AerCap Holdings N.V.
Form 20-F
March 23, 2012

Table of Contents

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, 2011
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 ordinary 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 ý No o

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 ý	Accelerated filer o	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

TABLE OF CONTENTS

Table of Contents

SPECIAL NOTE ABOUT FORWARD LOOKING STATEMENTS

This annual report includes "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, 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 purchases, sales and leases, to collect outstanding amounts due and to repossess aircraft under defaulted leases, and to control costs and expenses,
- decreases in the overall demand for commercial aircraft 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.

Table of Contents

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

AerCap Holdings N.V. was formed as a Netherlands public limited liability company ("*naamloze vennootschap*" *or* "*N.V.*") on July 10, 2006. 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 (the "Genesis Transaction") was completed and increased our outstanding ordinary shares by 34.3 million. On November 11, 2010, we completed a transaction with Abu Dhabi-based investment holding company Waha Capital PJSC (the "Waha Transaction"). As part of this transaction our outstanding ordinary shares increased by 29.8 million. On October 7, 2011, we closed on the sale of AeroTurbine to International Lease Finance Corp ("ILFC"). As of December 31, 2011, we had 149.2 million shares issued and outstanding, of which 9.3 million ordinary shares are held as treasury stock.

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". The financial information presented as of December 31, 2010 and 2011 and for the years ended December 31, 2007, 2008, 2009, 2010 and 2011 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, 2007, 2008 and 2009 was derived from AerCap Holdings N.V. audited consolidated financial statements not included in this annual report.

Table of Contents

Consolidated Income Statement Data:

	Year ended December 31,				
	2007(1)(2)	2008(1)(2)	2009(1)(2)	2010(1)(2)(4)	2011
Revenues					
Lease revenue	$ 495,340	$ 541,455	$ 581,134	$ 902,320	$ 1,050,536
Net gain on sale of assets	103,455	77,107	40,243	36,204	9,284
Management fee revenue	14,343	11,749	12,964	12,975	19,059
Interest revenue	28,595	18,018	9,459	3,913	2,761
Other revenue	20,079	4,113	3,692	3,866	12,283
Total revenues	**661,812**	**652,442**	**647,492**	**959,278**	**1,093,923**
Expenses					
Depreciation	129,294	154,130	194,161	307,706	361,210
Asset impairment		5,282	18,833	10,905	15,594
Interest on debt	227,765	208,914	86,193	233,985	292486
Other expenses	33,941	59,843	68,067	67,829	73,836
Selling, general and administrative expenses(3)	79,598	85,630	76,628	80,627	120,746
Total expenses	**470,598**	**513,799**	**443,882**	**701,052**	**863,872**
Income from continuing operations before income taxes and income of investments accounted for under the equity method	**191,214**	**138,643**	**203,610**	**258,226**	**230,051**
Provision for income taxes	(17,080)	833	(953)	(22,194)	(15,460)
Net income of investments accounted for under the equity method			983	3,713	10,904
Net income from continuing operations	**174,134**	**139,476**	**203,640**	**239,745**	**225,495**
Income (loss) from discontinued operations (AeroTurbine, including loss on disposal), net of tax	13,164	1,447	2,731	(3,199)	(52,745)
Bargain purchase gain ("Amalgamation gain"), net of transaction expenses				274	
Net Income	**$ 187,298**	**$ 140,923**	**$ 206,371**	**$ 236,820**	**$ 172,750**
Net loss (income) attributable to non-controlling interest, net of tax	1,155	10,883	(41,205)	(29,247)	(526)
Net income attributable to AerCap Holdings N.V.	**$ 188,453**	**$ 151,806**	**$ 165,166**	**$ 207,573**	**$ 172,224**
Total earnings per share, basic and diluted	$ 2.22	$ 1.79	$ 1.94	$ 1.81	$ 1.17
Earnings (loss) per share from discontinued operations, basic and diluted	$ 0.15	$ 0.02	$ 0.03	$ (0.03)	$ (0.36)
Earnings per share from continued operations attributable to AerCap Holdings N.V., basic and diluted	$ 2.07	$ 1.77	$ 1.91	$ 1.84	$ 1.53
Weighted average shares outstanding, basic and diluted	85,036,957	85,036,957	85,036,957	114,952,639	146,587,752

(1) As a result of the sale of AeroTurbine and based on ASC 205-20, which governs financial statements for discontinued operations, the results of AeroTurbine have been reclassified to discontinued operations.

(2) Certain reclassifications have been made to prior years' consolidated income statements to reflect the current year presentation.

(3)

Includes share based compensation of $10.7 million ($9.4 million, net of tax), $6.6 million ($5.8 million, net of tax), $3.0 million ($2.6 million, net of tax), $2.9 million ($2.5 million, net of tax) and $6.2 million ($5.4, net of tax) in the years ended December 31, 2007, 2008, 2009, 2010 and 2011 respectively.

(4)

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

Table of Contents

Consolidated Balance Sheets Data:

	As of December 31,				
	2007	**2008**	**2009**	**2010**	**2011**
	(US dollars in thousands)				
Assets					
Cash and cash equivalents	$ 241,736	$ 193,563	$ 182,617	$ 404,450	$ 411,081
Restricted cash	95,072	113,397	140,746	222,464	237,325
Flight equipment held for operating leases, net	3,050,160	3,989,629	5,230,437	8,061,260	7,895,874
Notes receivable, net of provisions	184,820	134,067	138,488	15,497	5,200
Prepayments on flight equipment	247,839	448,945	527,666	199,417	95,619
Other assets	574,600	531,225	549,547	697,519	462,533
Total assets	**$ 4,394,227**	**$ 5,410,826**	**$ 6,769,501**	**$ 9,600,607**	**$ 9,107,632**
Debt	2,892,744	3,790,487	4,846,664	6,566,163	6,111,165
Other liabilities	520,328	494,284	509,505	817,047	713,150
Total liabilities	3,413,072	4,284,771	5,356,169	7,383,210	6,824,315
AerCap Holdings N.V. shareholders' equity	950,373	1,109,037	1,258,009	2,211,350	2,277,236
Non-controlling interest	30,782	17,018	155,323	6,047	6,081
Total equity	981,155	1,126,055	1,413,332	2,217,397	2,283,317
Total liabilities and equity	**$ 4,394,227**	**$ 5,410,826**	**$ 6,769,501**	**$ 9,600,607**	**$ 9,107,632**

Table of Contents

RISK FACTORS

Risks Related to Our Business

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

As of December 31, 2011, we had seven new A320 family aircraft, five new A330 wide-body aircraft and 15 new Boeing 737-800 aircraft (consisting of ten firm aircraft and five purchase rights) 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 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 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 when our current leases expire in order to generate sufficient revenues to finance our operations and pay our debt service obligations. Between December 31, 2011 and December 31, 2014, aircraft leases accounting for 25.9% of our lease revenues for the year ended December 31, 2011, 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 2011, we generated $31.5 million of revenues from leases that are scheduled to expire in 2012, $122.9 million of revenues from leases that are scheduled to expire in 2013 and $117.7 million of revenues from leases that are scheduled to expire in 2014. Our ability to re-lease our existing aircraft 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 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 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 2011, we generated 96.0% 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;
- economic conditions and currency fluctuations in the countries and regions in which the lessee operates;

Table of Contents

- 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 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, we may not be able to re-lease the aircraft 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 2011, we incurred significant costs resulting from lease defaults.

During 2011, four of our lessees leasing seven 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 $21.3 million during 2011. As a result of the current economic environment, the highly competitive nature of the airline industry and increasing fuel prices, additional lessees might default on their lease obligations or file for bankruptcy in the future. If we are required to repossess an aircraft they lease, we may be required to incur significant unexpected costs. Those costs include legal and

Table of Contents

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, particularly if the lessee is contesting the proceedings or is in bankruptcy. In addition, during these proceedings the relevant aircraft 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 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.

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. 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 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 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.

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

The business of leasing, financing and selling aircraft 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 has experienced prolonged periods of equipment shortages and oversupply. Over recent years the business of leasing, financing and selling aircraft 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 typically depresses the lease rates for, and the value of, that type of aircraft. The supply and demand for aircraft 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;
- outbreaks of communicable diseases and natural disasters;
- governmental regulation;
- interest rates;

Table of Contents

- 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;
- increases in production rates from manufacturers;
- 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 lease rates and values, and could have a material adverse effect on our ability to re-lease our aircraft. 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, 2011, 3.4% 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 could decline and this would have a material adverse effect on our financial results.

Aircraft 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, including:

- the particular maintenance, operating history and documentary records of the aircraft;
- the number of operators using that type of aircraft;
- the regulatory authority under which the aircraft is operated;
- whether the aircraft is subject to a lease and, if so, whether the lease terms are favorable to the lessor;

the age of our aircraft;

any renegotiation of a lease on less favorable terms;

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

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;

Table of Contents

- compatibility of our aircraft configurations or specifications with other aircraft owned by operators of that type;
- comparative value based on newly manufactured competitive aircraft; and
- the availability of spare parts.

Any decrease in the value and lease rates of aircraft 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 recent 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 recent global financial crisis has reduced the level of activity in the secondary trading market for such aircraft 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, 2010 and 2011 and if conditions worsen again or further 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 2011 and as of December 31, 2011. 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 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 resulted in an impairment charge of $11.3 million in the year ended December 31, 2011. The impairment recognized related to four older A320 aircraft and one Boeing 737 classic. We also recognized an impairment of $4.3 million on two engines and an intangible lease premium. In the years ended December 31, 2009 and 2011, we recognized impairments of $18.8 million and $10.9 million, respectively.

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 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 2012 and that any such impairment amounts may be material. As of December 31, 2011, 3.4% of our owned fleet, by book value, consists of aircraft older than 15 years.

Table of Contents

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 & II, AerDragon and AerLift. 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. As of December 31, 2010 and December 31, 2011, we had $5.0 billion and $4.2 billion, respectively, of floating rate indebtedness outstanding. We incurred floating rate interest expense of $95.4 million in the year ended December 31, 2011. 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, such as interest rate caps and interest rate swaps. 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, 2011, 14.3% 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, 2011, 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 $33.2 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 $5.6 million on an annualized basis.

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

As of December 31, 2011, our consolidated indebtedness was $6.1 billion and represented 67% of our total assets as of that date and our interest expense (including the impact of hedging activities) was $292.5 million for the year ended December 31, 2011. Due to the capital intensive nature of our business and our strategy of expanding our aircraft portfolio, 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 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;

Table of Contents

- 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 models in our aircraft portfolio 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 and A330 aircraft in our aircraft, our financial results may be adversely affected if the demand for these aircraft models declines, if they are redesigned or replaced by their manufacturer or if these aircraft models experience design or technical problems. As of December 31, 2011, 77.8% of the net book value of our aircraft portfolio was represented by Airbus aircraft. Our owned aircraft portfolio included 13 aircraft types, the five highest concentrations of which together represented 94.9% of our aircraft by net book value. The five highest concentrations were Airbus A320 aircraft, representing 37.6% of the net book value of our aircraft portfolio, Airbus A330 aircraft, representing 22.5% of the net book value of our aircraft portfolio, Boeing 737 aircraft, representing 17.4% of the net book value of our aircraft portfolio, Airbus A319 aircraft, representing 10.1% of the net book value of our aircraft portfolio and Airbus A321 aircraft representing 7.3% 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, 2011, we had seven new Airbus A320 family aircraft, five new Airbus A330 wide-body aircraft and 15 new Boeing 737-800 aircraft (including five purchase rights) on order.

Should any of these aircraft types in general encounter technical or other problems, the value and lease rates of those aircraft will likely decline, and we may be unable to lease the aircraft on favorable terms, if at all. Any significant technical problems with any such aircraft models could result in the grounding of the aircraft. Any decrease in the value and lease rates of our aircraft 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 are leased to airlines in emerging market countries. As of December 31, 2011, we leased 56.0% of our aircraft, weighted by net book value, to airlines in emerging market countries. The emerging markets in which our aircraft are operated are Aruba, Brazil, Bulgaria, Chile, China, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, Hungary, India, Indonesia, Jordan, Kazakhstan, Mexico, Pakistan, Philippines, Poland, Republic of Korea, Russia, Slovenia, Taiwan, Thailand, Trinidad & Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates and Vietnam. We also may lease aircraft 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 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.

Table of Contents

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. 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/Pacific/Russia accounted for 39% of our lease revenues in 2011. 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 2011, however, Asia/Pacific traffic was negatively impacted by the Japanese tsunami in March, which resulted in a 15.2% contraction of Japanese domestic passenger traffic. According to International Air Transport Association ("IATA"), Asian/Pacific airline passenger traffic in 2011 increased by 5.4% (notwithstanding the Japanese tsunami) compared to 2010 while freight traffic decreased 4.6% in 2011. For the month of December 2011, year on year traffic growth was 5.5% in the Asia/Pacific region but capacity grew by 7.0% in the same month. If the global economic downturn persists, we expect declines in freight and passenger traffic growth rates 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 38% of our lease revenues in 2011. 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. While European passenger traffic growth in 2011 was surprisingly strong considering the European economic environment, capacity growth was even greater. According to IATA, airline passenger traffic in Europe grew by 9.1% in 2011 compared to 2010 and freight traffic grew by 1.3% in 2011. Passenger capacity expanded faster at a rate of 9.6% according to IATA, while freight capacity grew by 6.2% in 2011. The substantial risk of another economic recession in Europe in 2012, in combination with a continued expansion of capacity at levels experienced in 2011 could result in a substantial mismatch between capacity and traffic in 2012. This adversely impacts the European airline industry, which could lower demand and lease rates and our ability to lease and release our aircraft in Europe.

Lease rental revenues from lessees based in North America, accounted for 12% of our lease revenues in 2011. According to IATA, passenger traffic increased by 2.2% compared to 2010 and freight traffic increased by 0.4% in 2011. However, passenger traffic and capacity both contracted by 0.4% in December 2011. A continuing negative trend in traffic growth development in North America in 2012 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 2011. 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 2011 Latin American airlines saw passenger traffic grow by 11.3% according to IATA, 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 2011. 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 2011 despite some impact of the political unrest with passenger traffic growing 8.6% year on year while cargo traffic increased by 8.1% according to IATA. Due to the region's substantial aircraft order backlog, continued 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, their value may decline and we may not be able to lease or re-lease our aircraft 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 associated with a lessee's failure to properly maintain the aircraft or pay supplemental maintenance rent. If an aircraft 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 complying with all governmental requirements applicable to the lessee and the aircraft, 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, an inability to re-lease an aircraft at favorable rates, if at all, or a potential grounding of an aircraft. 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 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 may materially and adversely affect our financial results.

Strong competition from other aircraft lessors could adversely affect our financial results.

The aircraft leasing industry is highly competitive. Our competition is comprised of major aircraft leasing companies including GE Capital Aviation Services ("GECAS"), ILFC, CIT Aerospace, Aviation Capital Group, Air Lease Corporation, SMFG (RBS Aviation Capital),SMBC, AWAS Aviation Capital Limited, FLY Leasing Limited, BOC Aviation and AirCastle Ltd.

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

- airlines;
- aircraft manufacturers,
- 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 leasing companies that we do not currently consider our major competitors.

Table of Contents

Some of these competitors have greater operating and financial resources 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, 2011, 3.4% 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.

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 older aircraft 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 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 portfolio 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 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

Table of Contents

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 and Boeing have launched new engine variants available for the A320 family aircraft and Boeing 737 family aircraft respectively, which could decrease the value and lease rates of aircraft we acquire.

In December 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 from 2015 and thereafter. In August 2011, Boeing announced the Boeing 737 Max program which will be equipped with CFM International Leap 1-B engines. The engine is scheduled for entry into service in 2017. Airbus and Boeing propose to charge a price premium for the aircraft equipped with these new engines. The availability of A320 and Boeing 737 family aircraft with these new engine types may have an adverse effect on residual value and future lease rates on current A320 and Boeing 737 family aircraft. The development of these new engine options could decrease the desirability of the current A320 and Boeing 737 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 these type of aircraft.

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, 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, or may be held liable for those losses on other legal theories. We require our lessees to obtain specified levels of insurance and indemnify us for, and insure against, liabilities arising out of their use and operation of the aircraft.

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 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. 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 to which the liens have attached. Aircraft 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 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.

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. 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.

Failure to obtain certain required licenses, certificates and approvals could adversely affect our ability to re-lease or sell aircraft, 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. 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 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. 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, 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

Table of Contents

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.

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.

Table of Contents

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 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 2011, we generated revenue of $19.1 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,

Table of Contents

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.

The recent global sovereign debt crisis could result in higher borrowing costs and more limited availability of credit, as well as impact the overall airline industry and the financial health of our lessees.

On August 5, 2011, Standard & Poor's Ratings Group, Inc., or Standard & Poor's, lowered its long term sovereign credit rating on the United States of America from AAA to AA+. While U.S. lawmakers reached an agreement to raise the federal debt ceiling on August 2, 2011, the downgrade reflected Standard & Poor's view that the fiscal consolidation plan within that agreement fell short of what would be necessary to stabilize the U.S. government's medium term debt dynamics. In addition, significant concerns regarding the sovereign debt of numerous other countries have developed recently and required some of these countries to seek emergency financing. Specifically, the debt crisis in certain European countries could cause the value of the Euro to deteriorate, thus reducing the purchasing power of our European customers.

The downgrade of the U.S. credit rating and the ongoing European debt crisis have contributed to the instability in global credit markets. The sovereign debt crisis could adversely impact the financial health of the global banking system, not only due to its exposure to the sovereign debt, but also by the imposition of stricter capital requirements, which could limit availability of credit. Further, the sovereign debt crisis could lower consumer confidence, which could impact global financial markets and economic conditions in the United States and throughout the world. As a result, any combination of lower consumer confidence, disrupted global capital markets and/or reduced economic conditions could have a material adverse effect on our business, financial condition and liquidity.

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 2011 and 2012, 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.

Table of Contents

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. Escalation of political tensions between Iran and the US, the EU and Israel regarding the Iranian nuclear program have the potential to severely disrupt oil supply from the region, which in turn could send oil prices substantially above their 2008 peak levels.

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 repossessions, increase our costs of servicing and marketing our aircraft, 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.

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

Table of Contents

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 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 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.

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 upon any disposition. These results could adversely affect our financial results.

Table of Contents

The effects of 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 Capital PJSC ("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 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

Table of Contents

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.

Our financial reporting for lease revenue may be significantly impacted by a proposed new accounting standard for lease accounting.

In August 2010, the Financial Accounting Standards Board ("FASB") issued an Exposure Draft that proposes substantial changes to existing lease accounting.

The proposal sets out new accounting standards for lessee accounting under which a lessee would recognize a "right-of-use" asset representing its right to use the underlying asset and a liability representing its obligation to pay lease rentals over the lease term. The proposal sets out two alternative accounting standards for lessors, a "performance obligation" approach and a "de-recognition approach". If a lessor retains exposure to significant risks and benefits associated with the underlying asset, then it would apply the performance obligation approach to the lease of the asset. If a lessor does not retain such an exposure, then it would adopt the de-recognition approach to the lease of the asset. The proposal does not contain an effective date for the proposed changes, and it is possible that an alternative approach may be developed. 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 be materially impacted.

Table of Contents

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 2012 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. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. A change in the division of our earnings among our tax jurisdictions could have a material impact on our effective tax rate and our financial results. 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 30%, 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.

Table of Contents

As of December 31, 2011, 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 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.

Item 4. Information on the Company

We are an integrated global aviation company with a leading market position in aircraft leasing. 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. 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 and the United Arab Emirates, with a total of 153 employees, as of December 31, 2011.

We operate our business on a global basis, providing aircraft to customers in every major geographical region. As of December 31, 2011, we owned 251 aircraft and seven engines, managed 42 aircraft, had 27 new aircraft on order (including five Boeing 737 purchase rights), had entered into sales contracts for five aircraft and had an executed letter of intent to sell one aircraft.

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, 2011, our owned and managed aircraft were leased to 104 commercial airline and cargo operator customers in 50 countries and managed from our offices in The Netherlands, Ireland, the United States, Singapore, China and the United Arab Emirates.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft transactions in a variety of market conditions. From January 1, 2009 to December 31, 2011, we executed over 300 aircraft transactions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft portfolio. Between January 1, 2008 and December 31, 2011, our weighted average owned aircraft utilization rate was 98.3%. 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.

We were formed as a Netherlands public limited liability company ("*naamloze vennootschap or N.V.*") on July 10, 2006. 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 Abu Dhabi-based investment holding company Waha. As part of this transaction our outstanding ordinary shares increased by 29.8 million. As of December 31, 2011, we had 149.2 million shares issued and outstanding, of which 9.3 million ordinary shares are held as treasury stock.

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

Manage the Profitably of our Aircraft Portfolio by selectively:

- purchasing aircraft directly from manufacturers;
- entering into sale-leaseback transactions with aircraft operators;
- using our global customer relationships to obtain favorable lease terms for aircraft and maximizing aircraft utilization;
- maintaining diverse sources of global funding;
- optimizing our portfolio by selling select aircraft; 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 at profitable rates, minimize downtime between leases and associated technical expenses and opportunistically sell aircraft.

Efficiently Manage our Liquidity. As of December 31, 2011, we had access to $1.0 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 Portfolio. We intend to grow our portfolio of aircraft through new aircraft purchases, sale-leasebacks, airline refleetings, acquisitions and other opportunistic transactions that increase our aircraft portfolio. We will rely on our experienced team of aircraft 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 portfolio through acquisitions and sales to maintain the appropriate mix of aviation assets to meet our customers' needs.

Table of Contents

Maintain a Diversified and Satisfied Customer Base. We currently lease our owned and managed aircraft to 104 different airlines in 50 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 assets as a result of our customer reach and quality product offering.

Selectively Pursue Acquisitions. 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 Portfolio

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, 2011, we owned 251 aircraft and managed 42 aircraft. The weighted average age of our 251 owned aircraft was 5.5 years as of December 31, 2011. We believe that we own one of the youngest aircraft fleets in the world. We operate our aircraft business on a global basis and as of December 31, 2011, 245 out of our 251 owned aircraft were on lease to 89 commercial airline and cargo operator customers in 46 countries. Of the six aircraft off lease at December 31, 2011, four aircraft were subject to either a lease agreement or letter of intent.

The following table provides details regarding our aircraft portfolio by type of aircraft as of December 31, 2011:

	Owned portfolio		Managed portfolio			
Aircraft type	**Number of Aircraft owned**	**Percentage of total net book value**	**Number of aircraft**	**Number of aircraft on order(1)**	**Number of aircraft under Purchase/sale contract or letter of intent**	**Total owned, Managed and ordered aircraft**
Airbus A300 Freighter	1	0.3%				1
Airbus A319	30	10.1%				30
Airbus A320	104	37.6%	8	7		119
Airbus A320NEO					5	5
Airbus A321	20	7.3%	2			22
Airbus A330	23	22.5%	4	5	(1)	31
Boeing 737 Classics	9	0.8%	21		(2)	28
Boeing 737(NG)	47	16.6%		46		93
Boeing 747	2	0.9%				2
Boeing 757	4	0.6%	1		(3)	2
Boeing 767	4	1.8%	2			6
Boeing 777			2			2
CRJ 705			1			1
CRJ 900	4	0.9%				4
MD 11 Freighter	1	0.3%	1			2
ERJ 170	2	0.3%				2
Total	**251**	**100%**	**42**	**58**	**(1)**	**350**

(1) Includes the remaining 31 American Airlines purchase-leaseback Boeing 737 aircraft. On November 29, 2011, American Airlines filed for voluntary Chapter 11 bankruptcy protection and as

a result our remaining obligations for the 31 deliveries under the purchase and leaseback contract automatically terminated. We have agreed with American Airlines to continue funding new aircraft on a one-by-one basis under the previously agreed lease terms until such time as we agree to re-instate the original contract. Since the bankruptcy filing, as of March 23, 2012 we took delivery of another four aircraft of the remaining 31 aircraft.

Aircraft on Order

As of December 31, 2011, we had seven new Airbus A320 narrowbody aircraft, five new Airbus A330 wide-body aircraft and 15 new Boeing 737-800 aircraft (consisting of ten firm aircraft and five purchase rights) on order and we had entered into call-options on five A320NEO purchase and leaseback transactions with two lessees.

In addition in 2011, we entered into a purchase and leaseback transaction with American Airlines for 35 Boeing 737-800 aircraft, of which four aircraft have been delivered as of December 31, 2011. On November 29, 2011, American Airlines filed for voluntary Chapter 11 bankruptcy protection and as a result our remaining obligations for the 31 deliveries under the purchase and leaseback contract automatically terminated. We have agreed with American Airlines to continue funding new aircraft on a one-by-one basis under the previously agreed lease terms until such time as we agree to re-instate the original contract. Since the bankruptcy filing, as of March 23, 2012 we took delivery of another four aircraft of the remaining 31 aircraft.

Due to our 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, maintenance, repair and overhaul service providers and commercial and financial institutions gives us a competitive advantage in sourcing and executing transactions. 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.

As of December 31, 2011, we had $1.0 billion of committed undrawn credit facilities. Of the remaining A320 family aircraft to be delivered as of December 31, 2011, one aircraft is scheduled to deliver in 2012 and six in 2013. These aircraft are expected to be financed in ECA facilities, the UBS revolving credit facility or other commercial bank facilities. Of the remaining five A330 aircraft to be delivered as of December 31, 2011, we expect to finance four aircraft through the ECA facility and one aircraft in long term secured bank facilities.

Aircraft Subject to Sale Agreements and Letters of Intent

As of December 31, 2011, we had entered into sales contracts to sell five used aircraft and have an executed letter of intent to sell one aircraft. The following table provides information regarding the agreements and letter of intent in place and executed for the sale of six aircraft as of December 31, 2011.

Aircraft type	Number of aircraft	Letter of Intent or Agreement	New/Used	Owned/Managed
Airbus A330-300	1	Letter of Intent	Used	Owned
Boeing 737-300	1	Sale Agreement	Used	Managed
Boeing 737-400	1	Sale Agreement	Used	Managed
Boeing 757-200	2	Sale Agreement	Used	Owned
Boeing 757-200	1	Sale Agreement	Used	Managed

Table of Contents

Although we expect to be able to negotiate and agree on final documentation with respect aircraft subject to letters of intent, we may not be able to do so and therefore such transactions might not in fact occur.

Aircraft Acquisitions and Dispositions

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. From January 1, 2009 to December 31, 2011, we purchased 109 aircraft and sold 64 aircraft, which included the following significant transactions:

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, 2011, 52 aircraft had been delivered, 12 aircraft were sold and five aircraft remain to be delivered under the agreement. The remaining five aircraft are scheduled to be delivered from 2012 to 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, 2011, 27 aircraft had been delivered of which eight aircraft were subsequently sold and five aircraft remained to be delivered pursuant to the agreement. The remaining five aircraft are scheduled to be delivered in 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 2011, we entered into a purchase and leaseback transaction with American Airlines for 35 Boeing 737-800 aircraft, of which four aircraft have been delivered as of December 31, 2011. On November 29, 2011, American Airlines filed for voluntary Chapter 11 bankruptcy protection and as a result our remaining obligations for the 31 deliveries under the purchase and leaseback contract automatically terminated. We have agreed with American Airlines to continue funding new aircraft on a one-by-one basis under the previously agreed lease terms until such time as we agree to re-instate the original contract. Since the bankruptcy filing, as of March 23, 2012 we took delivery of another four aircraft of the remaining 31 aircraft.

Table of Contents

Aircraft Leases

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. 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.

Upon expiration of an operating lease, we extend the lease term, take redelivery of the aircraft, remarket and re-lease it to new lessees or sell the aircraft. 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 over 300 aircraft transactions between January 1, 2009 and December 31, 2011.

The following tables set forth information regarding the aircraft transactions we have executed between January 1, 2009 and December 31, 2011, 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

Table of Contents

of the various elements of our leasing strategy for our owned and managed portfolio, as described further below.

	Owned Aircraft			
Activity	**2009**	**2010**	**2011**	**Total/ Average**
New leases on new aircraft	21	6	14	41
New leases on used aircraft	6	18	16	40
Extensions of lease contracts	24	26	19	69
Average lease term for new leases (months)(1)	138.3	138.0	133.7	136.7
Average lease term for re-leases (months)(1)	42.3	61.6	80.8	66.4
Average lease term for lease extensions (months)(2)	18.8	35.5	30.5	28.3
Aircraft purchases	41	55	13	109
Aircraft sales	9	16	21	46
Average aircraft utilization rates(3)	98.1%	98.3%	98.5%	98.3%

(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.

	Managed Aircraft			
Activity	**2009**	**2010**	**2011**	**Total/ Average**
New leases on new aircraft	1			1
New leases on used aircraft	4	2	1	7
Extensions of lease contracts	5	4	3	12
Average lease term for re-leases (months)(1)	53.0	32.0	20.0	42.3
Average lease term for lease extensions (months)(2)	26.4	33.8	27.0	28.1
Aircraft purchases				
Aircraft sales	6	4	8	18

(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 during 2009, average lease terms for re-leases and extensions were low as compared to 2010 and 2011, in reaction to the deterioration in lease rates resulting from the global economic slowdown occurring during a large part of 2009. As a result of improving market conditions the average lease terms for re-leases and extensions in 2010 and 2011 increased to levels comparable to pre-2009 levels. 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. 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.

Table of Contents

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 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, 2011, 136 of our 251 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 cash compensation from prior lessees of the aircraft, which was recognized as income at the end of the prior lease.

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 73 aircraft under defaulted leases with 37 different lessees in 25 jurisdictions.

Table of Contents

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, 2011.

Lessee	**Percentage of 2011 lease revenue**
Aeroflot Russian Airlines	7.7%
TUI Aviation	6.0%
Asiana Airlines	4.3%
Wizz Air	3.6%
Alitalia	3.2%
Kingfisher Airlines	3.1%
Air France	3.0%
Virgin Atlantic	2.9%
Air Berlin	2.5%
TAP (Transporte Aéreos Portugueses)	2.5%
Garuda	2.0%
VRG Linhas Aereas	1.7%
Vietnam Airlines	1.7%
Sichuan Airlines	1.6%
China Hainan Airlines	1.6%
Air Canada	1.5%
Airblue	1.5%
Other(1)	49.6%
Total	**100%**

(1) Consists of more than 94 individual lessees. No other lessee accounted for more than 1.5% of our lease revenue in 2011.

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, 2011.

Country	Percentage of 2011 lease revenue
Russia	10.3%
Germany	9.3%
United States of America	8.8%
China	6.6%
UK	6.6%
Korea	4.3%
India	4.3%
Italy	3.6%
Hungary	3.6%
Indonesia	3.4%
France	3.3%
Brazil	2.7%
Portugal	2.5%
Turkey	2.2%
Thailand	2.0%
Canada	2.0%
Vietnam	2.0%
Pakistan	1.5%
Greece	1.4%
Kazakhstan	1.3%
United Arab Emirates	1.1%
Japan	1.1%
El Salvador	1.0%
Other(1)	15.1%
Total	**100%**

(1) No other country accounted for more than 1.0% of our lease revenue in 2011.

As of December 31, 2011, leases representing approximately 25.9% of our lease revenues in 2011 were scheduled to expire before December 31, 2014. As of December 31, 2011, of our 251 owned aircraft, 245 aircraft were on lease and had a weighted average remaining lease period per aircraft of 73.6 months and six aircraft were off-lease.

Table of Contents

The following table sets forth as of December 31, 2011 the number of leases that were scheduled to expire between December 31, 2011 and December 31, 2025 as a percentage of our 2011 lease revenue.

Year	Percentage of 2011 lease revenue(1)	Number of aircraft with leases expiring
2012	3.0%	11
2013	11.7%	35
2014	11.2%	35
2015	11.7%	39
2016	11.2%	32
2017	3.6%	9
2018	3.6%	11
2019	9.1%	17
2020	9.7%	19
2021	4.7%	9
2022	6.9%	16
2023	4.0%	8
2024	0.0%	0
2025	0.4%	4
Total	**90.8%**	**245**

(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 2011 (3.4%), revenue from the six off-lease aircraft (3.7%), revenue from disassembled aircraft (0.3%), revenue from the leasing of engines (0.6%) and lease revenue from the aircraft subject to lease-in lease-out transactions (1.2%).

The following table sets forth the percentage of lease revenue attributable to individual countries representing at least 10% of total lease revenue in any year based on each airline's principal place of business for the years indicated:

	2009	2010	2011
Russia	6.9%	11.3%	10.3%
Germany	16.3%	12.0%	9.3%

The following table sets forth the percentage of long-lived assets (flight equipment and intangible assets) attributable to individual countries representing at least 10% of total long-lived assets in 2011 based on each airline's principal place of business for the years indicated:

	2011
Russia	10.7%

During the years ended December 31, 2009, 2010 and 2011, no lease revenue and no long-lived assets were attributable to The Netherlands, our country of domicile.

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, and since 2007, we have raised in excess of $10.0 billion of new financings, including bank debt, governmental secured debt, securitization and debt capital markets.

Table of Contents

Revolving Credit Faciliy. 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 a broad range of aircraft. In June 2011, we amended this credit facility to allow for an additional two year revolving period with a three year term-out period, extending the facility to June 2016, and amending the facility size to $775.0 million. This facility provides us with large scale committed financing allowing us to rapidly execute aircraft portfolio purchases.

Capital Markets Facilities. Once we obtain sufficient aircraft through our revolving credit facility, 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 structure.

- In June 2008, our consolidated subsidiary ALS II closed a $1 billion aircraft securitization. The securitization provides long-term non-recourse funding for 30 A320 family aircraft which are part of the 70 aircraft order placed by us.

Export Credit. As of December 31, 2011, 11 A330 aircraft, 33 A320 family, two Boeing 737-800 aircraft and four CRJ aircraft have been financed in export credit facilities with banks and financial institutions, which contained the negotiated terms pursuant to which the European Export Credit Agencies (ECAs), the Export-Import Bank of the United States (US Ex-Im Bank) and Export Development Canada (EDC) agreed to provide guarantees. From time to time, the ECA facilities have been amended to cover certain additional aircraft and an ECA capital markets transaction in relation to three A330 aircraft was completed.

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;

- 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.

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 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.

Table of Contents

During 2011, we signed financing facilities in the amount of $1.5 billion, including the following:

- long term secured debt with banks to finance up to 12 Boeing 737-800 aircraft to be delivered to American Airlines with a total of $402.0 million;

- amendment and extension of our UBS revolving credit facility with a total of $775.0 million; and

- other secured financings with a total of $360.0 million

Joint Ventures

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

- order new aircraft 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 purchases.

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, to $120.0 million in 2010 and to $130 million in 2011. 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, 2011, we have not and do not plan to consolidate AerDragon's financial results in our consolidated financial statements. AerDragon has 17 aircraft on lease to seven airlines as of December 31, 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 were 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 are currently in the process of re-financing the second tranche of this facility, maturing April 2012. We consolidate AerCap Partner's financial results in our consolidated financial statements. AerCap Partners I has 15 aircraft on lease to TUI Travel as of December 31, 2011.

Other joint ventures. In 2010, we entered into three 50% joint ventures with three joint venture partners. The three joint ventures collectively owned ten aircraft, consisting of three A320 aircraft (AerCap Partners II), three A330 aircraft (AerCap Partners III) and four CRJ aircraft (AerLift Jet

Table of Contents

Leasing). During 2011, we sold our 50% interest in AerCap Partners III. We consolidate the two remaining joint ventures in our consolidated financial statements.

In 2010, we also entered into a 40% joint venture with Waha (AerLift Leasing), which owns ten aircraft as of December 31, 2011. We do not consolidate the financial results of this 40% joint venture in our consolidated financial statements.

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, 2011, we had aircraft management and administration and cash management service contracts with 13 parties covering over 250 aircraft, three of which accounted for 88% of our aircraft services revenue in 2011. 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.

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.

Subsidiaries

AerCap Holdings N.V.'s major subsidiaries as of December 31, 2011, were AerCap Ireland Ltd., Aircraft Lease Securitisation Ltd., Aircraft Lease Securitisation II Ltd., AerFunding I Ltd., Genesis Funding Ltd., Streamline 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, 2009(1)	December 31, 2010(1)	December 31, 2011
Amsterdam, The Netherlands	74	70	74
Shannon, Ireland	50	55	54
Fort Lauderdale, FL	18	17	15
Miami, FL(1)	120	126	
Goodyear, AZ(1)	46	44	
Other(1,2)	37	44	10
Total	**345**	**356**	**153**

(1) For the years ended December 31, 2009 and 2010 these locations included employees of AeroTurbine which we acquired in 2006 and sold in October 2011.

(2) We lease small offices in Shanghai (China), 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 four main operating companies, most of which in turn own special purpose entities which hold our aircraft assets. AerCap Holdings N.V. employs 30 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

Table of Contents

Holdings N.V.'s ownership in our principal operating subsidiaries, it holds our 50% economic interests in AerCap Partners II (three aircraft) and a 50% ownership in a joint venture with Waha (four aircraft). The four 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 22 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 44 employees as of December 31, 2011. 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 51 aircraft, in Aircraft Lease Securitisation II Limited ("ALS II"), which owns 30 aircraft and in Genesis Funding Ltd ("GFL"), which owns 38 aircraft and it holds our 50% economic interests in AerCap Partners I (15 aircraft). In addition, AerCap Ireland Limited owns 70 aircraft and seven engines directly or through single aircraft owning special purpose entities and holds the economic interests in AerFunding (18 aircraft). AerCap Ireland Limited is also the holder of our joint venture investment in AerDragon. AerCap Ireland Limited had 54 employees as of December 31, 2011.

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 ten employees as of December 31, 2011 and provides a range of services to other asset owning companies in the AerCap group of companies. AerCap, Inc. and its wholly owned subsidiaries are the lessees under four lease-in, lease-out transactions.

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. Our competition is comprised of major aircraft leasing companies including GE Capital Aviation Services ("GECAS"), ILFC, CIT Aerospace, Aviation Capital Group, Air Lease Corporation, SMFG (RBS Aviation Capital),SMBC, AWAS Aviation Capital Limited, FLY Leasing Limited, BOC Aviation and AirCastle Ltd.

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. 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. 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' 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.

Facilities

In April 2008, we relocated to a 37,000 square foot office facility in Amsterdam, The Netherlands. Our 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.

In addition to the above facilities, we also lease small offices in Fort Lauderdale (Florida), Shanghai (China), Irvine (Texas), 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 has 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.

Table of Contents

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.

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.

Table of Contents

Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provision for this litigation because we do not believe the outcome of this case will have a material effect on our consolidated financial condition, results of operations or cash flows.

Transbrasil litigation

In the early 1990's, two AerCap-related companies (the "AerCap Lessors") leased an aircraft and two engines to Transbrasil S/A Linhas Areas ("Transbrasil"), a now defunct Brazilian airline. By 1998, Transbrasil had defaulted on various obligations under its leases with AerCap, along with other leases it had entered into with General Electric Capital Corporation ("GECC") and certain of its affiliates ("GE affiliates" and collectively with GECC, the "GE Lessors"). GECAS was the servicer for all these leases at the time. Subsequently, Transbrasil issued promissory notes (the "Notes") to the AerCap lessors and GE Lessors (collectively the "Lessors") in connection with restructurings of the leases. Transbrasil defaulted on the Notes and GECC brought an enforcement action on behalf of the Lessors in 2001. Concurrently, GECC filed an action for the involuntary bankruptcy of Transbrasil.

Transbrasil brought a lawsuit against the Lessors in February 2001, claiming that the Notes had in fact been paid at the time GECC brought the enforcement action. In 2007, the trial judge ruled in favor of Transbrasil. That decision was appealed. In April 2010, the appellate court published a judgment (the "2010 Judgment") rejecting the Lessors' appeal, ordering them to pay Transbrasil a statutory penalty equal to double the face amount of the Notes (plus interest and monetary adjustments), and awarding Transbrasil damages for any losses incurred as a result of its bankruptcy. The 2010 Judgment provided that the amount of such losses would be calculated in separate proceedings in the trial court. In June 2010, the AerCap Lessors and the GE Lessors separately filed special appeals before a federal appeals court in Brazil. These special appeals have since been admitted for hearing. AerCap's Brazilian counsel believes AerCap's special appeal is well-grounded and has a reasonable chance of success. In July 2011, Transbrasil sued for provisional enforcement of the 2010 Judgment and submitted its alleged calculation of the statutory penalty which, according to Transbrasil, amounted to approximately $210 million in the aggregate with interest and monetary adjustments. The 2010 Judgment did not determine if there was joint and several liability among the Lessors. AerCap contends that, based on its interest in the Notes, its proportionate share of any statutory penalty is approximately seven percent. AerCap filed a motion opposing provisional enforcement of the 2010 judgment, arguing, among other things, that Transbrasil's calculations are incorrect and that it had failed to differentiate among the amounts owed by each defendant. These arguments, and the question of whether the AerCap Lessors have any liability to TransBrasil will be determined in other proceedings. Transbrasil also initiated proceedings to determine the amount for which each of the Lessors is allegedly liable as a result of the Transbrasil bankruptcy. The court appointed an expert to determine this amount and the AerCap Lessors appointed an assistant expert. We believe we have strong arguments to convince the expert and the court that the AerCap Lessors are not liable for any damages as a result of Transbrasil's bankruptcy because, among other reasons, it was not the AerCap Lessors, but GECC alone, who brought the involuntary bankruptcy action against Transbrasil.

Our management, based on the facts and the advice of external legal counsel, has determined that is not necessary to make any provision for this litigation because we do not believe the outcome of this case will have a material effect on our consolidated financial condition, results of operations or cash flows.

Item 4A. Unresolved Staff Comments

Not applicable.

Table of Contents

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 2011 was $172.2 million. Adjusted net income was $303.1 million, up 35% as compared to $223.9 million in 2010. Adjusted net income excludes non-cash charges relating to the mark-to-market of interest rate caps and share based compensation, a one-time charge relating to the buy-out of the Genesis portfolio servicing rights and excludes a loss from discontinued operations. Please refer to page 66 and 67 for the reconciliation of adjusted net income (and adjusted earnings per share) to net income attributable to AerCap Holdings N.V. for the years ended December 31, 2011 and 2010. The increase in adjusted net income was driven primarily by the deliveries of forward order aircraft and the purchase of the remaining 50% investment in AerVenture. Total basic and fully diluted earnings per share for the full year 2011 were $1.17. Adjusted earnings per share were $2.07. The average number of outstanding shares was 146.6 million for the year ended December 31, 2011. Net interest margin, or net spread, the difference between basic lease rents and interest expense excluding the mark-to-market of interest rate caps, was $718.1 million for full year 2011, up 13% as compared to 2010. This measure reflects the increase in leasing income.

Major Developments in 2011

On June 10, 2011, we amended our $775 million non-recourse facility, established in 2006 and arranged by UBS Securities LLC, to allow for an additional two year revolving period with a three year term-out period, extending the transaction to June 2016;

On July 15, 2011, we entered into a purchase-leaseback arrangement with American Airlines to finance up to 35 Boeing 737-800 Next Generation aircraft scheduled to be delivered to American Airlines. On November 29, 2011, American Airlines filed for voluntary Chapter 11 bankruptcy protection and as a result our remaining obligations for the 31 deliveries under the purchase and leaseback contract automatically terminated. We have agreed with American Airlines to continue funding new aircraft on a one-by-one basis under the previously agreed lease terms until such time as we agree to re-instate the original contract; and

On October 7, 2011, we closed on the sale of AeroTurbine to ILFC.

Liquidity and Access to Capital

Aircraft 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, 2011, we had 27 aircraft under forward purchase commitments (including five Boeing 737 purchase rights), with 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.

Table of Contents

In the longer term, we expect to fund the growth of our business, including the acquisition of aircraft, through internally generated cash flows, the incurrence of new bank debt, the 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 $5.4 million for the full year 2011. 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 $51.3 million for the full year 2011. 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

We acquired $0.9 billion of aviation assets including 13 aircraft in 2011. Total assets were $9.1 billion at December 31, 2011. Total assets decreased 5% during 2011 which was driven primarily by the sale of AeroTurbine and the sale of our 50% interest in a joint venture containing three A330 aircraft. The number of aircraft in our portfolio was 350 as of December 31, 2011, consisting of 251 owned aircraft, 42 managed aircraft, 27 aircraft on order (including five Boeing 737 purchase rights), 31 Boeing 737 purchase and leaseback aircraft with American Airlines, five A320NEO purchase and leaseback aircraft and six aircraft subject to a sale agreement/letter of intent.

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

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.

Table of Contents

Factors Affecting the Comparability of Our Results

AeroTurbine Transaction

On October 7, 2011, we completed the sale of AeroTurbine to ILFC for $228.0 million. As a result of the sale we recognized a loss from discontinued operations of $52.8 million in the year ended December 31, 2011. The loss consisted of: (1) $22.5 million of bank fees, legal fees, and contractual incentive payments to AeroTurbine management; (2) a $8.7 million deferred tax asset write-off as a result of the transfer of tax losses to the buyer; and (3) a $21.6 million book loss arising from the sale. The sale resulted in a $119.9 million increase of our cash position, net of incentive payments and net of AeroTurbine's cash held at the transaction date. As a result of the sale and based on ASC 205-20, which governs financial statements for discontinued operations, the results of AeroTurbine for all periods presented have been reclassified to discontinued operations in the consolidated income statements.

Genesis Transaction

On March 25, 2010, the all-share acquisition of Genesis was completed. The Genesis aircraft portfolio consisted of 54 aircraft, of which three were subsequently sold. As at December 31, 2011, 50 of those aircraft were in operation on lease to 31 airlines located in 21 countries. The Genesis portfolio includes 45 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). As of June 30, 2011, AerCap, through its Irish subsidiary, AerCap Ireland Limited, replaced GECAS as servicer to the aircraft portfolio acquired through the Genesis acquisition. This includes most services related to leasing the 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 results has increased our lease revenue through the addition of $1.3 billion of flight equipment in our December 31, 2011 and 2010 consolidated balance sheet.

Buy-out of Genesis Portfolio Servicing Rights

In 2011, we completed the buy-out of the Genesis portfolio servicing rights. The buy-out resulted in a $21.4 million one-time charge, net of tax, which has been recognized in selling, general and administrative expenses. We expect the buy-out to generate savings of approximately $6.0 million per annum.

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

Table of Contents

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.

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.

Impairments

In accordance with ASC 360, our flight equipment held for operating lease 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 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

Table of Contents

aircraft are more dependent upon current lease contracts, which leases are more sensitive to weaknesses in the global economic environment. We have defined a threshold of 10% for aircraft for which the undiscounted cash flows do not substantially exceed the carrying value of the aircraft. The aggregated carrying value of nine aircraft that do not substantially exceed our 10% threshold on December 31, 2011 amounts to $104.8 million. Of the nine aircraft, six aircraft are older than 15 years.

As of December 31, 2011, we owned 251 aircraft of which 23 were older than 15 years. The 23 aircraft had a net book value of $265.4 million which represented 3.4% of our total flight equipment held for operating lease and a carrying value $230.2 million. The undiscounted cash flows of the 23 aircraft older than 15 years were estimated at $305.8 million, which represents 33% excess above carrying value. As of December 31, 2011, 22 of the 23 aircraft passed the recoverability test. An impairment of $2.8 million was recognized for one aircraft. The 22 aircraft passed the recoverability test with undiscounted cash flows exceeding the carrying value of aircraft between 2% and 198%. 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 trigger further impairments.

In the year ended December 31, 2011, we recognized an impairment of $15.6 million. An impairment of $11.3 million related to four older A320 aircraft and one Boeing 737 classic. We also recognized an impairment of $4.3 million relating to two engines and an intangible lease premium.

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 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. We estimate the total amount of maintenance reimbursements for the entire lease and only record revenue after we have received enough maintenance rent under a particular lease to cover the estimated amount of maintenance reimbursements. 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 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.

Table of Contents

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 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 leases, net gain on sale of assets, management fee revenue and interest revenue.

Lease Revenue.

Nearly all of our aircraft 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, 2011, 14.3% 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 utilization and lease term, or an end-of-lease compensation amount calculated with reference to the technical condition of the aircraft 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 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 and as of December 31, 2011, 245 out of our 251 owned aircraft and seven owned engines were on lease to 89 customers in 47 countries, with no lessee accounting for more than 10% of lease revenue for the year ended December 31, 2011. The following table shows the regional profile of our lease revenue for the periods indicated:

		AerCap Holdings N.V.	
	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
Europe	43%	38%	38%
Asia/Pacific/Russia	32%	37%	39%
North America/Caribbean	14%	14%	12%
Latin America	6%	6%	6%
Africa/Middle East	5%	5%	5%
Total	**100%**	**100%**	**100%**

Net Gain on Sale of Assets.

Our net gain on sale of assets is generated from the sale of our aircraft, engines, and inventory. The net gain on sale we achieve on the sale of 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 net gain on sale of assets is 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, net gain on sales of assets recorded in one fiscal quarter or other reporting period may not be comparable to net gain on sales of assets in other periods.

We have historically presented our gain on sale of assets on a net basis, with the net book value of the asset being sold and related direct selling costs netted against sales consideration as gain on sale of assets. As a result of the acquisition of AeroTurbine, effective January 1, 2006, we changed our

Table of Contents

presentation of sales of aircraft on a gross basis in our Consolidated Income Statements. As a result of the disposal of AeroTurbine in the fourth quarter of 2011, we changed our presentation back to as it was before the AeroTurbine acquisition. This presentation has also been applied retrospectively in our Consolidated Income Statements to provide the reader with meaningful and comparable information.

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.

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 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.

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

Table of Contents

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, 2012 expire between 2011 and 2013. 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.

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, severance 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 2007 to 2011. The primary source of temporary differences is the availability of accelerated tax

Table of Contents

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.

Comparative Results of Operations

Results of Operations for the Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

	Year ended December 31, 2010	Year ended December 31, 2011
	(US dollars in millions)	
Revenues		
Lease revenue	$ 902.3	$ 1,050.5
Net gain on sale of assets	36.2	9.3
Management fee revenue	13.0	19.1
Interest revenue	3.9	2.7
Other revenue	3.9	12.3
Total revenues	**959.3**	**1,093.9**
Expenses		
Depreciation	307.7	361.2
Asset Impairment	10.9	15.6
Interest on debt	234.0	292.5
Other operating expenses	67.9	73.8
Selling, general and administrative expenses	80.6	120.8
Total expenses	**701.1**	**863.9**
Income from continuing operations before income taxes and income of investments accounted for under the equity method	**258.2**	**230.0**
Provision for income taxes	(22.2)	(15.4)
Net income of investments accounted for under the equity method	3.7	10.9
Net income from continuing operations	**239.7**	**225.5**
Income (loss) from discontinued operations (AeroTurbine, including loss on disposal), net of tax	(3.2)	(52.8)
Bargain purchase gain ("Amalgamation gain"), net of transaction expenses	0.3	
Net income	**236.8**	**172.7**
Net loss (income) attributable to non-controlling interest, net of taxes	(29.2)	(0.5)
Net income attributable to AerCap Holdings N.V.	**$ 207.6**	**$ 172.2**

Table of Contents

Revenues. Our total revenues increased by $134.6 million, or 14.0%, to $1,093.9 million in the year ended December 31, 2011 from $959.3 million in the year ended December 31, 2010. The principal categories of our revenue and their variances were:

	Year ended December 31, 2010	Year ended December 31, 2011	Increase/ (decrease)	Percentage Difference
	(US dollars in millions)			
Lease revenue				
Basic rents	$ 840.4	$ 951.3	$ 110.9	13.2%
Maintenance rents and end of lease compensation	61.9	99.2	37.3	60.3%
Net gain on sale of assets	36.2	9.3	(26.9)	(74.3)%
Management fee revenue	13.0	19.1	6.1	46.9%
Interest revenue	3.9	2.7	(1.2)	(30.8)%
Other revenue	3.9	12.3	8.4	215.4%
Total	**$ 959.3**	**$ 1,093.9**	**$ 134.6**	**14.0%**

Basic rents increased by $110.9 million, or 13.2%, to $951.3 million in the year ended December 31, 2011 from $840.4 million in the year ended December 31, 2010. The increase in basic rents was attributable primarily to:

- the acquisition between January 1, 2010 and December 31, 2011 of 122 aircraft for lease with an aggregate net book value of $3.4 billion at the date of acquisition (including those acquired through the Genesis Transaction), partially offset by the sale of 37 aircraft, during such period, with an aggregate net book value of $1.0 billion at the date of sale. The net increase in our aircraft portfolio (including those acquired through the Genesis Transaction) resulted in a $135.3 million increase in basic rents in the year ended December 31, 2011 as compared to the year ended December 31, 2010.

reduced by

- a decrease in basic rents of $16.6 million in the year ended December 31, 2011 compared to the twelve months ended December 31, 2010 as a result of re-leases following the scheduled expiry of leases;

- a decrease in basic rents of $8.4 million in the year ended December 31, 2011 compared to the twelve months ended December 31, 2010 as a result of airline defaults and restructurings;

- a decrease in basic rents of $1.4 million from our engine lease activities in the year ended December 31, 2011 compared to the year ended December 31, 2010; and

- a decrease in payments from leases with lease rates tied to floating interest rates of $0.7 million in the year ended December 31, 2011 compared to the year ended December 31, 2010 due to decreases in market interest rates.

Maintenance rents and end-of-lease compensation increased by $37.3 million, or 60.3%, to $99.2 million in the year ended December 31, 2011 from $61.9 million in the year ended December 31, 2010. The increase is mainly attributable to the recognition of a $34.6 million increase in the release of maintenance rents as a result of airline defaults and restructurings in the year ended December 31, 2011 as compared to the year ended December 31, 2010.

Net gain on sale of assets decreased by $26.9 million, or 74.3%, to $9.3 million in the year ended December 31, 2011 from $36.2 million in the year ended December 31, 2010. The decrease in net gain on sale of assets is mainly a result of the age of the aircraft sold. Net gain on sale of assets in the year ended December 31, 2011 was generated from the sale of 18 older aircraft and three A330s through the sale of a 50% interest in a joint venture. In the year ended December 31, 2011, we sold three A320 aircraft, one A330 aircraft, six Boeing 737aircraft, three Boeing 757 aircraft and five MD80 aircraft, whereas in the year ended December 31, 2010, we sold eight A320 aircraft, four A330 aircraft, two Boeing 757 aircraft and one Boeing 767 aircraft.

Management fee revenue increased by $6.1 million, or 46.9%, to $19.1 million in the year ended December 31, 2011 from $13.0 million in the year ended December 31, 2010. The increase was mainly attributable to the servicing of the joint venture with Waha, which we entered into in November 2010.

Interest revenue decreased by $1.2 million, or 30.8%, to $2.7 million in the year ended December 31, 2011 from $3.9 million in the year ended December 31, 2010. The decrease was mainly caused by the unwinding of our notes receivable in defeasance structures, which earned $1.7 million of interest income in the year ended December 31, 2010.

Other revenue increased by $8.4 million, or 215.4%, to $12.3 million in the year ended December 31, 2011 from $3.9 million in the year ended December 31, 2010. Other revenue in both periods related primarily to the cash recovery of bankruptcy claims against previous lessees and other one-time payments.

Depreciation. Depreciation increased by $53.5 million, or 17.4%, to $361.2 million in the year ended December 31, 2011 from $307.7 million in the year ended December 31, 2010 due primarily to the acquisition of 122 new aircraft (including those acquired through the Genesis Transaction) between January 1, 2010 and December 31, 2011 with a book value at the time of the acquisition of $3.4 billion. The increase was partially offset by the sale of 37 aircraft between January 1, 2010 and December 31, 2011 with a book value at the time of sale of $1.0 billion.

Asset impairment. Asset impairment was $15.6 million in the year ended December 31, 2011. An impairment of $11.3 million in the year ended December 31, 2011 related to four older A320 aircraft and one Boeing 737 classic. We also recognized an impairment of $4.3 million relating to two engines and an intangible lease premium. Asset impairment was $10.9 million in the year ended December 31, 2010 which 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 and an intangible lease premium write-off on an aircraft acquired through the Genesis Transaction.

Interest on Debt. Our interest on debt increased by $58.5 million, or 25.0%, to $292.5 million in the year ended December 31, 2011 from $234.0 million in the year ended December 31, 2010. The majority of the increase in interest on debt was caused by:

- a $32.0 million increase in the non-cash recognition of mark-to-market charges on derivatives to a $59.3 million charge in the year ended December 31, 2011 from a $27.3 million charge in the year ended December 31, 2010;

- an increase in average outstanding debt balance to $6.3 billion in the year ended December 31, 2011 from $6.1 billion in the year ended December 31, 2010, resulting in a $6.8 million increase in our interest on debt;

- an increase in our average cost of debt to 3.6% in the year ended December 31, 2011 from 3.3% in the year ended December 31, 2010. The increase in our average cost of debt is primarily the result of an increase in our fixed rate debt. This resulted in an $18.9 million increase in our interest on debt.

Table of Contents

Other Operating Expenses. Our other operating expenses increased by $5.9 million, or 8.7%, to $73.8 million in the year ended December 31, 2011 from $67.9 million in the year ended December 31, 2010. The principal categories of our other operating expenses and their variances were as follows:

	Year ended December 31, 2010	Year ended December 31, 2011	Increase/ (decrease)	Percentage difference
		(US$ in millions)		
Operating lease-in costs	$ 12.3	$ 12.1	$ (0.2)	(1.6)%
Leasing expenses	55.6	58.4	2.8	5.0%
Provision for doubtful notes and accounts receivable		3.3	3.3	
Total	**$ 67.9**	**$ 73.8**	**$ 5.9**	**8.7%**

Our operating lease-in costs did not materially change in the year ended December 31, 2011 compared to the year ended December 31, 2010.

Our leasing expenses increased by $2.8 million, or 5.0%, to $58.4 million in the year ended December 31, 2011 from $55.6 million in the year ended December 31, 2010. In the year ended December 31, 2011 our leasing expenses excluding default and restructuring related leasing expenses decreased by $18.0 million, primarily as a result of an increase in lessor contributions. Expenses relating to airline defaults and restructurings increased by $20.9 million in the year ended December 31, 2011 compared to the year ended December 31, 2010.

Our provision for doubtful notes accounts receivable was $3.3 million and was primarily caused by the default of two of our lessees in the year ended December 31, 2011.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by $40.2 million, or 49.9%, to $120.8 million in the year ended December 31, 2011 from $80.6 million in the year ended December 31, 2010. The increase was primarily caused by a $5.2 million increase in termination and severance payments, a $3.3 million increase in share based compensation, a $4.5 million increase in the mark-to-market of foreign currency hedges, foreign currency cash balances and other derivatives and a $24.5 million one-time charge relating to the buy-out of the Genesis portfolio servicing rights. We expect the buy-out to generate savings of approximately $6.0 million per annum.

Income From Continuing Operations Before Income Taxes and Income of Investments Accounted for Under the Equity Method. For the reasons explained above, our income from continuing operations before income taxes and income of investments accounted for under the equity method decreased by $28.2 million, or 10.9%, to $230.0 million in the year ended December 31, 2011 from $258.2 million in the year ended December 31, 2010.

Provision for Income Taxes. Our provision for income taxes decreased by $6.8 million to a charge of $15.4 million in the year ended December 31, 2011. Our effective tax rate was negative 6.7% for the year ended December 31, 2011 and was negative 8.6% for the year ended December 31, 2010. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. The decrease in the 2011 effective tax rate as compared to 2010 is the result

Table of Contents

of having more earnings generated from lower 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,		
	2010	2011	Tax rate
Tax jurisdiction			
The Netherlands	$ (82,943)	$ (33,149)	25.0%
Ireland	147,291	91,973	12.5%
United States of America	(7,676)	5,204	37.6%
Sweden	26	3,384	18.7%
Isle of Man	124,878	130,284	0.0%
Income arising from non taxable items (permanent differences)	76,650	32,355	0.0%
	$ 258,226	**$ 230,051**	
Non-recoverable losses Netherlands (valuation allowance)	$ 109,600	$ 38,644	

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, 2012.

Net income of Investments Accounted for Under the Equity Method. Our net income of investments accounted for under the equity method increased by $7.2 million, or 194.6% to $10.9 million in the year ended December 31, 2011 from $3.7 million in the year ended December 31, 2010. The increase is a result of the acquisition of our 40% interest in a joint venture with Waha as part of the Waha transaction which closed on November 11, 2010.

Net Income From Continuing Operations. For the reasons explained above, our net income from continuing operations decreased by $14.2 million, or 5.9%, to $225.5 million in the year ended December 31, 2011 from $239.7 million in the year ended December 31, 2010.

Income (Loss) from Discontinued Operations. In the year ended December 31, 2011 we recognized a loss of $52.8 million from discontinued operations as a result of the sale of AeroTurbine. The loss consisted of: (1) $22.5 million of bank fees, legal fees and contractual incentive payments to AeroTurbine management, (2) a $8.7 million deferred tax asset write-off as a result of the transfer of tax losses to the buyer; and (3) a $21.6 million book loss arising from the sale.

Net Income. For the reasons explained above, our net income decreased by $64.1 million, or 27.1%, to $127.7 million in the year ended December 31, 2011 from $236.8 million in the year ended December 31, 2010.

Non-controlling interest, net of tax. Our non-controlling interest net of tax decreased by $28.7 million to $0.5 million net income attributable to non-controlling interests in the year ended December 31, 2011 from $29.2 million net income attributable to non-controlling interests in the year ended December 31, 2010, due primarily to the repurchase of AerVenture in the year ended December 31, 2010.

Net Income attributable to AerCap Holdings N.V. For the reasons explained above, our net income attributable to AerCap Holdings N.V. decreased by $35.4 million, or 17.1%, to $172.2 million in the year ended December 31, 2011 from $207.6 million in the year ended December 31, 2010.

Table of Contents

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	$ 581.1	$ 902.3
Net gain on sale of assets	40.2	36.2
Management fee revenue	13.0	13.0
Interest revenue	9.5	3.9
Other revenue	3.7	3.9
Total revenues	**647.5**	**959.3**
Expenses		
Depreciation	194.2	307.7
Asset Impairment	18.8	10.9
Interest on debt	86.2	234.0
Other operating expenses	65.1	67.9
Selling, general and administrative expenses	76.6	80.6
Other expenses	3.0	
Total expenses	**443.9**	**701.1**
Income from continuing operations before income taxes and income of investments accounted for under the equity method	**203.6**	**258.2**
Provision for income taxes	(0.9)	(22.2)
Net income of investments accounted for under the equity method	1.0	3.7
Net income from continuing operations	**203.7**	**239.7**
Income (loss) from discontinued operations (AeroTurbine, including loss on disposal), net of tax	2.7	(3.2)
Bargain purchase gain ("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 $311.8 million, or 48.2%, to $959.3 million in the year ended December 31, 2010 from $647.5 million in the year ended December 31, 2009. 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$ in millions)			
Lease revenue				
Basic rents	$ 541.6	$ 840.4	$ 298.8	55.2%
Maintenance rents and end of lease compensation	39.5	61.9	22.4	56.7%
Net gain on sale of assets	40.2	36.2	(4.0)	(10.0)%
Management fee revenue	13.0	13.0		0.0%
Interest revenue	9.5	3.9	(5.6)	(58.9)%
Other revenue	3.7	3.9	0.2	5.4%
Total	**$ 647.5**	**$ 959.3**	**$ 311.8**	**48.2%**

Table of Contents

Basic rents increased by $298.8 million, or 55.2%, to $840.4 million in the year ended December 31, 2010 from $541.6 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 150 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; and

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.

Maintenance rents and end-of-lease compensation increased by $22.4 million, or 56.7%, to $61.9 million in the year ended December 31, 2010 from $39.5 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.

Net gain on sale of assets decreased by $4.0 million, or 10.0%, to $36.2 million in the year ended December 31, 2010 from $40.2 million in the year ended December 31, 2009. Net gain on sale of assets in the year ended December 31, 2010 was generated from the sale of 15 aircraft. In the year ended December 31, 2010, we sold eight A320 aircraft, four A330 aircraft, two Boeing 757 aircraft and one Boeing 767 aircraft, whereas in the year ended December 31, 2009, we sold seven 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 $5.6 million, or 58.9%, to $3.9 million in the year ended December 31, 2010 from $9.5 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 $0.2 million, or 5.4%, to $3.9 million in the year ended December 31, 2010 from $3.7 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 $113.5 million, or 58.4%, to $307.7 million in the year ended December 31, 2010 from $194.2 million in the year ended December 31, due primarily to the acquisition of 150 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). 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.

Table of Contents

Asset impairment. Asset impairment was $10.9 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 and an intangible lease premium write-off on an aircraft acquired through the Genesis Transaction. Asset impairment was $18.8 million in the year ended December 31, 2009 and related to eight older A320 aircraft.

Interest on Debt. Our interest on debt increased by $147.8 million, or 171.5%, to $234.0 million in the year ended December 31, 2010 from $86.2 million in the year ended December 31, 2009. The majority of the increase in interest on debt was caused by:

- a $51.0 million increase in the non-cash recognition of mark-mark-to-market charges on derivatives to a $27.3 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 3.3% 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 $2.8 million, or 4.3%, to $67.9 million in the year ended December 31, 2010 from $65.1 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	52.0	55.6	3.6	6.9%
Total	**$ 65.1**	**$ 67.9**	**$ 2.8**	**4.3%**

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 $3.6 million, or 6.9%, to $55.6 million in the year ended December 31, 2010 from $52.0 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 $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.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by $4.0 million, or 5.2%, to $80.6 million in the year ended December 31, 2010 from $76.6 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 and Income of Investments Accounted for Under the Equity Method. For the reasons explained above, our income from continuing operations before income taxes and income of investments accounted for under the equity method increased by

Table of Contents

$54.6 million, or 26.8%, to $258.2 million in the year ended December 31, 2010 from $203.6 million in the year ended December 31, 2009.

Provision for Income Taxes. Our provision for income taxes increased by $21.3 million to a charge of $22.2 million in the year ended December 31, 2010. Our effective tax rate was negative 8.6% for the year ended December 31, 2010 and was negative 0.4% 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	$ (120,135)	$ (82,943)	25.0%
Ireland	162,520	147,291	12.5%
United States of America	(10,519)	(7,676)	37.6%
Sweden	912	26	18.7%
Isle of Man	115,492	124,878	0.0%
Income arising from non taxable items (permanent differences)	55,340	76,650	0.0%
	$ 203,610	**$ 258,226**	
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.

Net income of Investments Accounted for Under the Equity Method. Our net income of investments accounted for under the equity method increased by $2.7 million, or 270.0% to $3.7 million in the year ended December 31, 2010 from $1.0 million in the year ended December 31, 2009.

Net Income From Continuing Operations. For the reasons explained above, our net income from continuing operations decreased by $36.0 million, or 17.7%, to $239.7 million in the year ended December 31, 2011 from $203.7 million in the year ended December 31, 2009.

Income (Loss) from Discontinued Operations. Our income (loss) from discontinued operations results from the sale of AeroTurbine.

Net Income. For the reasons explained above, our net income increased by $30.4 million, or 14.7%, to $236.8 million in the year ended December 31, 2010 from $206.4 million in the year ended December 31, 2009.

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.

Table of Contents

Consolidated Cash Flows

The following table presents our consolidated cash flows for 2010 and 2011. We currently generate significant cash flows from our aircraft leasing business; however, since a significant portion of our owned aircraft are held through restricted cash entities, such as ALS I, ALS II and GFL 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.

	2010	2011
	(US dollars in millions)	
Net cash flow provided by operating activities	$ 641.6	$ 621.6
Net cash flow used in investing activities	(1,378.8)	(567.9)
Net cash flow provided by financing activities	958.4	(53.2)

Cash Flows Provided by Operating Activities. Our cash flows provided by operating activities decreased by $20.0 million, or 3.1%, to $621.6 million for the year ended December 31, 2011 from $641.6 million for the year ended December 31, 2010 primarily due to a $24.5 million payment related to the buy-out of the Genesis portfolio servicing rights.

Cash Flows Used in Investing Activities. Our cash flows used in investing activities decreased by $810.9 million, or 58.8%, to $567.9 million for the year ended December 31, 2011 from $1,378.8 million for the year ended December 31, 2010. The decrease in the use of cash was primarily due to decrease of $1,185.7 million in aircraft purchase activity (including intangible lease premiums) along with a $93.0 million decrease in pre-delivery payments. The decrease in cash flows used in investing activities was partially offset by a $523.4 million decrease in asset sale proceeds.

Cash Flows (Used in) Provided by Financing Activities. Our cash flows (used in) provided by financing activities decreased by $1,011.6 million, or 105.5%, to $53.2 million of cash flow used in financing activities for the year ended December 31, 2011 from $958.4 million of cash flow provided by financing activities for the year ended December 31, 2010. This decrease in cash flows provided by financing activities was due to a decrease of $769.8 million in new financing proceeds, net of repayments and debt issuance costs resulting primarily from the decrease in aircraft purchase activity, a $100.0 million use of cash for share repurchases and a decrease of $142.6 million in issuance of equity interests and capital contributions from non-controlling interests.

Material Unused Sources of Liquidity. Our cash balance at December 31, 2011 was $648.4 million, including restricted cash of $237.3 million. Our unused lines of credit at December 31, 2011 were $1.0 billion million and primarily consisted of an ECA-guaranteed facility of $348.7 million, a revolving credit facility of $313.6 million and a $268 million facility for the funding of Boeing 737 aircraft to be delivered to American Airlines. All three facilities can only be used to finance the acquisition of aircraft.

We are a publicly limited company based in, and resident for tax purposes in, The Netherlands. We are not engaged in business within, nor do we have a permanent establishment in the United States. Only our U.S. subsidiaries are subject to U.S. net income tax or would potentially have to withhold U.S. taxes upon a distribution of our earnings. Accordingly, we do not have to accrue and pay any United States taxes as a result of repatriation of earnings from our foreign subsidiaries.

Likewise, for Dutch tax purposes, we do not have to accrue and pay any taxes as a result of repatriation of earning from any of our foreign subsidiaries to The Netherlands. As of December 31, 2011, $192.1 million out of $411.1 million of cash and short-term investments were held by our foreign

Table of Contents

subsidiaries. Additionally, our legal restrictions in relation to dividend payments are described on pages 100 through 102 of this 20-F. There are no other legal or economic restrictions on the ability of our subsidiaries to transfer funds in the form of cash dividends, loans or advances.

Indebtedness

As of December 31, 2011, our outstanding indebtedness totaled $6.1 billion and primarily consisted of export credit facilities, Japanese operating lease financings, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

The following table provides a summary of our indebtedness at December 31, 2011:

Debt Obligation	**Collateral**	**Commitment**	**Outstanding**	**Undrawn amounts**	**Weighted average interest rate**	**Final stated Maturity**
		(US dollars in thousands)				
ECA-guaranteed financings	44 aircraft	$ 2,011,521	$ 1,662,810	$ 348,711	2.48%	2023
ALS I debt	51 aircraft	640,332	640,332		0.53%	2032
ALS II debt	30 aircraft	693,180	693,180		2.13%	2038
UBS revolving credit facility	18 aircraft	775,000	461,421	313,579	3.18%	2016
GFL securitization debt	38 aircraft	624,973	624,973		0.52%	2032
TUI portfolio acquisition facility	15 aircraft	262,302	262,302		1.93%	2015
SkyFunding Boeing 737 acquisition facility	4 aircraft	401,669	133,669	268,000	3.86%	2021
Subordinated debt joint ventures partners*		64,280	64,280		19.35%	2022
Other debt	51 aircraft & 7 engines	1,594,746	1,568,198	26,548	4.19%	2023
Total		**$ 7,068,003**	**$ 6,111,165**	**$ 956,838**		

* 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.

Table of Contents

The following table sets forth our contractual obligations and their maturity dates as of December 31, 2011:

Payments Due By Period as of December 31, 2011

Contractual Obligations	Less than one year	One to three years	Three to five years	Thereafter	Total
	(U.S. dollars in thousands)				
Debt(1)	$ 961,322	$ 1,748,240	$ 2,179,018	$ 1,968,671	$ 6,857,251
Purchase obligations(2)	497,551	369,509	313,017		1,180,077
Operating leases(3)	18,139	2,114	1,523	713	22,489
Derivative obligations(1)	11,968	11,028	588		23,584
Total	**$ 1,488,980**	**$ 2,130,891**	**$ 2,494,146**	**$ 1,969,384**	**$ 8,083,401**

(1) Includes estimated interest payments based on one-month LIBOR of 0.30% and three-month LIBOR of 0.58% as of December 31, 2011.

(2) Includes five new A330 wide-body aircraft, seven Airbus A320 family aircraft and ten Boeing 737 aircraft on order. Excludes the remaining 31 American Airlines purchase-leaseback Boeing 737 aircraft. On November 29, 2011, American Airlines filed for voluntary Chapter 11 bankruptcy protection and as a result our remaining obligations for the 31 deliveries under the purchase and leaseback contract automatically terminated. We have agreed with American Airlines to continue funding new aircraft on a one-by-one basis under the previously agreed lease terms until such time as we agree to re-instate the original contract. Since the bankruptcy filing, as of March 23, 2012 we took delivery of another four aircraft of the remaining 31 aircraft.

(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, Fort Lauderdale, Florida, Shannon, Ireland, Singapore, Shanghai, China and Abu Dhabi.

The table below provides information as of December 31, 2011 regarding our debt obligations and estimated interest obligations based on one-month LIBOR of 0.30% and three-month LIBOR of 0.58% as of December 31, 2011, 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(1)	$ 44,278	$ 4,833	$	$	$ 49,111
Debt facilities with non-scheduled amortization(2)	425,744	831,456	1,035,695	463,322	2,756,217
Other facilities	491,300	911,951	1,143,323	1,505,349	4,051,923
Total	**$ 961,322**	**$ 1,748,240**	**$ 2,179,018**	**$ 1,968,671**	**$ 6,857,251**

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

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

Table of Contents

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,		
	2009	**2010**	**2011**
Capital expenditures	$ 1,264,446	$ 1,939,874	$ 763,159
Pre-delivery payments	453,305	140,094	47,077

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. In 2011, our principal capital expenditures were for two A320 and seven A330 aircraft delivered under our forward order agreements and four Boeing 737-800 aircraft delivered under the purchase and leaseback transaction with American Airlines.

The table below sets forth our expected capital expenditures for future periods indicated based on contracted commitments as of December 31, 2011.

	2012	**2013**	**2014**	**Thereafter**
		(US dollars in thousands)		
Capital expenditures	$ 466,231	$ 220,648	$	$ 294,793
Pre-delivery payments	31,320	57,742	91,119	18,224
Total	**$ 497,551**	**$ 278,390**	**$ 91,119**	**$ 313,017**

As of December 31, 2011, we expect to make capital expenditures related to five A330, seven A320 aircraft and ten Boeing 737 aircraft (excluding the remaining 31 American Airlines purchase-leaseback Boeing 737 aircraft) in 2012 and thereafter. As we implement our growth strategy, currently focused on the mid- to long-term, and expand our aircraft 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, 2011, we were obligated to make sublease payments under four aircraft operating leases of aircraft with lease expiration dates between 2012 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

Table of Contents

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:

Adjusted net income. 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 change in fair value of the interest rate caps in our income statement during each period. For 2011, adjusted net income also excludes a one-time charge relating to the buy out of the Genesis portfolio servicing rights and excludes a loss from discontinued operations. The following is a reconciliation of adjusted net income to net income attributable to AerCap Holdings N.V. for the years ended December 31, 2011 and 2010:

	Year ended December 31, 2010	Year ended December 31, 2011
	(US dollars in millions)	
Net income attributable to AerCap Holdings N.V.	$ 207.6	$ 172.2
Plus: Non-cash charges relating to the mark-to-market of interest rate caps, net of tax	13.5	51.3
Non-cash charges related to share-based compensation, net of tax	2.8	5.4
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	**$ 223.9**	**$ 228.9**
Plus: Loss on discontinued operations (AeroTurbine)		52.8
Buy-out of Genesis portfolio servicing rights		21.4
Adjusted net income	**$ 223.9**	**$ 303.1**

Table of Contents

Adjusted earnings per share are determined by dividing the amount of adjusted net income by the average number of shares outstanding for that period. The average number of shares is based on a daily average.

Management's use of "net interest margin or net spread"

Net interest margin or 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 2011:

	Year ended December 31, 2010	Year ended December 31, 2011
	(US dollars in millions)	
Basic rents	**$ 840.4**	**$ 951.3**
Interest on debt(a)	234.0	292.5
Plus: mark-to-market of interest rate caps	(27.3)	(59.3)
Interest on debt excluding the impact of mark-to-market of interest rate caps and non-recurring charges from refinancing of securitized bonds	206.7	233.2
Net spread	**$ 633.7**	**$ 718.1**

(a) Interest on debt for the year ended December 31, 2011, includes $30.6 million of amortization of debt issuance cost.

Recent Accounting Pronouncements

ASU 2011-04

In May 2011, the FASB issued ASU 2011-04 ("ASU 2011-04"), *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*, to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The amendments in this update change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements which include (1) those that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements, and (2) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurement. ASU 2011-04 is effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-04 will not have a material impact on our consolidated financial statements.

Table of Contents

ASU 2011-05

In June 2011, the FASB issued Accounting Standards Update ("ASU") 2011-05 ("ASU 2011-05"), *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, which gives the option to present the total of comprehensive income either in a single continuous statement of comprehensive net income or in two separate but consecutive statements. In either option, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. If a two statement approach is used, the statement of other comprehensive income should immediately follow the statement of net income. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. It also requires the presentation on the face of the financial statements of reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. ASU 2011-05 is effective for interim and annual reporting periods beginning after December 15, 2011 and should be applied retrospectively. The adoption of ASU 2011-05 will 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, 2011, we had financed 18 aircraft under this facility and $434.5 million of loans outstanding.

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

	Amount outstanding at December 31, 2011 (US dollars in thousands)		Interest rate
Floating Rate Tranches:	$	192,229	Three-month LIBOR plus 0.12%
		106,899	Three-month LIBOR plus 0.25%
		52,752	Three-month LIBOR plus 0.27%
		3,374	Three-month LIBOR plus 0.30%
		81,099	Three-month LIBOR plus 0.90%
Purchase accounting fair value adjustments		(1,816)	
Total:	**$**	**434,539**	

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, 2011, eight A330 aircraft and ten A320 family under this facility have been delivered from the manufacturer, excluding the ECA capital markets aircraft. We had $865.2 million of loans outstanding under this facility as of December 31, 2011.

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, 2011 (US dollars in thousands)	Interest rate
Floating rate tranches	$ 69,361	Three-month LIBOR plus 1.47%
Fixed rate tranches	795,925	3.02%
Total:	**$ 865,286**	

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, 2011, five A320 family aircraft under this facility have been delivered from the manufacturer. We had $160.7 million of loans outstanding under this facility as of December 31, 2011. 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.

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

	Amount outstanding at December 31, 2011 (US dollars in thousands)	Interest rate
Floating rate tranches	$ 63,520	Three month LIBOR plus 1.11%
Fixed rate tranches	97,203	4.23%
Total:	**$ 160,724**	

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%

Table of Contents

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 51 aircraft in the ALS I portfolio as of December 31, 2011. 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.

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.

The notes initially were rated Aaa and AAA by Moody's Investors Service, Inc., ("Moody's"), and Standard & Poor's Rating Services ("S&P"), respectively. This rating was based on MBIA's rating. MBIA has suffered significant downgrades of its ratings since the issuance of the notes and is currently rated B3 and B by Moody's and S&P, respectively.

Moody's and S&P have published stand-alone ratings of the G-3 notes of A1 and A-, respectively.

Liquidity. Crédit Agricole provides 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, 2011 (US dollars in thousands)	Interest rate
Class G3 notes	$ 640,332	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

Table of Contents

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.

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 class A-1 notes are ranked pari passu with the class A-2 notes.

Table of Contents

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. During the year, a portion of A-1 notes were exchanged for A-2 notes.

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. ALS II's financial results are consolidated 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, 2011 (US dollars in thousands)	Interest rate
Class A-1 Notes	$ 667,310	One month LIBOR plus 1.85%
Class A-2 Notes	25,870	One month LIBOR plus 1.85%
Total:	**$ 693,180**	

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.

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.

On June 9, 2011, the facility was amended to allow for an additional two year revolving period with a three year term-out period, extending the transaction to June 2016. The maximum facility size was amended to $775.0 million and the commitment and borrowings amended to a single class of loans. In addition to UBS Securities LLC, lenders to the transaction are Credit Suisse AG, Citibank N.A., Nomura Global Financial Products Inc. and Scotiabank Europe plc.

Table of Contents

As of December 31, 2011, we had $461.4 million of loans outstanding under the UBS revolving credit facility.

Borrowings under the UBS revolving credit facility can be used to finance between 73.0% and 78.0% of the lower of the purchase price and the appraised value of the eligible aircraft. Eligible aircraft include A320 family aircraft, Boeing 737-700, -800 and 900ER aircraft, B777 aircraft and A330 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 June 9, 2013.

Interest Rate. Borrowings under the UBS revolving credit facility bear interest based on the Eurodollar rate plus the applicable margin. The following table sets forth the applicable margin for the borrowings under the UBS revolving credit facility during the periods specified:

	Applicable Margin
Borrowing period(1)	2.90%
Period from June 10, 2013 to June 9, 2014	3.90%
Period from June 10, 2014 to June 9, 2015	4.40%
Period from June 10, 2015 to June 9, 2016	4.90%

(1) The borrowing period is until June 9, 2013, after which the loan converts to a term loan.

Additionally, we are subject to (a) a 0.50% fee on any portion of the unused loan commitment if the average facility utilization is greater than 50% during a period or (b) a 0.75% fee on any unused portion of the unused loan commitment if the average facility utilization is greater than 50% during a period.

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;
- 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 June 9, 2016.

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 lenders. Amounts held in reserve for the benefit of the lenders are available to the extent there are insufficient funds to pay required expenses, hedge payments or principal of or interest on the loans on any payment date. The amounts on reserve are funded by the lenders.

Table of Contents

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, 2011.

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 and 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 provides 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.

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

	Amount outstanding at December 31, 2011 (US dollars in thousands)	Interest rate
Class G1 notes	$ 624,973	One month LIBOR plus 0.24%

75

Table of Contents

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 continued until December 2011. Since December 19, 2011, all revenues collected during each monthly period are applied to repay the outstanding principal balance of the notes, after the payment of certain expenses and other liabilities, including the fees of the servicer, 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. As of June 30, 2011, AerCap, through its Irish subsidiary, AerCap Ireland Limited, replaced GECAS as servicer to the Genesis aircraft portfolio, for a consideration paid to GECAS of $24.5 million. This includes most services related to leasing the 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.

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.

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. We are currently in the process of re-financing the second tranche of this facility.

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, 2011, following certain aircraft sales, 15 aircraft are financed in the transaction, including 11 aircraft in the first tranche, and four aircraft in the second tranche. The aggregate principal amount of the loans outstanding under the senior facility as of December 31, 2011 was $262.3 million.

Table of Contents

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 2.00% until April 1, 2012. Interest under the senior facility is payable monthly in arrears on each repayment date.

	Amount outstanding at December 31, 2011	Interest rate
	(US dollars in thousands)	
Senior Facility	$ 212,951	One month LIBOR plus 1.58%
	49,351	One month LIBOR plus 2.000%
Total	**$ 262,302**	

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 maturity date of the senior facility (put option date) relating to the 15 aircraft (April 1, 2015 with respect to the 11 Boeing 737-800 aircraft and April 1, 2012 with respect to the remaining four aircraft) and amounts under the facility remain outstanding with respect to those aircraft on that maturity date of the senior facility (put option), Crédit Agricole can require AerCap Holdings N.V. (i) to purchase those aircraft, (ii) to purchase those aircraft and the shares of the relevant lessor of those aircraft or (iii) to purchase the beneficial interest that AerCap Partners I Limited has in those 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.

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%.

SkyFunding Facility

General. On October 24, 2011, SkyFunding Limited, a wholly owned subsidiary of AerCap Ireland Limited, entered into a $402.0 million credit facility, which was co-arranged by Crédit Agricole Corporate and Investment Bank, Norddeutsche Landesbank Girozentrale, Commonwealth Bank of Australia, Landesbank Hessen-Thüringen Girozentrale and DVB Bank SE. Crédit Agricole Corporate and Investment Bank acted as co-ordinating bank and senior agent.

The ten-year credit facility will provide long term financing for up to 12 Boeing 737-800 NG aircraft subject to leases with American Airlines Inc.

Table of Contents

The loans under the facility are divided into senior loans and subordinated loans. Each senior lender will participate in senior loans with respect to the aircraft allocated to such senior lender in an amount equal to its senior commitment. AerCap Ireland Limited, as subordinated lender, would participate in each subordinated loan in an amount to be agreed between SkyFunding Limited and AerCap Ireland Limited from time to time.

As of December 31, 2011, four of the 12 aircraft have been delivered and financed under the facility, the aggregate principal amount of the senior loans outstanding under the facility was $133.7 million and the undrawn senior commitment available for drawdown under the facility was $268.3 million. Each senior loan for an undelivered aircraft is available for drawdown up to three months after the end of the scheduled delivery month for such undelivered aircraft. Since the bankruptcy filing of American Airlines, as of March 23, 2012 we took delivery of another four aircraft of the remaining 31 aircraft. As of March 23, 2012, eight aircraft have been financed under the facility.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent.

Interest Rate. The senior loans bear interest at a floating interest rate of one month LIBOR plus a margin of 2.85%, payable quarterly in arrears on each repayment date. SkyFunding Limited has fixed the debt on a number of aircraft, and has also entered into certain interest rate caps. Set forth below are the amounts of fixed and floating rate debt outstanding as of December 31, 2011:

	Amount outstanding at December 31, 2011		Interest rate
	(US dollars in thousands)		
Floating rate aircraft	$	66,894	Three month LIBOR plus 2.85%
Fixed rate aircraft		66,775	4.39%
Total	**$**	**133,669**	

Prepayment. All borrowings under the facility may be voluntarily prepaid, subject to minimum payment amounts and notice provisions, and subject to a prepayment fee of 2.00% of the amount prepaid if the voluntary prepayment is made before the first anniversary of the drawdown, a prepayment fee of 1.50% of the amount prepaid if the voluntary prepayment is made on or after the first and before the second anniversary of the drawdown and a prepayment fee of 1.00% of the amount prepaid if the voluntary prepayment is made on or after the second and before the third anniversary of the drawdown. There are no prepayment penalties for any voluntary prepayments made on or after the third anniversary of the drawdown.

Mandatory prepayments of borrowings under the facility are required under a number of circumstances, including: (a) upon the occurrence of a total loss with respect to a financed aircraft (in which case mandatory prepayment shall apply to such affected aircraft), (b) if, as a result of a change in law, any of the security documents ceases to be valid or enforceable, (c) in respect of any loan, any of the insurances relating to the applicable aircraft are not obtained or maintained in accordance with the requirements of the facility or such aircraft is operated in a place excluded from the insurance coverage (unless such aircraft is covered by contingent insurance policies taken out by the AerCap group) and (d) in respect of any loan, SkyFunding Limited enters into a replacement lease in respect of the related aircraft which does not comply with the requirements of the facility.

Maturity Date. We are obligated to repay principal over a ten year term from the initial drawdown date of each loan.

Collateral. Borrowings under the senior facility are secured by, among other things, mortgages on the aircraft, assignments of SkyFunding Limited's beneficial interest in the owner trust relating to each aircraft and SkyFunding Limited's and the relevant owner trustee's interests in the lease documentation relating to each aircraft.

Table of Contents

Certain Covenants. The facility contains customary covenants for secured financings, including general and operating covenants.

Subordinated debt joint venture partners

General. In 2008 and 2010, AerCap and our joint venture partners each subscribed a total of $64.3 million of subordinated loan notes bearing fixed rates of between 15% and 20%. 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 15% or 20% per annum. Subject to certain exceptions on AerCap subordinated loan notes, 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.

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, 2011 was $1.6 billion. These financings include:

	Amount outstanding at December 31, 2011 (US dollars in thousands)
Pre-delivery payment facilities	$ 47,436
Secured aircraft portfolio transactions	232,614
Secured aircraft financings	1,000,302
Facilities for general corporate purposes	170,000
Japanese operating lease	75,011
Other financings	42,835
Total	**$ 1,568,198**

Table of Contents

The financings mature at various dates through 2023. The interest rates are based on fixed or floating LIBOR rates, with spreads on the floating rate transactions ranging up between 0.12% and 5.50% or fixed rate between1.38% 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.

Item 6. Directors, Senior Management and Employees

Directors and senior management.

Name	Age	Position
Directors(1)		
Pieter Korteweg	70	Non-Executive Chairman of the Board of Directors
Aengus Kelly	38	Executive Director and Chief Executive Officer
Salem Al Noaimi	36	Non-Executive Director
Homaid Al Shemmari	44	Non-Executive Director
James (Jim) Chapman	49	Non-Executive Director
Paul Dacier	54	Non-Executive Director
Richard (Michael) Gradon	52	Non-Executive Director
Marius Jonkhart	62	Non-Executive Director
Gerald (Liam) Strong	67	Non-Executive Director, Vice-Chairman
Robert (Bob) Warden	39	Non-Executive Director
Executive Officers		
Wouter (Erwin) den Dikken	44	Chief Operating Officer & Chief Legal Officer
Keith Helming	53	Chief Financial Officer
Tom Kelly	48	Chief Executive Officer, AerCap Ireland
Edward (Ted) O'Byrne	40	Chief Investment Officer
Paul Rofe	52	Group Treasurer
Joe Venuto	54	Chief Technical Officer
Kenneth Wigmore	43	Chief Marketing Officer

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.

Table of Contents

Aengus Kelly. Mr. Kelly was appointed Executive Director and Chief Executive Officer of our company on May, 18th 2011. Previously he served as Chief Executive Officer of our U.S. operations since January 2008 and he was our Group Treasurer from 2005 through December 31, 2007. 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.

Salem Al Noaimi. Mr. Salem Rashid Al Noaimi is the CEO of Waha Capital PJSC. Prior to his current role, Al Noaimi served as Deputy CEO of Waha Capital and CEO of its wholly-owned leasing subsidiary, Waha Leasing. Earlier in his career, Mr. Al Noaimi held several roles in the banking and financial industry, including leadership positions at Dubai Islamic Bank, the UAE Central Bank, and the Abu Dhabi Fund for Development. He chairs and sits on the board of a number of companies, including Abu Dhabi Ship Building, Dunia Finance, Siraj Finance, the MENA Infrastructure Fund, Bahrain's ADDAX Bank, and Aercap (Netherlands). Mr. Al Noaimi is a UAE national and holds a Bachelor's degree in Finance and International Business from Northeastern University in Boston, Massachusetts.

Homaid Al Shemmari. Mr. Al Shemmari is the Executive Director of Mubadala Aerospace. He serves as Chairman of Abu Dhabi Aircraft Technologies (ADAT), Strata Composite Manufacturing, Horizon Flight Academy, Advance Military Maintenance Repair and overhaul Centre (AMMROC), Abu Dhabi Autonomous Systems Integration (ADASI) and Abu Dhabi Ship Building (ADSB) PJSC. He is also a Board member of Piaggio Aero, Yahsat and YahAdvanced. Before joining Mubadala, Mr. Al Shemmari was a Lieutenant Colonel in the UAE Armed Forces serving military aviation, maintenance, procurement and logistics. Mr. Al Shemmari holds a Bachelor's degree in Aeronautical Engineering from Embry Riddle Aeronautical University in Daytona Beach, Florida, and holds a black belt six sigma from General Electric.

James N. Chapman. Mr. Chapman has been a Director of our company since December 7, 2005. Mr. Chapman serves as a Non-Executive Advisory Director of SkyWorks Capital, LLC, an aviation and aerospace management consulting 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 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 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.

Table of Contents

Richard (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 Board of Directors of The All England Lawn Tennis Ground PLC, The All England Lawn Tennis Club and The 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 practiced 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 division. In addition Mr. Gradon served as Chairman of La Manga Club, Spain, and Chief Executive Officer of the London Gateway projects. Mr. Gradon holds an MA degree in law from Cambridge 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. (Liam) Strong. Mr. Strong has been a Director of our company since July 26, 2006. He currently is a Partner and CEO of Cerberus European Capital Advisors LLP 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 including B.A., Sears and Reckitt & Colman. 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, 2002-2006. He is also a member of the Governing Council of the Ashridge Business School, a director of the Faculty of Public Heath for the UK. Chairman of Torex Ltd and Chairman of Virtual IT. Mr. Strong received his BA with honors from Trinity College, Dublin.

Robert G. (Bob) 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 (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.

Keith 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.

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.

Edward (Ted) 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.

Paul Rofe. Mr. Rofe was appointed 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.

Joe Venuto. Mr. Venuto was appointed Chief Technical Officer of AerCap in February 2012. He previously served in the role of Senior Vice President Operations for the Americas at AerCap for four years. From 2004 to 2008, he was the Senior Vice President Operations at AeroTurbine responsible for all technical related issues. Prior to joining AeroTurbine, Joe Venuto held the role of Senior Director Maintenance at several airlines including Trump Shuttle, Laker Airways and Amerijet International. He has over 30 years experience in the aviation industry and he commenced his aviation career as an Airplane & Powerplant technician for Eastern Airlines. Joe Venuto is a graduate of the College of Aeronautics and a licensed FAA Airframe and Powerplant Technician.

Kenneth Wigmore. Mr. Wigmore was appointed Chief Marketing Officer for AerCap in September 2011. Previously he held the position of Head of Marketing for the Americas, overseeing customer relationships in North and South America since January 2008. Mr. Wigmore joined AerCap in April 2003 as Vice President Airline Marketing. Prior to joining AerCap, he worked as an Airline Analyst and later as Sales Director-China over a nine-year period with the aircraft manufacturer

Fairchild Dornier. Mr.Wigmore holds a Bachelor of Science degree from Mount Saint Mary's University in Maryland, USA.

Compensation of Non-Employee Directors

We currently pay each Non-Executive Director an annual fee of €75,000 (€150,000 for the Chairman of our Board of Directors) and pay each of these directors an additional €4,000 per meeting attended in person or €1,000 per meeting attended by phone. 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 each of the Nomination and Compensation Committee, the Group Treasury and Accounting Committee and the Group Portfolio and Investment 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. 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. As per December 31, 2011, our Non-Executive Directors hold options to acquire a total of 33,551 shares in the Company, which options 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 2011, we paid an aggregate of approximately $9.2 million in cash (base salary and bonuses) and benefits as compensation to our eight executive officers during the year.

Compensation packages of our executive officers, consisting of base salary, bonuses and, for some executive officers, annual grants of AER restricted share units (along with other benefits), are determined by the Nomination and Compensation Committee upon recommendation of the Chief Executive Officer on an annual basis. The annual compensation package of our Chief Executive Officer, consisting of base salary, bonus and annual grants of AER restricted share units (along with other benefits), is determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee. In addition, further 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 and, if applicable, annual AER restricted share units (RSU) grant, for the 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 and, if applicable, the target RSU level, pre-established for the individual executive officers 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. The annual RSU awards are granted in arrears; these RSU's are time based with a three-year vesting period.

Other 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