



AerCap Holdings N.V.

Fourth Quarter 2010 Earnings Call

February 24, 2011

• Pride • Dream • Passion

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Fourth Quarter 2010 Highlights

- Net income was \$56.3 million for fourth quarter 2010, exclusive of the impact relating to mark-to-market of interest rate caps and share-based compensation, an increase of 40% over fourth quarter 2009
- Earnings per share for fourth quarter 2010 was \$0.41, exclusive of the impact relating to mark-to-market of interest rate caps and share-based compensation, as compared to \$0.47 in fourth quarter 2009
- Net spread was \$187.2 million in fourth quarter 2010, an increase of 48% over fourth quarter 2009
- Total assets were \$9.6 billion as of December 31, 2010, up 42% from December 31, 2009 (an increase of \$1.5 billion relates to the Genesis Transaction which was completed on March 25, 2010)
 - Total equity is \$2.2 billion
- Secured \$0.8 billion of new debt facilities in Q4 2010

Full Year 2010 Highlights

- **Net income was \$223.9 million for 2010, exclusive of the impact relating to mark-to-market of interest rate caps and share-based compensation, a 49% increase over 2009**
- **Earnings per share for 2010 was \$1.95, exclusive of the impact relating to mark-to-market of interest rate caps and share-based compensation, as compared to \$1.77 in 2009**
- **Net spread was \$665.8 million in 2010, an increase of 43% over 2009**
- **Secured \$1.6 billion of new debt facilities in 2010**

Net Income

(\$ Million)	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Total Net Income	43.2	72.4	165.2	207.6
Adjusted For: (Gain)/Loss from Mark-to-Market on Interest Rate Caps *	(3.7)	(17.5)	(18.2)	13.5
Adjusted for: Cost of Share-Based Compensation*	<u>0.8</u>	<u>1.4</u>	<u>3.2</u>	<u>2.8</u>
Net Income excluding above adjustments	40.3	56.3	150.2	223.9

* Adjustment reduced for tax impact as well as the amount relating to JV partners' share which was already deducted from net income.

Earnings Per Share

	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Earnings Per Share	\$0.51	\$0.53	\$1.94	\$1.81
Adjusted for: mark-to-market on interest rate caps and share based compensation	<u>(0.04)</u>	<u>(0.12)</u>	<u>(0.17)</u>	<u>0.14</u>
Adjusted Earnings Per Share	\$0.47	\$0.41	\$1.77	\$1.95
Average Shares Outstanding (Million)*	85.0	136.0	85.0	115.0

* The increase in average shares outstanding is due to both the Genesis Transaction (34m shares issued in March 2010) & Waha Transaction (30m shares issued in November 2010). Total shares outstanding as of 12/31/10 was 149.2 million.

Sources of Earnings

(\$ Millions)	<u>2007</u>	<u>2010</u>	<u>3 Year Change</u>
Core Income (Primarily Leasing)	88.1	181.9	93.8
Gain from Sales & One-Off Revenue	122.5	42.0	(80.5)
Adjusted Net Income (Ex MTM & Share Comp)	210.6	223.9	13.3
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Core Income (Primarily Leasing)	42%	81%	39%
Gain from Sales & One-Off Revenue	58%	19%	(39%)

Total Revenue

(\$ Million)	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Basic Lease Rents	156.6	245.2	581.9	878.4
Maintenance/End-of-Lease Revenue	9.1	25.6	68.7	82.4
Sales Revenue	115.9	121.3	324.8	850.0
Management Fees and Interest Income	5.2	4.4	22.2	16.2
Other Revenue	<u>0.8</u>	<u>1.2</u>	<u>5.7</u>	<u>7.5</u>
Total Revenue	287.6	397.7	1,003.3	1,834.5

Net Spread (Margin) - Fourth Quarter 2010

(\$ Millions)	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>% Change</u>
Basic Lease Rents	156.6	245.2	57%
Less: Interest Expense*	<u>(30.2)</u>	<u>(58.0)</u>	92%
Net Spread (Margin)	126.4	187.2	48%
Average Lease Assets	5,025	8,075	61%
Annualized Margin (% Lease Assets) **	10.06%	9.27%	

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

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



Net Spread (Margin) – FY 2010

(\$ Millions)	<u>FY 2009</u>	<u>FY 2010</u>	<u>% Change</u>
Basic Lease Rents	581.9	878.4	51%
Less: Interest Expense*	<u>(115.9)</u>	<u>(212.6)</u>	83%
Net Spread (Margin)	466.0	665.8	43%
Average Lease Assets	4,547	7,207	58%
Annualized Margin (% Lease Assets) **	10.25%	9.24%	

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

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



Sales

(\$ Million)	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Aircraft Sales	76.5	74.6	149.1*	666.5**
Engine Sales	5.0	5.8	52.1	33.3
Part Sales	<u>34.4</u>	<u>40.9</u>	<u>123.6</u>	<u>150.2</u>
Total Sales Revenue	115.9	121.3	324.8	850.0
Total Gain from Sales	46.3	7.8	75.9	64.7

* 2009 aircraft sales include 5 forward positions, 1 new A320, 2 A321s & 1 older A320

** 2010 aircraft sales include 2 forward positions, forward sales of 4 new A330s, 6 new A320s, 2 older B757s, 1 older B767 & 1 older A320

Leasing Expenses and SG&A

(\$ Million)	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Operating lease in costs	3.2	3.1	13.1	12.3
Leasing expenses *	13.3	24.4	65.2	68.1
SG&A	33.4	33.7	116.2	120.2
Other Expenses **	<u>1.1</u>	<u>0.0</u>	<u>3.0</u>	<u>0.0</u>
Total Leasing Expenses and SG&A	51.0	61.2	197.5	200.6

* Details on following page

** Accrual of expenses relating to Genesis transaction

Leasing Expenses

(\$ Million)	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Default Related Leasing Expenses	4.3	6.3	19.9*	7.8**
Normal Transition Costs	4.2	2.5	12.9	15.9
Lessor Maintenance Contributions	0.8	8.7	12.5	21.5
AeroTurbine & Other Leasing Costs	<u>4.0</u>	<u>6.9</u>	<u>19.9</u>	<u>22.9</u>
Total Leasing Expenses	13.3	24.4	65.2	68.1

*Costs in 2009 relate to airline defaults which occurred during 2008 (Gemini, InterExpress, Zoom).

** Costs in 2010 relate to airline defaults which occurred during 2010 (Mexicana and Cyprus Turkish Airlines).

Impact from Defaults & Restructuring

(\$ Millions)	<u>4Q 2010</u>	<u>FY 2010</u>	<u>FY 2009</u>
Lost Basic Lease Rents (Net of Security Deposits)	(3.2)	(3.4)	(5.0)
Maintenance Rents Held	0.0	7.8	0.0
Default Related Leasing Expenses	(6.3)	(7.8)*	(19.9)
Default Related Impairment Charges **	<u>0.0</u>	<u>(5.5)</u>	<u>0.0</u>
Total Impact (Pre-tax)	(9.5)	(8.9)	(24.9)

The Accounting for Items above

- 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

*\$3.5 million additional Default Related Leasing Expenses expected in 2011 in connection with defaults which occurred during 2010.

** Excludes the impairment charge relating to an agreed early termination.



Asset Impairments

(\$ Millions)	<u>Maintenance Revenue*</u>	<u>Asset Impairments**</u>	<u>Net Amount</u>
<u>Actual</u>			
4th Qtr 2010	9.0	(8.9)	0.1
Full Year 2010	16.8	(14.4)	2.4

* Maintenance revenue reflects cash reserves held by AerCap on aircraft where lessee defaulted or an early termination was agreed

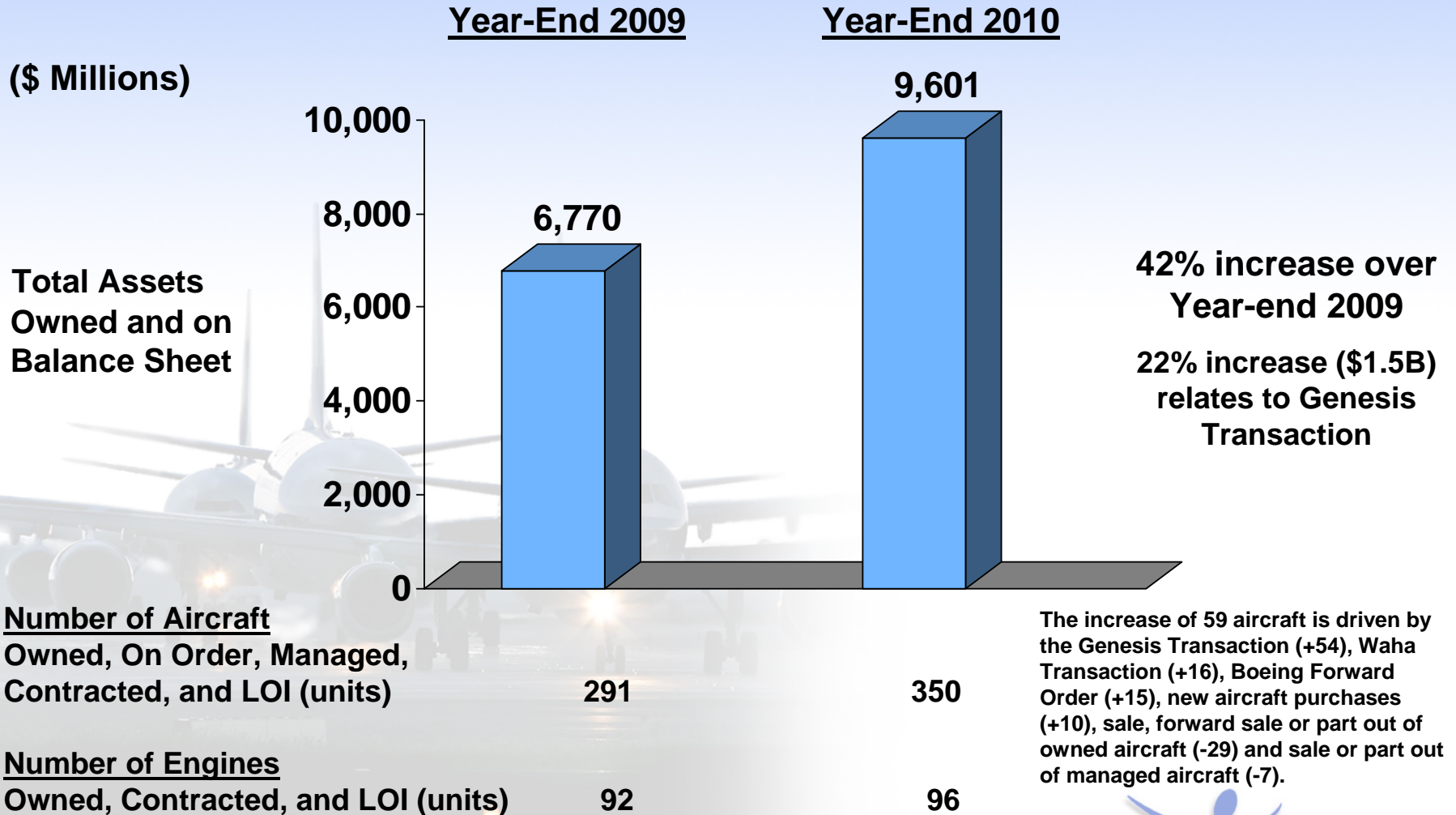
** \$10.9 million of impairments for full year 2010 were driven by lessee defaults or early terminations and were offset by maintenance revenue (remaining \$3.5 million of impairments related to engines)

Tax Rate

	<u>FY 2009</u>	<u>FY 2010</u>
Tax Rate for Aircraft	0.0%	8.9% Charge
Tax Rate for Engine/Parts	<u>36.8%</u> Charge	<u>34.2%</u> Credit
Blended Tax Rate*	1.9% Charge	8.6% Charge

* The blended effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions. The increase in the 2010 blended tax rate as compared to 2009 is the result of having more earnings generated from higher tax rate jurisdictions.

Total Assets and Number of Aircraft/Engines



Purchases of Aviation Assets

(\$ Million)	<u>Full Year 2010</u>	<u>Committed 2011</u>
Aircraft Related	2,484	760
Engines/Airframes	<u>75</u>	=
Total Purchases	2,559	760
<hr/>		
Number of Aircraft Purchases (Units)	55	10

Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2009</u>	<u>FY 2010</u>
Utilization Rate	98.1%	98.3%
Portfolio Yield*	14.3%	13.3%
Average Term (Months)		
– New Leases for New Aircraft	139	**138
– New Leases for Used Aircraft	50	*** 62

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

** Reflects lease agreements and LOIs for 6 new aircraft signed in 2010.

*** Reflects lease agreements and LOIs for 27 used aircraft signed in 2010.

Cash

(\$ Millions)

FY 2010

Cash and Cash Equivalents at December 31, 2010

404.5

**Total Cash Balance at December 31, 2010
(Incl. Restricted Cash)**

626.9

Operating Cash Flow for FY 2010

615.4



Debt and Equity

(\$ Millions)	<u>4Q 2009</u>	<u>4Q 2010</u>
Total Debt at Quarter-End	4,847	6,566
Average Cost of Debt*	2.5%	3.4%
Equity	1,413	2,217
Debt / Equity Ratio**	**3.4 to 1	**3.0 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.

** Debt/equity ratio was 3.2 to 1 for 4Q 2009 excluding \$63 million subordinated debt and 2.8 to 1 for 4Q 2010 excluding \$88 million subordinated debt received from JV partners.

2011 Current Outlook – EPS Impact of Aircraft Sales / One-Offs

	<u>2010</u>	<u>2011</u>
Committed Aircraft Sales	\$0.19	\$0.00
Other One-Offs	<u>\$0.02</u>	<u>\$0.00</u>
EPS Impact	\$0.21	\$0.00

2011 Financial Outlook

AerCap expects to grow earnings based on the committed aircraft purchases despite the continued uncertainties of the global economic environment. Set forth below are the anticipated drivers for AerCap's 2011 financial performance, which are subject to change, in light of the highly fluid market conditions.

- **2011 committed purchases of aviation assets currently at ~\$0.76 billion**
- **2011 basic lease revenue expected to increase ~15% over 2010**
- **2011 maintenance contribution (maintenance / end-of-lease revenue less leasing expenses) expected to decrease by ~ \$20 – 30 million vs. 2010**
- **Currently no committed aircraft sales in 2011; gain from aircraft sales in 2010 was ~\$25 million (adjusted for non-controlling interest)**
- **2011 average cost of debt expected to be ~3.5 - 4.0%**
- **2011 tax rate expected to be in line with 2010**
- **2011 ROE expected to be comparable to 2010**

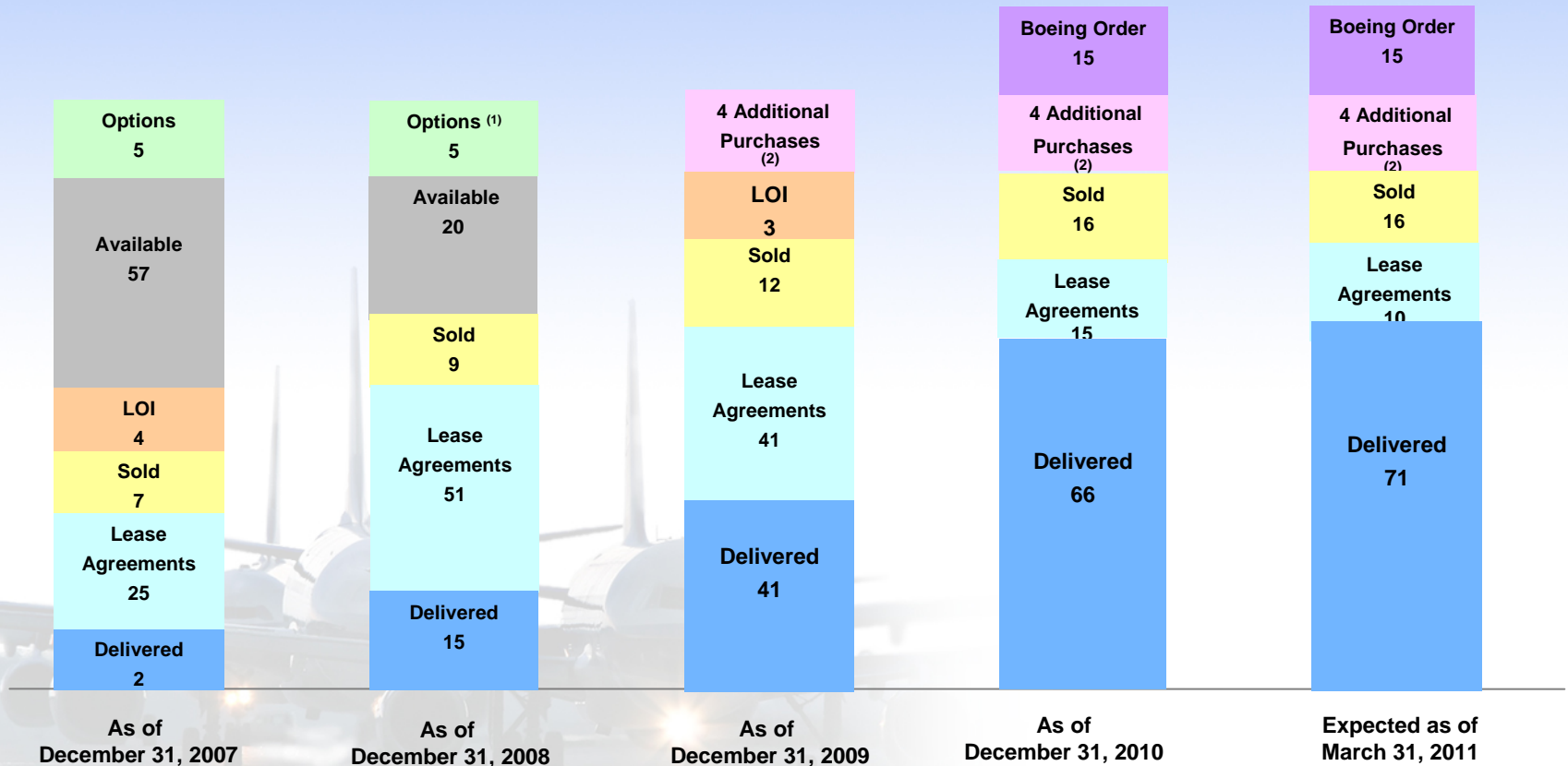
Appendix



Aircraft and Engine Transactions Full Year 2010

- 33 aircraft lease agreements & letters-of-intent executed
- 51 aircraft and 53 engines delivered to lessees
- 55 aircraft and 24 engines purchased (excluding the Genesis & Waha transactions)
- 20 aircraft and 16 engines sold from our owned and managed portfolios

Forward Order Aircraft



**Airbus Aircraft Orders Fully Placed other than 4 New Additions Delivering in 2013
 New Boeing Order Completed for 15 Aircraft in December 2010**

(1) Options have expired in 1Q 2009

(2) 4 additional A320s delivering 2H 2013 were purchased in connection with the placement of 4 aircraft in 2010 to Spirit Airlines (with Airbus support)

High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of December 31, 2010

	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Aircraft on Order	Aircraft under Purchase Contract or LOI	Total Aircraft
Airbus A300 Freighter	1	0.3%	0	0	0	1
Airbus A319	30	10.6%	0	0	0	30
Airbus A320	112	40.0%	9	7	0	128
Airbus A321	20	7.8%	3	0	0	23
Airbus A330	20	18.2%	4	12	0	36
Boeing 737 (Classics)	15	1.4%	27	0	0	42
Boeing 737 (NG)	43	15.5%	0	15	1	59
Boeing 747	2	1.1%	0	0	0	2
Boeing 757	10	1.4%	1	0	-4	7
Boeing 767	5	2.1%	2	0	0	7
Boeing 777	0	0.0%	2	0	0	2
CRJ-705	0	0.0%	1	0	0	1
CRJ-900	4	1.0%	0	0	0	4
MD 11 Freighter	1	0.3%	1	0	0	2
MD-82	2	0.0%	0	0	-2	0
MD-83	4	0.1%	0	0	0	4
ERJ170-100	2	0.4%	0	0	0	2
	271	100.0%	50	34	-5	350

- **78% narrow body – “Work Horses” of industry**
- **High share of liquid / remarketable aircraft**
- **Average age of owned aircraft fleet 5.5 years**
- **96 engines in portfolio, as of December 31, 2010, incl. 1 under a letter of intent to purchase**
 - **CFM56 engines, one of the most widely used engines in the commercial aviation industry, represented 63% of our engine portfolio**

Interest on Debt

(\$ Millions)	<u>4Q 2009</u>	<u>4Q 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
<i>Interest on Debt from Financial Statements</i>	23.8	38.2	92.2	240.3
Less: Mark-to-Market on Interest Rate Caps	<u>6.4</u>	<u>19.8</u>	<u>23.7</u>	<u>(27.7)</u>
<i>Interest on Debt Excl. MTM on Caps (for Net Spread calc.)</i>	30.2	58.0	115.9	212.6
Less: Impact from Genesis Transaction	<u>0.0</u>	<u>(9.6)</u>	<u>0.0</u>	<u>(41.8)</u>
<i>Interest on Debt Excl. MTM on Caps & Genesis Transaction</i>	30.2	48.4	115.9	170.8
 <u>Average Cost of Debt</u>				
Average Cost of Debt (prior page) *	2.5%	3.4%	2.7%	3.4%
Excluding Genesis Transaction	2.5%	3.3%	2.7%	3.0%

* The portion of debt which is fixed has increased from ~11% of total debt at YE 2009 to ~24% of total debt at YE 2010.

Debt & Interest Rate Hedging

Segmentation of Debt Based on Type of Interest Rate Hedge (December 31, 2010)

\$ Billions (Approx.)

Fixed Rate Debt	1.6 *
Debt under Fixed Rate Swaps (from Genesis Transaction)	0.8
Debt Covered by Interest Rate Caps	3.0
Debt Related to Floating Rate/Short Term Leases and Offsetting Assets	1.1
Short Term PDP Debt & Other	<u>0.1</u>
Total	6.6

* Fixed rate debt as of December 31, 2009 was ~\$0.5 billion.

