



AerCap Holdings N.V.

Fourth Quarter 2011 Earnings Call

February 22, 2012

• Pride • Dream • Passion

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Fourth Quarter 2011 Financial Highlights

- Adjusted net income was \$79.8 million for Fourth Quarter 2011, exclusive of the impact relating to the mark-to-market of interest rate caps, share-based compensation, and discontinued operations, an increase of 42% over Fourth Quarter 2010.
- Adjusted earnings per share for Fourth Quarter 2011 was \$0.57, exclusive of the items listed above, an increase of 37% over Fourth Quarter 2010.
- Net interest margin (net spread) was \$178.3 million in Fourth Quarter 2011, unchanged from the same period in 2010.
- Total assets were \$9.1 billion as of December 31, 2011, a decrease of 5% from December 31, 2010 driven by the sale of AeroTurbine and AerCap's 50% interest in three A330s as part of a joint venture (a decrease of \$0.6 billion from both).
- Total equity was \$2.3 billion, an increase of 3% over December 31, 2010.
- Completed the sale of AeroTurbine, freeing up capital for alternative investments.



Full Year 2011 Financial Highlights

- Adjusted net income was \$303.1 million for 2011, exclusive of the impact relating to the mark-to-market of interest rate caps, share-based compensation, discontinued operations, and the buy-out of the Genesis portfolio servicing rights, an increase of 35% over 2010.
- Adjusted earnings per share for 2011 was \$2.07, exclusive of the items listed above, an increase of 6% over 2010.
- Net interest margin (net spread) was \$718.1 million in 2011, an increase of 13% over 2010.
- We acquired \$0.9 billion of aircraft assets in 2011 including four purchase/leaseback aircraft with American Airlines; an additional two American Airlines aircraft have been purchased so far during 2012.
- We entered into debt facility agreements totalling \$1.5 billion for Full Year 2011

Update on American Airlines Purchase-Leaseback

- American Airlines parent AMR filed for Chapter 11 bankruptcy on November 29, 2011.
- The recent purchase/leaseback deal was structured so that the remaining undelivered aircraft obligation automatically terminated when American filed for bankruptcy.
- AerCap has eight aircraft leased to American, six from the recent purchase/leaseback deal (including two which were delivered in February 2012), and two from the Genesis transaction.
- American is performing under all lease agreements.
- We plan to take delivery of the remaining aircraft on the same terms as those delivered to date, however each future delivery is subject to our approval.

Net Income

(\$ Million)	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>
Reported Net Income	72.4	76.4	207.6	172.2
Adjusted for: (Gain)/Loss from mark-to-market on interest rate caps *	(17.5)	3.4	13.5	51.3
Adjusted for: cost of share-based compensation*	1.4	1.3	2.8	5.4
Adjusted for: one-time items relating to discontinued operations	-	(1.3)	-	52.8
Adjusted for: one-time charge relating to the buy-out of the Genesis portfolio servicing rights*	—	—	—	<u>21.4</u>
Adjusted Net Income	56.3	79.8	223.9	303.1

* Adjustment reduced for tax impact as well as the amount relating to JV partners' share which was deducted from net income through non-controlling interest.



Earnings Per Share

	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>
Earnings Per Share	\$0.53	\$0.54	\$1.81	\$1.17
Adjusted for: mark-to-market on interest rate caps, share based compensation, one-time charges relating to discontinued operations & buy-out of the Genesis portfolio servicing rights	<u>(0.12)</u>	<u>0.03</u>	<u>0.14</u>	<u>0.90</u>
Adjusted Earnings Per Share	\$0.41	\$0.57	\$1.95	\$2.07
Average Shares Outstanding (Million)*	136.0	140.6	115.0	146.6

* The increase in average shares outstanding reflects 30 million shares issued in November 2010 in connection with the Waha transaction, net of 9.4 million shares repurchased under the share repurchase program (held as treasury stock).



Total Revenue

(\$ Million)	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>
Basic Lease Rents	235.3	237.2	840.4	951.3
Maintenance/End-of-Lease Revenue	19.2	26.0	61.9	99.2
Management Fees and Interest Income	4.6	5.1	16.9	21.8
Other Revenue*	-	8.0	3.9	12.4
Net Gain / (Loss) on Sales	<u>(0.2)</u>	<u>0.1</u>	<u>36.2</u>	<u>9.3</u>
Total Revenue	258.9	276.4	959.3	1,094.0

* Includes one-time payment of \$8 million in fourth quarter 2011.



Net Interest Margin (Net Spread) - Fourth Quarter 2011

(\$ Millions)	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>% Change</u>
Basic Lease Rents	235.3	237.2	1%
Less: Interest Expense*	<u>(56.4)</u>	<u>(58.9)</u>	4%
Net Interest Margin (Net Spread)	178.9	178.3	0%
Average Lease Assets	7,755	7,955	3%
Annualized Margin (% Lease Assets)**	9.23%	8.97%	

* Excludes non-cash charges relating to the mark-to-market of interest rate caps.

** Decrease in annualized margin % is driven by the impact from the delivery of new aircraft. For new aircraft, the net spread is lower at the start of the lease because of higher interest expenses resulting from a higher loan-to-value, and also higher book value used as denominator.



Net Interest Margin (Net Spread) – FY 2011

(\$ Millions)	<u>2010</u>	<u>2011</u>	<u>% Change</u>
Basic Lease Rents	840.4	951.3	13%
Less: Interest Expense*	<u>(206.7)</u>	<u>(233.2)</u>	13%
Net Interest Margin (Net Spread)	633.7	718.1	13%
Average Lease Assets	6,886	7,939	15%
Annualized Margin (% Lease Assets)**	9.20%	9.05%	

* Excludes non-cash charges relating to the mark-to-market of interest rate caps.

** Decrease in annualized margin % is driven by the impact from the delivery of new aircraft. For new aircraft, the net spread is lower at the start of the lease because of higher interest expenses resulting from a higher loan-to-value, and also higher book value used as denominator.



Sales

(\$ Million)	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>
Gain from Sales	(0.2)	0.1	36.2*	9.3**

* 2010 sales include 2 forward positions, forward sales of 4 new A330s, 6 new A320s, 2 older B757s & 1 older B767.

** 2011 sales includes the sales of 18 older aircraft (3 A320s, 1 A330s, 6 B737s & 3 B757s & 5 MD80s), also included is the sale of AerCap's 50% interest in three Airbus A330 aircraft that had been part of a joint venture with a third party.

Leasing Expenses and SG&A

(\$ Million)	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>
Operating lease in costs	3.1	3.0	12.3	12.1
Leasing expenses *	22.8	15.2	55.5	58.4
SG&A**	<u>23.4</u>	<u>22.5</u>	<u>80.6</u>	<u>120.7</u>
Total Leasing Expenses and SG&A	49.3	40.7	148.4	191.2

* Details on slide 12

** Details on slide 13

Leasing Expenses

(\$ Million)	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>
Default & Restructuring Related	6.3	5.5	9.8	30.7
Normal Transition Costs	2.5	1.4	13.9	9.1
Lessor Maintenance Contributions	8.7	6.2	21.5	10.2
Other Leasing Costs	<u>5.3</u>	<u>2.1</u>	<u>10.3</u>	<u>8.4</u>
Total Leasing Expenses	22.8	15.2	55.5	58.4

SG&A

(\$ Million)	<u>4Q 2010</u>	<u>4Q 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>
Aircraft Management Fees*	1.8	0.1	6.4	26.8
Mark-to-market of: foreign currency hedges, foreign currency cash balances, and other derivatives	(0.3)	(1.1)	(1.7)	2.8
Share-based compensation expenses	1.1	1.5	2.9	6.2
Other Selling, General and Administrative expenses**	<u>20.8</u>	<u>22.0</u>	<u>73.0</u>	<u>84.9</u>
Total Selling, General and Administrative expenses	23.4	22.5	80.6	120.7

* FY 2011 includes a one-time pre-tax charge of \$24.5 million related to the buy-out of the Genesis portfolio servicing rights.

** FY 2011 includes one-time charges of \$5.2 million relating to severance and termination costs.

Impact from Defaults & Restructurings

(\$ Million)	FY 2010 <u>(Actual)</u>	FY 2011 <u>(Actual)</u>	FY 2012 <u>(Estimate)*</u>
<u>Default and Restructuring Related</u>			
Lost Basic Lease Rents (Net of Security Deposits)	(4.4)	(5.4)	-
Maintenance Rents Held	29.3	63.9	-
Leasing Expenses	(9.8)	(30.7)	~(12)
Impairment Charges	<u>(10.9)</u>	<u>(3.7)</u>	<u>-</u>
Total Impact (Pre-tax)	4.2	24.1	~(12)

* 2012 expected leasing expenses relate to defaults/restructurings which occurred during 2011.

The Accounting for Items above is as follows:

- Security deposits are applied against past-due rents, reducing impact from lost rents;
- Maintenance rents held are recorded as revenue upon lease termination;
- Costs are expensed as incurred.

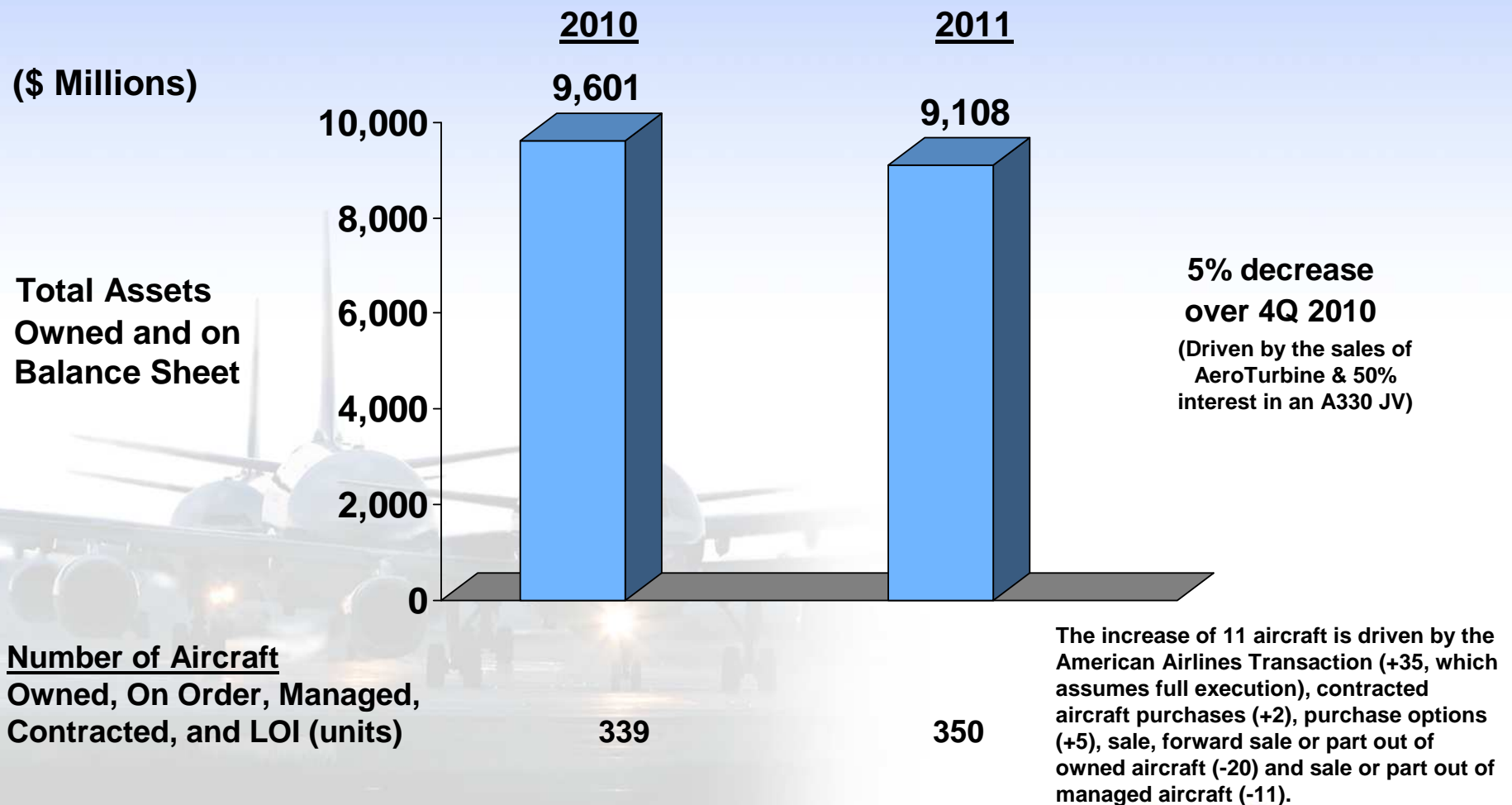


Tax Rate

	<u>FY 2010</u>		<u>FY 2011</u>	
Blended Tax Rate*	8.6%	Charge	6.7%	Charge

* The blended effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions.

Total Assets and Number of Aircraft/Engines



Committed Aircraft Purchases

(\$ Million)	<u>FY 2011</u>	<u>Committed</u> <u>2012*</u>
Aircraft Purchases	894	986
Number of Aircraft Purchases (Units)	13	17

- Includes purchases of 11 aircraft as part of the American Airlines Purchase-Leaseback transaction which are subject to confirmation on an aircraft by aircraft basis.

Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2010</u>	<u>FY 2011</u>
Utilization Rate	98.3%	98.4%
Portfolio Yield*	13.1%	13.2%
Average Term (Months)		
– New Leases for New Aircraft	138	**137
– New Leases for Used Aircraft	62	*** 74

* Lease revenue divided by average book value of flight equipment.

** Reflects lease agreements and LOIs for 21 new aircraft signed in 2011.

*** Reflects lease agreements and LOIs for 19 used aircraft signed in 2011.



Cash

(\$ Millions)

2011

Cash and Cash Equivalents at December 31, 2011

411.1

Total Cash Balance at December 31, 2011
(Incl. Restricted Cash)

648.4

Operating Cash Flow for FY 2011

621.6

Debt and Equity

(\$ Millions)	<u>4Q 2010</u>	<u>4Q 2011</u>
Total Debt at Quarter-End	6,566	6,111
Average Cost of Debt (including amortization of debt issuance costs)*	3.4%	3.8%
Average Cost of Debt (excluding amortization of debt issuance costs)*	3.0%	3.3%
Equity	2,217	2,283
Debt / Equity Ratio	3.0 to 1	2.7 to 1

* Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps and other small charges not reflective of on-going interest costs.

2012 Current Outlook – EPS Impact of Aircraft Sales / One-offs

	<u>FY 2011</u>	<u>FY 2012</u>
Committed Aircraft Sales	\$0.06	\$0.00
Other One-offs	<u>\$0.04</u>	<u>\$0.00</u>
EPS Impact	\$0.10	\$0.00

Net Maintenance Contribution

	<u>Full Year 2010</u>	<u>Full Year 2011</u>	<u>Full Year 2012 Estimate *</u>
Default & Restructuring Related Maintenance Rents	29.3	63.9	-
Regular Maintenance Rents	32.6	35.3	~35
Leasing Expenses	<u>(55.5)</u>	<u>(58.4)</u>	<u>~(60)</u>
Pre-tax Impact	6.4	40.8	~(25)
EPS Impact (after tax)	\$0.05	\$0.24	~(\$0.16)

* 2012 estimates are adjusted for JV partners' share which will be deducted from net income through non-controlling interest.

2012 Financial Outlook

AerCap expects to grow EPS based on the committed aircraft purchases and the recently completed share repurchase program despite the continued uncertainties of the global economic environment. Set forth below are the anticipated drivers for AerCap's 2012 financial performance, which are subject to change, in light of the highly fluid market conditions.

- 2012 committed aircraft purchases are ~ \$1.0 billion, including purchases of 11 aircraft as part of the American Airlines Purchase-Leaseback transaction which are subject to confirmation on an aircraft by aircraft basis.
- 2012 basic lease revenue expected to increase 2 - 5% over 2011.
- 2012 maintenance contribution (maintenance / end-of-lease revenue less leasing expenses) expected to decrease by ~ \$65 million vs. 2011 (see previous slide).
- Minimal impact expected from committed aircraft sales in 2012; gains from aircraft sales and one-offs in 2011 were ~\$16 million (adjusted for non-controlling interest).
- 2012 average cost of debt including amortization of debt issuance costs expected to be ~3.5 - 4.0%.
- 2012 tax rate expected to be ~ 8.5% – 9.0 %.
- 2012 ROE is expected to be ~ 10%.



Appendix



Aircraft and Engine Transactions FY 2011

- 31 aircraft lease agreements & letters-of-intent executed

- 30 aircraft delivered to lessees

- 13 aircraft purchased

- 18 aircraft sold from our owned and 8 from managed portfolios, in addition:
 - three A330s were sold through the sale of a 50% interest in a joint venture
 - 10 older aircraft were sold as part of AeroTurbine disposition

High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of December 31, 2011

	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Aircraft on Order	Aircraft under Sale / Purchase Contract or LOI	Total Aircraft
Airbus A300 Freighter	1	0.3%	0	0	0	1
Airbus A319	30	10.1%	0	0	0	30
Airbus A320	104	37.5%	8	7	0	119
Airbus A320 NEO	0	0.0%	0	0	5 **	5
Airbus A321	20	7.3%	2	0	0	22
Airbus A330	23	22.5%	4	5	-1	31
Boeing 737 (Classics)	9	0.8%	21	0	-2	28
Boeing 737 (NG)	47	16.6%	0	46 *	0	93
Boeing 747	2	0.9%	0	0	0	2
Boeing 757	4	0.6%	1	0	-3	2
Boeing 767	4	1.8%	2	0	0	6
Boeing 777	0	0.0%	2	0	0	2
CRJ-705	0	0.0%	1	0	0	1
CRJ-900	4	0.9%	0	0	0	4
MD 11 Freighter	1	0.3%	1	0	0	2
ERJ170-100	2	0.3%	0	0	0	2
	251	100.0%	42	58	-1	350

- 73% narrow body – “Work Horses” of industry
- High share of liquid / remarketable aircraft
- Average age of owned aircraft fleet 5.5 years

* Includes 10 firm aircraft and 5 purchase rights as part of a Boeing order, and 31 aircraft as part of the American Airlines Purchase-Leaseback transaction which are subject to confirmation on an aircraft by aircraft basis

** AerCap has 5 SLB call-options on Airbus A320 family NEO aircraft delivering in 2016

