interest rates associated with these instruments ranged from one to six-month LIBOR.

Our Board of Directors is responsible for reviewing and approving our overall interest rate management policies and transaction authority limits. Specific hedging contracts are approved by the treasury committee acting within the overall policies and limits. Our counterparty risk is monitored on an ongoing basis, but is mitigated by the fact that the majority of our interest rate derivative counterparties are required to cash collateralize in the event of their downgrade by the rating agencies below a certain level. Our counterparties are subject to the prior approval of the treasury committee.

Foreign Currency Risk and Foreign Operations

Our functional currency is the US dollar. As of December 31, 2010, all of our aircraft leases and all of our engine leases were payable in US dollars. We incur Euro-denominated expenses in connection with our offices in The Netherlands and Ireland. For the year ended December 31, 2010, our aggregate expenses denominated in currencies other than the US dollar, such as payroll and office costs and professional advisory costs, were $54.7 million in US dollar equivalents and represented 45.5% of total selling, general and administrative expenses. We enter into foreign exchange contracts based on our projected exposure to foreign currency risks in order to protect ourselves from the effect of period over period exchange rate fluctuations. Mark-to-market gains or losses on such contracts are recorded as part of selling, general and administrative expenses since most of our non-US denominated payments relate to such expenses. We do not believe that a change in foreign exchange rates will have material impact on our results of operations. However, the portion of our business conducted in foreign currencies could increase in the future, which could increase our exposure to losses arising from currency fluctuations.

Inflation

Inflation generally affects our costs, including selling, general and administrative expenses and other expenses. However, we do not believe that our financial results have been, or will be, adversely affected by inflation in a material way.

Item 12. Description of Securities Other than Equity Securities.

Not applicable.

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PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Not applicable.

Item 15. Controls and Procedures.

Disclosure Controls and Procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in this report is recorded, processed, summarized and reported on a timely basis. Our management, with the participation of the Chairman of our Board of Directors and the members of our Disclosure Committee, has evaluated, as of December 31, 2010, our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2010, our disclosure controls and procedures are effective. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2010. The assessment was based on criteria established in the framework Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2010.

PricewaterhouseCoopers Accountants N.V., the independent registered public accounting firm that audited our Consolidated Financial Statements included in this Form 20-F, audited the effectiveness of our controls over financial reporting as of December 31, 2010 under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States). Their audit report may be found on page F-2.

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Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the year ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 16A. Audit committee financial expert.

Our Board of Directors has determined that Mr. Bolger is an "audit committee financial expert" as that term is defined by SEC rules, and that he is "independent" as that term is defined under applicable New York Stock Exchange listing standards.

Item 16B. Code of Conduct.

Our Board of Directors has adopted our code of conduct, a code that applies to members of the Board of Directors including its Chairman and other senior officers, including the Chief Financial Officer and the Chief Accounting Officer. This code is publicly available on our website at *www.aercap.com*.

Item 16C. Principal Accountant Fees and Services.

In January 2003, the SEC adopted rules requiring disclosure of fees billed by a public company's independent auditors in each of the company's two most recent fiscal years. Our auditors charged the following fees for professional services rendered for the years ended December 31, 2009 and December 31, 2010:

	2009	2010
	(U.S. dollars in thousands)	
Audit fees	$ 2,633	$ 2,543
Audit-related fees		
Total	**$ 2,633**	**$ 2,543**

Audit Fees are defined as the standard audit work that needs to be performed each year in order to issue opinions on our consolidated financial statements and to issue reports on our local statutory financial statements. Also included are services that can only be provided by our auditor, such as auditing of nonrecurring transactions and implementation of new accounting policies, reviews of quarterly financial results, consents and comfort letters and any other audit services required for US Securities and Exchange Commission or other regulatory filings.

Audit Related Fees include those other assurance services provided by the independent auditor but not restricted to those that can only be provided by the auditor signing the audit report. These fees comprise amounts for services for Sarbanes Oxley 404 controls design effectiveness review.

During the 12-month periods ended December 31, 2009 and December 31, 2010, our auditors were not engaged to perform any services that are defined as tax fees or for any other type of services.

Policy on Pre-Approval of Audit and Non-Audit Services of Independent Auditors

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by our auditor. These services may include audit services, audit related services, tax services and other services, as described above. Pre-approval is detailed as to the particular service or categories of services, and is subject to a specific budget. Our management and our auditor report to the Audit Committee regarding the extent of services provided in accordance with this pre-approval and the fees for the

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services performed to date on an annual basis. The Audit Committee may also pre-approve additional services on a case-by-case basis.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 16G. Corporate Governance

The New York Stock Exchange (NYSE) requires U.S. domestic entities with shares listed on the exchange to comply with its corporate governance standards. However, as a foreign private issuer, the NYSE only requires us to comply with the NYSE rules relating to audit committees and periodic certifications to the NYSE as long as we comply with home country corporate governance standards in our case Dutch corporate governance standards. The NYSE requires that we disclose to investors any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under NYSE requirements.

Among these differences, shareholder approval is required by the NYSE prior to the issuance of common stock:

- to a director, officer or substantial security holder of the company (or their affiliates or entities in which they have a substantial interest) in excess of one percent of either the number of shares of common stock or the voting power outstanding before the issuance, with certain exceptions;

- that will have voting power equal to or in excess of 20 percent of either the voting power or the number of shares outstanding before the issuance, with certain exceptions; or

- that will result in a change of control of the issuer.

Under Dutch rules, shareholders can delegate this approval to the Board of Directors at the annual shareholders meeting. In the past, our shareholders have delegated this approval power to our Board at our annual meeting.

In some situations, NYSE rules are more stringent, and in others the Dutch rules are. Other significant differences include:

- NYSE rules require shareholder approval for changes to equity compensation plans, but under Dutch rules, shareholder approval is only required for changes to equity compensation plans for members of the Board of Directors;

- All members of the audit, remuneration and nominating committees are required by NYSE rules to be independent. Under Dutch corporate governance rules these committees may have one non-independent member, and they may not be chaired by the Chairman of the Board;

- Under Dutch rules, auditors must be appointed by the general meeting of shareholders. NYSE rules require only that they be appointed by the audit committee;

- Both NYSE and Dutch rules require that a majority of the Board of Directors be independent, but the definition of independence under each set of rules is not identical. For example, Dutch rules require a longer "look-back" period for

former directors; and

The Dutch rules permit deviation from the rules if the deviations are explained in accordance with the rules. The NYSE rules do not allow such deviations.

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PART III

Item 17. Financial Statements.

Not applicable.

Item 18. Financial Statements.

Please refer to pages F-1 through F-57 of this annual report.

Item 19. Exhibits.

We have filed the following documents as exhibits to this annual report:

Exhibit Number	Description of Exhibit
1.1	Articles of Association(1)
2.1	Aircraft Purchase Agreement, dated December 30, 2005, between Airbus S.A.S. and AerVenture Limited(1)(4)
2.2	Security Trust Agreement, dated April 26, 2006, among AerFunding 1 Limited, the additional grantors referred to therein as grantors, UBS Securities LLC and Deutsche Bank Trust Company Americas(1)
2.3	Guarantee and Collateral Agreement, dated April 26, 2006, among AeroTurbine, Inc., The Subsidiary Guarantors of AeroTurbine, Inc., the borrower's party thereto and Crédit Agricole New York Branch(1)
2.4	Aircraft Asset Security Agreement, dated April 26, 2006, among AeroTurbine, Inc. The Subsidiary Guarantors of AeroTurbine, Inc., the borrower's party thereto, the trusts party thereto, as trusts and Crédit Agricole New York Branch(1)
2.5	Pledge Agreement, dated April 26, 2006, between AerCap, Inc. and Crédit Agricole New York Branch(1)
2.6	Joint Venture Agreement, dated December 30, 2005, among AerCap Ireland Limited, International Cargo Airlines Company KSC and AerVenture Limited(1)
2.7	Stock Purchase Agreement, dated March 16, 2006, among AerCap, Inc. and Nicolas Finazzo, Rose Ann Finazzo and Robert B. Nichols(1)
2.8	Facility Agreement, dated April 23, 2003, among the Banks and Financial Institutions named therein as ECA Lenders, the Banks and Financial Institutions named therein as Mismatch Lenders, Credit Lyonnais, Kreditanstalt Für Wiederaufbau, Sunrise Leasing Limited, Sundance Leasing Limited, Sunray Leasing Limited, Sunshine Leasing Limited, Sunglow Leasing Limited, Sunflower Aircraft Leasing Limited, Debis Aircraft Leasing XXX B.V. and Debis AirFinance B.V.(1)

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Exhibit Number	Description of Exhibit
2.9	Sale and Purchase Agreement regarding the acquisition of all shares in and certain loans and facilities granted to debis AirFinance B.V. by and between DaimlerChrysler Services AG, DaimlerChrysler Aerospace AG, DaimlerChrysler AG, Bayerische Hypo- und Vereinsbank AG, HVB Banque Luxembourg SA, Bayerische Landesbank, BLB Beteiligungsgesellschaft Beta mbH, Dresdner Bank AG, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, DZ Beteiligungsgesellschaft mbH Nr. 6, KfW and FERN S.a r.l. as amended by the Amendment Agreement dated June 29, 2005 by and between the DaimlerChrysler Services AG, DaimlerChrysler Aerospace AG, DaimlerChrysler AG, Bayerische Hypo- und Vereinsbank AG, HVB Banque Luxembourg SA, Bayerische Landesbank, BLB Beteiligungsgesellschaft Beta mbH, Dresdner Bank AG, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, DZ Beteiligungsgesellschaft mbH Nr. 6, KfW, FERN S.a r.l., FERN GP S.a r.l. and AerCap Holdings C.V.(1)
2.10	AerCap Holdings N.V. 2006 Equity Incentive Plan (including form of Stock Option Agreement)(1)
2.11	Aircraft Purchase Agreement, dated December 11, 2006, between Airbus S.A.S. and AerCap Ireland Limited(2)(6)
2.12	Amended and Restated Trust Indenture, dated as of May 8, 2007, among Aircraft Lease Securitisation Limited, Deutsche Bank Trust Company Americas, as trustee, cash manager and Operating Bank and Crédit Agricole, as initial primary liquidity facility provider, and MBIA Insurance Corporation, as the policy provider(3)
2.13	Amendment No. 1 dated May 11, 2007 to Aircraft Purchase Agreement, dated December 11, 2006, between Airbus S.A.S. and AerCap Ireland Limited(3)(6)
2.14	Amended and Restated Credit Agreement, dated May 8, 2007, among AerFunding 1 Limited, AerCap Ireland Limited, UBS Real Estate Securities Inc. and other financial institutions named as Class A Lenders and Class B Lenders, UBS Securities LLC, the other Funding Agents named therein and Deutsche Bank Trust Company Americas(3)
2.15	First Amendment Agreement, dated as of November 13, 2007, among AerFunding 1 Limited, AerCap Ireland Limited, the Other Service Providers named therein, UBS Real Estate Securities Inc. and other financial institutions named as Class A Lenders and Class B Lenders, UBS Securities LLC, the other Funding Agents named therein and Deutsche Bank Trust Company Americas(4)
2.16	Amendment, Restatement and Accession dated December 20, 2007 to Senior Loan Facility Agreement originally dated October 12, 2006 between AerCap Dutch Aircraft Leasing I B.V., as Borrower, Azzurro Aircraft Leasing Limited, as Additional Borrower, Crédit Agricole as Senior Arranger, Senior Agent and Collateral Trustee and the financial institutions named therein(4)
2.17	Amended and Restated Facility Agreement dated July 27, 2007 among AerVenture Limited, as Borrower, and Crédit Agricole S.A. and KfW, as Lenders, and Crédit Agricole S.A. as Security Trustee and Agent(4)
2.18	Second Amended and Restated Senior Credit Agreement, dated as of December 19, 2007, among AeroTurbine, Inc., as Borrower, the Several Lenders from time to time as Parties thereto, Crédit Agricole New York Branch, as Administrative Agent, HSH Nordbank AG, as Syndication Agent and Wachovia Bank N.A., DekaBank Deutsche Girozentrale and Norddeutsche Landesbank Girozentrale, as Co-Documentation Agents(4)

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Exhibit Number	Description of Exhibit
2.19	Amendment Agreement, dated November 2, 2007, among AerCap AerVenture Holding B.V., NLM AerVenture Holding B.V., International Cargo Airlines Company KSC and AerVenture Limited(4)
2.20	Amendment Agreement, dated December 12, 2007, among AerCap AerVenture Holding B.V., NLM AerVenture Holding B.V. and AerVenture Limited(4)
2.21	Trust Indenture, dated as of June 26, 2008, among Aircraft Lease Securitisation II Limited, Deutsche Bank Trust Company Americas, as the Cash Manager, Operating Bank and Trustee, Crédit Agricole, as the Initial Primary Liquidity Facility Provider, and Crédit Agricole as the Class A-1 Funding Agent(5)
2.22	Facility Agreement, dated as of December 30, 2008 among the Banks and Financial Institutions named therein as ECA Lenders, Crédit Agricole as National Agent, ECA Agent and Security Trustee, Jetstream Aircraft Leasing Limited as Principal Borrower, AerCap Ireland Limited and AerCap A330 Holdings Limited as Principal AerCap Obligors, and AerCap Holdings, N.V.(9)
2.23	Facility Agreement, dated as of March 12, 2009 among the Banks and Financial Institutions named therein as ECA Lenders, Crédit Agricole as ECA Agent and Security Trustee, Constellation Aircraft Leasing Limited as Principal Borrower, Andromeda Aircraft Leasing Limited and Aquarius Aircraft Leasing Limited as Lessees, AerVenture Limited and AerCap Holdings, N.V.(9)
2.24	Shareholders' Agreement, dated June 21, 2009, among AerCap AerVenture Holding B.V., Waha AV Participations B.V. and AerVenture Limited(7)
2.25	Agreement and Plan of Amalgamation, dated as of September 17, 2009, among AerCap Holdings N.V., Genesis Lease Limited and AerCap International Bermuda Limited (8)
2.26	Subscription Agreement dated October 25, 2010 between AerCap Holdings N.V., Waha AC Cooperatief U.A. and Waha Capital PJSC
2.27	Registration Rights Agreement dated October 25, 2010 between AerCap Holdings NV and Waha AC Cooperatief U.A.
8.1	List of Subsidiaries of AerCap Holdings N.V.
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
12.3	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
23.1	Consent of PricewaterhouseCoopers Accountants, N.V., an independent registered public accounting firm

(1) Previously filed with Registration Statement on Form F-1, File No. 333-138381.

(2) Previously filed with Form 20-F for the year ended December 31, 2006.

(3) Previously filed with Registration Statement on Form F-1, File No. 333-144468.

(4) Previously filed with Form 20-F for the year ended December 31, 2007.

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(5) Previously filed with Form 6-K on September 11, 2008.

(6) Portions of this exhibit have been omitted pursuant to an Order of the Securities and Exchange Commission granting confidential treatment with respect thereto.

(7) Previously filed with Form 6-K on September 1, 2009.

(8) Previously filed with Form 6-K on September 18, 2009.

(9) Previously filed with Form 20-F for the year ended December 31, 2008.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AERCAP HOLDINGS N.V.

By: /s/ KLAUS HEINEMANN

Klaus Heinemann
Chief Executive Officer

Date: March 23, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of AerCap Holdings N.V.

In our opinion, the accompaning consolidated balance sheets and the related consolidated statements of income, cash flows and equity present fairly, in all material respects, the financial position of AerCap Holdings N.V. and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, including in "Management's Annual Report on Internal Control over Financial Reporting" under item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Amsterdam, March 23, 2011
PricewaterhouseCoopers Accountants N.V

/s/ P.C. Dams RA

P.C. Dams RA

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AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2009 and 2010

	Note	As of December 31, 2009	2010
		(US dollars in thousands except share and per share amounts)	
Assets			
Cash and cash equivalents		$ 182,617	$ 404,450
Restricted cash	3	140,746	222,464
Trade receivables, net of provisions of $3,392 and $2,606	4	48,070	49,055
Flight equipment held for operating leases, net	5	5,230,437	8,061,260
Net investment in direct finance leases		34,532	30,069
Notes receivable, net of provisions, of nil and nil	6	138,488	15,497
Prepayments on flight equipment	7	527,666	199,417
Investments	8	21,031	72,985
Goodwill	9	6,776	6,776
Intangibles	9	31,399	58,637
Inventory	10	102,538	121,085
Derivative assets	11	44,866	55,211
Deferred income taxes	16	80,098	94,560
Other assets	12	180,237	209,141
Total Assets		**$ 6,769,501**	**$ 9,600,607**
Liabilities and Equity			
Accounts payable		$ 11,832	$ 16,045
Accrued expenses and other liabilities	13	80,399	121,389
Accrued maintenance liability		228,006	420,824
Lessee deposit liability		126,093	130,031
Debt	14	4,846,664	6,566,163
Accrual for onerous contracts	15	22,363	12,928
Deferred revenue		33,011	60,061
Derivative liabilities	11	7,801	55,769
Total Liabilities		5,356,169	7,383,210
Share capital	17	699	1,570
Additional paid-in capital		593,133	1,333,025
Accumulated other comprehensive income			5,005
Retained earnings		664,177	871,750
Total AerCap Holdings N.V. shareholders' equity		1,258,009	2,211,350
Non-controlling interest		155,323	6,047
Total Equity		1,413,332	2,217,397
Total Liabilities and Equity		**$ 6,769,501**	**$ 9,600,607**

The accompanying notes are an integral part of these consolidated financial statements.

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AerCap Holdings N.V. and Subsidiaries

Consolidated Income Statements

For the Years Ended December 31, 2008, 2009 and 2010

	Note	Year ended December 31, 2008	2009	2010 (a)
		(US dollars in thousands, except share and per share amounts)		
Revenues				
Lease revenue	19	$ 605,253	$ 650,604	$ 960,811
Sales revenue		616,554	324,781	850,034
Management fee revenue		11,749	12,074	11,815
Interest revenue		18,515	10,105	4,269
Other revenue		4,181	5,703	7,532
Total Revenues		**1,256,252**	**1,003,267**	**1,834,461**
Expenses				
Depreciation	5	169,392	220,996	333,753
Asset impairment	22	18,789	32,574	14,437
Cost of goods sold		506,312	248,897	785,322
Interest on debt	14	219,172	92,152	240,258
Operating lease-in costs	15	14,512	13,090	12,332
Leasing expenses		55,569	65,164	68,102
Provision for doubtful accounts receivable	4	3,746	963	1,167
Selling, general and administrative expenses	20	128,268	116,201	120,228
Other expenses	21		2,965	
Total Expenses		**1,115,760**	**793,002**	**1,575,599**
Income from continuing operations before income taxes		**140,492**	**210,265**	**258,862**
Provision for income taxes	16	431	(3,894)	(22,316)
Bargain purchase gain ("Amalgamation gain"), net of transaction expenses				274
Net Income		**$ 140,923**	**$ 206,371**	**$ 236,820**
Net loss (income) attributable to non-controlling interest		10,883	(41,205)	(29,247)
Net income attributable to AerCap Holdings N.V.		**$ 151,806**	**$ 165,166**	**$ 207,573**
Basic and diluted earnings per share	23	$ 1.79	$ 1.94	$ 1.81
Weighted average shares outstanding, basic and diluted		85,036,957	85,036,957	114,952,639

(a) Includes the results of Genesis Lease Limited ("Genesis") for the period from March 25, 2010 (date of acquisition) to December 31, 2010 and the issue of shares to Genesis and Waha Capital PJSC ("Waha").

The accompanying notes are an integral part of these consolidated financial statements.

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AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2008, 2009 and 2010

	Year ended December 31,		
	2008	**2009**	**2010 (a) (b)**
	(US dollars in thousands)		
Net income	$ 140,923	$ 206,371	$ 236,820
Adjustments to reconcile net income to net cash provided by operating activities:			
Amalgamation gain (c)			(31,023)
Depreciation	169,392	220,996	333,753
Asset impairment	18,789	32,574	14,437
Amortization of debt issuance costs	16,239	16,364	26,410
Amortization of intangibles	14,615	15,701	22,070
Gain on discounted purchase of securitized bonds	(2,783)		
Provision for doubtful notes and accounts receivable	3,746	1,364	1,312
Capitalized interest on pre-delivery payments	(2,098)	(1,106)	(590)
Gain on disposal of assets	(80,341)	(36,007)	(37,203)
Mark-to-market of non-hedged derivatives	51,646	(18,929)	769
Deferred taxes	(642)	2,228	17,707
Share-based compensation	6,858	3,910	3,402
Changes in assets and liabilities:			
Trade receivables and notes receivable, net	(5,208)	(6,686)	(371)
Inventories	(5,469)	35,238	3,183
Other assets and derivative assets	(48,581)	(7,236)	(8,319)
Other liabilities	(75,823)	(63,968)	(14,170)
Deferred revenue	1,348	(1,613)	14,182
Net cash provided by operating activities	**202,611**	**399,201**	**582,369**
Purchase of flight equipment	(1,286,609)	(1,264,446)	(1,939,874)
Proceeds from sale/disposal of assets	467,539	153,481	664,218
Prepayments on flight equipment	(339,422)	(453,305)	(140,094)
Receipt of notes receivable in defeasance structures	44,157		
Purchase of subsidiaries, net of cash acquired(*)			103,691
Purchase of investments	(17,550)		(7,500)
Sale of investments	6,234		
Purchase of intangibles	(21,410)		(9,006)
Movement in restricted cash	(18,325)	(27,349)	(50,262)
Net cash used in investing activities	**(1,165,386)**	**(1,591,619)**	**(1,378,827)**
Issuance of debt	1,642,784	2,431,839	2,324,609
Repayment of debt	(742,258)	(1,414,456)	(1,485,690)
Debt issuance costs paid	(44,933)	(32,723)	(60,889)
Maintenance payments received	98,980	99,664	149,408
Maintenance payments returned	(64,572)	(46,897)	(42,250)
Security deposits received	43,644	42,169	29,535
Security deposits returned	(25,842)	(12,840)	(39,710)
Issuance of equity interests (**)			110,243
Capital contributions from non-controlling interests	5,000	111,700	32,375
Net cash provided by financing activities	**912,803**	**1,178,456**	**1,017,631**
Net increase (decrease) in cash and cash equivalents	(49,972)	(13,962)	221,173
Effect of exchange rate changes	1,799	3,016	660
Cash and cash equivalents at beginning of period	241,736	193,563	182,617
Cash and cash equivalents at end of period	**$ 193,563**	**$ 182,617**	**$ 404,450**

The accompanying notes are an integral part of these consolidated financial statements.

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AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2008, 2009 and 2010

	Year ended December 31,		
	2008	**2009**	**2010 (a) (b)**
	(US dollars in thousands)		
*** Purchase of subsidiaries, net of cash acquired:**			
Consideration paid (34.4 million shares issued at a share price of $10.83)			$ 372,327
Fair value of net assets acquired			(403,350)
Amalgamation gain			31,023
Cash acquired			103,691
Purchase of subsidiaries, net of cash acquired	**$**	**$**	**$ 103,691**
****The issuance of equity interest is a net presentation of the following items:**			
Consideration paid (29.8 million shares issued at a share price of $13.85)			$ 413,376
Purchase of non-controlling interests			(262,092)
Purchase of investments			(41,041)
Issuance of equity interests (net cash received)	**$**	**$**	**$ 110,243**
Supplemental cash flow information:			
Interest paid	141,330	100,012	185,106
Taxes paid (refunded)	631	(3,446)	641

(a) Includes the results of Genesis Lease Limited ("Genesis") for the period from March 25, 2010 (date of acquisition) to December 31, 2010 and the issue of shares to Genesis and Waha Capital PJSC ("Waha").

(b) The consolidated statement of cash flow for the year ended December 31, 2010, includes a reclassification, as compared to the 6-K filed on February 24, 2011, of $33,073 from net cash provided by operating activities to net cash used in investing activities.

(c) The Amalgamation gain, net of transaction expenses of $274, as presented in the consolidated income statement, consists of the Amalgamation gain of $31,023, as presented in the consolidated statement of cash flow and transaction expenses of $30,749 (Note 1).

The accompanying notes are an integral part of these consolidated financial statements.

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AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Equity

For the Years Ended December 31, 2008, 2009 and 2010

	AerCap Holdings N.V. Shareholders					
	Number of Shares	Share capital	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	AerCap Holdings N.V. shareholders' equity
	US dollars in thousands, except share amounts					
Year ended December 31, 2008						
Balance at January 1, 2008	85,036,957	$ 699	$ 602,469		$ 347,205	$ 950,373
Share-based compensation			6,858			6,858
Comprehensive income:						
Net income for the period					151,806	151,806
Comprehensive income					151,806	151,806
Balance at December 31, 2008	**85,036,957**	**$ 699**	**$ 609,327**		**$ 499,011**	**$ 1,109,037**
Year ended December 31, 2009						
Balance at January 1, 2009	85,036,957	$ 699	$ 609,327		$ 499,011	$ 1,109,037
Share-based compensation			3,910			3,910
Default AerVenture partner(a)			25,078			25,078
Sale to new AerVenture partner(b)			(45,182)			(45,182)
Comprehensive income:						
Net income for the period					165,166	165,166
Comprehensive income					165,166	165,166
Balance at December 31, 2009	**85,036,957**	**$ 699**	**$ 593,133**		**$ 664,177**	**$ 1,258,009**
Year ended December 31, 2010						
Balance at January 1, 2010	85,036,957	$ 699	$ 593,133		$ 664,177	$ 1,258,009
Share-based compensation			2,842			2,842
Issuance of equity capital	64,195,469	871	784,832			785,703
Purchase of non-controlling interests(c)			(49,854)			(49,854)
Sale to joint venture partner			2,072			2,072
Comprehensive income:						
Other comprehensive income(d)				5,005		5,005
Net income for the period					207,573	207,573
Comprehensive income				5,005	207,573	212,578
Balance at December 31, 2010	**149,232,426**	**$ 1,570**	**$ 1,333,025**	**$ 5,005**	**$ 871,750**	**$ 2,211,350**

(a)

In March 2009, the 50% joint venture partner in AerVenture, LoadAir failed to make $80.0 million in required capital contributions to AerVenture, and as a result, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. As of March 31, 2009 AerVenture was a wholly owned subsidiary. The default of LoadAir increased shareholders' equity by $25,078, through the elimination of the related non-controlling interest.

(b)

In June 2009, we sold 50% of AerVenture to Waha. The sale decreased shareholders' Equity by $45,182, through the establishment of the related non-controlling interest in accordance with ASC 810.

(c)

In November 2010, we repurchased Waha's 50% equity interest in AerVenture (Note 1). The purchase is accounted for as an equity transaction and no gain or loss was recorded in accordance with ASC 810.

(d)

In 2010 we entered into interest rate swaps for which we achieved cash flow hedge accounting treatment.

The accompanying notes are an integral part of these consolidated financial statements.

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AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Equity (Continued)

For the Years Ended December 31, 2008, 2009 and 2010

	AerCap Holdings N.V. shareholders' equity	Non-controlling interest	Total equity
	US dollars in thousands, except share amounts		
Year ended December 31, 2008			
Balance at January 1, 2008	$ 950,373	$ 30,782	$ 981,155
Share-based compensation	6,858		6,858
Capital contributions from non-controlling interests		5,000	5,000
Purchase of non-controlling interests		(7,881)	(7,881)
Comprehensive income:			
Net income for the period	151,806	(10,883)	140,923
Comprehensive income	151,806	(10,883)	140,923
Balance at December 31, 2008	**$ 1,109,037**	**$ 17,018**	**$ 1,126,055**
Year ended December 31, 2009			
Balance at January 1, 2009	$ 1,109,037	$ 17,018	$ 1,126,055
Share-based compensation	3,910		3,910
Default AerVenture partner(a)	25,078	(25,078)	
Sale to new AerVenture partner(b)	(45,182)	74,578	29,396
Capital contributions from non-controlling interests		47,600	47,600
Comprehensive income:			
Net income for the period	165,166	41,205	206,371
Comprehensive income	165,166	41,205	206,371
Balance at December 31, 2009	**$ 1,258,009**	**$ 155,323**	**$ 1,413,332**
Year ended December 31, 2010			
Balance at January 1, 2010	$ 1,258,009	$ 155,323	$ 1,413,332
Share-based compensation	2,842		2,842
Issuance of equity capital	785,703		785,703
Purchase of non-controlling interests(c)	(49,854)	(214,439)	(264,293)
Sale to joint venture partner	2,072	(2,072)	
Capital contributions from non-controlling interests		37,988	37,988
Comprehensive income:			
Other comprehensive income(d)	5,005		5,005
Net income for the period	207,573	29,247	236,820
Comprehensive income	212,578	29,247	241,825
Balance at December 31, 2010	**$ 2,211,350**	**$ 6,047**	**$ 2,217,397**

(a)

In March 2009, the 50% joint venture partner in AerVenture, LoadAir failed to make $80.0 million in required capital contributions to AerVenture, and as a result, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. As of March 31, 2009 AerVenture was a wholly owned subsidiary. The default of LoadAir increased shareholders' Equity by $25,078, through the elimination of the related non-controlling interest.

(b)

In June 2009, we sold 50% of AerVenture to Waha. The sale decreased shareholders' Equity by $45,182, through the establishment of the related non-controlling interest in accordance with ASC 810.

(c)

In November 2010, we repurchased Waha's 50% equity interest in AerVenture. The purchase is accounted for as an equity transaction and no gain or loss was recorded in accordance with ASC 810.

(d)

In 2010 we entered into interest rate swaps for which we achieved cash flow hedge accounting treatment.

The accompanying notes are an integral part of these consolidated financial statements.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements

(US dollars in thousands)

1. General

The Company

We are an integrated global aviation company, conducting aircraft and engine leasing and trading and parts sales. We also provide a wide range of aircraft management services to other owners of aircraft. We are headquartered in The Netherlands and have offices in Ireland, the United States, Singapore, China, the United Arab Emirates and the United Kingdom with a total of 356 employees, as of December 31, 2010.

These consolidated financial statements include the accounts of AerCap Holdings N.V. and its subsidiaries. AerCap Holdings N.V. is a Netherlands public limited liability company ("*naamloze vennootschap or N.V.*") formed on July 10, 2006 for the purpose of acquiring all of the assets and liabilities of AerCap Holdings C.V. AerCap Holdings C.V. is a limited partnership ("*commanditaire vennootschap*") formed under the laws of The Netherlands on June 27, 2005 for the purposes of acquiring the share capital, subordinated debt and senior debt of debis AirFinance B.V. ("AerCap B.V."), which occurred on June 30, 2005 (the "2005 Acquisition"). In anticipation of our initial public offering, we changed our corporate structure from a Netherlands partnership to a Netherlands public limited liability company. This change was effected through the acquisition of all of the assets and liabilities of AerCap Holdings C.V. by AerCap Holdings N.V. on October 27, 2006. In accordance with ASC 805, *"Business Combinations"*, this acquisition was a transaction under common control and accordingly, AerCap Holdings N.V. recognized the acquisition of the assets and liabilities of AerCap Holdings C.V. at their carrying values and no goodwill or other intangible assets were recognized. On November 27, 2006, we completed an initial public offering of 6,800,000 of our common shares at $23 per share (Note 17) generating net proceeds of $143,017 which we used to repay debt. On August 6, 2007 we completed the secondary offering of 20,000,000 additional ordinary shares on The New York Stock Exchange. On March 25, 2010, the all-share acquisition of Genesis was completed ("the Genesis Transaction") and increased our outstanding ordinary shares by 34,348,858 million. On November 11, 2010, we completed a transaction with Abu Dhabi-based investment holding company Waha Capital PJSC ("Waha"). As part of this transaction our outstanding ordinary shares increased by 29,846,611 million. As of December 31, 2010, we had 149,232,426 shares issued and outstanding.

Genesis Transaction

The Genesis Transaction which was completed on March 25, 2010 is fully reflected in all AerCap Holdings N.V. 2010 consolidated financial statements except for the first quarter 2010 income statement (including the number of outstanding shares used for earnings per share calculations) and cash flow statement. The amalgamation gain of $274 (net of transaction expenses) is reflected in one line item in the income statement and the impact of the Genesis Transaction on the cash flow statement was also reflected in a one line item (purchase of subsidiaries, net of cash acquired).

Our main reasons for the Genesis Transaction included among others, the ability to achieve several key strategic and financial objectives in a single transaction, such as access to a significant amount of unrestricted cash without the dilutive impact on earnings per share as compared to other alternatives, the combination of Genesis' expected unrestricted cash generation with our growth outlook, the improvement of our quality of earnings, the increase in our global client base, significant cost synergies and improved stock trading liquidity for shareholders. We believe that the Genesis Transaction creates

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

1. General (Continued)

a company that is a leading participant in the aircraft and engine leasing businesses, with a strong balance sheet and diversified and profitable business lines.

We allocated the purchase price of the Genesis Transaction to tangible assets, liabilities and identifiable intangible assets acquired, based on their estimated fair values.

The fair value of Genesis' flight equipment held for operating leases was determined using the market approach. In the aviation industry, appraisal data is considered to reflect the highest and best use of the flight equipment on an "in use" basis. The estimated fair value of Genesis' flight equipment was therefore based on appraisal data in combination with current market transactions, taking into account the current maintenance condition of the underlying flight equipment including the hours and cycles on the aircraft since the last major maintenance event. The fair value assigned to identifiable intangible assets acquired was based on estimates and assumptions made by management. Intangible assets, consisting of lease premium, are amortized over the remaining life of the lease, using a straight-line amortization method. The weighted average amortization period of the intangible assets is 50 months. The fair value of Genesis' debt has been determined based on the income approach. The income approach was performed through the use of a net present value calculation. The fair value of the Genesis net assets acquired can be summarized as follows:

		Fair value of net assets acquired as of March 25, 2010 (US dollars in thousands)
Assets		
Cash and cash equivalents	$	103,691
Restricted cash		31,456
Flight equipment held for operating leases		1,337,412
Intangibles (lease premium)		42,975
Deferred income taxes		34,089
Other assets		6,915
Total Assets		**1,556,538**
Liabilities		
Accrued maintenance liability	$	107,757
Debt		947,013
Derivative liabilities		66,196
Other liabilities		32,222
Total liabilities		**1,153,188**
Net assets acquired	**$**	**403,350**
Consideration paid (34.4 million shares at a share price of $10.83, exchange ratio 1:1)		372,327
Amalgamation gain	**$**	**31,023**
Transaction expenses		(30,749)

Amalgamation gain, net of transaction expenses	**$**	**274**

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

1. General (Continued)

Supplemental Pro Forma Data (Unaudited)

The unaudited pro forma statement of operations data below gives effect to the Genesis Transaction, as if it had occurred on January 1, 2009 and January 1, 2010, respectively. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations or of the results that would have occurred had the acquisitions taken place at January 1, 2009 and January 1, 2010, respectively. The unaudited pro forma statement of operations data presented below does not reflect the anticipated realization of cost reductions and does not include the transaction expenses.

	Year ended December 31, 2009	Year ended December 31, 2010
Pro forma total revenue	$ 1,195,622	$ 1,889,121
Pro forma net income	183,944	218,534
Pro forma net income per share	$ 1.54	$ 1.77

Waha Transaction

On November 11, 2010, we completed a transaction with Waha. As part of this transaction, we issued approximately 29.8 million new shares to Waha. In exchange, we received $105 million in cash, Waha's 50% interest in the joint venture company AerVenture, a 40% interest in Waha's 12-aircraft portfolio and a 50% interest in Waha's 4-aircraft portfolio. As of December 31, 2010, AerVenture is wholly owned subsidiary of AerCap.

Variable interest entities

As further discussed in Note 14, we hold equity and subordinated debt investments in ALS I, ALS II and AerFunding. ALS I, ALS II and AerFunding are variable interest entities and we, as their primary beneficiaries under ASC 810, consolidate the accounts of ALS I, ALS II and AerFunding in our accounts since their inception dates.

In May 2006, we signed a joint venture agreement with China Aviation Supplies Holding Company ("China Aviation") and affiliates of Crédit Agricole establishing AerDragon. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Crédit Agricole. The joint venture owned nine aircraft at December 31, 2010, one of which it purchased from Airbus through an assignment of our purchase right under our 1999 Forward Order and one which it purchased directly from us. We act as guarantor to the lenders of AerDragon related to debt secured by the aircraft which AerDragon purchased directly from us. We provide certain aircraft and accounting related services to the joint venture. We have determined that AerDragon is a variable interest entity. AerCap further determined that it is not the primary beneficiary of AerDragon and accordingly, we account for our investment in AerDragon according to the equity method. With the exception of debt for which we act as guarantor, the obligations of AerDragon are non-recourse to us. At December 31, 2010, our maximum exposure to losses incurred by AerDragon consists of the carrying amount of our equity investment of $30.3 million and the face value of the debt guaranteed of $25.0 million, totaling $55.3 million.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

1. General (Continued)

In June 2008, AerCap Partners I Holding Limited, or AerCap Partners I, a 50% joint venture entered into between us and Deucalion Aviation Funds, acquired a portfolio of 19 aircraft from TUI Travel. The aircraft acquired are leased back to TUI Travel for varying terms. The aircraft portfolio was financed through a $425.7 million senior debt facility and $125.6 million of subordinated debt consisting of $62.8 million from us and $62.8 million from our joint venture partner. Under certain circumstances and at certain times, if the joint venture cannot meet its obligations under the senior debt facility, and the joint venture partners do not make additional subordinated capital available to the joint venture, AerCap can be required to purchase the aircraft from the joint venture for a price equal to the outstanding senior debt facility balance plus certain expenses and taxes in connection with the purchase. We have also entered into agreements to provide management and marketing services to AerCap Partners I. We have determined that AerCap Partners I is a variable interest entity for which we are the primary beneficiary. As such, we have consolidated AerCap Partners I in our accounts.

In 2010, we entered into three 50% joint ventures with three separate joint venture partners. The three joint ventures collectively own ten aircraft, consisting of three A330 aircraft, three A320 aircraft and four CRJ aircraft (joint venture with Waha). We have determined that these three joint ventures are variable interest entities for which we are the primary beneficiary. As such, we have consolidated these three joint ventures in our accounts. In 2010, we also entered into a 40% joint venture with Waha, which owns 12 aircraft. We have determined that the 40% joint venture is a variable interest entity. AerCap further determined that it's not the primary beneficiary of the 40% joint venture and accordingly, we account for our investment in the 40% joint venture according to the equity method.

We also have an economic interest in AerCo. AerCo is a variable interest entity for which we determined that we are not the primary beneficiary and accordingly we do not consolidate AerCo in our consolidated financials statements. We have not assigned any value on our balance sheet for our investment in AerCo, because we do not expect to realize any value.

Risks and uncertainties

Aircraft and engine leasing is a capital intensive business and we have significant capital requirements. In order to meet our commitments under our forward order contracts, we will need to access committed debt facilities, secure additional financing for pre-delivery payment obligations, use our existing available cash balances, cash generated from aircraft leasing and sales, and, if necessary, the proceeds from potential capital market transactions. If we cannot meet our obligations under our forward purchase commitments, we will not recover the value of prepayments on flight equipment on our balance sheets and may be subject to other contract breach damages.

We are dependent upon the viability of the commercial aviation industry, which determines our ability to service existing and future operating leases of our aircraft and engines. Although the aviation market recovered significantly in 2010 after the 2008-09 global recession, a deterioration of economic conditions and the current increase in oil prices could cause our lessees to default under their leases with us, which could negatively impact our cash flows and results of operations. Furthermore, the value of the largest asset on our balance sheet flight equipment held for operating leases is subject to fluctuations in the values of commercial aircraft and engines worldwide. A material decrease in aircraft or engine values could have a downward effect on lease rentals and residual values and may require that the carrying value of our flight equipment be materially reduced. In addition, if we are not able to

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

1. General (Continued)

sell our existing parts and engine inventory, we may be required to reduce the carrying value of such inventory through impairment charges.

The values of trade receivables, notes receivable, intangible lease premium assets and the provision for onerous contracts are dependent upon the financial viability of related lessees, which is directly tied to the health of the commercial aviation market worldwide.

We have significant tax losses carried forward in some of our subsidiaries, which are recognized as tax assets on our balance sheet. The recoverability of these assets is dependent upon the ability of the related entities to generate a certain level of taxable income in the future. If those entities cannot generate such taxable income, we will not realize the value of those tax assets and a corresponding valuation allowance and tax charge will be required.

We periodically perform reviews of the carrying values of our aircraft and customer receivables, inventory, the recoverable value of deferred tax assets and the sufficiency of accruals and provisions, substantially all of which are sensitive to the above risks and uncertainties.

2. Summary of significant accounting policies

Basis for presentation

Our financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

We consolidate all companies in which we have a direct and indirect legal or effective control and all variable interest entities for which we are deemed the primary beneficiary under ASC 810. All intercompany balances and transactions with consolidated subsidiaries have been eliminated. The results of consolidated entities are included from the effective date of control or, in the case of variable interest entities, from the date that we are or become the primary beneficiary. The results of subsidiaries sold or otherwise deconsolidated are excluded from the date that we cease to control the subsidiary or, in the case of variable interest entities, when we cease to be the primary beneficiary.

Other investments in which we have the ability to exercise significant influence and joint ventures are accounted for under the equity method of accounting.

The consolidated financial statements are stated in United States dollars, which is our functional currency.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles ("GAAP") requires management 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 revenues and expenses during the reporting period. For us, the use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, inventory, intangibles, goodwill, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Management considers information available from professional appraisers, where possible, to support estimates, particularly with respect to flight

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

equipment. Despite management's best efforts to accurately estimate such amounts, actual results could materially differ from those estimates.

In the year ended December 31, 2009, we changed our estimates of useful lives and residual values of certain older aircraft which are designated for part-out during the next three years. The change in estimates is a result of the current market conditions that have negatively affected the useful lives and residual values for older fuel-inefficient aircraft.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with an original maturity of three months or less. A portion of our cash and cash equivalents is held by subsidiaries and access to such cash by us for group purposes is limited. The most significant cash balances to which we have limited access for group purposes are with our wholly-owned subsidiary AeroTurbine. The cash and cash equivalents are however freely usable by AeroTurbine for its operations and are not restricted as to withdrawal or usage at the respective subsidiary level.

The access to AeroTurbine's cash and cash equivalents for group purposes is limited by its revolving credit facility, which limits dividend payments to us to a maximum of $10.0 million per year. However, under limited circumstances, we are able to receive cash from AeroTurbine through the sale of assets to it at arms-length prices. These assets are typically older generation aircraft which are scheduled to be disassembled by AeroTurbine. AeroTurbine generally funds these purchases by drawing on its revolving credit facility. AeroTurbine's cash and cash equivalents were $34.7 million as of December 31, 2010.

Restricted cash

Restricted cash includes cash held by banks that is subject to withdrawal restrictions.

Trade receivables

Trade receivables represent unpaid, current lease obligations of lessees under existing lease contracts. Allowances are made for doubtful accounts where it is considered that there is a significant risk of non-recovery. The assessment of risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

Flight equipment held for operating leases, net

Flight equipment held for operating leases, including aircraft, is stated at cost less accumulated depreciation and impairment. Costs incurred in the acquisition of aircraft or related leases are included in the cost of the flight equipment and depreciated over the useful life of the equipment or term of the related lease. In instances where the purchase price includes additional consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated cost is recognized as an intangible lease premium which is amortized over the term of the related lease. The cost of improvements to flight equipment are normally expensed unless the improvement materially

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

increases the long-term value of the flight equipment or extends the useful life of the flight equipment. In instances where the increased value benefits the existing lease, such capitalized cost is depreciated over the life of the lease. Otherwise, the capitalized cost is depreciated over the remaining useful life of the aircraft. Flight equipment acquired is depreciated over the assets' useful life, based on 25 years from the date of manufacture, using the straight-line method to the estimated residual value. The current estimates for residual (salvage) values for most aircraft types are 15% of original manufacture cost. Engines purchased primarily for leasing through our AeroTurbine operations are depreciated on a straight-line basis. Current production model engines and out-of-production model engines that are expected to be leased are depreciated to a residual value of approximately 60% of cost over a period of 15 and 7 years, respectively. Engines expected to be disassembled and sold through AeroTurbine's parts business upon termination of the lease are depreciated over the remaining lease term to a residual value based on expected net part-out proceeds. The carrying value of flight equipment that is designated for part-out is transferred to the inventory pool. We discontinue the depreciation of our flight equipment when it is held as inventory. Differences between our estimates of useful lives and residual values and actual experience may result in future impairments of aircraft or engines and/or additional gains or losses upon disposal. We review residual values of aircraft and engines periodically based on our knowledge of current residual values and residual value trends to determine if they are appropriate and record adjustments as necessary.

We apply ASC 360, which addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of and requires that all long-lived assets be evaluated for impairment where circumstances indicate that the carrying amounts of such assets may not be recoverable. We normally evaluate these events and circumstances on an annual basis. However, given current market conditions the evaluation is performed on a quarterly basis. The review for recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposition. The assets are grouped at the lowest level for which identifiable cash flows are largely independent of other groups of assets. In relation to flight equipment on operating lease, the impairment assessment is performed on each individual aircraft. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired asset over its fair value.

Fair value reflects the present value of cash expected to be received from the aircraft in the future, including its expected residual value discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft, appraisal data and industry trends. Residual (salvage) value assumptions generally reflect an aircraft's booked residual, except where more recent industry information indicates a different value is appropriate. We generally focus our impairment assessment on older aircraft and engines as the cash flows supporting the carrying value of such older aircraft and engines are more dependent upon current lease contracts, which leases are more sensitive to weaknesses in the global economic environment. We review and stress test our key assumptions to reflect any observed weakness in the global economic environment. Further deterioration of the global economic environment and a further decrease of aircraft values might have

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

a negative effect on the undiscounted cash flows of older aircraft and might triggering further impairments.

Flight equipment held for sale

We classify flight equipment which is subject to an executed sales agreement or an exercised purchase option as flight equipment held for sale and cease recognizing depreciation expense on such flight equipment at the time the sale contract is signed. We carry equipment held for sale at the lower of its carrying amount or fair value less cost to sell. Subsequent changes to the asset's fair value, either increases or decreases, are recorded as adjustments to the carrying value of the flight equipment; however, any such adjustment would not result in exceeding the original carrying value of the flight equipment held for sale.

Notes receivable

Notes receivable arise primarily from (i) the restructuring and deferring of trade receivables from lessees experiencing financial difficulties and (ii) the sale of aircraft to lessees where we finance a portion of the aircraft purchase price through an interest bearing note secured by a security interest in the aircraft sold. Allowances are made for doubtful accounts where there is a significant risk of non-recovery of the note receivable. The assessment of the risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

Capitalization of interest

We capitalize interest related to progress payments made in respect of flight equipment on forward order and add such amount to prepayments on flight equipment. The amount of interest capitalized is the actual interest costs incurred on funding specific to the progress payments or the amount of interest costs which could have been avoided in the absence of such progress payments.

Investments

We may hold debt and equity interests in third parties, including interests in asset securitization vehicles. In instances where those interests are in the form of debt securities or equity securities that have readily determinable fair values, we apply the provisions of ASC 320 and designate each security as either held to maturity or available for sale securities.

We report equity investments where the fair value is not readily determinable at cost, reduced for any other than temporary impairment.

We evaluate our investments in all debt and equity instruments regularly for other than temporary impairments in their carrying value and record a write-down to estimated fair market value as appropriate.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of identifiable net assets at the dates of acquisition. Goodwill is not amortized, but is tested for impairment annually or more often when events or circumstances indicate that there may have been impairment.

Definite-lived intangible assets

We recognize intangible assets acquired in a business combination in accordance with the principles of ASC 810. The identified intangible assets are recorded at fair value on the date of acquisition. The rate of amortization of definite-lived intangible assets is calculated with reference to the period over which we expect to derive economic benefits from such assets. In instances where the purchase of flight equipment or the allocated fair value in a business combination includes consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated costs are recognized as an intangible lease premium asset and amortized on a straight-line basis over the term of the related lease as a reduction of lease revenue. Similarly, we recognize a lease deficiency liability as part of accrued expenses and other liabilities for lease contracts where the terms of the lease contract are unfavorable to market terms and amortize the liability over the term of the related lease as an addition to lease revenue. We consider lease renewals on a lease by lease basis. We generally do not assume lease renewals in the determination of the lease premiums or deficiencies given a market participant would expect the lessee to renegotiate the lease on then market terms. We evaluate all definite-lived intangible assets for impairment in accordance with ASC 360.

Intangibles assets related to customer relationships are amortized over ten years, which is the length of time that we expect to benefit from existing customer relationships. The amortization in each year is based on the anticipated sales in each year which benefit from such relationships. Our FAA certification for AeroTurbine is amortized straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate relates.

Inventory

Inventory, which consists primarily of engine and airframe parts and rotable and consumable parts, is valued at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and aircraft purchased for disassembly and bulk inventory purchases. Costs are allocated using the relationship of the cost of the engine, aircraft or bulk inventory purchase to the estimated retail sales value at the time of purchase. At the time of sale, this ratio is applied to the sales price of each individual part to determine its cost. We evaluate this ratio on a quarterly basis and if necessary we update sales estimates and make prospective adjustments to this ratio. Any inventory identified with an estimated sales value lower than the carrying value is reduced to the estimated sales value at the time of the review. Generally, inventory that is held for more than four years is considered excess inventory and its carrying value is reduced to zero.

Expenditures required for the recertification or betterment of inventory are capitalized in inventory and are expensed as the parts associated with such costs are sold.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

Derivative financial instruments

We use derivative financial instruments to manage our exposure to interest rate risks and foreign currency risks. Derivatives are accounted for in accordance with ASC 815. All derivatives are recognized on the balance sheet at their fair value. Fair value includes a consideration of the credit rating and risk attaching to the counterparty of the derivative contract. We have considered both the quantitative and qualitative factors when determining our counterparty credit risk.

When cash flow hedge accounting treatment is achieved under ASC 815, the changes in fair values related to the effective portion of the derivatives are recorded in accumulated other comprehensive income, and the ineffective portion is recognized immediately in income. Changes in fair value related to the effective portion of the derivatives are reclassified out of accumulated other comprehensive income into income for any ineffective portion of the derivative contract which is calculated at each quarter end. Amounts reflected in accumulated other comprehensive income related to the effective portion are reclassified into earnings in the same period or periods during which the hedged transactions affects earnings.

We discontinue hedge accounting prospectively when (i) we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (ii) the derivative expires or is sold, terminated, or exercised; or (iii) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we carry the derivative at its fair value on the balance sheet, recognizing changes in the fair value in current-period earnings. The remaining balance in accumulated other comprehensive income at the time we discontinue hedge accounting is not recognized in the income statement unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in earnings when earnings are affected by the hedged transaction.

When cash flow hedge accounting treatment is not achieved under ASC 815, the changes in fair values between periods are recognized as a reduction or increase of interest expense on the income statement.

Net cash received or paid under derivative contracts where material in any reporting period is classified as operating cash flow in our consolidated cash flow statements.

Deferred income taxes (assets and liabilities)

We report deferred taxes of our taxable subsidiaries resulting from the temporary differences between the book values and the tax values of assets and liabilities using the liability method. The differences are calculated at nominal value using the enacted tax rate applicable at the time the temporary difference is expected to reverse. Deferred tax assets attributable to unutilized losses carried forward or other timing differences are reduced by a valuation allowance if it is more likely than not that such losses will not be utilized to offset future taxable income.

Other assets

Other assets consist of receivables from aircraft manufacturers, prepayments, debt issuance costs, interest and other receivables and other tangible fixed assets. Other tangible fixed assets consist of

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

computer equipment, motor vehicles and office furniture and are valued at acquisition cost and depreciated at various rates between 16% to 33% per annum over the assets' useful lives using the straight-line method. We capitalize costs incurred in arranging financing as debt issuance costs. Debt issuance costs are amortized to interest expense over the term of the related financing.

Accrued maintenance liability

In all of our aircraft leases, the lessees are responsible for maintenance and repairs of our flight equipment and related expenses during the term of the lease. In some instances, we may incur maintenance and repair expenses for off-lease aircraft. We recognize leasing expenses in our income statement for all such expenditures. In many operating lease and finance lease contracts, the lessee has the obligation to make a periodic payment of supplemental maintenance rent which is calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. Up to July 2008 we did not recognize such supplemental rent received as revenue, but as an accrued maintenance liability. From July 1, 2008 forward the Company changed the estimate of the amount of maintenance rent expected to be reimbursed to lessees. The change in estimate arose from the implementation of an improved model used to forecast future maintenance reimbursements. AerCap records as revenue all maintenance rent receipts not expected to be repaid to lessees. In these leases, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft or engine, we make a payment to the lessee to compensate for the cost of the maintenance, up to the maximum of the supplemental maintenance rental payments made with respect to the lease contract. In shorter-term lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow us to directly manage the occurrence, timing and associated cost of qualifying maintenance work on the flight equipment, supplemental rents collected during the lease are recognized as lease revenue. For flight equipment subject to these shorter-term contracts, we record a charge to leasing expenses at the time maintenance work is performed on the flight equipment.

In most lease contracts not requiring the payment of supplemental rents, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is an end-of-lease compensation adjustment for the difference at redelivery. We recognize receipts of end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

In addition, we may be obligated to make additional payments to the lessee for maintenance related expenses (lessor maintenance contributions or top-ups) primarily related to usage of major life-limited components occurring prior to entering into the lease. We account for planned major maintenance activities such as lessor contributions and top-ups based on the expense as incurred method in accordance with the Airline Audit and Accounting Guide. We record a charge to leasing expenses at the time of the occurrence of a lessor contribution or top-up payment, except in instances where we have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, in which case such payments are charged against the existing accrual.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

For all of our lease contracts, any amounts of accrued maintenance liability existing at the end of a lease are released and recognized as lease revenue at lease termination. When flight equipment is sold, the portion of the accrued maintenance liability which is not specifically assigned to the buyer is released from the balance sheet and recognized as sales revenue as part of the sale of the flight equipment.

Accrual for onerous contracts

We make an accrual for onerous contracts where the undiscounted costs of performing under a contract or series of related contracts exceed the undiscounted benefits expected to be derived from such contracts. In connection with a purchase business combination, accruals are recorded at the present value of such differences.

Revenue recognition

As lessor, we lease flight equipment principally under operating leases and report rental income ratably over the life of the lease as it is earned. We account for lease agreements that include step rent clauses on a straight line basis. Lease agreements for which base rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate existing at the inception of the lease; any increases or decreases in lease payments that result from subsequent changes in the floating interest rate are contingent rentals and are recorded as increases or decreases in lease revenue in the period of the interest rate change. In certain cases, leases provide for rentals based on usage. The usage may be calculated based on hourly usage or on the number of cycles operated, depending on the lease contract. We cease revenue recognition on a lease contract when the collectability of such rentals is no longer reasonably assured. For past-due rentals which have been recognized as revenue, provisions are established on the basis of management's assessment of collectability and to the extent such rentals exceed related security deposits held, and are recorded as expenses on the income statement.

Most of our lease contracts require payment in advance. Rentals received, but unearned under these lease agreements are recorded as deferred revenue on the balance sheet.

Sales revenues originate from the sale of aircraft, engines and parts and are recognized when the delivery of the relevant asset is complete and the risk of loss has transferred to the buyer.

Revenues from direct finance leases are recognized on the interest method to produce a level yield over the life of the finance lease. Expected unguaranteed residual values of leased assets are based on our assessment of residual values and independent appraisals of the values of leased assets remaining at expiration of the lease terms.

Revenue from secured loans, notes receivables and other interest bearing instruments is recognized on an effective yield basis as interest accrues under the associated contracts. Revenue from lease management fees is recognized as income as it accrues over the life of the contract. Revenue from the receipt of lease termination penalties is recorded at the time cash is received or when the lease is terminated, if collection is reasonably assured. Other revenue includes any net gains we generate from the sale of aircraft related investments, such as our subordinated interests in securitization vehicles and

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

2. Summary of significant accounting policies (Continued)

notes, warrants or convertible securities issued by our lessees, which we receive from lessees as compensation for amounts owed to us in connection with lease restructurings.

Share-based compensation

We account for share-based compensation in accordance with ASC 718. Accordingly, we recognize compensation expense when it becomes probable that participants in share-based incentive plans, who hold direct or indirect equity interests in our shares or options to acquire such shares, will be able to achieve fair value. The amount of such expense is determined by reference to the fair value of the share or share option on the date of grant. The timing of expense recognition is determined with reference to the timing of lapsing of restrictions on restricted shares and vesting on share options, including the lapsing of repurchase rights which allow other parties to repurchase participants' shares at less than fair market value.

Foreign currencies

Foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at the time the transaction took place or at the rates of exchange under related forward contracts where such contracts exist. Subsequent receivables or payables resulting from such foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at each balance sheet date. All resulting exchange gains and losses are taken to the income statement under selling, general and administrative expenses.

Variable interest entities

We account for investments in variable interest entities in accordance with ASC 810, *Consolidation*.

Earnings Per Share

Earnings per share is presented in accordance with ASC 260 which requires the presentation of "basic" earnings per share and "diluted" earnings per share. Basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. For the purposes of calculating diluted earnings per share, the denominator includes both the weighted average number of shares of common stock outstanding during the period and the weighted average number of potentially dilutive common stock, such as stock options.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

3. Restricted cash

Restricted cash consists of the following at December 31:

	2009	2010
Cash securing our obligations under ECA-guaranteed financings	$ 7,581	$ 37,883
Cash securing our obligations under ALS I debt	38,861	39,770
Cash securing our obligations under ALS II debt	11,925	13,982
Cash securing our obligations under UBS revolving credit facility debt	44,447	56,594
Cash securing our obligations under Genesis Funding Limited ("GFL") securitization debt		18,526
Cash securing our obligations under TUI portfolio acquisition facility debt	10,692	11,608
Cash securing our obligations under other debt	10,095	47,745
Cash securing our obligations under the LILO head leases (Note 15) and cash securing the guarantee of lease obligations/indebtedness of a LILO sublessee (Note 13)	6,837	6,837
Cash securing our obligations under derivative instruments	5,880	(12,560)
Other	4,428	2,079
	$ 140,746	**$ 222,464**

The cash securing our obligations under all our debt facilities is restricted and can only be used to pay for operating expenses incurred by the respective financing vehicle and to pay for interest and debt amortization of the respective debt. The majority of the restricted cash represents collections of these structures in the previous period, which will be paid as interest and debt amortization at the next payment date. The cash securing our rights and obligations under derivative instruments relates to interest rate caps and swaps for which we had to pay cash into restricted cash accounts for the benefit of our counterparties or for which we received cash into restricted cash accounts from our counterparties for our benefit.

4. Trade receivables, net of provisions

Trade receivables consist of the following at December 31:

	2009	2010
Trade receivables	$ 51,462	$ 51,661
Allowance for doubtful accounts	(3,392)	(2,606)
	$ 48,070	**$ 49,055**

Trade receivables include amounts invoiced to lessees in respect of lease rentals and maintenance reserves. As of December 31, 2010, we did not have any trades receivables recorded in relation to lessee defaults.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

4. Trade receivables, net of provisions (Continued)

The change in the allowance for doubtful trade receivable is set forth below:

	Year ended December 31,		
	2008	2009	2010
Provision at beginning of period	$ 4,088	$ 11,983	$ 3,392
Expense for doubtful accounts receivable	3,746	963	1,167
Other(a)	4,149	(9,554)	(1,953)
Provision at the end of period	**$ 11,983**	**$ 3,392**	**$ 2,606**

(a) Other includes direct write offs and cash accounting for certain trade receivables.

5. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the periods presented were as follows:

	Year ended December 31,		
	2008	2009	2010
Net book value at beginning of period	$ 3,050,160	$ 3,989,629	$ 5,230,437
Fair value of flight equipment acquired in acquisitions			1,337,412
Additions	1,445,321	1,649,520	2,531,719
Depreciation	(164,249)	(215,574)	(329,639)
Impairment (Note 22)	(7,278)	(32,378)	(11,764)
Disposals	(319,793)	(119,349)	(646,841)
Transfers to direct finance leases/flight equipment held for sale	3,480		(3,550)
Transfer to inventory	(14,867)	(41,411)	(46,514)
Other(a)	(3,145)		
Net book value at end of period	**$ 3,989,629**	**$ 5,230,437**	**$ 8,061,260**
Accumulated depreciation/impairment at December 31, 2008, 2009 and 2010	$ (361,676)	$ (542,309)	$ (856,894)

(a) As discussed further in Note 15, we settled onerous contract accruals at a discount of $3,145 in 2008. This discount was applied to reduce the net book value of the related aircraft.

At December 31, 2010 we owned 271 aircraft and 95 engines, which we leased under operating leases to 118 lessees in 50 countries. The geographic concentrations of leasing revenues are set out in Note 19.

Prepayments on flight equipment (including related capitalized interest) of $140,414, $375,690 and $468,933 have been applied against the purchase of aircraft during the years ended December 31, 2008, 2009 and 2010, respectively.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

5. Flight equipment held for operating leases, net (Continued)

The following table indicates our contractual commitments for the prepayment and purchase of flight equipment in the periods indicated as of December 31, 2010:

	2011	2012	2013	Thereafter
Capital expenditures	$ 597,603	$ 461,023	$ 135,610	$ 284,530
Pre-delivery payments	43,531	34,227	56,125	106,593
	$ 641,134	**$ 495,250**	**$ 191,735**	**$ 391,123**

Our current operating lease agreements expire over the next twelve years. The contracted minimum future lease payments receivable from lessees for equipment on non-cancelable operating leases at December 31, 2010 are as follows:

	Contracted minimum future lease receivables
2011	$ 933,787
2012	869,610
2013	764,556
2014	623,906
2015	509,374
Thereafter	1,497,443
	$ 5,198,676

The titles to certain aircraft leased in the United States are held by a U.S. trust company as required by U.S. law. We are the beneficial owner of these aircraft and the aircraft are recorded under flight equipment held for operating lease on the consolidated balance sheets. The trust company is administered by a bank. The aircraft are segregated from the bank's assets and will not be considered part of the bank's bankruptcy estate in the event of a trustee bankruptcy.

6. Notes receivable

Notes receivable consist of the following at December 31:

	2009	2010
Secured notes receivable	$ 5,763	$ 5,114
Notes receivable in defeasance structures	130,663	
Notes receivable from lessee restructurings	2,062	10,383
	$ 138,488	**$ 15,497**

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

6. Notes receivable (Continued)

The minimum future receipts under notes receivable at December 31, 2010 are as follows:

	Minimum future notes receivable
2011	$ 10,545
2012	4,041
2013	911
2014	
2015	
Thereafter	
	$ 15,497

7. Prepayments on flight equipment

In 2005, we signed a letter of intent with Airbus for the forward purchase of 70 aircraft, including five aircraft subject to reconfirmation rights. ("2005 Forward Order"). During 2008 and the first two months of 2009, we notified Airbus that we would not take delivery of the five aircraft subject to reconfirmation rights. In 2009 four additional aircraft were added to the forward order. As of December 31, 2010, 50 aircraft had been delivered and 12 aircraft were sold. The remaining seven A320 aircraft to be delivered as of December 31, 2010, are scheduled to be delivered between 2011 through 2013.

In December 2006, we placed an order with Airbus to acquire 20 new A330-200 wide-body aircraft ("A330 Forward Order"). In May 2007, we added an additional ten A330-200 aircraft to this order. In 2008 two A330 aircraft were delivered of which one was subsequently sold. In 2009 nine A330 aircraft were delivered and two additional A330 aircraft were added to the forward order. In 2010 nine A330 aircraft were delivered of which four were subsequently sold. As of December 31, 2010, 20 aircraft had been delivered, of which five aircraft were sold and 12 aircraft remained to be delivered pursuant to the agreement. The remaining 12 aircraft are scheduled to be delivered between 2011 through 2012.

In 2010, we signed an agreement with Boeing covering the purchase of up to 15 Boeing 737-800 aircraft, consisting of ten firm aircraft delivering in 2015 and five purchase rights.

In connection with the current forward order contracts, we are required to make scheduled prepayments toward these future deliveries (Note 5). A total amount of interest of $13,582, $23,001 and $7,978 was capitalized with respect to these payments for the years ended December 31, 2008, 2009 and 2010, respectively.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

7. Prepayments on flight equipment (Continued)

Following is a summary of the movements in prepayments on flight equipment during the years ended December 31, 2008, 2009 and 2010:

	Year ended December 31,		
	2008	**2009**	**2010**
Net book value at beginning of period	$ 247,839	$ 448,945	$ 527,666
Prepayments made	327,938	431,410	132,706
Prepayments applied against the purchase of flight equipment	(140,414)	(375,690)	(468,933)
Interest capitalized	13,582	23,001	7,978
Net book value at end of period	**$ 448,945**	**$ 527,666**	**$ 199,417**

8. Investments

Investments consist of the following at December 31:

	2009	**2010**
25% equity investment in unconsolidated joint venture (AerDragon)	$ 19,986	$ 30,332
40% equity investment in unconsolidated joint venture (AerLift)		41,662
43% equity investment in unconsolidated joint venture (AerData)	1,045	991
	$ 21,031	**$ 72,985**

Our equity investment in our unconsolidated joint ventures, AerDragon, AerLift and AerData, are accounted for under the equity method.

In 2007, we sold two aircraft to our joint venture AerDragon. The gain relating to the sale of these aircraft has been credited to the investment in AerDragon in 2007. In 2008 and 2010, we invested an additional $10,000 and $7,500 in equity, respectively, in our joint venture AerDragon. As of December 31, 2010 we still hold a 25% equity investment.

The 40% joint venture, AerLift, was acquired through the Waha Transaction.

9. Intangible assets

The following table presents details of amortizable intangible assets and related accumulated amortization:

	As of December 31, 2009			
	Gross	**Accumulated amortization**	**Other**	**Net**
Lease premiums	$ 96,347	$ (50,854)	$ (29,064)(a)	$ 16,429
Customer relationships parts	19,800	(6,829)		12,971
Customer relationships engines	3,600	(2,431)		1,169
FAA certificate at AeroTurbine	1,100	(270)		830
Non-compete agreement	1,100	(1,100)		
Net book value at end of period	**$ 121,947**	**$ (61,484)**	**$ (29,064)**	**$ 31,399**

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

9. Intangible assets (Continued)

	As of December 31, 2010			
	Gross	Accumulated amortization	Other	Net
Lease premiums	$ 148,328	$ (73,039)	$ (29,064)(a)	$ 46,225
Customer relationships parts	19,800	(9,229)		10,571
Customer relationships engines	3,600	(2,516)		1,084
FAA certificate at AeroTurbine	1,100	(343)		757
Non-compete agreement	1,100	(1,100)		
Net book value at end of period	**$ 173,928**	**$ (86,227)**	**$ (29,064)**	**$ 58,637**

(a) Reduction in the year ended December 31, 2006 of $17,431 and $5,386 inclusive of deferred tax effect determined through the iterative calculation due to elimination of valuation allowances in Ireland and the U.S., respectively existing at the date of the 2005 Acquisition.

The following table presents the changes to amortizable intangible assets during the periods indicated:

	Year ending December 31,	
	2009	2010
Net carrying value at beginning of period	$ 47,099	$ 31,399
Fair value of intangibles acquired in acquisitions		42,975
Purchases of intangible lease premiums		9,006
Amortization	(15,700)	(22,070)
Impairment		(2,673)
Net carrying value at end of period	**$ 31,399**	**$ 58,637**

Future amortization of the intangible assets over the terms of their useful lives is as follows:

	Amortization of intangible assets
2011	$ 17,906
2012	14,661
2013	11,252
2014	8,282
2015	5,118
Thereafter	1,418
	58,637

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

9. Intangible assets (Continued)

The remaining weighted average amortization period for the amortizable intangible assets is 49 months. Please refer to Note 22 for the impairment analysis of intangible assets.

We recognized goodwill of $38,199 in the acquisition of AeroTurbine on April 26, 2006 ("AeroTurbine Acquisition"). As a result of the AeroTurbine Acquisition, we reduced goodwill by $31,423 in connection with the reduction of a valuation allowance against our US tax assets.

Goodwill is tested for impairment on an annual basis, and more frequently if indicators of potential impairment exist, such as a decline in company's stock price, using a fair-value based approach. The valuation for impairment is generally based on valuation models that incorporate internal projections of expected future cash flows and operating plans. The annual impairment tests are performed as of December 31.

ASC 350 requires that the impairment test be performed through the application of a two-step fair value test. The first step of the test compares the book value of our reporting unit, to its estimated fair value at the respective test dates. The estimated fair values of the reporting unit is computed using the present value of estimated future cash flows. If fair value is less than carrying value, a second step must be performed to quantify the amount of the impairment, if any. The second step of the impairment test compares the fair value of these assets to their book values. The implied fair value of goodwill is calculated as the excess of the estimated fair value of the reporting unit being tested over the fair value of the tangible assets and liabilities as well as existing recorded and unrecorded identifiable intangible assets. The estimated implied fair value of goodwill is compared to its respective carrying value and any excess carrying value is recorded as an impairment charge.

AeroTurbine was tested for impairment due to adverse conditions in the aviation industry. Based on our outlook, the fair value of the AeroTurbine, as determined using the estimated present value of future cash flows, supported the recorded goodwill of $6,776.

10. Inventory

Following are the major classes of inventory at December 31,

	2009	2010
Engine and airframe parts	$ 100,215	$ 119,440
Work-in-process	2,323	1,645
	$ 102,538	**$ 121,085**

11. Derivative assets and liabilities

We use a variety of derivative instruments to manage exposure to interest rate and foreign currency risk. These derivative products can include interest rate caps, floors, options and forward contracts.

As of December 31, 2010, we had interest rate swaps, caps and floors and several foreign currency forward contracts with combined notional amounts of $4.2 billion and a combined fair value of

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

11. Derivative assets and liabilities (Continued)

$0.6 million. The variable benchmark interest rates associated with these instruments ranged from one to six-month LIBOR.

We have not applied hedge accounting under ASC 815 to any of the above mentioned caps and floors and to two interest rate swaps, which we acquired through the Genesis Transaction. The change in fair value of these derivatives, therefore, is recorded in the income statement as an increase/(decrease) in interest expense as specified below:

	Year ended December 31,		
	2008	2009	2010
Change in fair value of interest rate caps and floors	$ (58,153)	$ 23,692	$ (27,720)
Change in fair value of interest rate swaps acquired in Genesis Transaction			22,947
	$ (58,153)	**$ 23,692**	**$ (4,773)**

As of December 31,2010 we have two interest rate swaps for which we achieved cash flow hedge accounting treatment. The two interest rate swaps had a positive fair value of $5,720 as of December 31, 2010. The change in fair value related to the effective portion of these two interest rate swaps is recorded, net of tax, in accumulated other comprehensive income.

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. Cash under such arrangements is included in restricted cash (Note 3).

The maximum time period for which we hedge our exposure to forecasted transaction cash flows is 12 years, excluding the variability related to the payment of interest on floating rate debt obligations.

12. Other assets

Other assets consist of the following at December 31:

	2009	2010
Debt issuance costs	$ 114,910	$ 152,001
Other tangible fixed assets	11,242	9,634
Receivables from aircraft manufacturer	22,250	18,281
Prepaid expenses	7,532	5,539
Other receivables	24,303	23,686
	$ 180,237	**$ 209,141**

The increase in debt issuance costs is mainly caused by the delivery of aircraft, and associated debt funding during the year ended December 31, 2010.

Amortization of debt issuance costs was $16,239, $16,364 and $26,410 for the years ended December 31, 2008, 2009 and 2010 respectively. The unamortized debt issuance costs at December 31, 2010 amortize annually from 2011 through 2038.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

13. Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following at December 31:

	2009	2010
Guarantee liability	$ 2,342	$ 1,251
Accrued expenses	52,265	73,691
Accrued interest	9,515	24,137
Lease deficiency	13,009	22,310
Deposits under forward sale agreements	3,268	
	$ 80,399	**$ 121,389**

Guarantee liability In 1996, we terminated lease agreements with two head lessors covering 12 A320 aircraft under which we were obligated as head-lessee. In connection with this early termination, we assigned our rights as sublessor under sublease agreements covering the 12 aircraft to the respective head lessors.

In addition to the sublease assignments, we also issued guarantees to the head lessors covering the sublessee's obligations to the head lessors under the assigned subleases. We would be required to make payments under the guarantees if the sublessee were to default under the lease agreements with the head lessors. At December 31, 2010, the maximum amount which we could be required to pay is estimated at $6,837 and the fair value of the guaranteed liability is $1,251 as of December 31, 2010. The subleases and our obligations under the guarantees expire between the years 2011 and 2013. As referenced in Note 3, our potential obligations under the guarantees are secured by cash held in restricted bank accounts. This restricted cash is released back to us according to a set schedule as the sublessee fulfills its obligations under the leases.

We have recognized a liability equal to the estimated fair value of the guarantee since the time we became obligated for the guarantee as a result of a previous company acquisition. At the date of the 2005 Acquisition, we adjusted the fair value of the guarantee obligation in connection with the purchase accounting.

Lease deficiency Lease deficiency represents lease rates for current lease contracts which are below current market rentals for the applicable aircraft at the time of purchase. The lease deficiency amortizes over the remaining term of the related lease agreements as a non-cash increase in lease revenue. The remaining weighted average amortization period for the lease deficiency is 110 months.

Deposits under forward sale agreements In 2007, we entered into an amendment under its Airbus contract pursuant to which delivery positions for seven aircraft under the contract were effectively transferred to a third party buyer. Because retention of the total economic benefit of the transaction to us is subject to performance criteria by us and the third party buyer and subject to ultimate delivery of the aircraft to the third-party buyer, sales recognition has been deferred until delivery of each aircraft. Under the contract, we will receive some payments that will ultimately be re-paid and some payments which we will permanently retain. Amounts collected by us which will be re-paid are recognized as deposits under forward sales agreements and recognized as sales revenue upon delivery. As of December 31, 2010 all aircraft were delivered to the third-party buyer.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt

Debt consists of the following as of December 31:

	2009	2010(1)	Weighted average interest rate December 31, 2010(2)	Maturity
ECA-guaranteed financings	$ 1,215,862	$ 1,577,325	2.46%	2022
ALS I debt	973,513	806,574	0.53%	2032
ALS II debt	634,059	803,852	2.11%	2038
UBS revolving credit facility	343,196	591,676	2.02%	2014
GFL securitization debt		627,704	0.50%	2032
TUI portfolio acquisition facility	370,383	313,223	1.94%	2015
AT revolving credit facility	311,497	291,628	2.26%	2014
Subordinated debt joint ventures partners(3)	63,317	87,568	19.52%	2022
Other debt	934,837	1,466,613	3.78%	2022
	$ 4,846,664	**$ 6,566,163**		

(1) As of December 31, 2010, we remain in compliance with the respective financial covenants across the Company's various debt obligations.

(2) The weighted average interest rate in the table above excludes the impact of derivative instruments, interest rate caps and interest rate swaps, which we hold to hedge our exposure to interest rates.

(3) Subordinated debt issued to two of our joint venture partners in 2008 and 2010.

Aggregate maturities of debt and capital lease obligations (included in other debt) during the next five years and thereafter are as follows:

	Debt maturing
2011	$ 735,148
2012	790,757
2013	716,646
2014	1,096,527
2015	1,276,896
Thereafter	1,950,189
	$ 6,566,163

ECA-guaranteed financings A320 aircraft In April 2003, we entered into an $840.0 million export credit facility ("ECA Facility") for the financing of up to 20 A320 Airbus Family aircraft up to December 31, 2005. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. In January 2006, the ECA Facility was amended and extended to cover an additional nine aircraft and its size increased to a maximum of $1.2 billion. In November 2008, the export credit facility was further amended to cover an additional one

aircraft and the maximum amount

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

of the facility remained unchanged. The terms of the lending commitment in the ECA Facility are such that the ECA only approve funding for aircraft that are due for delivery on a six-month rolling basis and have no obligation to fund deliveries beyond that time frame. The margin over three-month LIBOR ranges from 0.12% to 0.90%. We are obligated to repay principal on ECA loans over a ten or 12-year term. The ECA Facility contains certain net worth financial covenants, a breach of which would cause us to lose some of our operational flexibility under our leases, such as a requirement to grant pledges over certain bank accounts to the respective lenders. In addition, all loans under the ECA Facility contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control.

The security structures of the ECA-guaranteed debt require that legal title to the aircraft be transferred to and held by a special purpose company controlled by the lenders. We have entered into head lease agreements on the subject aircraft which transfer the risk and rewards of ownership of the aircraft to us. Aircraft subject to these structures are recorded as flight equipment held for operating lease on our balance sheets. The obligations outstanding under the ECA financings are secured by a pledge of our shares to the lenders which hold legal title to the aircraft financed under the respective financing. The obligations of each of our aircraft-owning subsidiaries under the ECA Facility are guaranteed by us.

ECA-guaranteed financings 2008 Airbus A330 and A320 family aircraft In December 2008, we entered into a $1.4 billion export credit facility for the financing of up to 15 Airbus A330 aircraft. From time to time since 2008, the export credit facility has been further amended to cover certain additional Airbus A330 and A320 family aircraft and an ECA capital markets transaction in relation to three A330 aircraft. The maximum size of the facility was increased to $1.6 billion.

Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. The margin over three-month LIBOR ranges from 0.35% to 1.40%, and a significant tranche of this ECA debt has been fixed at a weighted average rate of 3.62%. The interest rates for the remaining loans will be agreed on a rolling basis. We are obligated to repay principal on ECA loans over a ten or 12-year term. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2008 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control.

The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We will enter into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by us.

ECA-guaranteed financings 2009 A320 aircraft In March 2009, we entered into a $846.0 million export credit facility for the financing of up to 20 Airbus A320 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. The interest rate for the aircraft financed as of December 31, 2010, is fixed and floating, with the fixed rate tranche bearing a

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

weighted average interest cost of 4.23%, and the floating rate tranche bearing an average margin of 1.11% over three month USD LIBOR. We are obligated to repay principal on ECA loans over a ten or 12-year term. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2009 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control.

The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We will enter into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by us.

As of December 31, 2010, five A320 family aircraft under this facility have been delivered from the manufacturer. Following the redemption of shares issued by AerVenture such that AerCap AerVenture Holding NV became the 100% owner of the issued share capital in AerVenture, this facility will no longer be utilized. Only the Export Credit 2008 facility will be available for the financing of future contracted Airbus deliveries subject to customary ECA conditions.

At December 31, 2010, we had financed 41 aircraft under ECA-guaranteed financings. The net book value of aircraft pledged to the ECA was $1.8 billion at December 31, 2010.

ALS I debt Aircraft Lease Securitisation Limited ("ALS I") is a special purpose company incorporated with limited liability in Jersey, Channel Islands, on August 10, 2005. The share capital of ALS I is owned 95.1% by Jersey charitable trusts and 4.9% by AerCap Ireland and is a consolidated subsidiary. ALS I was formed for the purpose of raising securitized debt financing on 42 of our aircraft which were not then subject to other secured financings. On May 8, 2007, we completed a refinancing of ALS I with the issuance of $1.7 billion of securitized notes in one class of AAA-rated class G-3 floating rate notes. The proceeds from the refinancing were used to redeem all outstanding ALS I debt, other than the most junior class of notes, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing ALS I's aircraft portfolio size to 70 aircraft. As a result of the refinancing, in 2007, we recorded additional interest expense of $27.4 million related to the write-off of unamortized debt issuance costs. Following a number of aircraft sales, there are 57 aircraft in the ALS I portfolio as of December 31, 2010.

The primary source of payments on the notes is lease payments on the aircraft owned by the subsidiaries of ALS I. We retained the most junior class of notes in the securitization, as a result of which we still consolidate ALS I's results in our financial statements. The net book value of the remaining 57 aircraft pledged as collateral for the securitization debt was $1.2 billion at December 31, 2010.

ALS I is bankruptcy-remote from us and the lenders to ALS I may only look to proceeds derived from the 57 ALS I aircraft for repayment. The indenture agreement, which governs the securitized notes, require that ALS I hold a designated amount of cash aside in restricted accounts for future cash

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14. Debt (Continued)

flow requirements of ALS I. All cash held by ALS I is recorded as restricted cash on our balance sheets. The indenture also requires ALS I to comply with a number of general and operating covenants including, but not limited to the following:

limitations on aircraft modifications, acquisition and disposals,

limitation on transactions with us and our affiliates,

maintenance of separate existence

compliance with concentration limits with regard to financial strength, regional location and specific country of lessees.

ALS II debt On June 26, 2008, we completed a securitization in which Aircraft Lease Securitisation II Limited ("ALS II") issued securitized class A-1 notes and class A-2 notes, rated A+ by Standard & Poor's and A1 by Moody's. At closing in June 2008, the class A-1 notes each had an outstanding principal balance of zero, and were issued to commitment holders. The commitment holders committed to advance funds, subject to certain conditions, up to an aggregate amount of $1.0 billion in connection with the purchase of aircraft by ALS II.

The principal balance of the class A-1 notes increased in an amount equal to the amount advanced by each commitment holder. Funded class A-1 notes may be exchanged for class A-2 notes subject to certain conditions. The class A-1 notes are ranked pari passu with the class A-2 notes.

The advances made by the commitment holders were applied to purchase 30 aircraft from AerVenture Leasing 1 Limited, a subsidiary of AerVenture Limited (our consolidated joint venture). All 30 aircraft have been delivered to the transaction and the 30th aircraft was delivered in May 2010. The 30 aircraft are among the 70 aircraft being delivered by Airbus to AerVenture Limited between 2007 and 2011. The primary source of payments on the notes will be lease payments on the aircraft owned by subsidiaries of ALS II. The final maturity date of the notes will be June 26, 2038.

The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of ALS II as well as by ALS II's subsidiaries' interests in leases of the aircraft they own, by cash held by or for them and by their rights under agreements with the service providers. Rentals and reserves paid under leases of the ALS II aircraft are placed in a collection account and paid out according to a priority of payments.

At December 31, 2010 30 aircraft were financed in ALS II. The net book value of 30 aircraft pledged as collateral for the securitization debt was $1.1 billion at December 31, 2010.

UBS revolving credit facility AerFunding 1 Limited ("AerFunding") is a special purpose company incorporated with limited liability in Bermuda. The share capital of AerFunding is owned 95% by a charitable trust and 5% by AerCap Ireland; AerFunding is a consolidated subsidiary. AerFunding was formed for the purpose of acquiring used aircraft assets which we acquire in the market. AerFunding entered into a non recourse senior secured revolving credit facility during 2006 in the aggregate amount of up to $1.0 billion with a syndicate of financial institutions led by UBS.

On June 10, 2010, the facility was amended and the revolving loans under the UBS revolving credit facility, which are divided into two classes, were amended. The maximum advance limit on

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14. Debt (Continued)

class A loans was amended to $705.5 million from $830.0 million and the maximum advance limit on class B loans was amended to $144.5 million from $170.0 million. The borrowing period during which new advances may be made under the facility will expire on May 9, 2011.

In addition to borrowings under the revolving credit facilities, AerFunding has also issued subordinated notes to us at each aircraft purchase. Borrowings under the revolving credit facility can be used to finance between 66% and 79% of the appraised value of the acquired aircraft or, in the case of Boeing 737NG and Airbus A320 family aircraft, between 74% and 80% of the lower of the purchase price and the appraised value of the acquired aircraft. In addition, value enhancing expenditures and required liquidity reserves are also funded by the lenders. All borrowings under the revolving credit facility are subject to the satisfaction of customary conditions and restrictions on the purchase of aircraft that would result in our portfolio becoming too highly concentrated, with regard to both aircraft type and geographical location. Borrowings under the revolving credit facility are secured by, among other things, security interests in and pledges or assignments of equity ownership and beneficial interests in all of the subsidiaries of AerFunding, as well as by AerFunding's interests in the leases of its assets. Creditors of AerFunding may only look to the assets of AerFunding and its subsidiaries for repayment the obligations of AerFunding 1 Limited are non-recourse to us.

The UBS revolving credit facility includes general and operating covenants that restrict additional indebtedness in the AerFunding subsidiaries owning the related aircraft, the payment of dividends and other limitations which are customary for such credit facilities.

At December 31, 2010, we had financed 21 aircraft under the UBS revolving credit facility. The net book value of aircraft pledged to lenders under the credit facility was $747.8 million at December 31, 2010.

Genesis securitization debt On December 19, 2006, Genesis Funding Limited, or GFL, completed a securitization and issued a single class of AAA-rated G-1 floating rate notes. The proceeds of the transaction were used by GFL to finance the acquisition of a portfolio of 41 aircraft. Following a number of sales, there are 38 aircraft in the GFL portfolio as of December 31, 2010. The primary source of payments on the notes is the lease payments on the aircraft owned by the subsidiaries of GFL. The notes have the benefit of a financial guaranty insurance policy issued by Financial Guaranty Insurance Company, or FGIC, which has issued a financial guaranty insurance policy to support the payment of interest when due on the notes and the payment of the outstanding principal balance of the notes on the final maturity date of the notes and, under certain other circumstances, prior thereto.

The notes initially were rated Aaa and AAA by Moody's Investors Service, Inc., or Moody's, and Standard & Poor's Rating Services or S&P, respectively. This rating was based on FGIC's rating. FGIC has suffered significant downgrades of its ratings since the issuance of the notes and is currently unrated by Moody's and S&P. As a result, Moody's and S&P have published stand-alone ratings of the G-1 notes of A3 and A-, respectively.

Credit Agricole provide a liquidity facility in the amount of $60.0 million, which may be drawn upon to pay expenses of GFL and its subsidiaries, senior hedge payments and interest on the notes. The final maturity date of the notes is December 22, 2032.

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14. Debt (Continued)

Interest on the notes are due and payable on a monthly basis. Scheduled monthly principal payments on the notes commenced in December 2009 and, subject to satisfying certain debt service coverage ratios and other covenants, will continue until December 2011. After December 19, 2011, all revenues collected during each monthly period will be applied to repay the outstanding principal balance of the notes, after the payment of certain expenses and other liabilities, including the fees of the service providers (including GECAS as servicer and us in our role as manager), the liquidity facility provider and the policy provider, interest on the notes and interest rate swap payments, all in accordance with the priority of payments set forth in the indenture

GFL may voluntarily redeem the new notes for a redemption price of the notes equal to the outstanding principal balance of the notes. In addition, GFL must pay any accrued but unpaid interest on the notes and any premium due to FGIC upon redemption of the notes. GFL may redeem the notes in whole or in part, provided that if a default notice has been given under the trust indenture or the maturity of any notes has been accelerated then GFL may only redeem the notes in whole.

The notes are secured by first priority, perfected security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of GFL, their interests in the leases of the aircraft they own, cash held by or for them and by their rights under agreements with GECAS, the initial liquidity facility provider, hedge counterparties and the policy provider. The notes are also secured by a lien or similar interest in any of the aircraft in the portfolio that are registered in the United States or Ireland.

At December 31, 2010 39 aircraft were financed in the GFL securitization. The net book value of 39 aircraft pledged as collateral for the securitization debt was $902.4 million at December 31, 2010.

TUI portfolio acquisition facility In June 2008, AerCap Partners I Holding Limited, or AerCap Partners I, a 50% joint venture established between us and Deucalion Aviation Funds, entered into a sale and leaseback transaction pursuant to which it agreed to purchase 11 Boeing 737-800, six Boeing 757-200 and two Boeing 767-300 aircraft from the TUI Travel Group, or TUI, and lease the aircraft back to TUI. To finance the purchase of the 19 aircraft, a subsidiary of AerCap Partners I entered into a senior facility in an amount of up to $448.6 million with Crédit Agricole, KfW IPEX-Bank GmbH, Deutsche Bank AG London Branch and HSH Nordbank AG which was arranged by Crédit Agricole and KfW IPEX-Bank GmbH. The senior facility is divided into two tranches, the first being used to finance the purchase of the 11 Boeing 737-800 aircraft and the second to finance the purchase of the other eight aircraft. AerCap Partners I must repay the lenders for the amounts drawn on the senior facility in monthly installments starting on July 1, 2008 and the first day of each month thereafter (each a repayment date). The principal amount outstanding under the loan in relation to the first tranche must be repaid in full on April 1, 2015 and the principal amount outstanding under the loan in relation to the second tranche on April 1, 2012. The aggregate principal amount of the loans outstanding under the senior facility as of December 31, 2010 was $313.2 million. Following drawdown of the amounts in relation to the 19 aircraft, the remaining commitment under the facility was cancelled subsequent to June 30, 2008.

Borrowings under the first tranche of the senior facility bear interest at a floating interest rate of one month LIBOR plus a margin of 1.575% until April 1, 2013 and a margin of 1.75% thereafter. Borrowings under the second tranche of the senior facility bear interest at a floating interest rate of

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

one month LIBOR plus a margin of 2.00%. Interest under the senior facility is payable monthly in arrears on each repayment date. Borrowings under the AerCap Partners I facilities may be prepaid without penalty, except for break funding costs if payment is made on a day other than a repayment date. The maturity date of the senior facility will be, in respect of the first tranche, April 1, 2015, and, in respect of the second tranche, April 1, 2012. If AerCap Partners I is the owner of the aircraft on the relevant put option date relating to one of the 19 aircraft (April 1, 2015 in respect of the Boeing 737-800 aircraft and April 1, 2012 in respect of each other aircraft) and amounts under the facility remain outstanding with respect to that aircraft on that put option date, Crédit Agricole can require AerCap Holdings N.V. (i) to purchase that aircraft, (ii) to purchase that aircraft and the shares of the relevant lessor of that aircraft or (iii) to purchase the beneficial interest that AerCap Partners I has in that aircraft. Crédit Agricole can, subject to certain provisions including cure rights of Deucalion Aviation Funds, also exercise the put option on an AerCap Holdings N.V. insolvency event.

Borrowings under the senior facility are secured by, among other things, charges over the shares in AerCap Partners I, AerCap Partners I Holding Limited and Lantana Aircraft Leasing Limited, charges over various bank accounts, mortgages over the financed aircraft and security assignments of, inter alia, the lease agreements and letters of credit provided to AerCap Partners I by Royal Bank of Scotland plc. The senior facility contains customary covenants for secured financings through special purpose companies. AerCap Partners I is also subject to covenants included in the senior facility (a) to provide loan-to-value ratio appraisals to the agent on agreed dates and (b) that the ratio of tranche 1 aircraft to all financed aircraft must be at least 43%. The net book value of 17 aircraft pledged to lenders under the credit facility was $432.1 million at December 31, 2010.

AT revolving credit facility In connection with the prepayment, in part, of the existing senior and subordinated debt with Crédit Agricole with the proceeds of our initial public offering, we amended and restated our AeroTurbine credit facilities and increased the capacity under the revolving loan facility to $220.0 million. On December 19, 2007, the facility size was increased to $328.0 million including the addition of a letter of credit facility in the amount of $10.0 million (which amount is included in the total commitment of $328.0 million). On December 16, 2010, AeroTurbine entered into a third amended and restated senior credit agreement with Crédit Agricole and certain other financial institutions identified therein. Pursuant to this agreement, the total commitment of the credit facility under the second amended senior credit agreement increased from $328.0 million to $425.0 million. The maturity date for Crédit Agricole and a majority of lenders in the facility was extended from December 19, 2012 to December 19, 2014. Borrowings under the revolving loan facility are secured by security interests in and pledges or assignments of all the shares and other ownership interests in AeroTurbine and its subsidiaries, as well as by all assets of AeroTurbine and its subsidiaries. The revolving loan facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of AeroTurbine to incur additional indebtedness; create liens on assets, including assets financed with proceeds from the revolving loan facility; make advances, loans, extensions of credit, guarantees, capital contributions or other investments; engage in mergers or consolidations; engage in certain sale-leaseback transactions; change the business conducted by AeroTurbine and its subsidiaries; and make certain capital expenditures. Additionally, the revolving loan facility includes a restriction in AeroTurbine's ability to declare or pay dividends or other asset distributions to other group companies above a certain defined threshold. All of AeroTurbine's tangible

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

14. Debt (Continued)

assets of approximately $594.7 million at December 31, 2010 are pledged to lenders under the loan facility.

Other debt We have entered into various other commercial bank financings to fund the purchase of individual or small groups of aircraft and for general corporate purposes in respect of which the aggregate principal outstanding as of December 31, 2010 was $1.5 billion. These financings include:

	Amount outstanding at December 31, 2010 (US dollars in thousands)
Pre-delivery payment facilities	$ 117,811
Secured aircraft portfolio transactions	307,452
Secured aircraft financings	724,014
Facilities for general corporate purposes	170,000
Japanese operating lease	80,703
Other financings	66,633
Total	**$ 1,466,613**

The financings mature at various dates through 2022. The interest rates are based on fixed or floating LIBOR rates, with spreads on the floating rate transactions ranging up between 0.24% and 5.50% or fixed rate between 2.71% and 12.00%. The majority of the financings are secured by, among other things, a pledge of the shares of the subsidiaries owning the related aircraft, a guarantee from us and, in certain cases, a mortgage on the applicable aircraft. All of our financings contain affirmative covenants customary for secured financings. At December 31, 2010, we had financed 55 aircraft and eight engines under other debt. The net book value of the aircraft pledged to other commercial bank financings was $1.5 billion at December 31, 2010.

15. Accrual for onerous contracts

Accrual for onerous contracts relates to lease-in, lease-out transactions ("LILO"). At December 31, 2010, we leased-in four aircraft from two different lessors under operating head leases that mature between 2011 and 2013. At December 31, 2010, we had entered into sublease agreements with several different customers covering these same aircraft. For all four aircraft, the lease termination dates of the subleases are matched to the lease termination dates under the head leases. The contracted sublease receipts are insufficient to cover our monthly obligations under the head leases. These transactions are recorded at their net present value.

We have established a liability equal to the difference between the present value of head lease expenses and the present value of sublease revenue, discounted at appropriate discount rates. The amount of this liability amortizes to income monthly on a constant yield basis as we meet our obligations under the head leases.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

15. Accrual for onerous contracts (Continued)

Following is a summary of the undiscounted contracted minimum lease payments under the respective head leases and subleases at December 31, 2010:

	Head lease payments	Sublease receipts
2011	$ 21,026	$ 12,663
2012	11,822	7,660
2013		555
	$ 32,848	**$ 20,878**

As referenced in Note 3, we are required, in some instances, to maintain deposits in restricted accounts or to cash-back letters of credit which are security to the respective headlessors for our obligations under the LILO transactions.

During 2008 we purchased two aircraft, which were all previously subject to head leases, and terminated the related head leases. The purchase consideration represented a discount of $3,145 in 2008 to the carrying value of the related onerous contract accrual. In accordance with ASC 840, the amount of the discount has been applied to reduce the net book value of the related aircraft.

16. Income taxes

We have subsidiaries in a number of tax jurisdictions, principally, The Netherlands, Ireland, the United States of America and Sweden. Income tax expense/(benefit) by tax jurisdiction is summarized below for the periods indicated.

	Year ended December 31,		
	2008	2009	2010
Deferred tax expense (benefit)			
The Netherlands	$ 1,995	$ (15,959)	$ 6,085
Ireland	7,113	20,711	18,446
United States of America	(10,121)	(2,503)	(2,130)
Sweden	370	171	6
Other		(47)	
	(643)	2,373	22,407
Current tax expense (benefit)			
United States of America	212	1,521	(764)
The Netherlands			673
	212	1,521	(91)
Income tax expense (benefit)	**$ (431)**	**$ 3,894**	**$ 22,316**

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

16. Income taxes (Continued)

Reconciliation of statutory income tax expense to actual income tax expense/(benefit) is as follows:

	Year ended December 31,		
	2008	**2009**	**2010**
Income tax expense at statutory income tax rate	$ 35,825	$ 53,618	$ 64,716
Valuation allowance		14,746	27,400
Income arising from non taxable items (permanent differences)		(14,112)	(19,162)
Tax on global activities	(36,256)	(50,358)	(50,638)
	(36,256)	(49,724)	(42,400)
Actual income tax expense (benefit)	**$ (431)**	**$ 3,894**	**$ 22,316**

The following table summarizes our global tax activities into each specific tax jurisdiction for the year ended December 31, 2010:

	Year ended December 31,			
	2010	**Tax rate**	**Variance to 25.0% statutory tax rate**	**Tax variance as a result of global activities**
Tax jurisdiction				
The Netherlands	$ (82,567)	25.0%	0.0%	$
Ireland	147,571	12.5%	(12.5%)	(18,446)
United States of America	(7,696)	37.6%	12.6%	(970)
Sweden	26	19.0%	(6.0)%	(2)
Isle of Man	124,878	0.0%	(25.0)%	(31,220)
	$ 182,212			**$ (50,638)**

The calculation of income for tax purposes differs significantly from book income. Deferred income tax is provided to reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured under tax law in the various jurisdictions. Tax loss carry forwards and accelerated tax depreciation on flight equipment held for operating leases give rise to the most significant timing differences. In addition, the U.S. subsidiaries have significant timing difference in respect of payments and receipts under the lease-in, lease-out transactions described in Note 15 and timing differences with respect to capitalized expenses.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

16. Income taxes (Continued)

The following tables describe the principal components of our deferred tax assets and liabilities by jurisdiction at December 31, 2009 and 2010.

	December 31, 2009			
	The Netherlands	Ireland	U.S.	Sweden
Depreciation/Impairment	$ (14,943)	$ 23,169	$ 24,561	$
Share-based compensation	651		(1,041)	
Inventory			(3,106)	
Intangibles			5,532	
Lessee receivables			(1,001)	
Loss-making contracts			(3,958)	
Interest expense			(8,843)	
Accrued maintenance liability	(3,892)	12,405	(2,705)	
Obligations under capital leases and debt obligations		(6,869)		
Investments		(2,500)		
Losses and credits forward	(42,049)	(44,070)	(14,813)	(7,745)
Other	(3,668)	580	(3,089)	
Valuation allowance on tax assets	17,296			
Net deferred tax (asset) liability	**$ (46,605)**	**$ (17,285)**	**$ (8,463)**	**$ (7,745)**

	December 31, 2010			
	The Netherlands	Ireland	U.S.	Sweden
Depreciation/Impairment	$ (13,686)	$ 73,704	$ 32,284	$
Debt		18,662		
Share-based compensation			(778)	
Inventory			(6,575)	
Intangibles		3,800	4,581	
Lessee receivables			(611)	
Loss-making contracts			(481)	
Interest expense			(12,936)	
Accrued maintenance liability	(2,574)	2,320	(6,804)	
Obligations under capital leases and debt obligations		(6,484)		
Investments		(2,500)		
Losses and credits forward	(64,346)	(126,049)	(15,745)	(8,471)
Other	(4,610)	1,571	(3,528)	
Valuation allowance on tax assets	44,696			
Net deferred tax (asset) liability	**$ (40,520)**	**$ (34,976)**	**$ (10,593)**	**$ (8,471)**

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

16. Income taxes (Continued)

The change in the valuation allowance for the deferred tax asset has been as follows:

	Year ended December 31,		
	2008	2009	2010
Valuation allowance at beginning of period	$ 2,550	$ 2,550	$ 17,296
Increase of allowance to income tax provision		14,746	27,400
Valuation allowance at end of period	**$ 2,550**	**$ 17,296**	**$ 44,696**

We did not have any unrecognized tax benefits at December 31, 2008, 2009 and 2010.

Our primary tax jurisdictions are the Netherlands, United States, Ireland and Sweden. Our tax returns in The Netherlands are open for examination from 2006 forward, in Ireland from 2006 forward, in Sweden from 2005 forward and in the United States from 2007 forward. None of our tax returns are currently subject to examination.

Our policy is that we recognize accrued interest on the underpayment of income taxes as a component of interest expense and penalties associated with tax liabilities as a component of income tax expense. During 2010, we did not incur any interest on tax payments. There was no accrued interest or accrued penalties on tax payments at either January 1, 2010 or December 31, 2010.

The Netherlands

The majority of our Netherlands subsidiaries are part of a single Netherlands fiscal unity and are included in a consolidated tax filing. Due to the existence of interest bearing intercompany liabilities, current tax expenses are limited with respect to the Netherlands subsidiaries. The losses and credits forward expire with time which triggers the valuation allowance. Deferred income tax is calculated using the Netherlands corporate income tax rate (25.0%) legislated to be in effect when the temporary differences reverse.

Ireland

Since 2006, the enacted Irish tax rate is 12.5%. Our principal Irish tax-resident operating subsidiary has significant losses carry forward at December 31, 2010 which give rise to deferred tax assets. The availability of these losses does not expire with time. In addition, the vast majority of all of our Irish tax-resident subsidiaries are entitled to accelerated aircraft depreciation for tax purposes and offset net taxable income and loss within our Irish tax group of companies within a given tax year. Accordingly, no Irish tax charge arose during the year. Based on projected taxable profits in our Irish subsidiaries, including our principal Irish tax-resident operating subsidiary where we hold significant Irish tax losses, we expect to recover the full value of our Irish tax assets and have not recognized a valuation allowance against such assets at December 31, 2010.

United States of America

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. Beginning with the tax year ending December 31, 2006, we file a consolidated federal income tax return in the U.S. which includes the accounts of AeroTurbine. The blended federal and state tax rate applicable to our consolidated

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

16. Income taxes (Continued)

U.S. group is 37.6% for the year ended December 31, 2010. Due to the existence of tax losses, which expire over time, no current tax expense arose in the U.S. in 2010. Based on projected taxable profits in our U.S. subsidiaries, we expect to recover the full value of our U.S. tax assets and have not recognized a valuation allowance against such assets at December 31, 2010.

Sweden

The Swedish entity has significant losses carry forward at December 31, 2010, which give rise to deferred tax assets. The availability of these losses does not expire with time. Accordingly, no Swedish current tax charge arose during the year. Based on projected taxable profits in our Swedish subsidiaries we expect to recover the full value of our Swedish tax assets and have not recognized a valuation allowance at December 31, 2010.

17. Share capital

From the date of our acquisition of AerCap B.V. to just prior to our initial public offering, we were a Netherlands limited partnership under the name of AerCap Holdings C.V. with $370,000 of partnership capital held by four limited partners and one general partner, all located in Luxemburg. In anticipation of our public offering, AerCap Holdings N.V. was formed with 45,000 shares held by the same Luxemburg entities. AerCap Holdings N.V. issued one additional share to acquire all of the assets and liabilities of AerCap Holdings C.V. in a common control transaction after which, AerCap Holdings C.V. was put in liquidation. On November 10, 2006, we effected a 1,738.6 for one stock split resulting in total shares issued and outstanding of 78,236,957 and reduced the par value of each common share from €1.00 to €0.01. Because our conversion from a Netherlands limited partnership to a Netherlands public limited liability company was accomplished in a common control transaction, we have retroactively reflected our capital structure during the period when our group was owned by AerCap Holdings C.V. (limited partnership) as if it were owned by AerCap Holdings N.V. based on 78,236,957 shares outstanding.

On November 27, 2006, we sold 6,800,000 shares at $23 per share in an initial public offering. We received net proceeds of $143,017 after deducting underwriting discounts and commissions and offering expenses payable by us. We used the net proceeds from the initial public offering plus existing cash to retire $168,600 of senior and subordinated debt of AeroTurbine. In connection with the early retirement of this debt, we wrote off $3,300 of debt issuance costs and paid prepayment penalties of $1,686. On November 27, 2006, we completed the initial public offering of 26,100,000 (including the above mentioned 6,800,000 shares) of our ordinary shares on The New York Stock Exchange and on August 6, 2007 we completed the secondary offering of 20,000,000 additional ordinary shares on The New York Stock Exchange. On March 25, 2010, the all-share acquisition of Genesis was completed and increased our outstanding ordinary shares by 34,348,858 million. On November 11, 2010, we completed a transaction with Abu Dhabi-based investment holding company Waha. As part of this transaction our outstanding ordinary shares increased by 29,846,611 million.

As of December 31, 2010, our authorized share capital consists of 200,000,000 common shares with a par value of €0.01 of which 149,232,426 shares issued and outstanding.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

18. Share-based compensation

Cerberus Funds Equity Grants

Effective June 30, 2005, companies controlled by Cerberus ("Cerberus Funds") which indirectly owned 100% of our equity interests put into place an Equity Incentive Plan ("Cerberus Funds Equity Plan") under which members of our senior management, Board of Directors and an employee of Cerberus (the "participants") were granted either restricted shares or share options ("Cerberus Funds Equity Grants") in such companies. The value of the Cerberus Funds Equity Grants is derived exclusively with reference to the value of our shares.

We apply the provisions of ASC 718 in accounting for the Cerberus Funds Equity Grants. In addition to formal vesting restrictions, the terms of the Cerberus Funds Equity Grants contained provisions which allowed the Cerberus Funds to repurchase any restricted shares or shares obtained through the exercise of options upon the occurrence of certain employment termination events or cessation of service on the board of directors for share options issued to our independent directors. All holders of Cerberus Fund Equity Grants signed a Share Agreement in connection with our initial public offering which gives each of them the right to exchange their Cerberus Fund shares or share options for our shares or options on our shares directly with the Cerberus Funds and which limited the repurchase right of the Cerberus Funds to the period prior to November 27, 2008. The exchange right was exercisable as of November 27, 2008 and is valid for a period of three years from that date. As of November 27, 2008, the participants are no longer restricted from selling their vested interests in our shares and the Cerberus Funds' rights to repurchase restricted shares or shares obtained through the exercise of options upon certain employment termination rights has lapsed. All share options granted under the Cerberus Funds Equity Plan are exercisable for a period of ten years from the date of issuance.

Since all of the Cerberus Fund Equity Grants issued are shares or share options in the Cerberus Funds and since the right of the holders of the Cerberus Funds Equity Grants to exchange their shares in the Cerberus Funds for our shares starting November 27, 2008 is not directly with us, the existence of the restricted share and share options is not dilutive to our share ownership.

The fair values of all shares and share options issued with a zero strike price (all of which were issued prior to our initial public offering in 2006), were calculated on their respective grant dates based on the value of our underlying shares at the time of our initial public offering. To this value, a discount for lack of marketability was applied to reflect the fact that (i) the shares being valued represent an illiquid minority interest in a closely-held indirect holding company without access to a recognized market and (ii) the shares are subject to significant restrictions which prevent their transfer or pledge. In accordance with ASC 718, the amount of compensation expense recognized for restricted shares is derived with reference to the excess of fair market value of the shares at the date of grant over the price paid, if any. The restricted shares granted to the Cerberus employee are subject to mark-to-market valuations at each reporting period.

The amount of expense recognized with respect to share options with a strike price is based on the fair value of the option using a Black-Scholes option pricing model. The value of each of the Cerberus Funds Equity Grants is recognized on a straight-line basis over the applicable vesting periods.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

18. Share-based compensation (Continued)

For options valued with a Black-Scholes option pricing model, we have used the following assumptions:

Volatility	38.25%-39.90%
Expected life	5.00-5.93 years
Risk-free interest rate	4.67%-4.72%
Dividend yield rate	0.00%

Since our shares had not traded in the public market at the time of the valuations, we derived our volatility assumptions by comparison to peer group companies. The expected life represents the period of time the options are expected to be outstanding. The risk free rate is based on the U.S. Treasury yield curve in effect at the time of grant and which has a term equal to the expected life of the options. The expected dividend yield is based on our history of not paying regular dividends in the past and our current intention not to pay regular dividends in the foreseeable future. The differing assumptions used result from the differences in expected life among the different tranches of stock options valued.

A summary of activity during the years ended December 31, 2008, 2009 and 2010 for all issuances under the Cerberus Funds Equity Plan is set forth below. Because the number of shares and share options under the Cerberus Funds Equity Plan are shares and share options of the Cerberus Funds, ownership interests in the table below have been stated as the equivalent number of our shares which are represented by the Cerberus Funds shares.

	Number of Restricted Shares/Options
Beginning outstanding January 1, 2008	7,198,588
Exercises and exchanges of Cerberus Funds shares/options for direct holdings of AerCap shares	(4,741,490)
Ending outstanding December 31, 2008	2,457,098
Beginning outstanding January 1, 2009	2,457,098
Forfeitures	(245,738)
Ending outstanding December 31, 2009	2,211,360
Beginning outstanding January 1, 2010	2,211,360
Exercises of Cerberus Funds shares/options for direct holdings of AerCap shares	(1,465,395)
Ending outstanding December 31, 2010	745,965
Exercisable, December 31, 2010	745,965
Share-based compensation expense for the year ended December 31, 2010	$

There are no remaining share options which are still subject to future vesting criteria.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

18. Share-based compensation (Continued)

AerCap Holdings NV Equity Grants

On October 31, 2006, we implemented an equity incentive plan that is designed to promote our interests by enabling us to attract, retain and motivate directors, employees, consultants and advisors and align their interests with ours ("NV Equity Plan"). The NV Equity Plan provides for the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units and other stock awards ("NV Equity Grants") to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Subject to certain adjustments, the maximum number of equity awards available to be granted under the plan is equivalent to 4,251,848 Company's shares.

The terms and conditions of NV Equity Grants, including vesting provisions for stock options, are determined by the Nomination and Compensation Committee, except that, unless otherwise determined by the Nomination and Compensation Committee, or as set forth in an award agreement: (a) each NV Equity Grant is granted for ten years from the date of grant, or, in the case of certain key employees, (i.e., employees owning more than 10% of our ordinary shares), for five years from the date of grant; provided, however, no stock option period may extend beyond ten years from the date of grant; (b) the option price per share for incentive stock options may not be less than 100% of the fair market value of the ordinary shares except that the option price per share for a key employee may not be less than 110% of the fair market value of the ordinary shares at the time the incentive stock option is granted; and (c) incentive stock options may only be issued to the extent the aggregate fair market value of shares with respect to the exercise of the incentive stock options for the first time by an option holder during any calendar year is $100,000 or less, with any additional stock options being treated as nonqualified stock options. As of December 31, 2010, we have granted 3,200,000 share options under the NV Equity Plan to certain of our employees.

Following is a summary of issuances to-date under the NV Equity Plan:

	Number of Options	Weighted Average Exercise Price
Options outstanding at January 1, 2008	2,400,000	$ 24.63
Forfeitures	(312,500)	NA
Options issued during year	800,000	$ 4.46
Options outstanding at December 31, 2008	2,887,500	NA
Options outstanding at January 1, 2009	2,887,500	NA
Forfeitures	(312,500)	NA
Options outstanding at December 31, 2009	2,575,000	NA
Options outstanding at January 1, 2010	2,575,000	NA
Forfeitures	(612,500)	NA
Options issued during year	321,041	22.54
Options outstanding at December 31, 2010	2,283,541	NA

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

18. Share-based compensation (Continued)

The weighted average remaining contractual term of the 2.3 million options outstanding at December 31, 2010 is 7.1 years. The weighted average grant date fair value for options issued in 2008 is $1.52 per option. Total stock-based compensation recognized for the above options was $3,284, $3,563 and $2,339 for the years ending December 31, 2008, 2009 and 2010, respectively. In light of the difficult economic environment prevailing at the end of 2008, the Nomination and Compensation Committee adjusted the performance criteria for the performance tranches relating to fiscal years 2009, 2010 and 2011. This change has been accounted for as a modification to the NV Equity Plan with respect to the performance-based options for those years and the weighted average fair values above for issuances which include the tranches subject to the modification include the fair values as of the date of modification. For both the original and modified award, vesting criteria were not probable of being met at the time of the modification, therefore in accordance with ASC 718, no additional expense was recognized as a result of the modification. Assuming that established performance criteria are met and that no forfeitures occur, we expect to recognize share-based compensation related to NV Equity Grants of approximately $1.4 million during 2011.

The value of the options issued under the NV Equity Plan was calculated by a Black-Scholes option pricing model using the following assumptions:

Volatility	33.92%-38.42%
Expected life	5.33-6.53 years
Risk-free interest rate	1.89%-4.20%
Dividend yield rate	0.00%

Volatility assumptions were derived by comparison to peer group companies due to the lack of significant trading history in our shares. The expected life represents the period of time the options are expected to be outstanding. The risk free rate is based on the U.S. Treasury yield curve in effect at the time of grant and which has a term equal to the expected life of the options. The expected dividend yield is based on our history of not paying regular dividends in the past and our current intention not to pay regular dividends in the foreseeable future. The differing assumptions used result from the differing fair value dates among the different tranches (time-based vs. performance-based).

In addition to the NV Equity grants, 825,000 AerCap Holdings N.V. restricted share units were granted to certain employees under the NV Equity Plan in 2010. All restricted share units are subject to vesting conditions. 200,000 of these restricted share units will vest, subject to the vesting conditions, on May 31, 2013. 100,000 of these restricted share units will vest, subject to the vesting conditions, on February 28, 2015. The remaining 525,000 share units will vest, subject to the vesting conditions, on May 31, 2015. Assuming that established performance criteria are met and that no forfeitures occur, we expect to recognize share-based compensation related to NV restricted share units of approximately $2.5 million during 2011, $2.6 million during 2012, $2.1 million during 2013, $1.8 million during 2014 and $0.8 million in 2015.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

19. Segment information

Reportable Segments

From the date of the acquisition of AT, we manage our business, analyze and report our results of operations on the basis of two business segments leasing, financing, sales and management of commercial aircraft ("Aircraft") and leasing, financing and sales of engines and parts ("Engine and parts").

The following sets forth significant information from our reportable segments:

	Year ended December 31, 2008		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 1,069,836	$ 186,416	$ 1,256,252
Segment profit (loss)	154,316	(2,510)	151,806
Segment assets	4,915,549	495,277	5,410,826
Depreciation	155,919	13,473	169,392

	Year ended December 31, 2009		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 780,353	$ 222,914	$ 1,003,267
Segment profit (loss)	158,394	6,772	165,166
Segment assets	6,271,216	498,285	6,769,501
Depreciation	205,048	15,948	220,996

	Year ended December 31, 2010		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 1,606,833	$ 227,628	$ 1,834,461
Segment profit (loss)	209,678	(2,105)	207,573
Segment assets	9,103,499	497,108	9,600,607
Depreciation	317,229	16,524	333,753

Geographical Information

The distribution of our lease revenue by geographic regions is as follows for the periods indicated:

	Year ended December 31,		
	2008	2009	2010
Europe	42%	50%	49%
Asia/Pacific	28%	25%	26%
Latin America	10%	6%	14%
North America and Caribbean	18%	14%	6%
Africa/Middle East	2%	5%	5%
	100%	**100%**	**100%**

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

19. Segment information (Continued)

One lessee accounted for more than 10% of lease revenue in the year ended December 31, 2010. Sales revenue is comprised of 78% from our aircraft segment and 22% from our engine and parts segment. We have not provided a geographical breakdown of sales revenue because a material percentage of our sales are of movable flight equipment and are to buyers that have multiple locations. In addition, we have not provided a breakdown of management fee revenue, interest revenue or other revenue because amounts are less material than lease and sales revenue and we do not believe a geographical breakdown of such revenues is helpful in identifying geographical concentration risks to our business.

The following table indicates the percentage of long-lived assets (flight equipment and intangible assets) that are leased to or associated with customers in the indicated regions as of December 31, 2009 and December 31, 2010:

	2009	2010
Europe	55%	50%
Asia/Pacific	24%	26%
Latin America	5%	6%
North America and Caribbean	9%	12%
Africa/Middle East	7%	6%
	100%	**100%**

20. Selling, general and administrative expenses

We had 382, 345 and 356 persons in employment as at December 31, 2008, 2009 and 2010, respectively. Selling, general and administrative expenses include the following expenses:

	Year ended December 31,		
	2008	2009	2010
Personnel expenses(a)	$ 73,493(a)(b)	$ 64,201(a)	$ 64,960(a)
Travel expenses	9,059	7,090	7,812
Professional services	21,588	15,808	16,893
Office expenses	9,911	9,243	10,047
Directors expenses	3,473	3,382	4,789
Aircraft management fee			6,395
Other expenses	10,744	16,477	9,332
	$ 128,268	**$ 116,201**	**$ 120,228**

(a) Includes share-based compensation of $7,538, $3,910 and $3,403 in the years ended December 31, 2008, 2009 and 2010, respectively.

(b) Personnel expenses includes severance payments of $2.9 million.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

21. Other expenses

Our other expenses of $3.0 million in the year ended December 31, 2009, reflect an accrual for the costs incurred by the Company in connection with the proposed all share Amalgamation between AerCap Holdings N.V. and Genesis Lease Limited.

22. Asset impairment

Asset impairment include the following expenses:

	2009	2010
Flight equipment	$ 32,574	$ 11,764
Intangible lease premium		2,673
	$ 32,574	**$ 14,437**

Our long-lived assets, excluding goodwill, include: flight equipment, inventory and finite-lived intangible assets. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amount is not recoverable from its undiscounted cash flows.

We performed an impairment analysis of our long-lived assets during the year 2010 and as of December 31, 2010. In this impairment analysis, we focused on aircraft older than 15 years, since the cash flows supporting our carrying values of those aircraft are more dependent upon current lease contracts, which leases are more sensitive. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment.

In the year ended December 31, 2010, we recognized an impairment of $11.8 million. The impairment related to three discrete factors including one older A320 aircraft which was repossessed from a lessee, one A320 aircraft for which the impairment was triggered by the receipt of $9.0 million of end-of-lease payments from the previous lessee and the impairment of one engine. Our impairment analysis also resulted in an impairment on our finite-lived intangible assets of $2.7 million, which was also triggered by a lessee default.

As of December 31, 2010 we owned 271 aircraft of which 47 were older than 15 years. The 47 aircraft had a net book value of $470.3 million which represented 6.0% of our total flight equipment held for operating lease. The undiscounted cash flows of the 47 aircraft older than 15 years were estimated at $629.9 million, which represents 34% excess above net carrying value. As of December 31, 2010 all of the 47 aircraft passed the recoverability test, accordingly no impairment was recognized for these 47 aircraft. The aircraft passed the recoverability test with undiscounted cash flows exceeding the carrying value of aircraft between 1% and 148%. The following assumptions drive the undiscounted cash flows: contracted lease rents per aircraft through current lease expiry, subsequent re-lease rates based on current marketing information and residual values based on current market transactions. We review and stress test our key assumptions to reflect any observed weakness in the global economic environment. Further deterioration of the global economic environment and a further decrease of aircraft values might have a negative effect on the undiscounted cash flows of older aircraft and might triggering further impairments.

There can be no assurance that the Company's estimates and assumptions regarding the economic environment, or the period or strength of recovery, made for purposes of the long-lived asset

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Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

22. Asset impairment (Continued)

impairment tests will prove to be accurate predictions of the future. A deterioration in the global economic environment and a decrease of appraised values will have a negative effect on the undiscounted cash flow, which might then trigger impairment on some of the 47 aircraft which are older than 15 years.

23. Earnings per common share

Basic and diluted earnings per share (EPS) is calculated by dividing net income by the weighted average of our common shares outstanding. As disclosed in Note 18, there are 3.1 million share options and restricted shares outstanding under the NV Equity Plan, however the diluted earnings per common share is insignificant and therefore not different from the basic earnings per common share. The computations of basic and diluted earnings per common share for the periods indicated below are shown in the following table:

	Year ended December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2010
Net income for the computation of basic and diluted earnings per share	$ 151,806	$ 165,166	$ 207,573
Weighted average common shares outstanding	85,036,957	85,036,957	114,952,639
Basic and diluted earnings per common share	**$ 1.79**	**$ 1.94**	**$ 1.81**

24. Related party transactions

AerDragon consists of two joint venture companies Dragon Aviation Leasing Company Limited, or Dragon, based in China and AerDragon Aviation Partners Limited or AerDragon, based in Ireland. Both companies are owned 50% by China Aviation Supplies Holding Company, 25% by affiliates of Crédit Agricole and 25% by AerCap. In 2007, AerCap assigned a purchase right it had with Airbus under AerCap's 1999 forward order agreement relating to an A320 aircraft which was then directly acquired by AerDragon. In addition, during 2007 AerCap sold an A320 aircraft that was subject to a lease with an airline to AerDragon and guaranteed AerDragon's performance under the debt which was assumed by AerDragon from AerCap in the transaction. Both of these transactions were executed at terms, which we believe reflected market conditions at the time. AerCap provides lease management, insurance management and aircraft asset management services to AerDragon. AerCap charged AerDragon a total of $0.8 million as a guarantee fee and for these management services during 2010. We apply equity accounting for our 25% investment in both joint venture companies. Accordingly, the income statement effects of all transactions with either of the joint venture companies are eliminated in our financial statements.

AerCo is an aircraft securitization vehicle from which we hold all of the most junior class of subordinated notes and some notes immediately senior to those junior notes. We do not recognize value for the AerCo notes which we still hold on our consolidated balance sheets. Through March 2003 we consolidated AerCo, but we deconsolidated the vehicle in accordance with ASC 810 at that time. Subsequent to the deconsolidation of AerCo, we have received interest from AerCo on its D note investment of $1.7 million and $0.4 million for the year ended December 31, 2006 and the year ended December 31, 2007, respectively. In addition, we provide a variety of management services to AerCo

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Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

24. Related party transactions (Continued)

for which we received fees of $5.2 million, $4.8 million, $4.6 million, $4.6 million and $4.1 million the years ended December 31, 2006, 2007, 2008, 2009 and 2010, respectively.

We have made payments to Cerberus and third parties on behalf of Cerberus totaling $1.2 million in 2005 and 2006. The payments to Cerberus represent reimbursement of consulting fees paid by Cerberus to individuals who have assisted us in the evaluation of portfolio or company purchases, including our AeroTurbine Acquisition. In addition, this amount also includes $0.2 million of reimbursements for consulting services incurred by Cerberus in connection with Cerberus's evaluation of the 2005 Acquisition. If we accept services from individuals employed by or contracted through Cerberus in the future, we will establish consulting agreements directly with such individuals instead of working with them through Cerberus. We expect these arrangements to reflect arms' length negotiations that will not be more favorable than the terms we could negotiate with an independent party. Payments to third parties on behalf of Cerberus consist of payments to advisors engaged by Cerberus in connection with the 2005 Acquisition.

On November 11, 2010 we issued approximately 29.8 million new shares to Waha. In exchange, we received $105 million in cash, Waha's 50% interest in the joint venture company AerVenture, a 40% interest in Waha's own 12-aircraft portfolio and a 50% interest in four CRJ aircraft.

In February 2006, we entered into a guarantee arrangement with DvB Bank AG and Aozora Bank Limited, an entity that is majority owned by Cerberus. In addition, Mr. Korteweg, the Chairman of our Board of Directors, and Mr. Jonkhart, a non-executive director, are and or were also on the board of directors of Aozora Bank. The guarantee supports certain of our obligations to a Japanese operating lessor of up to $13.8 million in connection with a JOL financing. The Japanese operating lessor required the guarantee as additional credit support following the 2005 Acquisition. We leased the A320 aircraft from the Japanese operating lessor under a lease and then subleased the aircraft to an aircraft operator. In the event we fail to make certain payments related to JOL financing, DvB Bank will make the payment on our behalf but will be reimbursed by Aozora Bank for any payments made. We have agreed to indemnify Aozora Bank for any payments it makes under the guarantee arrangement. The guarantee expired in March 2010. Under the terms of the guarantee arrangement, we were required to provide cash collateral to Aozora Bank if we breach certain financial covenants. We paid Aozora Bank a guarantee fee of 4.1% per annum of the amount guaranteed.

In April 2006, we entered into a senior secured revolving credit facility in the aggregate amount of up to $1.0 billion with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. Aozora Bank is a syndicate member under the facility and participated in up to $50.0 million of the Class A loans and up to $25.0 million of the Class B loans issued thereunder, representing 7.0% of the Class A loans and 13.9% of the Class B loans. As of December 31, 2010, we had drawn and there remained outstanding $489.6 million of the class A loans and $102.0 million of the class B loans.

In 2008, we acquired one A320-200, two Boeing 737s, one Boeing 757 and six MD80s from EntreCap, an entity controlled by Cerberus. The purchase price of these aircraft was approximately $67 million.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

25. Commitments and contingencies

Property and other rental commitments

We have entered into property rental commitments with third parties and have lease arrangements with respect to company cars and office equipment. Minimum payments under the property rental agreements are as follows:

2011	$ 5,702
2012	5,026
2013	4,134
2014	2,012
2015	1,753
Thereafter	10,042
	$ 28,669

Legal proceedings

VASP litigation

We leased 13 aircraft and three spare engines to Viação Aerea de São Paulo, or VASP, a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess our aircraft. In 1992, we obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines from VASP. We repossessed and exported the aircraft and engines in 1992. VASP appealed this decision. In 1996, the High Court of the State of Sao Paulo ruled in favor of VASP on its appeal. We were instructed to return the aircraft and engines to VASP for lease under the terms of the original lease agreements. The High Court also granted VASP the right to seek damages in lieu of the return of the aircraft and engines. Since 1996 we have pursued this case in the Brazilian courts through various motions and appeals. On March 1, 2006, the Superior Court of Justice dismissed our most recent appeal and on April 5, 2006 a special panel of the Superior Court of Justice confirmed the Superior Court of Justice decision. On May 15, 2006 we appealed this decision to the Federal Supreme Court. In September 2009 the Federal Supreme Court of Justice presiding over the case ordered an opinion on our appeal from the office of the Attorney General. This opinion was provided in October 2009. The Attorney General recommends that the extraordinary appeal should be accepted for trial and that the case would be subjected to a new judgment, before the Superior Court of Justice. The Federal Supreme Court is not bound by the opinion of the Attorney General. However, our external legal counsel informed us that it would be normal practice to take this opinion into consideration. There are no assurances though whether the Federal Supreme court would rule in accordance with the Attorney General opinion or, if it did, what the outcome of the judgment of the Superior Court of Justice would be.

On February 23, 2006, VASP commenced a procedure for the calculation of the award for damages and since then both we and VASP have appointed experts to assist the court in calculating damages. Our external legal counsel has advised us that even if we lose on the merits, they do not believe that VASP will be able to demonstrate any damages. We continue to actively pursue all courses of action that may be available to us and intend to defend our position vigorously.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

25. Commitments and contingencies (Continued)

In July 2006, we commenced a claim for damages in the English courts against VASP based on the damages we incurred as a result of the default by VASP under seven lease obligations where the leases were governed by English law. VASP was served process in Brazil in October 2007 and in response has filed an application to challenge the jurisdiction of the English court which we will oppose. VASP has applied to the Court to adjourn the date for the hearing of its application to challenge the jurisdiction of the English Court pending the sale of some of its assets in Brazil. We have opposed this application and by an order dated March 6, 2008 the English court dismissed VASP's applications. In September 2008 the bankruptcy court in Brazil ordered the bankruptcy of VASP. VASP has appealed this decision. In December 2008, we filed with the English court an application for default judgment for loss of profits plus accrued interest under seven lease agreements. On March 16, 2009 we obtained a default judgment in which we have been awarded a claim of approximately $40.0 million for loss of profit plus accrued interest under seven lease agreements. In order to obtain this award, we will need to begin enforcement proceedings in Brazil against VASP, which is currently in bankruptcy. We cannot give any assurance as to the outcome of this claim.

In addition to the claim in the English courts we have also commenced proceedings in the Irish courts against VASP based on the damages we incurred as a result of the default of VASP under nine lease obligations where the leases were governed by Irish law. The Irish courts have granted an order for service of process, however VASP is currently opposing this service of process in Brazil. The Brazilian Superior Court of Justice ruled that service of process on VASP has been completed, however VASP has appealed that decision and pending the outcome of that appeal we cannot make an application to the Irish courts.

Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provision for this litigation.

26. Fair value measurements

In September 2006, the FASB issued ASC 820, which is effective for fiscal years beginning after November 15, 2007. We adopted the standard on January 1, 2008.

Under ASC 820, the Company determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy as described below. Where limited or no observable market data exists, fair value measurements for assets and liabilities are based primarily on management's own estimates and are calculated based upon the Company's pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results may not be realized in actual sale or immediate settlement of the asset or liability.

The Company adopted ASC 820 for all financial assets and liabilities and non-financial assets required to be measured at fair value on a recurring basis, prospectively from January 1, 2008. The application of ASC 820 for financial instruments which are periodically measured at fair value did not have a material effect on the Company's results of operations or financial position.

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

26. Fair value measurements (Continued)

Under ASC 820, there is a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value.

The three broad levels defined by the ASC 820 hierarchy are as follows:

Level 1 Quoted prices available in active markets for identical assets or liabilities as of the reported date.

Level 2 Observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that allow value to be determined.

Level 3 Unobservable inputs from the Company's own assumptions about market risk developed based on the best information available, subject to cost benefit analysis. Inputs may include the Company's own data.

When there are no observable comparables, inputs used to determine value are derived through extrapolation and interpolation and other Company-specific inputs such as projected financial data and the Company's own views about the assumptions that market participants would use.

The following table summarizes our financial assets and liabilities as of December 31, 2010 that we measured at fair value on a recurring basis by level within the fair value hierarchy. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	December 31, 2010	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 404,450	$ 404,450	$	$
Restricted cash	222,464	222,464		
Derivative assets	55,211		55,211	
Derivative liabilities	(55,769)		(55,769)	
	$ 626,356	**$ 626,914**	**$ (558)**	**$**

Our cash and cash equivalents, along with our restricted cash and cash equivalents balances, consists largely of money market securities that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as level 1 within our fair value hierarchy. Our derivative assets and liabilities included in level 2 consist of United States dollar denominated interest rate caps and foreign currency forward contracts swaps. Their fair values are determined by applying standard modeling techniques under the income approach to relevant market interest rates (cash rates, futures rates, swap rates) in effect at the period close to determine appropriate reset and discount rates. Changes in fair value are recognized immediately in income.

We also measure the fair value of certain assets and liabilities on a non-recurring basis, when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include aircraft. We record aircraft at fair value when we determine the carrying value may not be

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

26. Fair value measurements (Continued)

recoverable, in accordance with ASC 360 and other accounting pronouncements requiring re-measurements at fair value. Fair value measurements for aircraft in impairment tests are based on level 3 inputs, which include the Company's assumptions as to future cash proceeds from leasing and selling aircraft. In the year ended December 31, 2010, we recognized an impairment of $14.4 million. The impairment primarily related to two A320 aircraft and one engine. For one A320 aircraft the impairment was triggered by the receipt of $9.0 million of end-of-lease payments from the previous lessees. These end-of-lease payments were recorded as lease revenue during 2010. The impairment on the second A320 aircraft and the intangible lease premium was triggered by the default of the respective lessees.

Our financial instruments consist principally of investments, notes receivable, restricted cash, derivative assets and cash equivalents. The fair value of notes receivable, restricted cash and cash and cash equivalents approximates the carrying value of these financial instruments because of their short term nature. The fair values of our debt are estimated using a discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of our financial instruments at December 31, 2009 and 2010 are as follows:

	December 31, 2009		December 31, 2010	
	Book value	Fair value	Book value	Fair value
Assets				
Notes receivable	$ 138,488	$ 138,488	$ 15,497	$ 15,497
Restricted cash	140,746	140,746	222,464	222,464
Derivative assets	44,866	44,866	55,211	55,211
Cash and cash equivalents	182,617	182,617	404,450	404,450
	$ 506,717	**$ 506,717**	**$ 697,622**	**$ 697,622**
Liabilities				
Debt	$ 4,846,664	$ 4,360,128	$ 6,566,163	$ 6,177,381
Derivative liabilities	7,801	7,801	55,769	55,769
Guarantees	2,342	2,342	1,251	1,251
	$ 4,856,807	**$ 4,370,271**	**$ 6,623,183**	**$ 6,234,401**

27. Recent Accounting Pronouncements

ASU 2009-17

Effective January 1, 2010, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2009-17 ("ASU 2009-17"), *Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest, or interests, give it a controlling financial interest in a variable interest entity. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other

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AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(US dollars in thousands)

27. Recent Accounting Pronouncements (Continued)

entity that most significantly impact the other entity's economic performance. This ASU amends certain guidance for determining whether an entity is a variable interest entity and requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. ASU 2009-17 requires a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. The adoption of ASU 2009-17 did not have a material impact on our consolidated financial statements.

ASU 2010-06

In January 2010, the FASB issued ASU 2010-06 ("ASU 2010-06"), *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*, which requires new disclosures (1) to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and to describe the reasons for the transfers, and (2) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), to present separately information about purchases, sales issuances, and settlements on a gross basis rather than as one net number. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of ASU 2010-06 did not have a material impact on our consolidated financial statements.

28. Subsequent events

In March 2011, one of our lessees, Wataniya Airways ("Kuwait National Airways"), ceased operations. The leases on all of three aircraft have been terminated.