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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

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

For the fiscal year ended December 31, 2016

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 House
65 St. Stephen's Green
Dublin 2
Ireland
+ 353 1 819 2010

(Address of principal executive offices)

Wouter M. den Dikken, AerCap House, 65 St. Stephen's Green, Dublin 2, Ireland

Telephone number: +353 1 819 2010, Fax number: +353 1 672 0270

(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:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
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	176,247,154
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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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 No

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Accelerated filer

Non accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

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

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

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 Item 18

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 No

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ACSAL	ACSAL HOLDCO, LLC
AeroTurbine	AeroTurbine, Inc.
AerCap, We or the Company	AerCap Holdings N.V. and its subsidiaries
AerCap Ireland	AerCap Ireland Limited
AerCap Trust	AerCap Global Aviation Trust
AerLift	AerLift Leasing Ltd.
AICDC	AerCap Ireland Capital Designated Activity Company (formerly registered as AerCap Ireland Capital Limited), a designated activity company with limited liability incorporated under the laws of Ireland
AIG	American International Group, Inc.
Airbus	Airbus S.A.S.
ALS II	Aircraft Lease Securitisation II Limited
ALS Transaction	The sale of our equity interest (E-Notes) in Aircraft Lease Securitisation Limited to Guggenheim Partners, LLC on November 14, 2012
AOCI	Accumulated other comprehensive income (loss)
Boeing	The Boeing Company
ECA	Export Credit Agency
ECAPS	Enhanced Capital Advantaged Preferred Securities
Embraer	Embraer S.A.
EOL	End of lease
Ex-Im	Export-Import Bank of the United States
FASB	Financial Accounting Standards Board
GECC	General Electric Capital Corporation
GFL	Genesis Funding Limited
ILFC	International Lease Finance Corporation
ILFC Transaction	The purchase by AerCap and AerCap Ireland Limited, a wholly-owned subsidiary of AerCap, of 100% of ILFC's common stock from AIG on May 14, 2014
IRS	Internal Revenue Service
Junior Subordinated Notes	\$500 million of junior subordinated notes due 2045
LIBOR	London Interbank Offered Rates
MR	Maintenance reserved
Part-out	Disassembly of an aircraft for the sale of its parts

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PB	Primary beneficiary
SEC	U.S. Securities and Exchange Commission
Share Repurchase from AIG	The repurchase by AerCap of 15,698,588 of its ordinary shares from AIG for consideration equal to \$750 million on June 9, 2015
SPE	Special purpose entity
U.S. GAAP	Accounting Principles Generally Accepted in the United States of America
VIE	Variable interest entity
Waha	Waha Capital PJSC

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—Risk Factors—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;
- changes in the overall demand for commercial aircraft leasing and aircraft management services;
- the effects of terrorist attacks on the aviation industry and on our operations;
- the economic condition of the global airline and cargo industry and economic and political conditions;
- 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", "will", "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.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected financial data

The following tables present AerCap Holdings N.V.'s selected consolidated financial data for each of the periods indicated, prepared in accordance with U.S. 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, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 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, 2014, 2013 and 2012 and for the years ended December 31, 2013 and 2012 was derived from AerCap Holdings N.V.'s audited Consolidated Financial Statements not included in this annual report.

Consolidated Balance Sheet Data

	As of December 31,				
	2016	2015	2014	2013	2012
	(U.S. dollar amounts in thousands)				
Assets					
Cash and cash equivalents	\$ 2,035,447	\$ 2,403,098	\$ 1,490,369	\$ 295,514	\$ 520,401
Restricted cash	329,180	419,447	717,388	272,787	280,653
Flight equipment held for operating leases, net	31,501,973	32,219,494	31,984,668	8,085,947	7,261,899
Maintenance rights intangible and lease premium, net	2,167,925	3,139,045	3,906,026	9,354	18,100
Prepayments on flight equipment	3,265,979	3,300,426	3,486,514	223,815	53,594
Other assets(a)	2,319,949	2,267,989	2,134,928	451,825	374,890
Total Assets	\$ 41,620,453	\$ 43,749,499	\$ 43,719,893	\$ 9,339,242	\$ 8,509,537
Liabilities and Equity					
Debt(a)	27,716,999	29,641,863	30,254,905	6,124,993	5,679,238
Other liabilities	5,321,190	5,681,827	5,522,440	785,017	707,393
<i>Total Liabilities</i>	33,038,189	35,323,690	35,777,345	6,910,010	6,386,631
Total AerCap Holdings N.V. shareholders' equity	8,524,447	8,348,963	7,863,777	2,425,372	2,122,038
Non-controlling interest	57,817	76,846	78,771	3,860	868
<i>Total Equity</i>	8,582,264	8,425,809	7,942,548	2,429,232	2,122,906
Total Liabilities and Equity	\$ 41,620,453	\$ 43,749,499	\$ 43,719,893	\$ 9,339,242	\$ 8,509,537

- (a) We retrospectively reclassified \$165.0 million, \$147.5 million, \$111.9 million and \$124.3 million of debt issuance costs from other assets to a direct reduction of the debt liability as of December 31, 2015, 2014, 2013 and 2012, respectively. See Note 3—*Summary of significant accounting policies* to our Consolidated Financial Statements included in this annual report.

Consolidated Income Statement Data

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(U.S. dollar amounts in thousands, except share data)				
Revenues and other income					
Lease revenue	\$ 4,867,623	\$ 4,991,551	\$ 3,449,571	\$ 976,147	\$ 997,147
Net gain (loss) on sale of assets	138,522	183,328	37,497	41,873	(46,421)
Other income	145,986	112,676	104,491	32,046	21,794
Total Revenues and other income	5,152,131	5,287,555	3,591,559	1,050,066	972,520
Expenses					
Depreciation and amortization	1,791,336	1,843,003	1,282,228	337,730	357,347
Asset impairment	81,607	16,335	21,828	26,155	12,625
Interest expense	1,091,861	1,099,884	780,349	226,329	286,019
Other operating expenses	582,530	522,413	141,572	49,023	78,241
Transaction, integration and restructuring related expenses	53,389	58,913	148,792	10,959	—
Selling, general and administrative expenses	351,012	381,308	299,892	89,079	83,409
Total Expenses	3,951,735	3,921,856	2,674,661	739,275	817,641
Income before income taxes and income of investments accounted for under the equity method	1,200,396	1,365,699	916,898	310,791	154,879
Provision for income taxes	(173,496)	(189,805)	(137,373)	(26,026)	(8,067)
Equity in net earnings of investments accounted for under the equity method	12,616	1,278	28,973	10,637	11,630
Net income	\$ 1,039,516	\$ 1,177,172	\$ 808,498	\$ 295,402	\$ 158,442
Net loss (income) attributable to non-controlling interest	7,114	1,558	1,949	(2,992)	5,213
Net income attributable to AerCap Holdings N.V.	\$ 1,046,630	\$ 1,178,730	\$ 810,447	\$ 292,410	\$ 163,655
Basic earnings per share	\$ 5.64	\$ 5.78	\$ 4.61	\$ 2.58	\$ 1.24
Diluted earnings per share	\$ 5.52	\$ 5.72	\$ 4.54	\$ 2.54	\$ 1.24

RISK FACTORS

Risks related to our business

We require significant capital to fund our business.

As of December 31, 2016, we had 420 new aircraft on order. Due to the capital-intensive nature of our business, we expect that we will incur additional indebtedness in the future and continue to maintain substantial levels of indebtedness. We have significant principal and interest payments on our outstanding indebtedness and substantial aircraft forward purchase contract payments. In order to meet these commitments and to maintain an adequate level of unrestricted cash, we will need to raise additional funds by accessing committed debt facilities, securing additional financing from banks or through capital market transactions, or possibly by selling aircraft. Our typical sources of funding may not be sufficient to meet our liquidity needs, in which case we may be required to raise capital from new sources, including by issuing new types of debt, equity or hybrid securities.

Despite our substantial indebtedness, we might incur significantly more debt.

Despite our current indebtedness levels, we expect to incur additional debt in the future to finance our operations, including purchasing aircraft and meeting our contractual obligations. The agreements relating to our debt, including our indentures, term loan facilities, ECA guaranteed financings, revolving credit facilities, securitizations, and other financings, limit but do not prohibit our ability to incur additional debt. As of December 31, 2016, we had approximately \$7.3 billion of undrawn lines of credit available under our credit and term loan facilities, subject to certain conditions, including compliance with certain financial covenants. We regularly consider market conditions and our ability to incur indebtedness to either refinance existing indebtedness or for working capital. If we increase our total indebtedness, our debt service obligations will increase, and we will become more exposed to the risks arising from our substantial level of indebtedness.

Our level of indebtedness requires significant debt service payments.

The principal amount of our outstanding indebtedness, which excludes fair value adjustments of \$0.5 billion and debt issuance costs and debt discounts of \$0.2 billion, was approximately \$27.4 billion as of December 31, 2016 (approximately 66% of our total assets as of December 31, 2016), and our interest payments were \$1.3 billion for the year ended December 31, 2016. Due to the capital-intensive nature of our business, we expect that we will incur additional indebtedness in the future and continue to maintain significant levels of indebtedness. Our level of indebtedness:

- requires a substantial portion of our cash flows from operations to be dedicated to interest and principal payments and therefore not available to fund our operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- restricts the ability of some of our subsidiaries and joint ventures to make distributions to us;
- may impair our ability to obtain additional financing on favorable terms or at all 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.

An increase in our cost of borrowing or changes in interest rates may adversely affect our net income.

We use a mix of fixed rate and floating rate debt to finance our business. Any increase in our cost of borrowing directly impacts our net income. Our cost of borrowing is affected primarily by the market's assessment of our credit risk and fluctuations in interest rates and general market conditions. Interest rates that we obtain on our debt financings can fluctuate based on, among other things, changes in views of our credit risk, fluctuations in U.S. Treasury rates and LIBOR rates, as applicable, changes in credit spreads and swap spreads, and the duration of the debt being issued. If we incur significant 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. If interest rates increase, we would be obligated to make higher interest payments to our lenders on the floating rate debt to the extent that it is not hedged. Please refer to "Item 11—Quantitative and Qualitative Disclosures About Market Risk—Interest rate risk" for further details on our interest rate risk. In addition, we are exposed to the credit risk that the counterparties to our derivative contracts will default in their obligations.

Moreover, if interest rates were to rise sharply, we would not be able to fully offset immediately the negative impact on our net income by increasing lease rates, even if the market were able to bear such increases in lease rates. Our leases are generally for multiple years with fixed lease rates over the life of the lease and, therefore, lags will exist because our lease rates with respect to a particular aircraft cannot generally be increased until the expiration of the lease.

Decreases in interest rates may also adversely affect our interest revenue on cash deposits as well as lease revenue generated from leases with lease rates tied to floating interest rates. During the year ended December 31, 2016, approximately 3.7% of our basic lease rents from aircraft under operating leases was derived from such leases. 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 than if no interest rate decrease had occurred and our lease revenue will be adversely affected.

The agreements governing our debt contain various covenants that impose restrictions on us that may affect our ability to operate our business.

Our indentures, term loan facilities, ECA guaranteed financings, revolving credit facilities, securitizations, other commercial bank financings, and other agreements governing our debt impose operating and financial restrictions on our activities that limit or prohibit our ability to, among other things:

- incur additional indebtedness;
- create liens on assets;
- sell certain assets;
- make certain investments, loans, guarantees or advances;
- declare or pay certain dividends and distributions;
- make certain acquisitions;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into transactions with our affiliates;
- change the business conducted by the borrowers and their respective subsidiaries;
- enter into a securitization transaction unless certain conditions are met; and
- access cash in restricted bank accounts.

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The agreements governing certain of our indebtedness also contain financial covenants, such as requirements that we comply with certain loan-to-value, interest coverage and leverage ratios. These restrictions could impede our ability to operate our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in our existing or future financing agreements would result in a default under those agreements and under other agreements containing cross default provisions. Under these circumstances, we may have insufficient funds or other resources to satisfy all our obligations.

To service our debt and meet our other cash needs, we will require a significant amount of cash, which may not be available.

Our ability to make payments on, or repay or refinance, our debt and to fund planned aircraft purchases and other cash needs, will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on our maintaining specified financial ratios and satisfying financial condition tests and other covenants in the agreements governing our debt now and in the future. Our business may not generate sufficient cash flow from operations and future borrowings may not be available in amounts sufficient to pay our debt or to satisfy our other liquidity needs.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to seek alternatives, such as to reduce or delay investments and aircraft purchases, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and might require us to comply with more onerous covenants, which could further restrict our business operations. The terms of our existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations or to meet our aircraft purchase commitments as they come due.

If we are unable to obtain sufficient cash, we might fail to meet our aircraft purchase commitments.

If we are unable to meet our aircraft purchase commitments as they come due, we will be subject to several risks, including:

- forfeiting deposits and progress payments to manufacturers and having to pay certain significant costs related to these commitments such as actual damages and legal, accounting and financial advisory expenses;
- defaulting on our lease commitments, which could result in monetary damages and strained relationships with lessees;
- failing to realize the benefits of purchasing and leasing such aircraft; and
- risking harm to our business reputation, which would make it more difficult to purchase and lease aircraft in the future on agreeable terms, if at all.

Any of these events could materially and adversely affect our financial results.

We may be unable to generate sufficient returns on our aircraft investments.

Our results depend on our ability to consistently acquire strategically attractive aircraft, continually and profitably lease and re-lease them, and finally sell or otherwise dispose of them, in order to generate returns on the investments we have made, provide cash to finance our growth and operations, and service our existing debt. Upon acquiring new aircraft we may not be able to enter into leases that generate sufficient cash flow to justify the cost of purchase. When our leases expire or our aircraft are returned prior to the date contemplated in the lease, we bear the risk of re-leasing, selling or parting-out the aircraft. Because our leases are predominantly operating leases, only a portion of an aircraft's value is recovered by the revenues generated from the lease and we may not be able to realize the aircraft's residual value after lease expiration.

Our ability to profitably purchase, lease, re-lease, sell or otherwise dispose of our aircraft will depend on conditions in the airline industry and general market and competitive conditions at the time of purchase, lease, and disposition. In addition to factors linked to the aviation industry in general, other factors that may affect our ability to generate adequate returns from our aircraft include the maintenance and operating history of the airframe and engines, the number of operators using the particular type of aircraft, and aircraft age.

Customer demand for certain types of our aircraft may decline.

Aircraft are long-lived assets and demand for a particular model and type of aircraft can change over time. Demand may decline for a variety of reasons, including obsolescence following the introduction of newer technologies, market saturation due to increased production rates, technical problems associated with a particular model, new manufacturers entering the marketplace or existing manufacturers entering new market segments, additional governmental regulation such as environmental rules or aircraft age limitations, or the overall health of the airline industry.

The supply and demand for aircraft is affected by various 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;
- epidemics and natural disasters;
- governmental regulation, including regulation of trade, such as the imposition of import and export controls, tariffs and other trade barriers;
- interest rates;
- the availability and cost of financing;
- airline restructurings and bankruptcies;
- manufacturer production levels and technological innovation;
- manufacturers merging, entering or exiting the industry;
- 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.

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Over recent years, the airline industry has committed to a significant number of aircraft deliveries through order placements with manufacturers, and in response, aircraft manufacturers have raised their production output. The increase in these production levels could result in an oversupply of relatively new aircraft if growth in airline traffic does not meet airline industry expectations.

In addition, recent and future political developments, including the change of U.S. presidential administration and 2017 elections in Europe, could result in increased regulation of trade, which could adversely impact demand for aircraft.

As demand for particular aircraft declines as a result of any of these factors, lease rates are likely to correspondingly decline, the residual values of that type of aircraft could be negatively impacted, and we may be unable to lease such aircraft on favorable terms, if at all. In addition, the risks associated with a decline in demand for particular aircraft model or type increase if we acquire a high concentration of such aircraft. For example, as of December 31, 2016, we had 420 new aircraft on order, including 204 Airbus A320neo Family aircraft, 109 Boeing 737MAX aircraft, 50 Embraer E-Jets E2 aircraft, 38 Boeing 787 aircraft and 19 Airbus A350 aircraft. If demand declines for a model or type of aircraft of which we own or will acquire a relatively high concentration, it could materially and adversely affect our financial results.

The value and lease rates of our aircraft could decline.

Aircraft values and lease rates have occasionally experienced sharp decreases due to a number of factors, including, but not limited to, decreases in passenger air travel and air cargo demand, changes in fuel costs, government regulation and changes 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 geographical area where the aircraft is based and operates;
- the number of operators using a particular 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 the 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 lessees;
- compatibility of 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 our aircraft that results from the above factors or other factors may have a material adverse effect on 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 primarily comprised of major aircraft leasing companies, but we may also 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 excess capital to invest in aircraft and engines; and
- emerging aircraft leasing companies that we do not currently consider our major competitors.

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

Our financial condition is dependent, in part, on the financial strength of our lessees.

Our financial condition depends on the ability of lessees to perform their payment and other obligations to us under our leases. We generate the primary portion of our revenue 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 depends primarily on their financial condition and cash flows, which may be affected by factors outside our control, including:

- passenger air travel and air cargo demand;
- competition;
- economic conditions and currency fluctuations in the countries and regions in which a lessee operates;
- 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;
- the availability of financial or other governmental support extended to a lessee; and
- governmental regulation and associated fees affecting the air transportation business, including restrictions on carbon emissions and other environmental regulations, and fly-over restrictions imposed by route authorities.

Generally, airlines with high financial leverage are more likely than airlines with stronger balance sheets to be affected, and affected more quickly, by the factors listed above. Such airlines are also more likely to seek operating leases.

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Any 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 that they will delay, reduce or fail to make rental payments when due. At any point in time, our lessees may be significantly in arrears. 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. Moreover, we may not correctly assess the credit risk of each lessee or charge lease rates that incorrectly reflect related risks. Many of our lessees are not rated investment grade by the principal U.S. rating agencies and may be more likely to suffer liquidity problems than those that are so rated.

If lessees of a significant number of our aircraft fail to perform their obligations to us, our financial results and cash flows will be materially and adversely affected.

A return to historically high fuel prices or continued volatility in fuel prices could affect the profitability of the aviation industry and our lessees' ability to meet their lease payment obligations to us.

Historically, fuel prices have fluctuated widely depending primarily on international market conditions, geopolitical and environmental events and currency exchange rates. Factors such as natural disasters can also significantly affect fuel availability and prices. The cost of fuel represents a major expense to airlines that is not within their control, and significant increases in fuel costs or hedges that inaccurately assess the direction of fuel costs can materially and adversely affect their operating results. 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 offsets 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. The profitability and liquidity of those airlines that do hedge their fuel costs can also be adversely affected by swift movements in fuel prices, if such airlines are required as a result to post cash collateral under hedge agreements. Therefore, if for any reason fuel prices return to historically high levels or show significant volatility, our lessees are likely to incur higher costs or generate lower revenues, which may affect their ability to meet their obligations to us.

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 can vary substantially depending on developments in the global financial markets. 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 materially and adversely affected and they may not comply with their respective payment obligations to us.

A 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.

In recent years, the European Union (the "EU") has faced both financial and political turmoil which, if it continues or worsens, could have a material adverse effect on our business. For example, following the global financial crisis of 2008, several countries in Europe faced a sovereign debt crisis (commonly referred to as the "European Debt Crisis") that negatively affected economic activity in that region and adversely affected the strength of the euro versus the U.S. dollar and other currencies. Although some of these countries are no longer facing a serious debt crisis, the lingering effects of the European Debt Crisis are unclear and may have a material adverse effect on our business, particularly if any European countries face sovereign debt default. Furthermore, concerns exist regarding the sovereign debt of certain Latin American countries, including Venezuela. If Venezuela or any other country faces a sovereign debt crisis, it could adversely affect the global banking system, due to its exposure to the sovereign debt and the imposition of stricter capital requirements. A sovereign debt crisis may also lower consumer confidence, which could adversely affect global economic conditions, and adverse changes in the global banking system or global economy may have a material adverse effect on our business.

Adverse conditions and disruptions in European economies could have a material adverse effect on our business.

Our business can be affected by a number of factors that are beyond our control, such as general geopolitical, economic and business conditions. Political uncertainty has created financial and economic uncertainty, most recently as a result of the United Kingdom's June 2016 referendum to withdraw from the EU (commonly referred to as "Brexit"). The economic consequences of Brexit, including the possible repeal of open-skies agreements, could have a material adverse effect on our business. Further, many of the structural issues facing the EU following the European Debt Crisis and Brexit remain, and problems could resurface that could affect financial market conditions, and, possibly, our business, results of operations, financial condition and liquidity, particularly if they lead to the exit of one or more countries from the European Monetary Union (the "EMU") or the exit of additional countries from the EU. If one or more countries exited the EMU, there would be significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and it would likely lead to complex and lengthy disputes and litigation. Additionally, it is possible that the recent political events in Europe may lead to the complete dissolution of the EMU or EU. The partial or full breakup of the EMU or EU would be unprecedented and its impact highly uncertain, including with respect to our business.

If the effects of terrorist attacks, war or armed hostilities adversely affect the financial condition of the airline industry, our lessees might not be able to meet their lease payment obligations to us.

Terrorist attacks, war or armed hostilities, or the fear of such events, have historically had a negative impact on the aviation industry and could 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 or concerns about the safety of flying;
- the imposition of "no-fly zone" or other restrictions on commercial airline traffic in certain regions;
- uncertainty of the price and availability of jet fuel and the cost and practicability of obtaining fuel hedges;

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- 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, or the unavailability of certain types of insurance;
- inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of such events;
- 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, economic conditions and airline reorganizations; and
- an airline's becoming insolvent and/or ceasing operations.

For example, 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 increased, passenger and cargo demand for air travel decreased, and operators faced difficulties in acquiring war risk and other insurance at reasonable costs. Sanctions against Russia and, in the future, uncertainty regarding tensions between Ukraine and Russia, the situation in Iraq, Syria, the Israeli/Palestinian conflict, tension over the nuclear program of North Korea, political instability in the Middle East and North Africa, the territorial disputes between Japan and China and the recent tensions in the South China Sea could lead to further instability in these regions.

Terrorist attacks, war or armed hostilities, or the fear of such events, in these or any other regions, could adversely affect the aviation industry and the financial condition and liquidity of our lessees, as well as aircraft values and rental rates. In addition, such events might cause certain aviation insurance to become available only at significantly increased premiums or with reduced amounts of coverage that are insufficient to comply with the current requirements of aircraft lenders and lessors or with applicable government regulations, or not to be available at all. Although some governments provide for limited coverage under government programs for specified types of aviation insurance, these programs may not be available at the relevant time or governments may not pay under these programs in a timely fashion.

Such events are likely to cause our lessees to incur higher costs and to generate lower revenues, which could result in a material adverse effect on their financial condition and liquidity, including their ability to make rental and other lease payments to us or to obtain the types and amounts of insurance we require. This in turn could lead to aircraft groundings or additional lease restructurings and repossessions, increase our cost of re-leasing or selling aircraft, impair our ability to re-lease or otherwise dispose of aircraft on favorable terms or at all, or reduce the proceeds we receive for our aircraft in a disposition.

The effects of epidemic diseases and natural disasters, such as extreme weather conditions, floods, earthquakes and volcano eruptions, may adversely affect our lessees' ability to meet their lease payment obligations to us.

The outbreak of epidemic diseases, such as previously experienced with Ebola, measles, Severe Acute Respiratory Syndrome (SARS), H1N1 (swine flu) and Zika virus, could materially and adversely affect passenger demand for air travel. Similarly, the lack of air travel demand 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 materially and adversely affect our financial results.

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, over the past several years, 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 if at all.

Our lessees may fail to properly maintain our aircraft.

We may be exposed to increased maintenance costs for our leased aircraft if lessees fail to properly maintain the aircraft or pay supplemental maintenance rents. Under our leases, our lessees are primarily responsible for maintaining our 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. We also require many of our lessees to pay us supplemental maintenance rents. If a lessee fails to perform required maintenance on our aircraft during the term of the lease, its market value may decline, which would result in lower revenues from its subsequent lease or sale, or the aircraft might be grounded. Maintenance failures by a lessee would also likely require us to incur maintenance and modification costs, which could be substantial, upon the termination of the applicable lease to restore the aircraft to an acceptable condition prior to sale or re-leasing. Supplemental maintenance rents paid by our lessees may not be sufficient to fund such maintenance costs. If our lessees fail to meet their obligations to pay supplemental maintenance rents or fail to perform required scheduled maintenance, or if we are required to incur unexpected maintenance costs, our financial results may be materially and adversely affected.

Our lessees may fail to adequately insure our aircraft.

While an aircraft is on lease, we do not directly control its operation. Nevertheless, because we hold title to such aircraft, we could be held liable for losses resulting from its operation under one or more legal theories in certain jurisdictions around the world, or at a minimum, we might be required to expend resources in our defense. We require our lessees to obtain specified levels of insurance and indemnify us for, and insure against, such operational liabilities. However, some lessees may fail to maintain adequate insurance coverage during a lease term, which, although constituting a breach of the lease, would require us to take some corrective action, such as terminating the lease or securing insurance for the aircraft.

In addition, there are certain risks of losses our lessees face that insurers may be unwilling to cover or for which the cost of coverage would be prohibitively expensive. For example, following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of coverage available to airlines for liability to persons other than airline employees or passengers for claims resulting from acts of terrorism, war or similar events and significantly increased the premiums for third party war risk and terrorism liability insurance and coverage in general. Therefore, our lessees' insurance coverage may not be sufficient to cover all claims that could be asserted against us arising from the operation of our aircraft.

Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations to us 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. Moreover, our lessees' insurance coverage is dependent on the financial condition of insurance companies, which might not be able to pay claims. A reduction in insurance proceeds otherwise payable to us as a result of any of these factors could materially and adversely affect our financial results.

If our lessees fail to cooperate in returning our aircraft following lease terminations, we may encounter obstacles and are likely to incur significant costs and expenses conducting repossessions.

Our legal rights and the relative difficulty of repossession vary significantly depending on the jurisdiction in which an aircraft is located and the applicable law. We may need to obtain a court order or consents for de-registration or re-export, a process that can differ substantially in different countries. Where a lessee or other operator flies only domestic routes in the jurisdiction in which the aircraft is registered, repossessing and exporting the aircraft may be challenging, especially if the jurisdiction permits the lessee or the other operator to resist de-registration. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. For example, 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. Certain of our lessees are partially or wholly owned by government-related entities, which can complicate our efforts to repossess our aircraft in that government's jurisdiction. If we encounter any of these difficulties, we may be delayed in, or prevented from, enforcing certain of our rights under a lease and in re-leasing the affected aircraft.

When conducting a repossession, we are likely to incur significant costs and expenses that are unlikely to be recouped. These include legal and other expenses of court or other governmental proceedings, including the cost of posting security bonds or letters of credit necessary to effect repossession of the aircraft, particularly if the lessee is contesting the proceedings or is in bankruptcy. We must absorb the cost of lost revenue for the time the aircraft is off-lease. We may incur substantial maintenance, refurbishment or repair costs that a defaulting lessee has failed to pay and are necessary to put the aircraft in suitable condition for re-lease or sale. We may 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. It may be necessary to pay to discharge liens or pay 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.

Based on historical rates of airline defaults and bankruptcies, at least some of our lessees are likely to default on their lease obligations or file for bankruptcy in the ordinary course of our business. If we incur significant costs in repossessing our aircraft, our financial results may be materially and adversely affected.

If our lessees fail to discharge aircraft liens for which they are responsible, we may be obligated to pay to discharge the liens.

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, Eurocontrol and other air navigation charges, landing charges, crew wages, and other liens that may attach to our aircraft. Aircraft may also be subject to mechanic's liens as a result of routine maintenance performed by third parties on behalf of our customers. Some of these liens can secure substantial sums, and if they attach to entire fleets of aircraft, as permitted in certain jurisdictions for certain kinds of liens, they may exceed the value of the aircraft itself. Although the financial obligations relating to these liens are the contractual responsibility of our lessees, if they fail to fulfill their obligations, the liens may ultimately become our financial responsibility. Until they are discharged, these liens could impair our ability to repossess, re-lease or sell our aircraft or engines. 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. If we are obliged to pay a large amount to discharge a lien, or if we are unable take possession of our aircraft subject to a lien in a timely and cost-effective manner, it could 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, whereby 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 a 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.

If our lessees encounter financial difficulties and we restructure or terminate our leases, we are likely to obtain less favorable lease terms.

If a lessee delays, reduces, or fails to make rental payments when due, or has advised us that it will do so in the future, we may elect or be required to restructure or terminate the lease. A restructured lease will likely contain terms less favorable to us. If we are unable to agree on a restructuring deal and we terminate the lease, we may not receive all or any payments still outstanding, and we may be unable to re-lease the aircraft promptly and at favorable rates, if at all. We have conducted restructurings and terminations in the ordinary course of our business, and we expect more will occur in the future. If we are obligated to perform a significant number of restructurings and terminations, the associated reduction in lease revenue could materially and adversely affect our financial results and cash flows.

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.

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. New aircraft manufacturers, such as Mitsubishi Aircraft Corporation in Japan, JSC United Aircraft Corporation in Russia and Commercial Aircraft Corporation of China, Ltd. in China could produce aircraft that compete with current offerings from Airbus, Aerei da Trasporto Regionale (ATR), Boeing, Bombardier and Embraer. Additionally, new manufacturers may develop a narrowbody aircraft that competes with established aircraft types from Airbus and Boeing, putting downward price pressure on and decreasing the marketability of aircraft from Airbus and Boeing. New aircraft types that are introduced into the market could be more attractive for the target lessees of our aircraft. The development of more fuel-efficient engines could make aircraft in our portfolio with engines that are not as fuel-efficient less attractive to potential lessees. In addition, the imposition of increasingly stringent noise or emissions regulations may make some of our aircraft and engines less desirable in the marketplace. A decrease in demand for our aircraft as a result of any of these factors could materially and adversely affect our financial results.

Airbus and Boeing have launched new aircraft types, which could decrease the value and lease rates of aircraft in our fleet.

Airbus and Boeing have launched several new aircraft types in recent years, including the Boeing 787 Family, the Boeing 737MAX Family, the Boeing 777X, the Airbus A320neo Family, the Airbus A330neo Family, and the Airbus A350 Family. The availability of these new aircraft types, and potential variants of these new aircraft types, may have an adverse effect on residual value and future lease rates of older aircraft types and variants. The development of these new types and variants of such new types could decrease the desirability of the older types and variants and thereby increase the supply of the older types and variants in the marketplace. This increase in supply could, in turn, reduce both future residual values and lease rates for such older aircraft types and variants.

From time to time, Airbus and Boeing have announced scheduled production increases, which could result in overcapacity and decrease the value and lease rates of aircraft in our fleet.

The market may not be able to absorb the scheduled production increases announced by Airbus and Boeing. If the additional capacity scheduled to be produced by the manufacturers exceeds demand, the resulting overcapacity could have a negative effect on aircraft values and lease rates. If lending capacity does not increase in line with the increased aircraft production, the cost of lending or the ability to obtain debt could be negatively affected. Any such decrease in aircraft values and lease rates, or increase in the cost or availability of funding, could materially and adversely affect our financial results.

There are a limited number of aircraft and engine manufacturers and we depend on their ability to meet their obligations.

The supply of commercial jet aircraft is dominated by a small number of airframe and engine manufacturers. As a result, we are dependent on their ability to remain financially stable, manufacture products and related components that meet the airlines' demands and fulfill their contractual obligations to us. In the past we have experienced delays by the manufacturers in meeting their obligations to us and other third parties. If in the future the manufacturers fail to fulfill their contractual obligations to us, bring aircraft to market that do not meet customers' expectations, or do not respond appropriately to changes in the market environment, we may experience, among other things:

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- 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 that 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 or reputational damage 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.

Moreover, our purchase agreements with manufacturers and the leases we have signed with our customers for future lease commitments are all subject to cancellation rights related to delays in delivery dates. Any manufacturer delays for aircraft that we have committed to lease could strain our relations with our customers, and cancellation of such leases by the lessees could have a material adverse effect on our financial results.

Existing and future litigation against us could materially and adversely affect our business, financial position, liquidity or results of operations.

We are, and from time to time in the future may be, a defendant in lawsuits relating to our business. We cannot accurately predict the ultimate outcome of any litigation due to its inherent uncertainties. An unfavorable outcome could materially and adversely affect our business, financial position, liquidity or results of operations. In addition, regardless of the outcome of any litigation, we may be required to devote substantial resources and executive time to the defense of such actions. For a description of certain pending litigation involving our business, please refer to Note 30—*Commitments and contingencies* to our Consolidated Financial Statements included in this annual report.

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

We conduct our business in many countries. 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;
- expropriation of our international assets; and
- different liability standards and legal systems that may be less developed and less predictable than those in advanced economies.

Furthermore, the new U.S. presidential administration has proposed or is considering various actions that could affect U.S. trade policy or practices, which could, among other things, adversely affect travel to or from the United States. These factors may have a material and adverse effect on our financial results.

We are indirectly subject to many of the economic and political risks associated with emerging markets.

We derive substantial lease revenue (approximately 59% in 2016, 60% in 2015 and 58% in 2014) from airlines in emerging market countries. Emerging market countries have less developed economies and 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 as a result of these events could adversely affect the value of our ownership interest in aircraft subject to lease in such countries, or the ability of our lessees that operate in these markets to meet their lease obligations. As a result, lessees that 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 economic and political developments in emerging market countries.

Because our lessees are concentrated in certain geographical regions, we have concentrated exposure to the political and economic risks associated with those regions.

Through our lessees and the countries in which they operate, we are exposed to the specific economic and political conditions and associated risks of those jurisdictions. For example, we have large concentrations of lessees in Russia, and therefore have increased exposure to the economic and political conditions in that country. These risks can include economic recessions, burdensome local regulations or, in extreme cases, increased risks of requisition of our aircraft. An adverse political or economic event in any region or country in which our lessees are concentrated or where we have a large number of aircraft could affect the ability of our lessees in that region or country to meet their obligations to us, or expose us to various legal or political risks associated with the affected jurisdictions, all of which could have a material and adverse effect on our financial results.

We are subject to various risks and requirements associated with transacting business in many countries.

Our international operations expose us to trade and economic sanctions, export controls and other restrictions imposed by the United States, the United Kingdom, or other governments or organizations. For example, the U.S. Departments of Justice, Commerce, State and Treasury and other U.S. federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the Foreign Corrupt Practices Act ("FCPA"), and other U.S. federal statutes and regulations, including those established by the Office of Foreign Asset Control ("OFAC"). Under these laws and regulations, the U.S. government may require export licenses, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries, and modifications to compliance programs, which may increase compliance costs, and may subject us to fines, penalties and other sanctions. A violation of any of these laws or regulations could materially and adversely impact our business, operating results, and financial condition.

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As disclosed previously, on May 27, 2015, OFAC issued a subpoena to the Company requesting information related to prior transactions with Al Naser Airlines that may have led to aircraft being diverted to Iran. Al Naser had been designated by OFAC as a blocked person on May 21, 2015, and had been added by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") to its Denied Persons List on the same date. The Company has cooperated fully with the investigations by OFAC and BIS.

We have implemented and maintain in effect policies and procedures designed to ensure compliance by us, our subsidiaries and our directors, officers, employees, consultants and agents with respect to various export control, anti-corruption, anti-terrorism and anti-money laundering laws and regulations. However, such personnel could engage in unauthorized conduct for which we may be held responsible. Violations of such laws and regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could materially and adversely affect our financial results.

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

Many countries restrict, or in the future might restrict, foreign investments in a manner adverse to us. These restrictions and controls have limited, and may in the future restrict or preclude, our investment in joint ventures or the acquisition of businesses in certain jurisdictions 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 reserve the right to approve the repatriation of capital by, or the payment of dividends to, foreign investors. Restrictive policies regarding foreign investments may increase our costs of pursuing growth opportunities in foreign jurisdictions, which could materially and adversely affect our financial results.

Our aircraft are subject to various environmental regulations.

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 ("ICAO") have adopted a more stringent set of standards for noise levels that 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 has 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 certain of our aircraft and engines, reduce their value, limit our ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require us to make significant additional investments in the aircraft and engines to make them compliant.

In addition to more stringent noise restrictions, the United States, European Union and other jurisdictions have imposed more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide from engines. Although 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 addition, the United States Environmental Protection Agency recently ruled that jet engine exhaust endangers public health by contributing to climate change, increasing the likelihood that regulations will be proposed in this regard. 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 environmental regulations.

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 did not cause 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 may not 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.

If a decline in demand for certain aircraft causes a decline in its projected lease rates, or if we dispose of an aircraft for a price that is less than its depreciated book value on our balance sheet, then we will recognize impairments or make fair value adjustments.

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. If the gross cash flow test fails, the difference between the fair value and the carrying amount of the aircraft is recognized as an impairment loss. Factors that may contribute to impairment charges include, but are not limited to, unfavorable airline industry trends affecting the residual values of certain aircraft types, high fuel prices and development of more fuel efficient aircraft shortening the useful lives of certain aircraft, management's expectations that certain aircraft are more likely than not to be parted-out or otherwise disposed of sooner than their expected life, and new technological developments. Cash flows supporting carrying values of older aircraft are more dependent upon current lease contracts. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment.

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If economic conditions deteriorate, we may be required to recognize impairment losses. In that event, our estimates and assumptions regarding forecasted cash flows from our long-lived assets would need to be reassessed, including the duration of the economic downturn and 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 older aircraft. If so, it is possible that an impairment may be triggered for other long-lived assets in the future and that any such impairment amounts may be material. As of December 31, 2016, 182 of our owned aircraft under operating leases were 15 years of age or older. These aircraft represented approximately 6% of the net book value of our total flight equipment and lease-related assets and liabilities as of December 31, 2016.

A cyber-attack could lead to a material disruption of our IT systems and the loss of business information, which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

Parts of our business depend on the secure operation of our computer systems to manage, process, store and transmit information associated with aircraft leasing. Like other global companies, we have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks, internet network scans, systems failures and disruptions. A cyber-attack that bypasses our information technology, or IT, security systems, causing an IT security breach, could lead to a material disruption of our IT systems and adversely impact our daily operations and cause the loss of sensitive information, including our own proprietary information and that of our customers, suppliers and employees. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs and liability. While we devote substantial resources to maintaining adequate levels of cyber-security, our resources and technical sophistication may not be adequate to prevent all types of cyber-attacks.

We could suffer material damage to, or interruptions in, our IT systems as a result of external factors, staffing shortages or difficulties in updating our existing software or developing or implementing new software.

We depend largely upon our IT systems in the conduct of all aspects of our operations. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, fire and natural disasters. Damage or interruption to our information systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim. In addition, we are currently pursuing a number of IT related projects that will require ongoing IT related development and conversion of existing systems. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our information systems may have a material adverse effect on our business or results of operations.

Risks related to our organization and structure

We are a public limited liability company incorporated in the Netherlands ("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 incorporated 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. Many of our directors and executive officers and most of our assets and the assets of our directors are located outside the United States. In addition, our articles of association do not provide for U.S. courts as a venue for, or for the application of U.S. law to, lawsuits against us, our directors and executive officers. 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 us or them based on the civil liability provisions of the securities laws of the United States. There is doubt as to whether the Dutch 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 Dutch 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 Dutch law.

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 substantially all of our revenues are generated by our subsidiaries. While we do not currently, and do not currently 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. A substantial portion of our owned aircraft are held through SPEs or finance structures that 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.

As a foreign private issuer, we are permitted to file less information with the SEC than a company incorporated in the United States. Accordingly, there may be less publicly available information concerning us than there is for companies incorporated in the United States.

As a foreign private issuer, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), which impose disclosure requirements, as well as procedural requirements, for proxy solicitations under Section 14 of the Exchange Act. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor are we generally required to comply with the SEC's Regulation FD, which restricts the selective disclosure of material non-public information.

The effect of purchases and sales of our ordinary shares by the hedge counterparties (or their affiliates or agents) to modify or terminate their hedge positions may have a negative effect on the market price of our ordinary shares.

We have been advised that Waha, which previously was a significant direct AerCap shareholder, has entered into funded collar transactions relating to its AerCap ordinary shares, pursuant to which, we have been advised, collar counterparties (or their affiliates or agents) have borrowed from Waha and re-sold, and may continue to purchase and sell, our ordinary shares. The purchases and sales of our ordinary shares by the collar counterparties (or their affiliates or agents) to modify the collar counterparties' hedge positions from time to time during the term of the funded collar transactions may variously have a positive, negative or neutral impact on the market price of our ordinary shares and may affect the volatility of the market price of our ordinary shares, depending on market conditions at such times. In addition, purchases of our ordinary shares by the collar counterparties (or their affiliates or agents) in connection with the termination by Waha of any portion of the loan of our ordinary shares to the collar counterparties under the funded collar transactions, or cash settlement of any funded collar transaction, may have the effect of increasing, or limiting a decrease in, the market price of our ordinary shares during the relevant unwind period.

Risks related to taxation

We may become a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.

We do not believe we will be classified as a PFIC for 2016. We cannot yet make a determination as to whether we will be classified as a PFIC for 2017 or subsequent years. 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—Taxation—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, 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, where the lessees of our aircraft (or others in possession of our aircraft) are located or changes in tax laws, regulations or accounting principles. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled, 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 group companies are currently subject to Irish corporate income tax on trading income at a rate of 12.5%, on capital gains at 33% and on other income at 25%. We expect that substantially all of our Irish income will be treated as trading income for tax purposes in future periods. As of December 31, 2016, 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 group companies and the ability to carry forward Irish tax losses to offset 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. Our Irish tax resident group companies 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 offset future income with tax losses arising from the same trading activity.

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. 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 Ireland). That in turn may depend on, among others, 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 and state taxes, which could have a material adverse effect on our financial results. Additionally, in light of the recent change in the U.S. political landscape, U.S. tax laws and U.S. tax treaties may change significantly in the future, and such changes could have a material adverse effect on our business.

Changes in tax laws may result in additional taxes for us or for our shareholders.

Tax laws and the practice of the local tax authorities in the jurisdictions in which we reside, in which we conduct activities or operations, or where our aircraft or lessees of our aircraft are located may change in the future. These changes would include changes introduced or otherwise applicable in such jurisdictions as a result, direct or indirectly, of the Organisation for Economic Co-operation and Development initiative on Base Erosion and Profit Shifting or by the European Commission. Such changes could include new measures regarding the availability of double tax treaty relief, the deductibility of interest costs and the determination of permanent establishments. Changes may also be introduced due to the implementation of the EU Anti-Tax Avoidance Directive ("ATAD"). Most of the measures contained in the EU ATAD are due to be implemented with effect from January 1, 2019, though some measures may be deferred to 2024 in certain circumstances. Such changes in tax law or practice could result in additional taxes for us or our shareholders.

Item 4. Information on the Company

History and development of the company

AerCap Holdings N.V. is incorporated in the Netherlands as a 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 (the "NYSE"). On August 6, 2007, we completed the secondary offering of 20.0 million additional ordinary shares on the NYSE. Pursuant to our recent migration from the Netherlands to Ireland, we moved our headquarters and executive officers from Amsterdam to Dublin, effective as of February 1, 2016. We continue to have offices in Amsterdam, Los Angeles, Shannon, Fort Lauderdale, Miami, Singapore, Shanghai and Abu Dhabi. We also have representative offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

On May 14, 2014 (the "Closing Date"), we issued 97,560,976 new ordinary shares and paid \$2.4 billion in cash to AIG to successfully complete the ILFC Transaction. Immediately following the ILFC Transaction, AIG owned approximately 46% of AerCap. Following the ILFC Transaction, we effected a reorganization of ILFC's corporate structure and assets, pursuant to which ILFC transferred its assets substantially as an entirety to AerCap Trust, a legal entity formed on February 5, 2014, and AerCap Trust assumed substantially all the liabilities of ILFC, including liabilities in respect of ILFC's indebtedness.

On June 9, 2015, AIG sold 71,184,686 of its AerCap ordinary shares in a secondary public offering and AerCap completed the Share Repurchase from AIG of 15,698,588 ordinary shares. On August 24, 2015, AIG sold 10,677,702 of its AerCap ordinary shares in a secondary public offering. Following this sale, AIG no longer owns any of our outstanding ordinary shares and has no designees on our Board of Directors.

As of December 31, 2016, we had 187,847,345 ordinary shares issued, including 176,247,154 ordinary shares issued and outstanding, and 11,600,191 ordinary shares held as treasury shares. Our issued and outstanding ordinary shares included 3,426,810 unvested restricted stock.

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Our principal executive offices are located at AerCap House, 65 St. Stephen's Green, Dublin 2, Ireland, and our general telephone number is +353 1 819 2010. 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 +1 (302) 738-6680.

Capital expenditures

Our primary capital expenditure is the purchase of aircraft under aircraft purchase agreements with Airbus and Boeing. Please refer to "Item 5. Operating and Financial Review and Prospects—Liquidity and capital resources" for a detailed discussion of our capital expenditures currently in progress. The following table presents our capital expenditures for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
	(U.S. dollar amounts in thousands)		
Purchase of flight equipment	\$ 2,892,731	\$ 2,772,110	\$ 2,088,444
Prepayments on flight equipment	947,419	791,546	458,174

Business overview

Aircraft leasing

We are the world's largest independent aircraft leasing company. We focus on acquiring in-demand aircraft at attractive prices, funding them efficiently, hedging interest rate risk conservatively and using our platform to deploy these assets with the objective of delivering superior risk adjusted returns. We believe that by applying our expertise, 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 an independent aircraft lessor, and, as such, we are not affiliated with any airframe or engine manufacturer. This independence provides us with purchasing flexibility to acquire aircraft or engine models regardless of the manufacturer.

We operate our business on a global basis, leasing aircraft to customers in every major geographical region. As of December 31, 2016, we owned 1,022 aircraft and AeroTurbine did not own any aircraft. In addition, we managed 95 aircraft and AerDragon, a non-consolidated joint venture, owned another 29 aircraft. As of December 31, 2016, we also had 420 new aircraft on order, including 204 Airbus A320neo Family aircraft, 109 Boeing 737MAX aircraft, 50 Embraer E-Jets E2 aircraft, 38 Boeing 787 aircraft and 19 Airbus A350 aircraft. As of December 31, 2016, the average age of our 1,022 owned aircraft fleet, weighted by net book value, was 7.4 years and as of December 31, 2015, the average age of our 1,109 owned aircraft fleet, weighted by net book value, was 7.7 years.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft transactions in a variety of market conditions. During the year ended December 31, 2016, we executed 458 aircraft transactions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and managing our aircraft portfolio. During the year ended December 31, 2016, our weighted average owned aircraft utilization rate was 99.5%, calculated based on the number of days each aircraft was on lease during the year, weighted by the net book value of the aircraft.

Aircraft leases and transactions

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 all of their aircraft, many airlines acquire aircraft under operating leases because this reduces their capital requirements and costs and allows them to manage their fleet more efficiently as aircraft are returned over time. Since the 1970's and the creation of aircraft leasing pioneers Guinness Peat Aviation ("GPA") and ILFC, the world's airlines have increasingly turned to operating leases to meet their aircraft needs. As of December 31, 2016, our owned and managed aircraft were leased to approximately 200 customers in approximately 80 countries. Over the life of our aircraft, we seek to increase the returns on our investments by managing the lease rates, time off-lease and financing and maintenance costs, and by carefully timing their sale.

Our current operating aircraft leases have initial terms ranging in length up to approximately 16 years. 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 shorter-term leases to mitigate the effects of the generally lower market lease rates during those periods.

Well in advance of the expiration of an operating lease, we prioritize entering into a lease extension with the then-current operator. This reduces our risk of aircraft downtime as well as aircraft transition costs. The terms of our lease extensions reflect the market conditions at the time and typically contain different terms from the original lease. Should a lessee not be interested in extending a lease, or if we believe we can obtain a more favorable return on the aircraft, we will explore other options, including the sale of the aircraft. If we enter into a lease agreement for the same aircraft with a different lessee, that usually occurs 10 to 18 months prior to the scheduled return date of the aircraft. When the aircraft is returned, there is usually maintenance work to be performed before the aircraft transitions to the next lessee. Upon redelivery, an aircraft is usually delivered to the next lessee in less than two months.

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 minimize any time that our aircraft are not generating revenue for us. We successfully executed 458 aircraft transactions during the year ended December 31, 2016.

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The following table provides details regarding the aircraft transactions we executed during the years ended December 31, 2016, 2015 and 2014. The trends shown in the table reflect the execution of the various elements of our leasing strategy for our owned and managed portfolio, as described further below:

	Year Ended December 31,			Total
	2016	2015	2014	
Owned portfolio				
New leases on new aircraft	72	56	82	210
New leases on used aircraft	75	108	35	218
Extensions of lease contracts	113	97	108	318
Aircraft purchases	38	46	33	117
Aircraft sales and part-outs	124	68	64	256
Managed portfolio				
New leases on used aircraft	7	3	10	20
Extensions of lease contracts	12	12	15	39
Aircraft sales and part-outs	17	15	19	51
Total aircraft transactions	458	405	366	1,229

The following table provides portfolio management metrics for the years ended December 31, 2016, 2015 and 2014.

	Year Ended December 31,			Average
	2016	2015	2014	
Owned portfolio				
Average lease term for new leases (months)(a)	144	137	144	142
Average lease term for re-leases (months)(b)	72	99	89	87
Average lease term for lease extensions (months)(c)	48	44	44	45
Average aircraft utilization rate(d)	99.5%	99.5%	99.2%	99.4%
Managed portfolio				
Average lease term for re-leases (months)(b)	71	58	80	70
Average lease term for lease extensions (months)(c)	26	25	29	27

- (a) Average lease term for new leases contracted during the period. The average lease term is calculated by reference to the period between the contractual delivery and contractual redelivery dates of the aircraft.
- (b) Average lease term for re-leases contracted during the period. The average lease term is calculated by reference to the period between the contractual delivery and contractual redelivery dates of the aircraft.
- (c) Average lease term for aircraft lease extensions contracted during the period. The average lease term is calculated by reference to the period between the date of the original expiration of the lease and the new extended expiration date.
- (d) Our average aircraft utilization rate is calculated based on the number of days each aircraft was on lease during year, weighted by the net book value of the aircraft.

Leases of new aircraft generally have longer terms than used aircraft on re-lease. In addition, leases of more expensive aircraft generally have longer lease terms than those for less expensive aircraft. Lease terms for owned aircraft tend to be longer than those for managed aircraft because the average age of our owned fleet is lower than that of our managed fleet.

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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 capabilities, operational performance histories, hedging arrangements for fuel, foreign currency and interest rates and relevant regulatory approvals and documentation. We perform on-site credit reviews for new lessees, which typically include extensive discussions with the prospective lessee's management before we enter into a new lease. We also evaluate the jurisdiction in which the lessee operates to ensure we are in compliance with any regulations and evaluate our ability to repossess our assets in the event of a lessee default. 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 historically has been, on average, three months' rent and is based on the creditworthiness and the jurisdiction of the lessee.

All of our lessees are responsible for the maintenance and repair of the leased aircraft as well as other operating costs during the lease term. Based on the credit quality of the lessee, we require some of our lessees to pay supplemental maintenance rents to cover major scheduled maintenance costs. If a lessee pays supplemental maintenance rents, 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 rents than we have reimbursed them for their maintenance costs, we retain the excess rent. In most lease contracts that do not require the payment of supplemental maintenance rents, the lessee is generally required to redeliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease. To the extent that the redelivery condition is different from the acceptance condition, we generally receive EOL cash compensation for the value difference at the time of redelivery. As of December 31, 2016, 510 (approximately 50%) of our 1,022 owned aircraft leases and as of December 31, 2015, 575 (approximately 52%) out of our 1,109 owned aircraft leases, provided for the payment of supplemental maintenance rents. Regardless of whether a lessee pays supplemental maintenance rents, 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 revenue during or 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 provisions regarding our remedies and rights in the event of 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 Federal Aviation Administration, European Aviation Safety Agency or their equivalent standards in other jurisdictions.

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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 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 were 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.

Scheduled lease expirations

The following table presents the scheduled lease expirations (for the minimum non-cancelable period, which does not include contracted unexercised lease extension options) for our owned aircraft under operating leases by aircraft type as of December 31, 2016:

Aircraft type	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Airbus A319	22	21	17	29	17	8	1	4	—	—	4	2	—	—	—	125
Airbus A320	19	29	42	41	26	15	18	4	6	—	—	—	—	—	—	200
Airbus																
A320neo																
Family	—	—	—	—	—	—	—	—	—	—	—	14	—	1	—	15
Airbus A321	10	16	14	11	17	6	1	3	4	—	—	—	—	—	—	82
Airbus A330	10	10	12	16	8	12	12	8	3	2	—	—	—	—	—	93
Airbus A350	—	—	—	—	—	—	—	—	—	—	2	6	—	—	—	8
Boeing																
737NG	36	19	27	27	27	18	9	33	15	30	26	6	—	—	—	273
Boeing 767	5	9	8	5	4	—	—	2	—	—	—	—	—	—	—	33
Boeing 777-																
200ER	2	8	1	4	2	—	1	1	—	—	—	—	—	—	—	19
Boeing 777-																
300/300ER	3	9	11	2	2	—	—	1	3	—	—	—	—	—	—	31
Boeing 787	—	—	—	—	—	—	5	6	—	13	12	6	—	1	2	45
Other	13	5	13	1	3	—	—	1	—	—	—	—	—	—	—	36
Total(a)(b)	120	126	145	136	106	59	47	63	31	45	44	34	—	2	2	960

(a) Includes aircraft that have been re-leased or for which the lease has been extended.

(b) Excludes six off-lease aircraft. As of March 15, 2017, five of the off-lease aircraft were re-leased or under commitments for re-lease and one aircraft was designated for part-out.

Principal markets and customers

The following table presents the percentage of lease revenue of our owned portfolio from our top five lessees for the year ended December 31, 2016:

<u>Lessee</u>	<u>Percentage of 2016 lease revenue</u>
American Airlines	6.8%
Emirates	4.6%
Air France	4.5%
China Southern Airlines	4.1%
Virgin Atlantic Airways	3.2%
Total	23.2%

We lease our aircraft to lessees located in numerous and diverse geographical regions. The following table presents the percentage of our lease revenue by region based on our lessee's principal place of business for the years ended December 31, 2016, 2015 and 2014:

	<u>Year Ended December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Asia/Pacific/Russia	36%	36%	35%
Europe	31%	32%	33%
North America/Caribbean	14%	14%	13%
Latin America	9%	8%	9%
Africa/Middle East	10%	10%	10%
Total	100%	100%	100%

For further geographic information on our lease revenue and long-lived assets, refer to Note 21—*Geographic information* to our Consolidated Financial Statements included in this annual report.

Aircraft services

We provide aircraft asset management and corporate services to securitization vehicles, joint ventures and other third parties. As of December 31, 2016, we had aircraft management and administration and/or cash management service contracts with eight parties, including AerDragon, that owned 124 aircraft. During the year ended December 31, 2016, three parties accounted for 73% of our aircraft services revenue. We categorize our aircraft services into aircraft asset management, administrative services and cash management services. Since we have an established operating system to manage our own aircraft, the incremental cost of providing aircraft management services to securitization vehicles, joint ventures and third parties is limited. Our primary aircraft asset management activities include:

- remarketing aircraft;
- collecting rental and supplemental maintenance rent 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 restructuring negotiations in connection with lease defaults;

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- 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 on a mixture of fixed and rental-based amounts, but we also receive performance-based fees related to the managed aircraft 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 primarily of treasury services such as the financing, refinancing, hedging and ongoing cash management of these vehicles. Our administrative services consist primarily of accounting and corporate secretarial services, including the preparation of budgets and financial statements and, in the case of some securitization vehicles, liaising with the rating agencies.

Engine, parts and supply chain solutions

At the end of 2015, we made the decision to restructure and downsize the AeroTurbine business. Please refer to Note 26 —*AeroTurbine restructuring* to our Consolidated Financial Statements included in this annual report for detail of the AeroTurbine related restructuring expenses we recorded during the years ended December 31, 2016 and 2015. We expect to complete the downsizing within the next year and do not expect the remaining restructuring related expenses to be material.

Prior to the restructuring and downsizing, AeroTurbine provided engine leasing, certified aircraft engines, airframes, and engine parts, and supply chain solutions, and was capable of disassembling aircraft and engines into parts. AeroTurbine sold airframe parts primarily to airlines, maintenance, repair and overhaul service providers, and aircraft parts distributors. AeroTurbine also provided us with part-out and engine leasing capabilities.

Our business strategy

We develop our aircraft leasing business by executing on our focused business strategy, the key components of which are as follows:

Manage the profitability of our aircraft portfolio

Manage the profitability of our aircraft portfolio by selectively:

- purchasing aircraft directly from manufacturers;
- entering into purchase and 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.

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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 terms, 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

Our management analyzes sources of financing based on 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 2010, we have raised approximately \$31 billion of financing, including through bank debt, revolving credit facilities, governmental secured debt, securitization and note issuances in the debt capital markets.

We have access to liquidity in the form of our revolving credit facilities and our term loan facilities, which provide us with flexibility in raising capital and enable us to deploy capital rapidly to accretive purchasing opportunities that arise in the market. As of December 31, 2016, we had approximately \$7.3 billion of undrawn lines of credit available under our credit and term loan facilities and \$2.0 billion of unrestricted cash. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, securitization structures, note issuance and export credit, including 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. Please refer to Note 16—*Debt* to our Consolidated Financial Statements included in this annual report for a detailed description of our outstanding indebtedness.

Manage our aircraft portfolio

We intend to maintain an attractive portfolio of in-demand aircraft by acquiring new aircraft directly from aircraft manufacturers, executing purchase and leasebacks through the airlines, assisting airlines with refleetings, and through other opportunistic transactions. We will rely on our experienced team of portfolio management professionals to identify and purchase assets we believe are being sold at attractive prices or that we believe will experience an increase in demand and value. In addition, we intend to continue to rebalance our aircraft portfolio through sales to maintain the appropriate mix of aviation assets by customer concentration, age and aircraft type.

Maintain a diversified and satisfied customer base

We currently lease our owned and managed aircraft to approximately 200 customers in approximately 80 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, quality product offering and strong portfolio management capabilities.

Joint ventures

We conduct some of our business through joint ventures. The joint venture arrangements allow 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;

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- obtain stable servicing revenues; and
- diversify our exposure to the economic risks related to aircraft.

Please refer to Note 28—*Variable interest entities* to our Consolidated Financial Statements included in this annual report for a detailed description of our joint ventures.

Relationship with Airbus and Boeing and other manufacturers

We are one of the largest customers of Airbus and Boeing measured by deliveries of aircraft through 2016 and our order backlog. We are also the launch customer of the Embraer E2 program, with an order for 50 E-Jets E2 aircraft which are scheduled for entry into service in 2018. We are also among the largest purchasers of engines from each of CFM International, GE Aviation, International Aero Engines, Pratt & Whitney and Rolls-Royce. These extensive manufacturer relationships and the scale of our business enable us to place large orders with favorable terms and conditions, including pricing and delivery terms. In addition, these strategic relationships with manufacturers and market knowledge allow us to participate in new aircraft designs, which gives us increased confidence in our airframe and engine selections. AerCap cooperates broadly with manufacturers seeking mutually beneficial opportunities, including additional orders, purchasing selective new aircraft on short notice, and facilitating manufacturer targets by purchasing used aircraft from airlines seeking to renew their fleets.

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 primary competitor is GE Capital Aviation Services, and we compete, to a lesser extent, with a number of smaller aircraft leasing companies.

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 or fleet aggregate limits in certain circumstances) and aircraft spares insurance and aircraft third party liability insurance, in each case subject to customary deductibles and exclusions. We are named as an additional insured on liability insurance policies carried by our lessees, and we 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 lessee's 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 fails to indemnify us. In addition, we carry customary insurance for our property. Such insurance is subject to customary deductibles and exclusions. 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. Our lessees are subject, however, to extensive regulation under the laws of the jurisdictions 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.

Please refer to "Item 3—Risk Factors—Risks related to our business—We are subject to various risks and requirements associated with transacting business in many countries", "Item 3—Risk Factors—Risks related to our business—Our ability to operate in some countries is restricted by foreign regulations and controls on investments", "Item 3—Risk Factors—Risks related to our business—Our aircraft are subject to various environmental regulations", and "Item 3—Risk Factors—Risks related to our business—Our operations are subject to various environmental regulations" for a detailed discussion of government sanctions, export controls and other regulations that could affect our business.

Litigation

Please refer to Note 30—*Commitments and contingencies* to our Consolidated Financial Statements included in this annual report for a detailed description of material litigation to which we are a party.

Trademarks

We have registered the "AerCap" name with The European Union Trademark Office ("EUIPO") and the United States Patent and Trademark Office ("USPTO"), as well as filed the "AerCap" trademark with the World Intellectual Property Organization International (Madrid) Registry ("WIPO") and various local trademark authorities. The "AeroTurbine" trademark has been registered with WIPO and USPTO.

Corporate social responsibility

During 2016, the Board discussed and reviewed our corporate social responsibility ("CSR") objectives and activities. Although our aircraft are generally used for activities that have significant impact on the environment, updating our aircraft portfolio through the acquisition of new, modern technology aircraft while disposing of older aircraft has a positive impact on the environment, as these new technology aircraft generate significantly less pollution than older aircraft and engines. In addition, the Board discussed our participation in a number of industry related educational schemes and charitable donations. In addition, the Board discussed and reviewed our activities and conduct as they relate to ethics, labor environment, citizenship, governance and transparency and financial reporting.

Flight equipment**Aircraft portfolio**

The following table presents our aircraft portfolio by type of aircraft as of December 31, 2016:

Aircraft type	Number of owned aircraft(a)	Percentage of total net book value	Number of managed and AerDragon aircraft	Number of on order aircraft	Total owned, managed and on order aircraft
Airbus A319	125	6%	11	—	136
Airbus A320	205	13%	29	—	234
Airbus A320neo Family	15	2%	—	204	219
Airbus A321	82	6%	13	—	95
Airbus A330	98	14%	10	—	108
Airbus A350	10	5%	—	19	29
Boeing 737NG	297	25%	43	—	340
Boeing 737MAX	—	0%	—	109	109
Boeing 767	37	1%	—	—	37
Boeing 777-200ER	26	3%	3	—	29
Boeing 777-300/300ER	31	8%	3	—	34
Boeing 787	45	16%	—	38	83
Embraer E190/195-E2	—	0%	—	50	50
Other	51	1%	12	—	63
Total	1,022	100%	124	420	1,566

(a) As of December 31, 2016 AeroTurbine did not own any aircraft.

During the year ended December 31, 2016, we had the following activity related to flight equipment:

	Held for operating leases	Net investment in finance and sales- type leases	Held for sale	Total owned aircraft
Number of owned aircraft at beginning of period	1,067	37	5	1,109(a)
Aircraft purchases	38	—	—	38
Aircraft reclassified to held for sale	(58)	(2)	60	—
Aircraft reclassified from held for sale	1	—	(1)	—
Aircraft sold or designated for part-out	(66)	(1)	(58)	(125)(b)
Aircraft reclassified to net investment in finance and sales-type leases	(19)	19	—	—
Aircraft reclassified from net investment in finance and sales-type leases	3	(3)	—	—
Number of owned aircraft at end of period	966	50	6	1,022(a)

(a) Excludes nil and four aircraft owned by AeroTurbine as of December 31, 2016 and 2015, respectively.

(b) Includes one aircraft that was a total loss.

Aircraft on order

The following table provides details regarding our aircraft on order as of December 31, 2016:

Aircraft type	2017	2018	2019	2020	2021	2022	Total
Airbus A320neo Family(a)	39	47	48	40	30	—	204
Airbus A350	10	7	2	—	—	—	19
Boeing 737MAX	—	6	23	25	28	27	109
Boeing 787(a)	18	14	6	—	—	—	38
Embraer E190/195-E2	—	5	14	14	14	3	50
Total	67	79	93	79	72	30	420

(a) We have certain contractual rights for aircraft type substitutions.

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. The buyers of our aircraft include airlines, financial investors and other aircraft leasing companies. We primarily acquire aircraft at attractive prices in three ways: by purchasing large quantities of aircraft directly from manufacturers to take advantage of volume discounts, by purchasing portfolios consisting of aircraft of varying types and ages and by entering into purchase and leaseback transactions with airlines. In addition, we also opportunistically purchase individual aircraft that we believe are being sold at attractive prices, or that we expect will experience an increase in demand. 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 aircraft when we believe the market price for the type of aircraft has reached its peak, or to rebalance the composition of our portfolio.

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Prior to a purchase or disposition, our dedicated portfolio management group analyzes the aircraft's price, fit in our portfolio, specification and configuration, maintenance history and condition, the existing lease terms, financial condition and creditworthiness of the existing lessee, the jurisdiction of the lessee, industry trends, financing arrangements and the aircraft's redeployment potential and value, among other factors. During the year ended December 31, 2016, we executed 38 aircraft purchases and 141 aircraft sales from our owned and managed portfolios.

Facilities

We moved into our new headquarters in Dublin, Ireland (61,000 square feet) in the third quarter of 2016 and commenced the 25-year office facility lease contracted in 2015. We have an option to terminate the lease in 2031. We lease our office facility in Amsterdam, The Netherlands (39,000 square feet) under a lease that expires in March 2018. We lease our Shannon, Ireland office facility under a 21-year lease (11,000 square feet) and a 19-year lease (6,000 square feet) that began in March 2008 and June 2010, respectively, and have an option to terminate both leases in 2018. We occupy space in Los Angeles, California (21,000 square feet) under a lease that expires in August 2025. We lease our Singapore office facility under two leases that expire in December 2018 (17,000 square feet). In addition to the above facilities, we also lease small offices in New York, New York, Fort Lauderdale, Florida, Shanghai, China and Abu Dhabi, United Arab Emirates.

Through our AeroTurbine subsidiary, as of December 31, 2016, we occupied approximately 264,000 square feet of space near Miami, Florida that was used as the corporate office and warehouse, under a lease that expires in March 2024. In March 2017, AeroTurbine executed an amendment to the existing lease agreement for this facility. Pursuant to the amendment, the square footage of the leased premises was reduced from approximately 264,000 square feet to approximately 64,000 square feet. As of December 31, 2016, we also leased approximately 1,100,000 square feet in AeroTurbine's Goodyear facility in Arizona, which included two hangars and substantial additional space for outdoor storage of aircraft, pursuant to long-term leases that expire in 2018 and 2026. In January 2017, AeroTurbine sold its operations at Goodyear, and the buyer assumed all obligations with respect to the leases arising as of the closing date.

Organizational structure

AerCap Holdings N.V. is a holding company that holds directly and indirectly consolidated subsidiaries, which in turn own our aircraft assets. As of December 31, 2016, AerCap Holdings N.V. did not own significant assets other than its direct and indirect investments in its subsidiaries.

The following table presents AerCap Holdings N.V.'s significant subsidiaries as of December 31, 2016:

<u>Name of subsidiary</u>	<u>Jurisdiction of incorporation</u>	<u>Ownership interest</u>
AerCap International B.V.	The Netherlands	100%
AerCap IOM 2 Limited	Isle of Man	100%
AerCap Ireland Limited	Republic of Ireland	100%
AerCap Ireland Capital Designated Activity Company	Republic of Ireland	100%
AerCap Global Aviation Trust	United States of America	100%
Aircraft SPC-12, LLC	United States of America	100%
Whitney Leasing Limited	Bermuda	100%

Item 4A. Unresolved Staff Comments

Not applicable.

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 accounting principles generally accepted in the United States of America, or U.S. 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 year ended December 31, 2016 was \$1,046.6 million, as compared to \$1,178.7 million for the year ended December 31, 2015. For the year ended December 31, 2016, diluted earnings per share was \$5.52. The weighted average number of diluted shares outstanding was 189.7 million for the year ended December 31, 2016. Net interest margin, or net spread, the difference between basic lease rents and interest expense, excluding the mark-to-market of interest rate caps and swaps, was \$3,305.0 million for the year ended December 31, 2016. Please refer to "Item 5. Operating and Financial Review and Prospects—Non-GAAP measures" for a reconciliation of net interest margin or net spread to the most closely related U.S. GAAP measure for the years ended December 31, 2016 and 2015.

Major developments in 2016

- In January 2016, AerCap executed its first placement of ten Boeing 737MAX aircraft from its order book, leased to Travel Service, the largest airline in the Czech Republic.
- In February 2016, AerCap announced a new \$400 million share repurchase program. The share repurchase program was completed on June 1, 2016.
- In April 2016, AerCap closed a new \$0.7 billion secured credit facility, which will be used to finance nine aircraft.
- In May 2016, AerCap Trust and AICDC co-issued \$1.0 billion aggregate principal amount of senior unsecured notes due 2022.
- In May 2016, AerCap announced a new \$250 million share repurchase program. The share repurchase program was completed on September 7, 2016.
- In July 2016, AerCap closed a \$0.7 billion secured credit facility, which will be used to finance 13 aircraft.
- In August 2016, AerCap announced a new \$250 million share repurchase program. The share repurchase program was completed on December 8, 2016.
- In September 2016, AerCap delivered its first Airbus A320neo on lease to Volaris, making the airline the first carrier in North America to operate the aircraft type.
- In September 2016, AerCap executed the placement of three Embraer E190-E2 aircraft and two E195-E2 aircraft to Turkish carrier, Borajet Airlines.
- In November 2016, AerCap announced a new \$250 million share repurchase program. The share repurchase program was completed on March 6, 2017.
- In November 2016, AerCap closed a \$0.6 billion secured credit facility, which will be used to finance eight aircraft.
- During 2016, AerCap executed portfolio sale transactions for the sale of 72 aircraft at an aggregate sale price of approximately \$2 billion.

Aviation assets

During the year ended December 31, 2016, we acquired \$3.9 billion of aviation assets, primarily related to the acquisition of 38 aircraft. As of December 31, 2016, we owned 1,022 aircraft. In addition, we managed 95 aircraft and AerDragon, a non-consolidated joint venture, owned another 29 aircraft. As of December 31, 2016, we also had 420 new aircraft on order, which included 204 Airbus A320neo Family aircraft, 109 Boeing 737MAX aircraft, 50 Embraer E-Jets E2 aircraft, 38 Boeing 787 aircraft and 19 Airbus A350 aircraft. The average age of our 1,022 owned aircraft fleet, weighted by net book value, was 7.4 years as of December 31, 2016.

Significant components of revenues and expenses

Revenues and other income

Our revenues and other income consist primarily of lease revenue from aircraft leases, net gain on sale of assets and other income.

Lease revenue

Nearly all of our aircraft lease agreements provide for the periodic payment of a fixed or a floating amount of rent. Floating rents are tied to interest rates during the terms of the respective leases. During the year ended December 31, 2016, approximately 3.7% of our basic lease rents from aircraft under operating leases 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, our leases require the payment of supplemental maintenance rent based on aircraft utilization during the lease term, or EOL compensation calculated with reference to the technical condition of the aircraft at lease expiration. The amount of lease revenue we recognize is primarily influenced by the following five factors:

- the contracted lease rate, which is highly dependent on the age, condition and type of the leased aircraft;
- for leases with rates tied to floating interest rates, interest rates during the term of the lease;
- the number of aircraft currently subject to lease contracts;
- the lessee's performance of its lease obligations; and
- the amount of EOL 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 aircraft, 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 above are influenced by global and regional economic trends, airline market conditions, the supply and demand balance for the type of aircraft we own and our ability to remarket our aircraft subject to expiring lease contracts under favorable economic terms.

As of December 31, 2016, 1,015 of our 1,022 owned aircraft were on lease to 181 customers in 77 countries, with no lessee accounting for more than 10% of total lease revenue for the year ended December 31, 2016. As of December 31, 2016, our owned aircraft portfolio included seven aircraft that were off-lease; six of these off-lease aircraft were classified as held for operating leases and one aircraft was classified as held for sale. As of March 15, 2017, five of the off-lease aircraft were re-leased or under commitments for re-lease, one aircraft was sold and one aircraft was designated for part-out.

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Net gain on sale of assets

Our net gain on sale of assets is generated from the sale of our aircraft, engines and other aircraft assets, and is largely dependent on the condition of the asset being sold, prevailing interest rates, airline market conditions and the supply and 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 reporting period we may close significantly more or fewer sale transactions than in other reporting periods. Accordingly, net gain on sale of assets recorded in one reporting period may not be comparable to net gain on sale of assets in other reporting periods.

Other income

Our other income includes management fee revenue, interest revenue and other income.

We generate management fee revenue by providing management services to non-consolidated aircraft securitization vehicles, joint ventures, and other third parties. Our management services include aircraft asset management services, such as leasing and remarketing services and technical advisory services, cash management and treasury services, and accounting and administrative services.

Our interest revenue is derived primarily from deposit interest on unrestricted and restricted cash balances and on financial instruments we hold, such as subordinated debt investments in unconsolidated securitization vehicles or affiliates. The amount of interest revenue we recognize in any period is influenced by our unrestricted or restricted cash balances, 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.

Our other income primarily includes income we generate from the sale of, or lower of cost or market adjustments related to, non-aircraft assets, including inventories of AeroTurbine, net gain on sale of equity investments accounted for under the equity method, lease termination penalties, insurance proceeds and other miscellaneous activities.

Operating expenses

Our operating expenses consist primarily of depreciation and amortization, interest expense, leasing expenses and selling, general and administrative expenses.

Depreciation and amortization

Our depreciation expense is influenced by the adjusted gross book values, depreciable lives and estimated residual values of our flight equipment. Adjusted gross book value is the original cost of our flight equipment, including purchase expenditures, adjusted for subsequent capitalized improvements, impairments and accounting basis adjustments associated with a business combination or a purchase and leaseback transaction. In addition, we have definite-lived intangible assets which are amortized over the period which we expect to derive economic benefits from such assets.

Interest expense

Our interest expense arises from a variety of funding structures and related derivative financial instruments as described in "Item 11—Quantitative and Qualitative Disclosures About Market Risk", Note 13—*Derivative assets and liabilities* and Note 16—*Debt* to our Consolidated Financial Statements included in this annual report. Interest expense in any period is primarily affected by contracted interest rates, amortization of fair value adjustments, amortization of debt issuance costs and debt discounts, principal amounts of indebtedness and unrealized mark-to-market gains or losses on derivative financial instruments for which we did not achieve cash flow hedge accounting treatment.

Leasing expenses

Our leasing expenses consist primarily of maintenance rights expense, maintenance expenses on our flight equipment, which we incur during the lease through a lessor maintenance contribution or when we perform maintenance on our off-lease aircraft, technical expenses we incur to monitor the maintenance condition of our flight equipment during a lease, expenses to transition flight equipment from an expired lease to a new lease contract, non-capitalizable flight equipment transaction expenses, and provision for credit losses on notes receivables, trade receivables and receivables from net investment in finance and sales-type leases.

Maintenance rights intangible assets are recognized when we acquire aircraft subject to existing leases, primarily as a result of the ILFC Transaction. These intangible assets represent the contractual right to receive the aircraft in a specified maintenance condition at the end of the lease (EOL contracts) or our right to receive an aircraft in better maintenance condition due to our obligation to contribute towards the cost of the maintenance events performed by the lessee either through reimbursement of maintenance deposit rents held (MR contracts), or through a lessor contribution to the lessee.

For MR contracts, maintenance rights expense is recognized when the lessee submits a reimbursement claim and provides the required documentation related to the cost of a qualifying maintenance event that relates to pre-acquisition usage. For EOL contracts, maintenance rights expense is recognized upon lease termination, to the extent the lease end cash compensation paid to us is less than the maintenance rights intangible asset. To the extent the lease end cash compensation paid to us is more than the maintenance rights intangible asset, revenue is recognized in lease revenue in our Consolidated Income Statements, upon lease termination.

Selling, general and administrative expenses

Our selling, general and administrative expenses consist primarily of personnel expenses, including salaries, benefits and severance compensation, share-based compensation expense, professional and advisory costs, office facility expenses, and travel expenses as summarized in Note 22—*Selling, general and administrative expenses* to our Consolidated Financial Statements included in this annual report. The level of our selling, general and administrative expenses is influenced primarily by the number of our employees and the extent of transactions or ventures we pursue that require the assistance of outside professionals or advisors.

Provision for income taxes

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

We have tax losses in certain jurisdictions that can be carried forward, which we recognize as deferred income tax assets. We evaluate the recoverability of deferred income tax assets in each jurisdiction in each period based upon our estimates of future taxable income in these 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 deferred income 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 in our Consolidated Income Statements and consequently may affect our effective tax rate in a given year.

Factors affecting our results

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

- the number, type, age and condition of the aircraft we own;
- aviation industry market conditions, including general economic and political 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, type and sale price of aircraft, or parts in the event of a part-out of an aircraft, we sell in a period;
- the ability of our lessees 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 units or restricted stock;
- our expectations of future overhaul reimbursements and lessee maintenance contributions;
- interest rates, which affect our aircraft lease revenues, our interest expense and the market value of our interest rate derivatives; and
- our ability to fund our business.

Factors affecting the comparability of our results

Share repurchases

During 2016, our Board of Directors authorized total repurchases of up to \$1.15 billion of AerCap ordinary shares and we repurchased an aggregate of 25,012,978 of our ordinary shares under our share repurchase programs at an average price, including commissions, of \$38.62 per ordinary share, for a total of \$966.0 million.

Portfolio sale transactions

During 2016, AerCap executed portfolio sale transactions for the sale of 72 aircraft at an aggregate sale price of approximately \$2 billion.

AIG offering and the Share Repurchase from AIG

On June 9, 2015, AIG sold 71,184,686 of its AerCap ordinary shares in a secondary public offering and AerCap completed the Share Repurchase from AIG of 15,698,588 ordinary shares. On August 24, 2015, AIG sold 10,677,702 of its AerCap ordinary shares in a secondary public offering. Following this sale, AIG no longer owns any of our outstanding ordinary shares and has no designees on our Board of Directors.

ILFC Transaction and related reorganization

On May 14, 2014, AerCap issued 97,560,976 new ordinary shares and paid \$2.4 billion in cash to AIG to successfully complete the ILFC Transaction. In addition, ILFC paid a special distribution of \$600.0 million to AIG prior to the consummation of the ILFC Transaction. Following the ILFC Transaction, we effected a reorganization of ILFC's corporate structure and assets, pursuant to which ILFC transferred its assets substantially as an entirety to the AerCap Trust, and AerCap Trust assumed substantially all the liabilities of ILFC, including liabilities in respect of ILFC's indebtedness.

GFL Transaction

On April 22, 2014, we completed the sale of 100% of the class A common shares in Genesis Funding Limited to GFL Holdings, LLC, an affiliate of Wood Creek Capital Management, LLC. GFL had 37 aircraft in its portfolio with a net book value of \$727 million.

Trends in our business

Global demand for air travel remains strong. Overall global air passenger traffic, measured in revenue passenger kilometers, grew 6.3% in 2016, according to IATA. Traffic growth was 4.6% in Europe, 3.2% in North America, and 9.2% in Asia Pacific in 2016, propelled by strong 11.7% growth in China and 23.3% domestic traffic growth in India. The demand stimulus from lower oil prices is expected to taper off in 2017, slowing traffic growth to 5.1% in 2017, according to IATA. This is still expected to translate into robust growth in large, developed markets, such as the U.S. and Europe, as well as continued expansion in the emerging markets where the middle class continues to expand.

While airline industry profits are not expected to surpass the 2016 peak of \$35.6 billion, the industry is expected to remain solidly profitable and is expected to record a net profit of \$29.8 billion in 2017, the eighth year in a row of aggregate airline profitability.

Passenger air traffic growth and airlines' record profitability have fueled steady demand for commercial passenger aircraft from airlines, including demand for leased aircraft. We expect that demand for leased aircraft will remain strong as robust traffic growth continues to fuel demand for additional aircraft.

Critical accounting policies and estimates

Our Consolidated Financial Statements are prepared in accordance with U.S. GAAP, and require us to make estimates and assumptions that affect the amounts reported in our Consolidated Financial Statements and accompanying notes. The use of estimates is or could be a significant factor affecting the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities. We evaluate our estimates and assumptions, including those related to flight equipment, inventory, lease revenue, fair value estimates, and income taxes, on a recurring and non-recurring basis. Our estimates and assumptions are based on historical experiences and currently available information that management believes to be reasonable under the circumstances. We consider information available from professional appraisers, where possible, to support our estimates, particularly with respect to flight equipment. Actual results may differ from our estimates under different conditions, sometimes materially. A summary of our significant accounting policies is presented in Note 3—*Summary of significant accounting policies* to our Consolidated Financial Statements included 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 that require our judgments, estimates and assumptions. Our most critical accounting policies and estimates are described below.

Flight equipment held for operating leases, net

Flight equipment held for operating leases is stated at cost less accumulated depreciation and impairment. Flight equipment is depreciated to its estimated residual value on a straight-line basis over the useful life of the aircraft, which is generally 25 years from the date of manufacture, or a different period depending on the disposition strategy. The costs of improvements to flight equipment are normally recorded as leasing expenses unless the improvement increases the long-term value or extends the useful life of the flight equipment. The capitalized improvement cost is depreciated over the estimated remaining useful life of the aircraft. The residual value of our flight equipment is generally 15% of estimated industry standard price, except where more relevant information indicates a different residual value is more appropriate.

We periodically review the estimated useful lives and residual values of our flight equipment based on our knowledge of the industry, external factors, such as current market conditions, and changes in our disposition strategies, to determine if they are appropriate, and record adjustments to depreciation rates prospectively on an aircraft by aircraft basis as necessary.

Impairment charges

On a quarterly basis, we perform recoverability assessments of our long-lived assets when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable, such as when events or changes in circumstances indicate that it is more likely than not that an aircraft will be sold or parted-out a significant amount of time before the end of its previously estimated useful life. Due to the significant uncertainties associated with potential sales transactions, management uses its judgment to evaluate whether a sale or other disposal is more likely than not. The factors that management considers in its assessment include (i) the progress of the potential sales transactions through a review and evaluation of the sales related documents and other communications, including, but not limited to, letters of intent or sales agreements that have been negotiated or executed; (ii) our general or specific fleet strategies and other business needs and how those requirements bear on the likelihood of sale or other disposal; and (iii) the evaluation of potential execution risks, including the source of potential purchaser funding and other execution risks.

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Annually, we perform impairment assessments for all of our aircraft held for operating leases that are five years of age or older. The review of recoverability includes an assessment of the estimated future cash flows associated with the use of the asset and its eventual disposal. The assets are grouped at the lowest level for which identifiable cash flows are largely independent of other groups of assets, which includes the individual aircraft and the lease-related assets and liabilities of that aircraft (the "Asset Group"). If the sum of the expected undiscounted future cash flows is less than the aggregate net book value of the Asset Group, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired aircraft over its fair value. Fair value reflects the present value of cash expected to be generated from the aircraft in the future, including its expected residual value, discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under the current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft, appraisal data and industry trends.

The cash flows supporting the carrying value of aircraft that are 15 years of age or older are more dependent upon current lease contracts, and these leases are more sensitive to weaknesses in the global economic environment. Deterioration of the global economic environment and a decrease in aircraft values might have a negative effect on the undiscounted cash flows of older aircraft and might trigger impairments. As of December 31, 2016, we owned 966 aircraft held for operating leases, of which 182 aircraft were 15 years of age or older. The Asset Group for the 182 aircraft had a carrying value of \$1.9 billion, which represented approximately 6% of our total flight equipment and lease-related assets and liabilities as of December 31, 2016. The undiscounted cash flows of these 182 aircraft were estimated at \$3.2 billion, which represented 67% in excess of the aggregate carrying value. As of December 31, 2016, all of these aircraft passed the recoverability test, with undiscounted cash flows exceeding the carrying value of the Asset Group by between 0% and 3,596%. The following assumptions drive the undiscounted cash flows: contracted lease rents through current lease expiry, subsequent re-lease rates based on current marketing information and residual values. We review and stress-test our key assumptions to reflect any observed weakness in the global economic environment.

Aircraft that are between five and 15 years of age for which the carrying value exceeds the appraised value are tested for impairment by comparing the undiscounted cash flows with the carrying value. If such cash flows do not exceed the carrying value by at least 10%, the aircraft are more susceptible to impairment risk. The aggregate carrying value of the Asset Group for one aircraft for which the cash flows did not substantially exceed our 10% threshold was \$22.8 million, which represented approximately 0.07% of our total flight equipment held for operating leases and lease-related assets and liabilities as of December 31, 2016. The aircraft that was below the 10% threshold did however pass the impairment test as of December 31, 2016 and as such no impairment was recognized.

Guarantees

We have potential obligations under guarantee contracts that we have entered into with third parties. We initially recognize guarantees at fair value. Subsequently, if it becomes probable that we will be required to perform under a guarantee, we accrue a liability based on an estimate of the loss we will incur to perform under the guarantee. The estimate of the loss is generally measured as the amount by which the contractual guaranteed value exceeds the fair market value or future lease cash flows of the underlying aircraft.

Inventory

Inventory consists primarily of engine and airframe parts and rotatable and consumable parts we sell through our subsidiary, AeroTurbine, which we are downsizing, and is included in other assets in our Consolidated Balance Sheets. We value our inventory at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and aircraft purchased for disassembly and for bulk purchases. Costs are allocated using the relationship of the cost of the engine, aircraft or bulk inventory purchase to estimated retail sales value at the time of purchase. At the time of sale, this ratio is applied to the sales price of each individual part to determine its cost. We periodically evaluate this ratio and, if necessary, update sales estimates and make adjustments to this ratio. Generally, inventory that is held for more than four years is considered excess inventory, and its carrying value is reduced to zero.

Revenues and other income

We lease flight equipment principally under operating leases and recognize rental income on a straight-line basis over the life of the lease. At lease inception, we review all necessary criteria to determine proper lease classification. We account for lease agreements that include uneven rental payments on a straight line-basis. The difference between rental revenue recognized and cash received is included in our Consolidated Balance Sheets in other assets or, in the event it is a liability, in accounts payable, accrued expenses and other liabilities. In certain cases, leases provide for rentals contingent on usage. The usage may be calculated based on hourly usage or on the number of cycles operated, depending on the lease contract. Revenue contingent on usage is recognized at the time the lessee reports the usage to us. We cease revenue recognition on a lease contract when the collectability of such rentals is no longer reasonably assured. For past-due rentals that exceed related security deposits held, which have been recognized as revenue, we establish provisions on the basis of management's assessment of collectability. Such provisions are recorded in leasing expenses in our Consolidated Income Statements.

Revenue from net investment in finance and sales-type leases is recognized using the interest method to produce a constant yield over the life of the lease and is included in lease revenue in our Consolidated Income Statements. Expected unguaranteed residual values of leased flight equipment are based on our assessment of the values of the leased flight equipment at expiration of the lease terms.

Under our aircraft leases, the lessee is responsible for maintenance, repairs and other operating expenses related to our flight equipment during the term of the lease. Under the provisions of many of our leases, the lessee is required to make payments of supplemental maintenance rents which are calculated with reference to the utilization of the airframe, engines and other major life-limited components during the lease. We record as lease revenue all supplemental maintenance rent receipts not expected to be reimbursed to lessees. We estimate the total amount of maintenance reimbursements for the entire lease and only record revenue after we have received sufficient maintenance rents under a particular lease to cover the total amount of estimated maintenance reimbursements during the remaining lease term.

In most lease contracts not requiring the payment of supplemental maintenance rents, and to the extent that the aircraft is redelivered in a different condition than at acceptance, we generally receive EOL cash compensation for the difference at redelivery. We recognize receipts of EOL cash compensation as lease revenue when received to the extent those receipts exceed the EOL contract maintenance rights intangible asset, and we recognize leasing expenses when the EOL contract maintenance rights intangible asset exceeds the EOL cash receipts.

When flight equipment is sold, the portion of the accrued maintenance liability that is not specifically assigned to the buyer is released from our Consolidated Balance Sheets, net of any maintenance rights intangible asset balance, and recognized as part of the sale of the flight equipment as gain or loss in net gain on sale of assets in our Consolidated Income Statements.

Consolidation

We consolidate all companies in which we have a direct and indirect legal or effective control and all VIEs for which we are deemed the PB and have control under ASC 810. All intercompany balances and transactions with consolidated subsidiaries have been eliminated. The results of consolidated entities are included from the effective date of control or, in the case of VIEs, from the date that we are or become the PB. The results of subsidiaries sold or otherwise deconsolidated are excluded from the date that we cease to control the subsidiary or, in the case of VIEs, when we cease to be the PB.

Deferred income tax assets and liabilities

We report deferred income taxes resulting from the temporary differences between the book values and the tax values of assets and liabilities using the liability method. The differences are calculated at nominal value using the enacted tax rate applicable at the time the temporary difference is expected to reverse. Deferred income tax assets attributable to unutilized losses carried forward or other timing differences are reduced by a valuation allowance if it is more likely than not that such losses will not be utilized to offset future taxable income.

Future application of accounting standards

Revenue from contracts with customers

In May 2014, the FASB issued an accounting standard that provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This guidance does not apply to lease contracts with customers. The standard will require an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update creates a five-step model that requires entities to exercise judgment when considering the terms of the contract including (i) identifying the contract with the customer; (ii) identifying the separate performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the separate performance obligations; and (v) recognizing revenue when each performance obligation is satisfied.

This standard was originally scheduled to be effective for fiscal years beginning after December 15, 2016 and subsequent interim periods. In August 2015, the FASB issued an update to the standard which deferred the effective date to January 1, 2018. The standard may be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of applying this standard recognized at the date of adoption. Early adoption is permitted but not before the originally scheduled effective date. We plan to adopt the standard on its required effective date of January 1, 2018. We are evaluating the effect the adoption of the standard will have on our Consolidated Financial Statements. This new standard does not impact the accounting of our lease revenue but may impact the accounting of our revenue other than lease revenue. While we are still performing our analysis, we do not expect the impact of this standard to be material to our Consolidated Financial Statements.

Inventory

In July 2015, the FASB issued an accounting standard that simplifies the subsequent measurement of all inventory except for inventory measured using the last-in, first-out or the retail inventory method. Inventory within the scope of this standard will be measured at the lower of cost and net realizable value instead of the lower of cost or market as required under existing guidance. Net realizable value is the estimated sale price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This standard also requires that substantial and unusual losses that result from the subsequent measurement of inventory be disclosed in the financial statements. The new standard will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This standard should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. We plan to adopt the standard on its required effective date of January 1, 2017. We do not expect the impact of this standard to be material to our Consolidated Balance Sheets and Consolidated Income Statements.

Lease accounting

In February 2016, the FASB issued an accounting standard that requires lessees to recognize lease-related assets and liabilities on the balance sheet, other than leases that meet the definition of a short-term lease. In certain circumstances, the lessee is required to remeasure the lease payments. Qualitative and quantitative disclosures, including significant judgments made by management, will be required to provide insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. Under the new standard, lessor accounting remains similar to the current model. The new standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using the modified retrospective transition approach. We plan to adopt the standard on its required effective date of January 1, 2019. We do not expect the impact of this standard to be material to our Consolidated Balance Sheets and Consolidated Income Statements. Adoption of the new standard will change the way airlines report operating leases in their financial statements, which could affect their behavior. However, we do not believe that the adoption will significantly impact airlines' decision to lease aircraft.

Stock compensation

In March 2016, the FASB issued an accounting standard that requires entities to record all tax effects related to share-based awards in the income statement when the awards vest or are settled. The accounting standard also requires excess tax benefits to be recorded when they arise, subject to normal valuation allowance considerations. Excess tax benefits are to be reported as operating activities on the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption will be permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. We plan to adopt the standard on its required effective date of January 1, 2017. We do not expect the impact of this standard to be material to our Consolidated Financial Statements.

Allowance for credit losses

In June 2016, the FASB issued an accounting standard that requires entities to estimate lifetime expected credit losses for most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, net investments in leases and off-balance sheet credit exposures. The standard also requires additional disclosure, including how the entity develops its allowance for credit losses for financial assets measured at amortized cost and disaggregated information on the credit quality of net investments in leases measured at amortized cost by year of the asset's origination for up to five annual periods. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption will be permitted in any interim or annual period beginning after December 15, 2018. The new standard must be adopted using the modified retrospective transition approach. We plan to adopt the standard on its required effective date of January 1, 2020. We are evaluating the effect the adoption of the standard will have on our Consolidated Balance Sheets and Consolidated Income Statements.

Statement of cash flows

In August 2016, the FASB issued an accounting standard that is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The standard includes clarifications that (i) cash payments for debt prepayment or extinguishments costs must be classified as cash outflows for financing activities; (ii) cash proceeds from the settlement of insurance claims should be classified based on the nature of the loss; (iii) an entity is required to make an accounting policy election to classify distributions received from equity method investees under either the cumulative-earnings approach or the nature of distribution approach; and (iv) in the absence of specific guidance, an entity should classify each separately identifiable cash source and use on the basis of the underlying cash flows. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption will be permitted in any interim or annual period. The new standard must be adopted using the retrospective transition method. We plan to adopt the standard on its required effective date of January 1, 2018. We do not expect the impact of this standard to be material to our Consolidated Statements of Cash Flows.

Presentation of restricted cash in the statement of cash flows

In November 2016, the FASB issued an accounting standard that clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The standard requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The standard also requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted in any interim or annual period, but any adjustments must be reflected as of the beginning of the fiscal year. The new standard must be adopted retrospectively. We plan to adopt the standard on its required effective date of January 1, 2018. We are evaluating the effect the adoption of the standard will have on our Consolidated Statements of Cash Flows.

Comparative results of operations

Results of operations for the year ended December 31, 2016 compared to the year ended December 31, 2015

	Year Ended December 31,	
	2016	2015
	(U.S. dollar amounts in millions)	
Revenues and other income		
Lease revenue	\$ 4,867.6	\$ 4,991.6
Net gain on sale of assets	138.5	183.3
Other income	146.0	112.7
Total Revenues and other income	5,152.1	5,287.6
Expenses		
Depreciation and amortization	1,791.3	1,843.0
Asset impairment	81.6	16.3
Interest expense	1,091.9	1,099.9
Leasing expenses	582.5	522.4
Transaction, integration and restructuring related expenses	53.4	58.9
Selling, general and administrative expenses	351.0	381.4
Total Expenses	3,951.7	3,921.9
Income before income taxes and income of investments accounted for under the equity method	1,200.4	1,365.7
Provision for income taxes	(173.5)	(189.8)
Equity in net earnings of investments accounted for under the equity method	12.6	1.3
Net income	\$ 1,039.5	\$ 1,177.2
Net loss attributable to non-controlling interest	7.1	1.5
Net income attributable to AerCap Holdings N.V.	\$ 1,046.6	\$ 1,178.7

Revenues and other income. The principal categories of our revenues and other income and their variances were as follows:

	Year Ended December 31,		Increase/ (Decrease)	Percentage Difference
	2016	2015		
	(U.S. dollar amounts in millions)			
Lease revenue:				
Basic lease rents	\$ 4,395.3	\$ 4,635.8	\$ (240.5)	(5)%
Maintenance rents and other receipts	472.3	355.8	116.5	33%
Net gain on sale of assets	138.5	183.3	(44.8)	(24)%
Other income	146.0	112.7	33.3	30%
Total revenues and other income	\$ 5,152.1	\$ 5,287.6	\$ (135.5)	(3)%

Basic lease rents. Basic lease rents decreased by \$240.5 million, or 5%, to \$4,395.3 million during the year ended December 31, 2016 from \$4,635.8 million during the year ended December 31, 2015. The decrease in basic lease rents recognized during the year ended December 31, 2016 as compared to the year ended December 31, 2015 was attributable to:

- the sale of 189 aircraft between January 1, 2015 and December 31, 2016 with an aggregate net book value of \$3.3 billion on their sale dates, resulting in a decrease in basic lease rents of \$313.9 million; and
- a decrease in basic lease rents of \$221.7 million primarily due to re-leases and extensions at lower rates, which include the extension of leases prior to their contracted redelivery dates. The accounting for these extensions requires the remaining rental payments to be recorded on a straight-line basis over the remaining term of the original lease plus the extension period. This results in a decrease in basic lease rents during the remaining term of the original lease that will be offset by an increase in basic lease rents during the extension period. In addition, the contracted lease rates of extensions or re-leases of an aircraft tend to be lower than their previous lease rates as the aircraft are older, and older aircraft have lower lease rates than newer aircraft,

partially offset by

- the acquisition of 81 aircraft between January 1, 2015 and December 31, 2016, with an aggregate net book value of \$7.2 billion on their acquisition dates, resulting in an increase in basic lease rents of \$295.1 million.

Maintenance rents and other receipts. Maintenance rents and other receipts increased by \$116.5 million, or 33%, to \$472.3 million during the year ended December 31, 2016 from \$355.8 million during the year ended December 31, 2015. The increase was primarily attributable to:

- an increase of \$52.0 million in maintenance revenue and other receipts from lease terminations and amendments during the year ended December 31, 2016 as compared to the year ended December 31, 2015; and
- an increase of \$64.5 million in regular maintenance rents during the year ended December 31, 2016 as compared to the year ended December 31, 2015.

Net gain on sale of assets. Net gain on sale of assets decreased by \$44.8 million, or 24%, to \$138.5 million during the year ended December 31, 2016 from \$183.3 million during the year ended December 31, 2015. During the year ended December 31, 2016, we sold 124 aircraft and reclassified 19 aircraft to net investment in finance and sales-type leases, whereas during the year ended December 31, 2015, we sold 59 aircraft and reclassified 11 aircraft to net investment in finance and sales-type leases. Net gain on sale of assets is impacted by the timing and composition of asset sales.

Other income. Other income increased by \$33.3 million, or 30%, to \$146.0 million during the year ended December 31, 2016 from \$112.7 million during the year ended December 31, 2015. The increase was primarily due to higher non-recurring income of \$63.2 million from lease terminations, \$38.0 million from net insurance proceeds, and \$27.7 million from a gain related to the prepayment of a note receivable earlier than expected, partially offset by lower gross profit on engine, airframe, parts and supplies sales as a result of the AeroTurbine downsizing. During the year ended December 31, 2015, we also recognized a gain of \$22.6 million from the settlement of asset value guarantees.

Depreciation and amortization. Depreciation and amortization decreased by \$51.7 million, or 3%, to \$1,791.3 million during the year ended December 31, 2016 from \$1,843.0 million during the year ended December 31, 2015. The decrease was primarily due to a reduction in the size of our aircraft portfolio due to aircraft sales.

Asset impairment. We recognized aggregate impairment charges of \$81.6 million during the year ended December 31, 2016 as compared to \$16.3 million recognized during the year ended December 31, 2015. The impairment charges recorded during the year ended December 31, 2016 related to lease terminations and amendments of lease agreements for 25 aircraft. These impairments were more than offset by lease revenue of \$95.9 million that we recognized when we retained maintenance related balances or received EOL compensation upon lease termination or amendment. In addition, we recognized impairment charges for ten aircraft that were part of sale transactions and were classified as flight equipment held for sale. The impairment charges recorded during the year ended December 31, 2015 related to eight aircraft that were sold or parted-out and 12 engines. The impairment charges recorded during the year ended December 31, 2015 included impairments of \$6.6 million recorded for four older aircraft, for which we retained maintenance related balances or received EOL compensation and recognized \$20.5 million of lease revenue upon redelivery.

Interest expense. Our interest expense decreased by \$8.0 million, or 1%, to \$1,091.9 million during the year ended December 31, 2016 from \$1,099.9 million during the year ended December 31, 2015. The decrease in interest expense was primarily attributable to:

- a decrease in our average outstanding debt balance by \$0.7 billion to \$29.1 billion during the year ended December 31, 2016 from \$29.8 billion during the year ended December 31, 2015, primarily due to regular debt repayments, resulting in a \$23.1 million decrease in our interest expense; and
- a \$16.5 million decrease in non-cash mark-to-market losses on derivatives to \$1.6 million recognized during the year ended December 31, 2016 from \$18.1 million recognized during the year ended December 31, 2015,

partially offset by

- an increase in our average cost of debt to 3.7% for the year ended December 31, 2016 as compared to 3.6% for the year ended December 31, 2015. Our average cost of debt excludes the effect of mark-to-market movements on our interest rate caps and swaps, and in 2015, includes a one-time charge of \$16.9 million related to prior periods to correct capitalized interest. The increase in our average cost of debt was primarily due to the issuance of new longer-term bonds to replace shorter-term ILFC notes, which had lower reported interest expense as a result of the application of the acquisition method of accounting to the debt assumed as part of the ILFC Transaction. The increase in our average cost of debt resulted in a \$31.6 million increase in our interest expense.

Leasing expenses. Our leasing expenses increased by \$60.1 million, or 12%, to \$582.5 million during the year ended December 31, 2016 from \$522.4 million during the year ended December 31, 2015. The increase was primarily due to \$33.2 million higher maintenance rights expense and \$38.3 million higher regular aircraft transition costs, lessor maintenance contributions and other leasing expenses, partially offset by \$11.4 million lower expenses relating to airline defaults and restructurings recognized during the year ended December 31, 2016 as compared to the year ended December 31, 2015.

Transaction, integration and restructuring related expenses. Our transaction, integration and restructuring related expenses decreased by \$5.5 million, or 9%, to \$53.4 million during the year ended December 31, 2016 from \$58.9 million during the year ended December 31, 2015. During the year ended December 31, 2016, our transaction, integration and restructuring related expenses were related to the AeroTurbine downsizing, including intangible assets impairment, expenses related to the sale of AeroTurbine's Goodyear operations, leased engines impairment and severance costs. During the year ended December 31, 2015, our transaction, integration and restructuring related expenses consisted of \$9.6 million of severance and other compensation expenses and rent termination costs due to the ILFC Transaction and \$49.3 million of restructuring expenses related to the downsizing of AeroTurbine. Please refer to Note 26—*AeroTurbine restructuring* to our Consolidated Financial Statements included in this annual report for further details on the AeroTurbine restructuring.

Selling, general and administrative expenses. Our selling, general and administrative expenses decreased by \$30.4 million, or 8%, to \$351.0 million during the year ended December 31, 2016 from \$381.4 million during the year ended December 31, 2015. The decrease was due to lower overhead expenses as a result of the AeroTurbine downsizing as well as other expense reductions.

Income before income taxes and income of investments accounted for under the equity method. For the reasons explained above, our income before income taxes and income of investments accounted for under the equity method decreased by \$165.3 million, or 12%, to \$1,200.4 million during the year ended December 31, 2016 from \$1,365.7 million during the year ended December 31, 2015.

Provision for income taxes. Our provision for income taxes decreased by \$16.3 million, or 9%, to \$173.5 million during the year ended December 31, 2016 from \$189.8 million during the year ended December 31, 2015. Our effective tax rate was 14.5% for the year ended December 31, 2016 as compared to 13.9% for the year ended December 31, 2015. The increase in our effective tax rate for the year ended December 31, 2016 was primarily due to changes in our valuation allowance in the United States of America during the years ended December 31, 2015 and 2016. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. Please refer to Note 17—*Income taxes* to our Consolidated Financial Statements included in this annual report for a detailed description of our income taxes.

Equity in net earnings of investments accounted for under the equity method. Our equity in net earnings of investments accounted for under the equity method was \$12.6 million during the year ended December 31, 2016 as compared to \$1.3 million during the year ended December 31, 2015. During the year ended December 31, 2015, our equity in net earnings of investments accounting for under the equity method was impacted by a loss of approximately \$4 million from one of our investments.

Net income. For the reasons explained above, our net income decreased by \$137.7 million, or 12%, to \$1,039.5 million during the year ended December 31, 2016 from \$1,177.2 million during the year ended December 31, 2015.

Net loss attributable to non-controlling interest. Net loss attributable to non-controlling interest was \$7.1 million during the year ended December 31, 2016 as compared to \$1.5 million during the year ended December 31, 2015.

Net income attributable to AerCap Holdings N.V. For the reasons explained above, our net income attributable to AerCap Holdings N.V. decreased by \$132.1 million, or 11%, to \$1,046.6 million during the year ended December 31, 2016 from \$1,178.7 million during the year ended December 31, 2015.

Results of operations for the year ended December 31, 2015 compared to the year ended December 31, 2014

	Year Ended December 31,	
	2015	2014
(U.S. dollar amounts in millions)		
Revenues and other income		
Lease revenue	\$ 4,991.6	\$ 3,449.6
Net gain on sale of assets	183.3	37.5
Other income	112.7	104.5
Total Revenues and other income	5,287.6	3,591.6
Expenses		
Depreciation and amortization	1,843.0	1,282.2
Asset impairment	16.3	21.8
Interest expense	1,099.9	780.3
Leasing expenses	522.4	141.6
Transaction, integration and restructuring related expenses	58.9	148.8
Selling, general and administrative expenses	381.4	300.0
Total Expenses	3,921.9	2,674.7
Income before income taxes and income of investments accounted for under the equity method		
	1,365.7	916.9
Provision for income taxes	(189.8)	(137.4)
Equity in net earnings of investments accounted for under the equity method	1.3	29.0
Net income	\$ 1,177.2	\$ 808.5
Net loss attributable to non-controlling interest	1.5	1.9
Net income attributable to AerCap Holdings N.V.	\$ 1,178.7	\$ 810.4

Revenues and other income. The principal categories of our revenues and other income and their variances were as follows:

	Year Ended December 31,		Increase/ (Decrease)	Percentage Difference
	2015	2014		
(U.S. dollar amounts in millions)				
Lease revenue:				
Basic lease rents	\$ 4,635.8	\$ 3,282.8	\$ 1,353.0	41%
Maintenance rents and other receipts	355.8	166.8	189.0	113%
Net gain on sale of assets	183.3	37.5	145.8	389%
Other income	112.7	104.5	8.2	8%
Total revenues and other income	\$ 5,287.6	\$ 3,591.6	\$ 1,696.0	47%

Basic lease rents. Basic lease rents increased by \$1,353.0 million, or 41%, to \$4,635.8 million during the year ended December 31, 2015 from \$3,282.8 million during the year ended December 31, 2014. The increase in basic lease rents recognized during the year ended December 31, 2015 as compared to the year ended December 31, 2014 was attributable to:

- the acquisition of 1,004 aircraft between January 1, 2014 and December 31, 2015, including aircraft acquired as part of the ILFC Transaction, with an aggregate net book value of \$29.9 billion on their acquisition dates, resulting in an increase in basic lease rents of \$1,450.8 million,

partially offset by

- the sale of 132 aircraft with an aggregate net book value of \$2.2 billion on their sale dates, resulting in a decrease in basic lease rents of \$79.0 million during such period; and
- a decrease in basic lease rents of \$18.8 million recognized during the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to re-leases and extensions at lower rates, which include the extension of leases prior to their contracted redelivery dates. The accounting for these extensions requires the remaining rental payments to be recorded on a straight-line basis over the remaining term of the original lease plus the extension period. This results in a decrease in basic lease rents during the remaining term of the original lease that will be offset by an increase in basic lease rents during the extension period. In addition, the contracted lease rates of extensions or re-leases of an aircraft tend to be lower than their previous lease rates as the aircraft are older, and older aircraft have lower lease rates than newer aircraft.

Maintenance rents and other receipts. Maintenance rents and other receipts increased by \$189.0 million, or 113%, to \$355.8 million during the year ended December 31, 2015 from \$166.8 million during the year ended December 31, 2014. The increase was primarily attributable to:

- an increase of \$166.5 million in regular maintenance rents relating primarily to the ILFC Transaction during the year ended December 31, 2015 as compared to the year ended December 31, 2014; and
- an increase of \$22.5 million in maintenance revenue and other receipts from airline defaults and restructurings during the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Net gain on sale of assets. Net gain on sale of assets increased by \$145.8 million, or 389%, to \$183.3 million during the year ended December 31, 2015 from \$37.5 million during the year ended December 31, 2014. The increase was primarily due to the higher volume of aircraft sold, as further detailed below, as well as improvements in aviation markets and aircraft values subsequent to the ILFC Transaction, and was driven primarily by the following factors: a decrease in oil prices between May 14, 2014 and December 31, 2015, an improvement in the air cargo market that commenced during the second half of 2014, an increase in the supply of equity and debt capital and new market entrants with lower return requirements, driven by the sustained low interest rate environment, increased air travel passenger traffic, and the general improvement of the global economy.

During the year ended December 31, 2015 we sold 59 aircraft, reclassified 11 aircraft to net investment in finance and sales type leases and parted-out nine aircraft, whereas during the year ended December 31, 2014, we sold the GFL portfolio of 37 aircraft and an additional 21 aircraft. When we part-out aircraft under a consignment contract, the gain is deferred and recognized as other income when the parts are sold.

Other income. Other income increased by \$8.2 million, or 8%, to \$112.7 million during the year ended December 31, 2015 from \$104.5 million during the year ended December 31, 2014. The increase was primarily due to income of \$22.6 million from the settlement of asset value guarantees and net insurance proceeds of \$16.2 million. During the year ended December 31, 2015, we also recognized an expense of \$38.7 million related to a lower of cost or market adjustment of AeroTurbine's parts inventory as a result of the AeroTurbine downsizing, partially offset by the full year impact of income from AeroTurbine, which was acquired as part of the ILFC Transaction. During the year ended December 31, 2014 we recognized a gain of \$19.9 million from the sale of our 42% equity interest in AerData.

Depreciation and amortization. Depreciation and amortization increased by \$560.8 million, or 44%, to \$1,843.0 million during the year ended December 31, 2015 from \$1,282.2 million during the year ended December 31, 2014. The increase was primarily due to the ILFC Transaction and purchases of new aircraft, and was partially offset by aircraft sales.

Asset impairment. We recognized aggregate impairment charges of \$16.3 million during the year ended December 31, 2015 related to eight aircraft that were sold or parted-out and 12 engines, as compared to \$21.8 million recognized during the year ended December 31, 2014 related to eight aircraft that were returned early from our lessees and three previously leased engines. The impairment charges recorded during the year ended December 31, 2015 included impairments of \$6.6 million recorded for four older aircraft, for which we retained maintenance related balances or received EOL compensation and recognized \$20.5 million of lease revenue upon redelivery.

Interest expense. Our interest expense increased by \$319.6 million, or 41%, to \$1,099.9 million during the year ended December 31, 2015 from \$780.3 million during the year ended December 31, 2014. The increase in interest expense was primarily attributable to:

- an increase in our average outstanding debt balance by \$8.3 billion to \$29.8 billion during the year ended December 31, 2015 from \$21.5 billion during the year ended December 31, 2014, primarily due to the repayment of older ILFC debt which was fair-valued at lower rates because of the shorter remaining tenor of the debt at the time of acquisition, and partially offset by regular debt repayments, resulting in a \$295.9 million increase in our interest expense,
- a slight increase in our average cost of debt to 3.63% for the year ended December 31, 2015 as compared to 3.56% for the year ended December 31, 2014. Our average cost of debt excludes the effect of mark-to-market movements on our interest rate caps and swaps and charges from the early repayment of secured loans. In 2015, our average cost of debt includes a one-time charge of \$16.9 million related to prior periods to correct capitalized interest. The increase in our average cost of debt was primarily due to the ILFC Transaction and resulted in a \$22.3 million increase in our interest expense; and
- a \$1.4 million increase in non-cash mark-to-market losses on derivatives to \$18.1 million recognized during the year ended December 31, 2015 from \$16.7 million recognized during the year ended December 31, 2014.

Leasing expenses. Our leasing expenses increased by \$380.8 million, or 269%, to \$522.4 million during the year ended December 31, 2015 from \$141.6 million during the year ended December 31, 2014. The increase was primarily due to \$293.9 million higher maintenance rights expense, \$53.2 million higher regular aircraft transition costs, lessor maintenance contributions and other leasing expenses, and \$33.7 million higher expenses relating to airline defaults and restructurings recognized during the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Transaction, integration and restructuring related expenses. Our transaction, integration and restructuring related expenses decreased by \$89.9 million, or 60%, to \$58.9 million during the year ended December 31, 2015 from \$148.8 million during the year ended December 31, 2014. During the year ended December 31, 2015, our transaction, integration and restructuring related expenses consisted of \$9.6 million of severance and other compensation expenses and rent termination costs due to the ILFC Transaction and \$49.3 million of restructuring expenses related to the downsizing of AeroTurbine (see Note 26—*AeroTurbine restructuring*), as compared to the year ended December 31, 2014, which consisted of \$148.8 million of banking fees, professional fees and severance and other compensation expenses due to the ILFC Transaction.

Selling, general and administrative expenses. Our selling, general and administrative expenses increased by \$81.4 million, or 27%, to \$381.4 million during the year ended December 31, 2015 from \$300.0 million during the year ended December 31, 2014. The increase was primarily due to higher personnel expenses as a result of the ILFC Transaction and higher share-based compensation expense.

Income before income taxes and income of investments accounted for under the equity method. For the reasons explained above, our income before income taxes and income of investments accounted for under the equity method increased by \$448.8 million, or 49%, to \$1,365.7 million during the year ended December 31, 2015 from \$916.9 million during the year ended December 31, 2014.

Provision for income taxes. Our provision for income taxes increased by \$52.4 million, or 38%, to \$189.8 million during the year ended December 31, 2015 from \$137.4 million during the year ended December 31, 2014. Our effective tax rate was 13.9% for the year ended December 31, 2015 and was 15.0% for the year ended December 31, 2014. The decrease in our effective tax rate for the year ended December 31, 2015 was driven primarily by the transfer of aircraft and substantial business operations from the United States to Ireland. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. Please refer to Note 17—*Income taxes* to our Consolidated Financial Statements included in this annual report for a detailed description of our income taxes.

Equity in net earnings of investments accounted for under the equity method. Our equity in net earnings of investments accounted for under the equity method was \$1.3 million during the year ended December 31, 2015 as compared to \$29.0 million during the year ended December 31, 2014. The decrease was driven primarily by a non-recurring gain of approximately \$20 million from one of our investments during the year ended December 31, 2014, and a loss of approximately \$4 million from one of our investments during the year ended December 31, 2015.

Net income. For the reasons explained above, our net income increased by \$368.7 million, or 46%, to \$1,177.2 million during the year ended December 31, 2015 from \$808.5 million during the year ended December 31, 2014.

Net loss attributable to non-controlling interest. Net loss attributable to non-controlling interest was \$1.5 million during the year ended December 31, 2015 as compared to \$1.9 million during the year ended December 31, 2014.

Net income attributable to AerCap Holdings N.V. For the reasons explained above, our net income attributable to AerCap Holdings N.V. increased by \$368.3 million, or 45%, to \$1,178.7 million during the year ended December 31, 2015 from \$810.4 million during the year ended December 31, 2014.

Liquidity and capital resources

The following table presents our consolidated cash flows for the years ended December 31, 2016 and 2015.

	Year Ended December 31,	
	2016	2015
	(U.S. dollar amounts in millions)	
Net cash provided by operating activities	\$ 3,381.2	\$ 3,360.0
Net cash used in investing activities	(1,331.1)	(1,715.9)
Net cash used in financing activities	(2,417.2)	(728.3)

Cash flows provided by operating activities. During the year ended December 31, 2016, our cash provided by operating activities of \$3,381.2 million was the result of net income of \$1,039.5 million, non-cash and other adjustments to net income of \$2,076.6 million and an increase in the net change in operating assets and liabilities of \$265.1 million. During the year ended December 31, 2015, our cash provided by operating activities of \$3,360.0 million was the result of net income of \$1,177.2 million, non-cash and other adjustments to net income of \$2,012.4 million and an increase in the net change in operating assets and liabilities of \$170.4 million.

Cash flows used in investing activities. During the year ended December 31, 2016, our cash used in investing activities of \$1,331.1 million primarily consisted of cash used for the purchase of aircraft and other fixed assets of \$3,861.8 million, partially offset by cash provided by asset sale proceeds of \$2,366.2 million, a decrease in our restricted cash of \$90.3 million and collections of finance and sales-type leases of \$74.2 million. During the year ended December 31, 2015, our cash used in investing activities of \$1,715.9 million primarily consisted of cash used for the purchase of aircraft of \$3,637.0 million, partially offset by cash provided by asset sale proceeds of \$1,568.2 million, a decrease in restricted cash of \$297.9 million and collections of finance and sales-type leases of \$55.0 million.

Cash flows used in financing activities. During the year ended December 31, 2016, our cash used in financing activities of \$2,417.2 million primarily consisted of cash used for the repurchase of shares and payments of tax withholdings on share-based compensation of \$1,021.1 million and cash used for the payment of dividends to our non-controlling interest holders of \$10.5 million. In addition, cash was used for debt repayments and debt issuance costs, net of new financing proceeds of \$1,606.3 million, partially offset by cash provided by net receipts of maintenance and security deposits of \$220.7 million. During the year ended December 31, 2015, our cash used in financing activities of \$728.3 million primarily consisted of cash used for the repurchase of shares and payments of tax withholdings on share-based compensation of \$793.9 million. In addition, cash was used for debt repayments and debt issuance costs, net of new financing proceeds of \$179.3 million, partially offset by cash provided by net receipts of maintenance and security deposits of \$244.9 million.

Aircraft leasing is a capital-intensive business and we have significant capital requirements, including making pre-delivery payments and paying the balance of the purchase price for aircraft on delivery. As of December 31, 2016, we had 420 new aircraft on order, including 204 Airbus A320neo Family aircraft, 109 Boeing 737MAX aircraft, 50 Embraer E-Jets E2 aircraft, 38 Boeing 787 aircraft and 19 Airbus A350 aircraft. As a result, we will need to raise additional funds to satisfy these requirements, which we expect to do through a combination of accessing committed debt facilities and securing additional financing, if needed, from capital market transactions or other sources of capital. If other sources of capital are not available to us, we may need to raise additional funds through selling aircraft or other aircraft investments, including participations in our joint ventures.

Our existing sources of liquidity of \$12.8 billion as of December 31, 2016, were sufficient to operate our business and cover at least 1.2x of our debt maturities and contracted capital requirements for the next 12 months. Our sources of liquidity include undrawn lines of credit, unrestricted cash, estimated operating cash flows, cash flows from contracted asset sales and other sources of funding.

In order to satisfy our contractual purchase obligations, we expect to incur capital expenditures of approximately \$5 billion per annum, on average, over the next three years based on our current order book. Sources of new debt finance for these capital expenditures would be through access to capital markets, including the unsecured and secured bond markets, the commercial bank market, export credit and the asset-backed securities market.

In the longer term, we expect to fund the growth of our business, including acquiring aircraft, through internally generated cash flows, the incurrence of new bank debt, the refinancing of existing bank debt and other capital raising initiatives.

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Our cash balance as of December 31, 2016 was \$2.4 billion, including unrestricted cash of \$2.0 billion. As of December 31, 2016, we had approximately \$7.3 billion of undrawn lines of credit available under our credit and term loan facilities. Our total available liquidity, including undrawn lines of credit, unrestricted cash, cash flows from contracted asset sales and other sources of funding, was \$9.5 billion as of December 31, 2016. As of December 31, 2016, the principal amount of our outstanding indebtedness, which excludes fair value adjustments of \$0.5 billion and debt issuance costs and debt discounts of \$0.2 billion, totaled \$27.4 billion and primarily consisted of senior unsecured, subordinated and senior secured notes, export credit facilities, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

Our debt, including fair value adjustments of \$0.5 billion and net of debt issuance costs and debt discounts of \$0.2 billion, was \$27.7 billion as of December 31, 2016, and our average cost of debt, excluding the effect of mark-to-market movements on our interest rate caps and swaps, was 3.7% during the year ended December 31, 2016. Our adjusted debt to equity ratio was 2.7 to 1 as of December 31, 2016. Please refer to "Item 5. Operating and Financial Review and Prospects—Non-GAAP measures" for reconciliations of adjusted debt and adjusted equity to the most closely related U.S. GAAP measures as of December 31, 2016 and 2015.

Please refer to Note 16—*Debt* to our Consolidated Financial Statements included in this annual report for a detailed description of our outstanding indebtedness.

AerCap Holdings N.V. is incorporated in the Netherlands and headquartered in Ireland, and is not directly engaged in business within, nor has 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.

While we were tax resident in the Netherlands, we did not accrue or pay taxes as a result of repatriation of earnings from any of our foreign subsidiaries to the Netherlands. Effective February 1, 2016, we became tax resident in Ireland and we would typically expect that the repatriation of earnings from our foreign subsidiaries should not give rise to material additional Irish taxation due to the availability of foreign tax credits. As of December 31, 2016, \$249.6 million out of \$2,035.4 million of cash and short-term investments were held by our foreign subsidiaries outside of Ireland. Additionally, legal restrictions in relation to dividend payments from our subsidiaries to us are described in "Item 10. Additional Information—Taxation—Withholding tax" and "Item 3. Key Information—Risk Factors—Risks related to our organization and structure—If our subsidiaries do not make distributions to us we will not be able to pay dividends".

Contractual obligations

Our contractual obligations consist of principal and interest payments on debt (excluding fair value adjustments, debt issuance costs and debt discounts), executed purchase agreements to purchase aircraft and rent payments pursuant to our office and facility leases. We intend to fund our contractual obligations through unrestricted cash, lines-of-credit and other borrowings, operating cash flows and cash flows from asset sales. We believe that our sources of liquidity will be sufficient to meet our contractual obligations.

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The following table provides details regarding our contractual obligations and their payment dates as of December 31, 2016:

	2017	2018	2019	2020	2021	Thereafter	Total
(U.S. dollar amounts in thousands)							
Unsecured debt facilities	\$ 2,700,000	\$ 770,000	\$ 3,099,864	\$ 2,500,000	\$ 2,400,000	\$ 2,900,000	\$14,369,864
Secured debt facilities	1,055,193	2,353,579	1,516,947	1,187,839	2,552,852	2,769,479	11,435,889
Subordinated debt facilities	—	—	—	—	—	1,555,780	1,555,780
Estimated interest payments(a)	1,231,795	1,059,888	839,155	708,902	436,555	3,024,006	7,300,301
Purchase obligations(b)	5,051,158	6,028,196	5,084,565	3,624,926	2,838,730	534,991	23,162,566
Operating leases(c)	11,155	11,056	8,754	8,828	8,967	51,343	100,103
Total	\$10,049,301	\$10,222,719	\$10,549,285	\$8,030,495	\$8,237,104	\$10,835,599	\$57,924,503

- (a) Estimated interest payments for floating rate debt are based on rates as of December 31, 2016. Estimated interest payments include the estimated impact of our interest rate swap agreements.
- (b) Includes commitments to purchase 396 aircraft and 24 purchase and leaseback transactions. See Note 30 —*Commitments and contingencies* to our Consolidated Financial Statements included in this annual report for further details on our purchase obligations.
- (c) Represents contractual payments on our office and facility leases.

Off-balance sheet arrangements

We have interests in variable interest entities, some of which are not consolidated into our Consolidated Financial Statements. Please refer to Note 28—*Variable interest entities* to our Consolidated Financial Statements included in this annual report for a detailed description of these interests and our other off-balance sheet arrangements.

Non-GAAP measures

The following are definitions of non-GAAP measures used in this report on Form 20-F and a reconciliation of such measures to the most closely related U.S. GAAP measures.

Adjusted net income

Following the SEC's issuance of updated guidance on the use of non-GAAP financial measures, as of December 31, 2016, we are no longer reporting adjusted net income or adjusted earnings per share.

Net interest margin or net spread

This measure is the difference between basic lease rents and interest expense, excluding the impact of the mark-to-market of interest rate caps and swaps. 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 and utilization rates, as well as the impact from changes in the amount of debt and interest rates.

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The following is a reconciliation of basic lease rents to net spread for the years ended December 31, 2016 and 2015:

	Year Ended December 31,		Percentage Difference
	2016	2015	
	(U.S. dollar amounts in millions)		
Basic lease rents	\$ 4,395.3	\$ 4,635.8	(5)%
Interest expense	1,091.9	1,099.9	(1)%
Adjusted for:			
Mark-to-market of interest rate caps and swaps	(1.6)	(18.1)	(91)%
Adjusted interest expense	1,090.3	1,081.8	1%
Net interest margin, or net spread	\$ 3,305.0	\$ 3,554.0	(7)%

Adjusted debt to equity ratio

This measure is the ratio obtained by dividing adjusted debt by adjusted equity. Adjusted debt represents consolidated total debt less cash and cash equivalents, and less a 50% equity credit with respect to certain long-term subordinated debt. Adjusted equity represents total equity, plus the 50% equity credit with respect to the long-term subordinated debt. Adjusted debt and adjusted equity are adjusted by the 50% equity credit to reflect the equity nature of those financing arrangements and to provide information that is consistent with definitions under certain of our debt covenants.

The following is a reconciliation of debt to adjusted debt and equity to adjusted equity as of December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
	(U.S. dollar amounts in millions except debt/equity ratio)	
Debt	\$ 27,717.0	\$ 29,641.9
Adjusted for:		
Cash and cash equivalents	(2,035.4)	(2,403.1)
50% credit for long-term subordinated debt	(750.0)	(750.0)
Adjusted debt	\$ 24,931.6	\$ 26,488.8
Equity	\$ 8,582.3	\$ 8,425.8
Adjusted for:		
50% credit for long-term subordinated debt	750.0	750.0
Adjusted equity	\$ 9,332.3	\$ 9,175.8
Adjusted debt/equity ratio	2.7 to 1	2.9 to 1

Item 6. Directors, Senior Management and Employees

Directors and officers

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of First Appointment</u>	<u>End Current Term(a)</u>
Directors				
Pieter Korteweg	75	Non-Executive Chairman of the Board of Directors	September 2006	2018 AGM 2019
Aengus Kelly	43	Executive Director and Chief Executive Officer	May 2011	AGM 2017
Salem Al Noaimi	41	Non-Executive Director	May 2011	AGM 2017
Homaid Al Shimmari	49	Non-Executive Director	May 2011	AGM 2017
James (Jim) Chapman	54	Non-Executive Director	July 2006	AGM 2018
Paul Dacier	59	Non-Executive Director and Vice Chairman	May 2010	AGM 2018
Richard (Michael) Gradon	57	Non-Executive Director	May 2010	AGM 2017
Marius Jonkhart	67	Non-Executive Director	July 2006	AGM 2020
Walter McLallen	51	Non-Executive Director	May 2016	AGM 2018
Robert (Bob) Warden	44	Non-Executive Director	July 2006	AGM
Officers				
Wouter (Erwin) den Dikken	49	Chief Operating Officer and Chief Legal Officer		
Keith Helming	58	Chief Financial Officer		
Philip G. Scruggs	52	Chief Commercial Officer and President		
Peter Anderson	41	Head of Asia Pacific		
Peter Juhas	45	Deputy Chief Financial Officer		
Tom Kelly	53	Chief Executive Officer, AerCap Ireland Limited		
Edward (Ted) O'Byrne	45	Chief Investment Officer		
Martin Olson	54	Head of OEM Relations		
Paul Rofe	57	Group Treasurer		
Sean Sullivan	48	Head of Americas		
Joe Venuto	57	Chief Technical Officer		
Kenneth Wigmore	48	Head of EMEA		

(a) The term for each director ends at the Annual General Meeting ("AGM") typically held in April or May of each year.

Directors

Pieter Korteweg. Mr. Korteweg has been a Director of AerCap since September 27, 2006. He serves as Vice Chairman of Cerberus Global Investment Advisors, LLC, and Director of Cerberus entities in the Netherlands. In addition, he serves as Member of the Supervisory Board of Bawag PSK Bank (Vienna) and Non-Executive Member of the Board of Haya Real Estate S.L.U. (Madrid). He currently also serves as senior advisor to Anthos B.V. Mr. Korteweg previously served, amongst others, as Chairman of the Board of Capital Home Loans Ltd., Member of the Supervisory Board of Mercedes Benz Nederland B.V., 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 Robeco Group in Rotterdam. From 1981 to 1986, he was Treasurer General at the Dutch Ministry of Finance. Mr. Korteweg was a professor of economics from 1971 to 1998 at Erasmus University Rotterdam in the Netherlands. He holds a PhD in Economics from Erasmus University Rotterdam.

Aengus Kelly. Mr. Kelly was appointed Executive Director and Chief Executive Officer of AerCap on May 18, 2011. Previously he served as Chief Executive Officer of AerCap's U.S. operations since January 2008 and was AerCap's 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 from University College Dublin.

Salem Al Noaimi. Mr. Al Noaimi has been a Director of AerCap since May 18, 2011. Mr. Al Noaimi is also Waha Capital's Chief Executive Officer and Managing Director, responsible for leading the company's overall strategy across its business lines. Mr. Al Noaimi has served as Waha's CEO over the past eight years, with previous roles including Deputy CEO of Waha, and CEO of Waha Leasing. Earlier in his career, Mr. Al Noaimi held various positions at Dubai Islamic Bank, the UAE Central Bank, the Abu Dhabi Fund for Development and Kraft Foods. He chairs and sits on the Board of a number of companies, including Abu Dhabi Ship Building, Dunia Finance, Anglo Arabian Healthcare, Al Dhafra Insurance Company and Bahrain's ADDAX Bank. Mr. Al Noaimi is a UAE national with a degree in Finance and International Business from Northeastern University in Boston.

Homaid Al Shimmari. Mr. Al Shimmari has been a Director of AerCap since May 18, 2011. Mr. Al Shimmari is also the Chief Executive Officer of Mubadala Aerospace & Engineering Services and member of the Investment Committee at Mubadala. He holds prominent roles with key aerospace, communications technology, defense and energy companies and organizations, including Chairman of Emirates Defence Industries Company ("EDIC"), Maximus Air Cargo, Abu Dhabi Autonomous Systems Investment ("ADASI") and Abu Dhabi Ship Building, and currently holds board positions with Mubadala Petroleum, Masdar, Global Foundries, Abu Dhabi Aviation, Royal Jet, du-Emirates Integrated Telecommunications Company PJSC and SR Technics Holdco 1 GmbH. Mr. Al Shimmari is also a Board Member of the UAE University Board of Trustees and Chairman of the Advisory Board of Etihad Airways Engineering LLC. Before joining Mubadala, Mr. Al Shimmari was a Lieutenant Colonel in the UAE Armed Forces serving in the areas of military aviation, maintenance, procurement and logistics. Mr. Al Shimmari holds a Bachelor of Science in Aeronautical Engineering from Embry Riddle Aeronautical University in Daytona Beach, Florida, and holds a black belt in six sigma from General Electric, a highly disciplined leadership program.

James (Jim) Chapman. Mr. Chapman has been a Director of AerCap since July 26, 2006. 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. Prior to Renco, Mr. Chapman worked in the financial services industry at Fieldstone Private Capital Group from 1990 through 1996 and Bankers Trust Company from 1985 through 1990. Presently, Mr. Chapman serves as a member of the Board of Directors of Arch Coal, Inc., Tembec Inc. and Tower International, Inc. 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 Dacier. Mr. Dacier has been a Director of AerCap since May 27, 2010. He is also currently a Non-Executive Director of GTI Technology Holdings Inc. (a technology holding company). Until 2016, Mr. Dacier was Executive Vice President and General Counsel of EMC Corporation (an information infrastructure technology and solutions company), where he worked in various positions since 1990. 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.

Richard (Michael) Gradon. Mr. Gradon has been a Director of AerCap since May 27, 2010. He is also currently a Non-Executive Director of Exclusive Hotels, and 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 Jonkhart. Mr. Jonkhart has been a Director of AerCap since July 26, 2006. He is also currently a member of the Supervisory Boards of Ecorys Holding, Orco Bank International and Tata Steel Nederland. He was previously the Chief Executive Officer of De Nationale Investeringsbank (NIBC) and the Chief Executive Officer of NOB Holding. 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 BAWAG PSK Bank, Staatsbosbeheer, Connexxion Holding, European Investment Bank, Bank Nederlandse Gemeenten, Postbank, NPM Capital, Kema, AM Holding and De Nederlandsche Bank. He has also served as a Non-Executive Director of Aozora Bank, 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.

Walter McLallen. Mr. McLallen has been a Director of AerCap since May 11, 2016. He is also currently the principal of Meritage Capital Advisors, advising corporations in structuring debt and private equity transactions and providing strategic consulting, since 2004. Presently, Mr. McLallen serves as a member of the board of directors of Differential Brands Group Inc., as well as a number of private companies. He was also an advisor to and director of the Remington Outdoor Company and its predecessors from 2006 through June 2015 and served as chairman or vice chairman of the board of directors for the last five years of such period. Mr. McLallen was a managing director of CIBC World Markets from 1995 to 2004, during which he was Head of Debt Capital Markets from 1997 to 2004, as well as Head of High Yield Distribution from 2001 to 2004. Mr. McLallen held Associate and Vice President positions at The Argosy Group from 1990 through 1995 and was an analyst in the mergers and acquisitions department at Drexel Burnham Lambert from 1988 to 1990. Mr. McLallen received his BA in Economics and Finance from the University of Illinois at Urbana-Champaign in 1988.

Robert (Bob) Warden. Mr. Warden has been a Director of AerCap since July 26, 2006. He is also currently a Partner at Pamplona Capital Management, a private equity investment firm, which he joined in August 2012. Mr. Warden serves as a director for several private companies affiliated with Pamplona. Prior to joining Pamplona, Mr. Warden was Managing Director at Cerberus Capital Management, L.P. from February 2003 to August 2012, 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 A.B. from Brown University.

Officers

Wouter (Erwin) den Dikken. Mr. den Dikken was appointed Chief Operating Officer of AerCap 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 AerCap's Irish operations. He joined AerCap's legal department in 1998. Prior to joining AerCap, 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 AerCap, he was a long standing executive at GE Capital Corporation, including serving 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. On December 19, 2016, we announced that Peter Juhas will become our Chief Financial Officer in 2017. Mr. Helming will remain with AerCap through May 2017.

Philip Scruggs. Mr. Scruggs assumed the position of President and Chief Commercial Officer of AerCap upon the consummation of the ILFC Transaction, previously serving in the role of Executive Vice President and Chief Marketing Officer at ILFC where he has had a 20 year career. As Chief Marketing Officer of ILFC, Mr. Scruggs oversaw ILFC's worldwide leasing business, including the marketing, pricing, credit, commercial execution, and contracts functions within the company, together with ILFC's fleet management services to third party investors. Prior to joining ILFC, Mr. Scruggs was an attorney at the Los Angeles based law firm Paul, Hastings, Janofsky and Walker, where he specialized in leasing and asset based finance. Mr. Scruggs received his B.A. from the University of California, Berkeley, and his J.D. from The George Washington University. Mr. Scruggs is an instrument rated private pilot.

Peter Anderson. Mr. Anderson assumed the position of Senior Vice President Marketing and Head of Asia Pacific upon the consummation of the ILFC Transaction, previously serving in the role of Vice President Marketing and Deputy Head of APAC at ILFC. Mr. Anderson was responsible for managing ILFC's relationships with key airline customers in South East Asia, Japan and Korea. Prior to ILFC, Mr. Anderson was Asia Pacific Director of Sales and Marketing for Hong Kong Aviation Capital (HKAC), transitioning the Allco Finance Group Ltd. aviation assets into the HKAC business and managing those assets across Asia. Prior to HKAC, Mr. Anderson spent eight years at Allco Finance Group Ltd. in both Sydney and London, specializing in aircraft leasing, structured finance (for aviation assets) and mortgage and equipment lease securitization. Mr. Anderson earned his Master of Applied Finance and Investment from the Securities Institute of Australia, and his B.A. from the University of Technology Sydney.

Peter Juhas. Mr. Juhas was appointed Deputy Chief Financial Officer of AerCap in September 2015. Prior to joining AerCap, Mr. Juhas was the Global Head of Strategic Planning at AIG, where he led the development of the company's strategic and capital plans as well as mergers, acquisitions and other transactions, including the sale of ILFC to AerCap. Prior to joining AIG in 2011, Mr. Juhas was a Managing Director in the Investment Banking Division of Morgan Stanley from 2000 to 2011. While at Morgan Stanley, he led the IPO of AerCap in 2006 and was the lead advisor to the Federal Reserve Bank and the U.S. Treasury on the AIG restructuring and the placement of the U.S. government-sponsored enterprises Fannie Mae and Freddie Mac into conservatorship in 2008. Prior to joining Morgan Stanley, Mr. Juhas was an attorney in the Mergers and Acquisitions group at Sullivan & Cromwell LLP, the New York law firm. Mr. Juhas received his A.B. from Harvard College and his J.D. from Harvard Law School. On December 19, 2016, we announced that Mr. Juhas will become our Chief Financial Officer in 2017. Mr. Helming will remain with AerCap through May 2017.

Tom Kelly. Mr. Kelly was appointed Chief Executive Officer of AerCap Ireland in 2010. Mr. Kelly previously served as Chief Financial Officer of AerCap's 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 was appointed Chief Investment Officer of AerCap in January 2011. Previously he held the position of Head of Portfolio Management overseeing aircraft trading, OEM relationships and portfolio management activities. 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 B.A. from EuroMed in France.

Martin Olson. Mr. Olson assumed the position of Head of OEM Relations upon the consummation of the ILFC Transaction, previously serving in the role of Senior Vice President at ILFC. Mr. Olson headed ILFC's Aircraft Sales and Acquisitions Department, responsible for purchasing new aircraft and engines. Mr. Olson joined ILFC in 1995 after ten years with McDonnell Douglas Aircraft Corporation. Mr. Olson is a graduate of California State University, Fullerton. He also received a Master's Degree in Business Administration from the University of Southern California.

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.

Sean Sullivan. Mr. Sullivan assumed the position of Head of Americas upon the consummation of the ILFC Transaction, previously serving in the role of Senior Vice President and Head of ILFC Americas. In this role, Mr. Sullivan was involved in ILFC's purchase and leaseback business, including strategic direction of the business, pricing and analysis tools, critical support, and customer evaluation and processes. Mr. Sullivan has more than 20 years of experience in negotiating and managing complicated transactions. Prior to ILFC, Mr. Sullivan was Director of Allco Aviation, where he oversaw strategic direction and creation of the business plan, focused on growth through purchase and leaseback transactions. Previously, Mr. Sullivan also held the position of Vice President at the Bank of America in the Leasing and Capital group, focused on aviation finance.

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, Mr. 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. Mr. Venuto is a graduate of the College of Aeronautics and a licensed FAA Airframe and Powerplant Technician.

Kenneth Wigmore. Mr. Wigmore assumed the position of Head of Europe, Middle East and Africa ("EMEA") upon the consummation of the ILFC Transaction. Previously he held the positions in AerCap of Chief Marketing Officer and Head of Marketing for the Americas, overseeing customer relationships in North and South America for AerCap 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.

Compensation

Compensation of non-executive directors

We currently pay each non-executive director an annual fee of €95,000 (€200,000 for the Chairman of our Board of Directors and €115,000 for the Vice Chairman) 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 Audit 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 non-executive 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 such 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 equity award as provided for in AerCap's remuneration policy for members of the Board of Directors and in accordance with the terms of the Equity Incentive Plan 2014. The size of the annual equity award to our non-executive directors increased, effective as of December 31, 2015, following a market compensation analysis conducted by an independent benefits advisory firm and in accordance with the terms of the Equity Incentive Plan 2014. As of December 31, 2016, our non-executive directors hold options to acquire a total of 22,941 AerCap ordinary shares, 27,810 shares of restricted stock and 28,981 restricted stock units, which equity awards have been granted under the AerCap equity incentive plans, as further described below. All members of the Board of Directors are reimbursed for reasonable costs and expenses incurred in attending meetings of our Board of Directors.

Executive compensation

The aircraft leasing business is highly competitive. As the world's largest independent company in this industry, we seek to attract and retain the most talented and successful executives to manage our business and to motivate them with appropriate incentives to execute on our strategy and deliver attractive returns for our shareholders. We have designed our compensation plans to meet these objectives.

<u>Compensation goal</u>	<u>How goal is accomplished</u>
Attract and retain leading executive talent	<ul style="list-style-type: none">• Design compensation elements to enable us to compete effectively for executive talent• Selectively retain executives acquired through business transactions considering industry and functional knowledge, leadership abilities and fit with Company culture• Perform market analysis to stay informed of compensation trends and practices
Align executive pay with shareholder interest	<ul style="list-style-type: none">• Concentrate executive pay heavily in equity compensation• Require robust equity ownership and retention• Motivate senior executives with meaningful incentives to generate long-term returns
Pay for performance	<ul style="list-style-type: none">• Pay annual bonuses based on performance against one-year budgeted target set by the Nomination and Compensation Committee• Tie long-term incentive program awards to the achievement of multi-year earnings per share targets approved by the Nomination and Compensation Committee• Reward high-performers with above-target pay when predetermined goals are exceeded• Evaluate and adjust, if considered appropriate, for the impact of unanticipated favorable or unfavorable transactions/events on compensation payouts
Manage risk	<ul style="list-style-type: none">• Prohibit hedging of Company securities and pledging of AerCap equity prior to vesting• Emphasize long-term performance by designing equity award opportunities to minimize short-term focus and influence on compensation payouts• Incentive compensation is subject to clawback provisions for the executive director in place for Netherlands-based companies

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During the year ended December 31, 2016, we paid an aggregate of approximately \$8.3 million in cash (base salary and bonuses) and benefits as compensation to our Group Executive Committee members (Aengus Kelly, Wouter (Erwin) den Dikken, Keith Helming and Philip Scruggs), including \$0.5 million as part of their retirement and pension plans. Due to changes in the Dutch pension system as of January 1, 2015, amounts paid by the Company to fund retirement annuities for annual salary amounts in excess of €101,519 were paid directly to our Dutch tax resident officers (and other Dutch tax resident employees) as a separate component of salary instead of paid to a third party and applied towards a supplemental premium.

The compensation packages of our Group Executive Committee members and certain other officers, consisting of base salary, annual bonus and, for some officers, annual grants of AerCap equity instruments ("Annual Equity Awards"), along with other benefits, are determined by the Nomination and Compensation Committee upon recommendation of the Chief Executive Officer (other than with respect to his own compensation package) on an annual basis. The annual compensation package of our Chief Executive Officer, consisting of base salary, bonus and Annual Equity Awards, along with other benefits, is determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee. In addition, the Nomination and Compensation Committee (or, in the case of our Chief Executive Officer, the Board of Directors, upon recommendation of the Nomination and Compensation Committee) may grant AerCap equity incentive awards to our officers on a non-recurring basis ("Other Equity Awards") under our equity incentive plans, as further outlined below.

The amount of the annual bonus and, if applicable, the number of Annual Equity Awards granted to our Group Executive Committee members and other participating officers are dependent on the target bonus level and, if applicable, the target Annual Equity Awards level, established before the performance period begins by the Nomination and Compensation Committee (or, in the case of our Chief Executive Officer, the Board of Directors, upon recommendation of the Nomination and Compensation Committee), 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 Group Executive Committee member or other officer involved. 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 and approval by the Nomination and Compensation Committee (or, in the case of our Chief Executive Officer, the Board of Directors upon recommendation of the Nomination and Compensation Committee) which, if applicable, 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 Equity Awards are granted in arrears. The Annual Equity Awards are time-based with a three-year vesting period, subject to certain exceptions.

The Other Equity Awards granted to our officers in 2014, 2015 and 2016, subject to certain exceptions, have vesting periods ranging between three years and five years and are subject to vesting criteria based on our average performance, relative to our internal budget, over a number of years in order to promote and encourage good performance over a prolonged period of time. All equity awards contain change of control provisions causing immediate vesting of all equity awards, to the extent not yet forfeited, in the case of a change of control in accordance with the respective equity award agreements.

Severance payments are part of the employment agreements with our Group Executive Committee members. The amount of the pre-agreed severance is based upon calculations in accordance with their respective age and years of service.

The Company is subject to the Netherlands' Clawback of Bonuses Act that went into effect as of January 1, 2014. Pursuant to this legislation, bonuses paid to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day to day management) may be clawed back if awarded on the basis of incorrect information. In addition, any bonus that has been awarded to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day to day management) may be reduced if, under the circumstances, payment of the bonus would be unacceptable. As of December 31, 2016, we did not have any directors other than the executive director who were in charge of day to day management.

AerCap equity incentive plans

Under our equity incentive plans, we have granted restricted stock units, restricted stock and stock options, to directors, officers and employees in order to enable us to attract, retain and motivate such people and to align their interests with ours, including but not limited to retention and motivation in relation to the implementation of the ILFC Transaction.

We require our Group Executive Committee members to own Company ordinary shares having a value equal to at least ten times their annual base salary, in order to further align their interests with the long-term interests of our shareholders. This threshold amount includes ordinary shares owned outright, vested stock-based equity awards, time-based restricted stock and time-based restricted stock units, whether or not vested, and any stock-based equity that the executive has elected to defer. New Group Executive Committee members have a five year grace period to meet this threshold. In addition, each Group Executive Committee member is required to hold 50% of the net shares (after satisfaction of any exercise price or tax withholding obligations) delivered to him or her pursuant to Company equity awards since January 1, 2007, for so long as such member remains employed by the Company (or, if earlier, until such member reaches 65 years of age). Sales of Company ordinary shares are conducted with a view to avoiding undue impact on the Company ordinary share price and in compliance with laws and regulations. Each executive must consult with the Chairman before executing any sale of the Company's ordinary shares.

Our policies prohibit our directors, officers and employees from trading in Company securities on the basis of material non-public information, or engaging in hedging and other "short" transactions involving Company securities. In addition, our directors, officers and employees are prohibited from pledging equity incentive awards prior to vesting.

Please refer to Note 19—*Share-based compensation* to our Consolidated Financial Statements included in this annual report for more details on our equity incentive plans.

Board Practices

General

Our Board of Directors currently consists of ten directors, nine of whom are non-executive.

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As a foreign private issuer, as defined by the rules promulgated under the Exchange Act, we are not required to have a majority independent Board of Directors under applicable NYSE rules. In 2016, our Board of Directors continued to meet the Dutch Corporate Governance Code independence requirements. For a non-executive director to be considered "independent" under the Dutch Corporate Governance Code, he or she (and his or her spouse and immediate relatives) may not, among other things, (i) in the five years prior to his or her appointment, have been an employee or executive director of us or any public company affiliated with us; (ii) in the year prior to his or her appointment, have had an important business relationship with us or any public company affiliated with us; (iii) receive any financial compensation from us other than for the performance of his or her duties as a director or other than in the ordinary course of business; (iv) hold 10% or more of our ordinary shares (including ordinary shares subject to any shareholder's agreement); (v) be a member of the management or Supervisory Board of a company owning 10% or more of our ordinary shares; or (vi) in the year prior to his or her appointment, have temporarily managed our day-to-day affairs while the executive director was unable to discharge his or her duties.

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

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

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

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

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

Each director has the right to cast one vote and may be represented at a meeting of the Board of Directors by a fellow director. The Board of Directors may pass resolutions only if a quorum of four directors, including our Chief Executive Officer and the Chairman, or, in his absence, the Vice Chairman, are present at the meeting. Resolutions must be passed by a majority of the votes cast. If there is a tie, the matter will be decided by the Chairman of our Board of Directors, or in his absence, the Vice Chairman. Subject to Dutch law, resolutions of the Board of Directors may be passed in writing by a majority of the directors in office. Pursuant to Dutch laws and the Board Rules, a director may not participate in discussions or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with us. Resolutions to enter into such transactions must be approved by our Board of Directors, excluding such interested director or directors.

In 2016, the Board of Directors met on 11 occasions. Throughout the year, the Chairman of the Board and individual non-executive directors were in close contact with our Chief Executive Officer and the other Group Executive Committee members. During its meetings and contacts with the Chief Executive Officer and the other Group Executive Committee members, the Board discussed such topics as AerCap's annual reports and annual accounts for the financial year 2015, topics for the AGM 2016, secured and unsecured financing transactions and AerCap's liquidity position, AerCap's hedging policies, optimization of AerCap's portfolio of aircraft, global and regional macroeconomic, monetary and political developments and impact on the industry, AerCap key customer developments, emerging markets risks and opportunities, aircraft valuations, AerCap's backlog of new technology orders with aircraft and engine manufacturers, AerCap shareholder value, AerCap key shareholder developments, capital allocation strategies and share repurchases, AerCap's corporate and tax structure, completion of the relocation of the Company's principal place of business to Dublin, the AeroTurbine downsizing, reports from the various Board committees, the budget for 2017, remuneration and compensation, directors and officers succession planning, regulatory compliance, corporate social responsibility, governance and risk management and control, including but not limited to compliance with the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act").

Committees of the Board of Directors

As described above, the Chief Executive Officer is primarily responsible for managing our day-to-day affairs as well as other duties that have been delegated to the executive director in accordance with our articles of association and our internal rules for the Board of Directors. The Board of Directors has established a Group Executive Committee, a Group Portfolio and Investment Committee, a Group Treasury and Accounting Committee, an Audit Committee and a Nomination and Compensation Committee.

Group Executive Committee

Our Group Executive Committee assists the Chief Executive Officer with regard to the operational management of the company, subject to the Chief Executive Officer's ultimate responsibility. It is chaired by our Chief Executive Officer and is comprised of officers appointed by the Nomination and Compensation Committee. The current members of our Group Executive Committee are Aengus Kelly (Chief Executive Officer), Wouter (Erwin) den Dikken (Chief Operating Officer), Keith Helming (Chief Financial Officer) and Philip Scruggs (President & Chief Commercial Officer). The members of the Group Executive Committee assist the Chief Executive Officer in performing his duties and as such have managerial and policy making functions within the company in their respective areas of responsibility.

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Group Portfolio and Investment Committee

Our Group Portfolio and Investment Committee is entrusted with the authority to consent to transactions relating to the acquisition and disposal of aircraft, engines and financial assets that are in excess of \$250 million but less than \$600 million, among others. It is chaired by our Chief Financial Officer and is comprised of non-executive directors and officers appointed by the Nomination and Compensation Committee. The current members of our Group Portfolio and Investment Committee are Keith Helming, Aengus Kelly, Salem Al Noaimi, James (Jim) Chapman, Edward (Ted) O'Byrne and Robert (Bob) Warden.

Group Treasury and Accounting Committee

Our Group Treasury and Accounting Committee is entrusted with the authority to consent to debt funding in excess of \$250 million but less than \$600 million per transaction, among others. It is chaired by our Chief Financial Officer and is comprised of non-executive directors and officers appointed by the Nomination and Compensation Committee. The current members of our Group Treasury and Accounting Committee are Keith Helming, Aengus Kelly, Salem Al Noaimi, Marius Jonkhart, Tom Kelly, Paul Rofe and Robert (Bob) Warden.

Audit Committee

Our Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the integrity of our financial statements, our risk management and internal control arrangements, our compliance with legal and regulatory requirements, the performance, qualifications and independence of external auditors, and the performance of the internal audit function, among others. The Audit Committee is comprised of non-executive directors who are "independent" as defined by Rule 10A-3 under the Exchange Act. At least one of them shall have the necessary financial qualifications. The current members of our Audit Committee are James (Jim) Chapman (Chairman), Marius Jonkhart, Richard (Michael) Gradon and Walter McLallen.

In 2016, the Audit Committee met on eight occasions. Throughout the year, the members of the Audit Committee were in close contact with our Chief Executive Officer, our Chief Financial Officer, internal auditors as well as the external auditors. Principal items discussed and reviewed during these Audit Committee meetings and with our Chief Executive Officer and our Chief Financial Officer included the annual and quarterly financial statements and disclosures, external auditor's reports, external auditor's independence and rotation, activities and results in respect of our continued compliance with the Sarbanes-Oxley Act, the external auditor's audit plan for 2016, approval of other services rendered by the external auditor, internal audit reports, the internal auditor's audit plan for 2017, the Company's compliance, risk management policies and integrity and fraud, the expenses incurred by the Company's most senior officers in carrying out their duties, the Company's tax planning policies, the functioning of the Audit Committee, the audit committee charter and the audit committee cycle. The Audit Committee had several separate sessions with the external auditor without management being present.

Nomination and Compensation Committee

Our Nomination and Compensation Committee selects and recruits candidates for the positions of Chief Executive Officer, non-executive director and Chairman of the Board of Directors and recommends their remuneration, bonuses and other terms of employment or engagement to the Board of Directors. In addition, our Nomination and Compensation Committee approves the remuneration, bonuses and other terms of employment of the Group Executive Committee and certain other officers and appoints members of the Group Executive Committee, the Group Portfolio and Investment Committee, the Group Treasury and Accounting Committee and recommends candidates for the Audit Committee and plans the succession within the Board of Directors and committees. It is chaired by the Chairman of our Board of Directors and is further comprised of up to three non-executive directors appointed by the Board of Directors. The current members of our Nomination and Compensation Committee are Pieter Korteweg (Chairman), Salem Al Noaimi, Paul Dacier and Robert (Bob) Warden.

In 2016, the Nomination and Compensation Committee met on two occasions. At these meetings it discussed and approved succession planning and compensation related occurrences and developments within the framework of the Board and Committee Rules and our remuneration policy. In line with the Dutch Corporate Governance Code, the Company has provided the 2016 remuneration report in "Item 6. Directors, Senior Management and Employees—Compensation". In addition, various resolutions were adopted outside of these meetings.

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

Share ownership

The following table presents beneficial ownership of our shares which are held by our directors, Group Executive Committee members and Deputy CFO as of December 31, 2016:

	Ordinary shares (unrestricted)	Restricted stock(a)	Restricted stock units(a)(b)	Ordinary shares underlying options(c)	Fully diluted ownership percentage(d)
Directors:					
Salem Al Noaimi	—	2,037	2,497	3,954	*
Homaid Al Shimmari	—	—	—	—	*
James (Jim) Chapman	7,458	5,150	4,393	1,803	*
Paul Dacier (Vice Chairman)	10,109	4,488	3,255	5,728	*
Richard (Michael) Gradon	100	4,022	3,761	—	*
Marius Jonkhart	11,500	3,036	3,761	5,728	*
Aengus Kelly (CEO)(e)	691,008	1,640,867	—	—	1.3%
Pieter Korteweg (Chairman)	20,000	5,557	6,320	—	*
Robert (Bob) Warden	—	3,520	2,497	5,728	*
Walter McLallen	—	—	2,497	—	*
Total Directors	740,175	1,668,677	28,981	22,941	
Group Executive Committee (GEC)					
Members:					
Wouter (Erwin) den Dikken (COO)	275,549	—	814,968	100,000	*
Keith Helming (CFO)	422,950	461,298	—	—	*
Philip Scruggs	—	667,317	—	—	*
Deputy CFO:					
Peter Juhas (Deputy CFO)	29,025	—	225,000	—	*
Total Directors, GEC Members and Deputy CFO	1,467,699	2,797,292	1,068,949	122,941	

* Less than 1.0%.

- (a) All restricted stock and restricted stock units are subject to time-based or performance-based vesting conditions. Of these restricted stock and restricted stock units, subject to the vesting conditions, 4,917 will vest on January 1, 2017, 20,455 will vest on February 13, 2017, 479,089 will vest on May 31, 2017, 4,319 will vest on January 1, 2018, 42,124 will vest on February 17, 2018, 2,535,743 will vest on May 31, 2018, 20,347 will vest on February 19, 2019, 531,750 will vest on May 31, 2019, 225,000 will vest on September 13, 2019 and 2,497 will vest on January 1, 2020.
- (b) On January 18, 2016, the remaining 792,227 restricted stock units held by our CEO were converted to restricted stock, of which 531,750 were issued with the remaining stock being withheld and applied to pay the taxes involved. The converted restricted stock remained subject to restrictions and conditions identical to the restricted stock units, including vesting and forfeiture conditions.
- (c) 100,000 of these options expire on December 11, 2018 and carry a strike price of \$2.95 per option. 5,322 of these options expire on December 31, 2020 and carry a strike price of \$14.12 per option. 8,604 of these options expire on December 31, 2021 and carry a strike price of \$11.29 per option. The remaining 9,015 options expire on December 31, 2022 and carry a strike price of \$13.72 per option.
- (d) Percentage amount assumes the vesting and exercise of all time-based and performance-based equity awards in this table, and no vesting or exercise of any other equity awards.
- (e) Mr. Aengus Kelly is our Chief Executive Officer and an Executive Director of the Board.

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All of our ordinary shares have the same voting rights.

The address for all of our officers and directors is c/o AerCap Holdings N.V., AerCap House, 65 St. Stephen's Green, Dublin 2, Ireland.

Employees

The following table presents the number of employees relating to our aircraft leasing business at each of our principal geographic locations as of December 31, 2016, 2015 and 2014:

<u>Location</u>	<u>As of December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Dublin, Ireland	159	90	65
Shannon, Ireland	70	74	64
Los Angeles, California	60	72	63
Amsterdam, the Netherlands	45	90	89
Singapore	44	41	32
Other(a)	20	18	19
Total(b)	398	385	332

(a) Includes employees located in China, France, the United Kingdom, the United Arab Emirates and throughout the United States.

(b) Includes ten, seven and eight part-time employees as of December 31, 2016, 2015 and 2014, respectively.

None of our employees are covered by a collective bargaining agreement, and we believe that we maintain excellent employee relations.

In addition to the above, as of December 31, 2016, 2015 and 2014, we had 160, 411 and 390 employees, respectively, primarily located in Miami, Florida and Goodyear, Arizona relating to AeroTurbine, a subsidiary we are downsizing.

Item 7. Major Shareholders and Related Party Transactions

Major shareholders

Beneficial holders of 5% or more of our ordinary outstanding shares as of December 31, 2016, based on available public filings include: Wellington Management Co. LLP at 8.7% (15,312,014 shares), Greenlight Capital, Inc. at 7.2% (12,621,325 shares), Fidelity Management & Research Co. at 5.1% (9,014,924 shares) and Donald Smith & Company, Inc. at 5.1% (8,985,613 shares).

In addition, in the second half of 2014, Waha Capital PJSC entered into sale and funded collar transactions with respect to the entire amount of the ordinary shares they held. We understand Waha has the right to acquire, through a call right, up to the same number of shares that are the subject of the funded collar transactions (26,846,611 shares, which is 15.2% of our ordinary outstanding shares).

Furthermore, Waha Capital PJSC acquired 124,846 shares on December 14, 2015 and a further 3,875,154 shares on January 19, 2016. They subsequently sold these shares (4,000,000 shares) on November 22, 2016.

We do not register the jurisdiction of all record holders as this information is not always available. Specifically, the number of record holders in the United States is not known to the company and cannot be ascertained from public filings. All of our ordinary shares have the same voting rights.

Related party transactions

Please refer to Note 12—*Investments*, Note 28—*Variable interest entities* and Note 29—*Related party transactions* to our Consolidated Financial Statements included in this annual report for further details of transactions and loans between the Company and its related parties.

Item 8. Financial Information

Consolidated statements and other financial information

Please refer to pages F-1 through F-112 of this annual report.

Significant changes

Please refer to Note 33—*Subsequent events* to our Consolidated Financial Statements included in this annual report for a discussion of significant changes.

Item 9. The Offer and Listing

Offer and listing details

Not applicable.

Markets

AerCap's shares are traded on the NYSE under the symbol "AER".

Trading on the New York Stock Exchange

The following table presents, for the periods indicated, the high and low sales prices per ordinary share as reported on the NYSE Composite Tape:

	Price per AerCap Holdings N.V. ordinary share(a)	
	High (\$)	Low (\$)
Annual highs and lows		
2012	13.95	10.51
2013	39.10	13.73
2014	50.02	34.38
2015	51.50	37.42
2016	45.53	24.61
2016 and 2015 quarterly highs and lows		
Quarter 1 2015	47.09	37.42
Quarter 2 2015	51.50	43.55
Quarter 3 2015	49.04	37.47
Quarter 4 2015	46.32	37.75
Quarter 1 2016	42.42	24.61
Quarter 2 2016	42.34	31.45
Quarter 3 2016	40.94	31.66
Quarter 4 2016	45.53	38.20
2016 monthly highs and lows		
January	42.42	28.70
February	36.09	24.61
March	39.78	35.76
April	42.34	36.08
May	41.41	35.52
June	40.81	31.45
July	38.18	31.66
August	40.01	35.28
September	40.94	36.38
October	41.56	38.20
November	45.53	40.35
December	45.20	41.34
2017 monthly highs and lows		
January	44.59	41.54
February	49.66	43.93
March (through March 15, 2017)	46.59	44.54

(a) Share prices provided are intraday high and lows for all periods presented.

On March 15, 2017, the closing sales price for our ordinary shares on the NYSE as reported on the NYSE Composite Tape was \$45.36.

Item 10. Additional Information

Memorandum and articles of association

Set forth below is a summary description of our ordinary shares and related material provisions of our articles of association and of Book 2 of the Dutch Civil Code ("*Boek 2 van het Burgerlijk Wetboek*"), which governs the rights of holders of our ordinary shares. Please refer to "Item 6—Directors, Senior Management and Employees" for a discussion of Netherlands laws and our internal rules concerning directors' power to vote on proposals in which they are materially interested.

Ordinary share capital

Pursuant to our articles of association, our ordinary shares may only be held in registered form. All of our ordinary shares are registered in a register kept by us or on our behalf by our transfer agent. Transfer of registered shares requires a written deed of transfer and the acknowledgment by AerCap, subject to provisions stemming from private international law. Our ordinary shares are, in general, freely transferable.

Regulatory obligations regarding certain share transactions

AerCap Cash Manager Limited and AerCap Cash Manager II Limited, which are members of the AerCap group, are subject to regulation by the Central Bank of Ireland. As a result, the acquisition or disposal directly or indirectly of interests in AerCap shares or similar interests may be subject to regulatory requirements involving the Central Bank of Ireland as set forth below. The following disclosure is for informational purposes only and AerCap cannot provide Irish legal advice to actual or potential investors. Actual or potential investors in AerCap must obtain their own legal advice in relation to their position.

Under the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) (the "MiFID Regulations"), a person or a group of persons acting in concert proposing to acquire a direct or indirect holding of ordinary shares or other similar interests in AerCap must give the Central Bank of Ireland prior written notice of such proposed acquisition if the acquisition would directly or indirectly (i) represent 10% or more of the capital or voting rights in AerCap; (ii) result in the proportion of capital or voting rights in AerCap held by such person or persons reaching or exceeding 10%, 20%, 33% or 50% of the capital or voting rights in AerCap; or (iii) in the opinion of the Central Bank of Ireland, make it possible for that person or those persons to control or exercise a significant influence over the management of either or both of our entities subject to the regulation by the Central Bank of Ireland. Any such proposed acquisition shall not proceed until (a) the Central Bank of Ireland has informed such proposed acquirer or acquirers that it approves such acquisition or (b) the period prescribed in section 181 of the MiFID Regulations has elapsed without the Central Bank of Ireland having given notice in writing that it opposes such acquisition. It is important in this regard to note that the validity as a matter of Irish law of affected transactions, if completed without prior notification to, or assessment by, the Central Bank of Ireland, will not be recognized in Ireland. Corresponding provisions apply to the disposition of ordinary shares in AerCap, except that, in such case, no approval is required, but prior notice of the disposition must be given to the Central Bank of Ireland. The relevant regulated entities of the AerCap group are required under Irish law to notify the Central Bank of Ireland of relevant acquisitions or disposals of which they become aware.

Issuance of ordinary shares

The General Meeting of Shareholders can resolve upon the issuance of ordinary shares or the granting of rights to subscribe for ordinary shares, but only upon a proposal by the Board of Directors specifying the price and further terms and conditions. The General Meeting of Shareholders may designate our Board of Directors as the authorized corporate body for this purpose. Such designation may be for any period of up to five years and must specify the maximum number of ordinary shares that may be issued.

At the Annual General Meeting held in 2016, our shareholders resolved to authorize the Board of Directors, for a period of 18 months, to issue ordinary shares or grant rights to subscribe for ordinary shares *(i)* up to ten percent of the Company's issued share capital; and *(ii)* up to an additional ten percent of the Company's issued share capital, provided that the shares that may be issued and rights that may be granted pursuant to this second authorization may only be used for mergers and/or the acquisition of a business or a company.

These resolutions together authorize the Board of Directors to issue ordinary shares, and grant rights to subscribe for such shares, up to a maximum of 20% of the Company's issued share capital, subject to the conditions described in these resolutions.

Preemptive rights

Unless limited or excluded by the General Meeting of Shareholders or Board of Directors as described below, holders of ordinary shares have a pro rata preemptive right to subscribe for ordinary shares that we issue, except for ordinary shares issued for non-cash consideration (contribution in kind) or ordinary shares issued to our employees.

The General Meeting of Shareholders may limit or exclude preemptive rights and also designate our Board of Directors as the authorized corporate body for this purpose. At the Annual General Meeting held in 2016, our shareholders resolved to authorize the Board of Directors to limit or exclude preemptive rights in respect of any issuance of shares or granting of rights to subscribe for shares pursuant to the authorizations described above in the paragraph Issuance of ordinary shares, which authorization is valid for a period of 18 months.

Repurchase of our ordinary shares

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

- the General Meeting of Shareholders has authorized our Board of Directors to acquire the ordinary shares, which authorization may be valid for no more than 18 months;
- our equity, after deduction of the price of acquisition, is not less than the sum of the paid-in and called-up portion of the share capital and the reserves that the laws of the Netherlands or our articles of association require us to maintain; and
- we would not hold after such purchase, or hold as pledgee, ordinary shares with an aggregate par value exceeding such part of our issued share capital as set by law from time to time.

At the Annual General Meeting held in 2016, our shareholders resolved to authorize the Board of Directors for a period of 18 months *(i)* to repurchase ordinary shares up to ten percent of the Company's issued share capital; and *(ii)* to repurchase ordinary shares up to an additional ten percent of the Company's issued share capital, subject to the condition that the number of ordinary shares which the Company may at any time hold in its own capital will not exceed ten percent of the Company's issued share capital, and certain other conditions described in these resolutions.

Capital reduction and cancellation

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

At the Annual General Meeting held in 2016, our shareholders resolved to cancel the Company's ordinary shares that may be acquired under the repurchase authorizations described above or otherwise, subject to determination by our Board of Directors of the exact number of ordinary shares to be cancelled. During 2016, we cancelled 15,563,862 ordinary shares that we had repurchased.

General Meetings of Shareholders

Our articles of association determine how our annual General Meeting of Shareholders ("AGM") and any extraordinary General Meeting of Shareholders are convoked. At least one annual General Meeting of Shareholders must be held every year. Shareholders can exercise their voting rights by submitting their proxy forms or equivalent means prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders. Shareholders may exercise their meeting rights in person after notifying us prior to a set date and providing us with appropriate evidence of ownership of the shares and authority to vote prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders.

The rights of shareholders may only be changed by amending our articles of association. A resolution to amend our articles of association is valid if the Board of Directors makes a proposal amending the articles of association and such proposal is adopted by a simple majority of votes cast.

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

- capital reduction;
- exclusion or restriction of preemptive rights, or designation of the Board of Directors as the authorized corporate body for this purpose; and
- legal merger or legal demerger within the meaning of Title 7 of Book 2 of the Dutch Civil Code.

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

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

The Annual General Meeting of shareholders was held on May 11, 2016. The Annual General Meeting of shareholders adopted the 2015 annual accounts and voted for all other items which required a vote.

Voting rights

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

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

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

Liquidation rights

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

Dutch statutory squeeze-out proceedings

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

Choice of law and exclusive jurisdiction

Our articles of association provide that the legal relationship among or between us, any of our current or former directors, and any of our current or former holders of our shares and derivatives thereof, including but not limited to (i) actions under statute; (ii) actions under the articles of association, including actions for breach thereof; and (iii) actions in tort, shall be governed in each case exclusively by the laws of the Netherlands, unless such legal relationship does not pertain to or arise out of the capacities above. Any dispute, suit, claim, pre-trial action or other legal proceeding, including summary or injunctive proceedings, by and between those persons pertaining to or arising out of their capacities listed above shall be exclusively submitted to the courts of the Netherlands.

Adoption of annual accounts and discharge of management liability

Each year, our Board of Directors must prepare annual accounts within four months after the end of our financial year. The annual accounts must be made available for inspection by shareholders at our offices within the same period. The annual accounts must be accompanied by an auditor's certificate, an annual report and certain other mandatory information. The shareholders shall appoint an accountant, as referred to in Article 393 of Book 2 of the Dutch Civil Code, to audit the annual accounts. The annual accounts are adopted by our shareholders.

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

Disclosure of insider transactions

Members of our Board of Directors and our reporting officers report their transactions in AerCap equity interests to the SEC on a voluntary basis.

Registrar and transfer agent

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

Risk management and control framework

Our management is responsible for designing, implementing and operating an adequate functioning internal risk management and control framework. The purpose of this framework is to identify and manage the strategic, operational, financial and compliance risks to which we are exposed, to promote effectiveness and efficiency of our operations, to promote reliable financial reporting and to promote compliance with laws and regulations. Supervision is exercised by our Audit Committee, as described in "Item 6. Directors, Senior Management and Employees—Board Practices—Committees of the Board of Directors—Audit Committee". Our internal risk management and control framework is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (2013). The COSO framework aims to provide reasonable assurance regarding effectiveness and efficiency of an entity's operations, reliability of financial reporting, prevention of fraud and compliance with laws and regulations.

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

Planning and control cycle

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

Risk management and internal controls

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

Code of Conduct and Whistleblower Policy

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

Compliance procedures

AerCap has various procedures and programs in place designed to ensure compliance with relevant laws and regulations, including anti-insider trading procedures, anti-bribery procedures, anti-fraud procedures, economic sanctions and export control compliance procedures, anti-money laundering procedures and anti-trust procedures. AerCap's compliance officer is responsible for the design and effective operation of the compliance procedures and programs. The procedures are subject to regular audits by, or on behalf of, the internal audit function.

Internal auditors

We have an internal audit function in place to provide assurance to the Audit Committee, on behalf of the Board of Directors, and to AerCap's executive officers, with respect to AerCap's key processes. The internal audit function independently and objectively carries out audit assignments in accordance with the annual internal audit plan, as approved by the Audit Committee. The head of the internal audit function reports, in line with professional standards of the Institute of Internal Auditors, to the Audit Committee (functional reporting line) and to our Chief Executive Officer (administrative reporting line). The work of the internal audit department is fully endorsed by the Audit Committee and AerCap's executive officers and is considered a valuable part of AerCap's system of control and risk management.

Disclosure controls and procedures

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

External auditors

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

At the request of the Board of Directors and the Audit Committee, the Chief Financial Officer and the Internal Audit department review, in advance, each service to be provided by the auditor to identify any possible breaches of the auditor's independence. The Audit Committee pre-approves every engagement of our external auditor. In accordance with applicable regulations, the partner of the external audit firm in charge of the audit activities is subject to rotation requirements. The current signing partner will rotate off after 2017.

Material contracts

We have entered into several credit facilities and other financing arrangements to fund our acquisition of our aircraft. See Note 16 —*Debt* to our Consolidated Financial Statements included in this annual report for more information regarding our credit facilities and financing arrangements.

Exchange controls

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

Taxation

Effective as of February 1, 2016, we moved our headquarters and principal executive officers from Amsterdam, the Netherlands to Dublin, Ireland. From that date forward, AerCap Holdings N.V. has been managed and controlled from Ireland. As a result of the application of the tax treaty between the Netherlands and Ireland, we are no longer considered a resident of the Netherlands for tax purposes but instead a resident of Ireland for tax purposes.

Irish tax considerations

The following is a general summary of certain Irish tax consequences applicable to both Irish tax resident and non-Irish residents as a result of the holding and disposal of ordinary shares where and while we are considered a resident of Ireland for the purposes of Irish tax from February 1, 2016 onward. This summary is based on existing Irish law and our understanding of the practices of the Irish Revenue Commissioners as of the date of this annual report. Legislative, administrative or judicial changes may modify the tax consequences described below. The discussion below is included for general information purposes only.

Please note that this summary does not constitute tax advice and is intended only as a general guide. Furthermore, this information applies only to our shares that are held as capital assets and does not apply to all categories of shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes or shareholders who have, or who are deemed to have, acquired their shares by virtue of an office or employment.

This summary is not exhaustive and shareholders should consult their own tax advisers as to the tax consequences of acquiring, holding and disposing our ordinary shares in their particular circumstances.

Dividend withholding tax

Irish dividend withholding tax ("DWT"), (currently at a rate of 20%) will arise in respect of dividends or other distributions (including deemed distributions) we pay unless an exemption applies. A deemed distribution for these purposes would include, among other things, a payment made on the redemption, repayment or purchase of its own shares by a company except for such payments made by a quoted company in certain circumstances. Where DWT does arise in respect of dividends, the Company is responsible for deducting DWT at source and forwarding the relevant payment to the Irish Revenue Commissioners.

An exemption from DWT is available on dividend payments made to certain non-Irish tax resident shareholders ("Exempt Non-Resident Shareholders"). Exempt Non-Resident Shareholders must be resident in a Relevant Territory (i.e. a country with which Ireland has a double tax treaty), which includes the United States and member states of the European Union (other than Ireland). Exempt Non-Resident Shareholders include:

- individual shareholders (not being a company) who are not tax resident in Ireland and who are resident for the purposes of tax in a Relevant Territory;

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- corporate shareholders resident for the purposes of tax in a Relevant Territory and which are not controlled (directly or indirectly) by Irish tax residents;
- corporate shareholders that are not resident in Ireland for the purposes of tax, which are under the direct or indirect control of persons who are resident for the purposes of tax in a Relevant Territory and are not under the ultimate control of persons not resident in a Relevant Territory; or
- corporate shareholders, that are not resident for tax purposes in Ireland, the principal class of shares of which (or of its 75% parent or where wholly owned by two or more companies, each such company) is substantially and regularly traded on a stock exchange in Ireland, a recognized stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance (which includes the New York Stock Exchange),

and provided that, in all cases noted above (but subject to the exception in the paragraph below regarding "U.S. resident shareholders"), the Exempt Non-Resident Shareholder has provided a relevant DWT declaration, as prescribed by the Irish Revenue Commissioners, to his or her broker before the record date for the dividend, and the relevant information is further transmitted to the Company (in the case of shares held through the Depository Trust Company ("DTC")) or to our transfer agent (in the case of shares held outside of the DTC).

U.S. resident shareholders

A simplified DWT exemption procedure exists for U.S. resident shareholders who hold their shares in the Company through the DTC. The simplified procedures provide that such shareholders are not required to complete the Irish Revenue Commissioners' DWT declaration form but can still avail of the exemption from DWT provided the address of the beneficial owner of the shares in the records of the broker is in the United States. We strongly recommend that such shareholders ensure that their information has been properly recorded by their brokers. In order for this simplified procedure to apply, the dividends must be paid via a "qualifying intermediary" as discussed further below.

Dividends paid in respect of shares in an Irish resident company that are owned by residents of the United States and held outside of the DTC will not be subject to DWT provided that the shareholder has completed the relevant DWT declaration form and this declaration form remains valid. Such shareholders must provide the relevant DWT declaration form to our transfer agent at least seven business days before the record date for the first dividend payment to which they are entitled.

If a U.S. resident shareholder receives a dividend subject to DWT, that shareholder should generally be able to make an application for a refund of DWT from the Irish Revenue Commissioners, subject to certain time limits.

Distributions to a qualifying intermediary

A distribution made by the Company to a "qualifying intermediary" (for example a bank or stockbroking firm) approved by the Irish Revenue Commissioners is exempt from DWT if the ultimate beneficial owner is an Exempt Non-Resident Shareholder. In such instances, the qualifying intermediary is required to identify the person who is beneficially entitled to the distribution and to ensure that the prescribed declarations are in place in advance of the dividend payment, or in the case of U.S. residents which hold our shares through the DTC, that the address of the beneficial owner of the shares is in the United States. The Company must apply DWT to a distribution unless it has been notified by the qualifying intermediary that the distribution to be received by the qualifying intermediary is for the benefit of an Exempt Non-Resident Shareholder.

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Prior to paying any dividend, the Company intends to put in place an agreement with an entity which is recognized by the Irish Revenue Commissioners as a "qualifying intermediary", such that any dividends paid by the Company will be paid via a qualifying intermediary.

Other non-resident persons

Shareholders that do not fall within one of the categories mentioned above may fall within other exemptions from DWT. If a shareholder is exempt from DWT but receives a dividend subject to DWT, that shareholder may be able to claim a refund of DWT from the Irish Revenue Commissioners subject to certain time limits.

Irish resident shareholders

Irish tax resident or ordinarily resident individual shareholders will generally be subject to DWT in respect of dividends or distributions received from an Irish resident company (with some limited exemptions). Irish tax resident individual shareholders will be allowed a tax credit for the amount of DWT suffered on the dividend against their Irish income tax charge on the dividend income. Irish tax resident corporate shareholders will generally be entitled to claim an exemption from DWT.

Irish tax resident or ordinarily resident shareholders that are entitled to receive dividends without DWT must complete the relevant DWT declaration form, as prescribed by the Irish Revenue Commissioners, and provide the declaration form to their brokers before the record date for the first dividend to which they are entitled (in the case of shares held through the DTC), or to our transfer agent at least seven business days before such record date (in the case of shares held outside of the DTC).

Irish tax resident or ordinarily resident individual shareholders who are not entitled to an exemption from DWT and who are subject to Irish tax should consult their own tax adviser.

Irish income tax on dividends

Non-Irish resident shareholders

A shareholder who is not resident or ordinarily resident for tax purposes in Ireland and who is entitled to an exemption from DWT, generally has no liability to Irish income tax on a dividend from an Irish resident company unless that shareholder holds the shares through a branch or agency which carries on a trade in Ireland.

A shareholder who is not resident or ordinarily resident for tax purposes in Ireland and who is not entitled to an exemption from DWT, generally has no additional liability to Irish income tax unless that shareholder holds the shares through a branch or agency which carries on a trade in Ireland. The shareholder's liability to Irish tax on the dividend is effectively limited to the amount of DWT already deducted by the Company.

Irish resident shareholders

Irish tax resident or ordinarily resident individual shareholders may be subject to Irish income tax and income charges such as pay related social insurance ("PRSI") and the Universal Social Charge ("USC") on the gross amount of any dividends received from the Company, with a credit allowed for any DWT suffered on the dividend. Such shareholders should consult their own tax adviser. Irish tax resident corporate shareholders should generally not be subject to Irish corporation tax on dividends from the Company.

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Irish stamp duty

Irish stamp duty will generally not be payable on transactions for cash in the Company's shares, unless the transfer of the shares is related to either immovable property situated in Ireland or any interest in such property or to shares or marketable securities of an Irish incorporated company. In such cases a 1% stamp duty charge will arise for the acquirer based on the transfer consideration for the shares.

Irish tax on chargeable gains

Non-residents of Ireland

A disposal of our shares by a shareholder who is not resident or ordinarily resident for tax purposes in Ireland should not give rise to Irish tax on any chargeable gain realized on such disposal unless such shares are used, held or acquired for the purposes of a trade carried on by such shareholder through a branch or agency in Ireland.

Irish resident individuals/companies

A disposal of our shares by an Irish tax resident or ordinarily resident shareholder may, depending on the circumstances (including the availability of exemptions and reliefs), give rise to a chargeable gain or allowable loss for that shareholder. Any such gain or loss must be calculated in euro. The rate of capital gains tax in Ireland is currently 33%. Depending on the individual circumstances, unutilized capital losses from other sources may be available to reduce gains realized on the disposal of our shares.

A holder of our shares who is an Irish tax resident individual and becomes temporarily non-resident in Ireland may, under Irish anti-avoidance legislation, be liable to Irish tax on any chargeable gain realized on a disposal during the period in which such individual is non-resident.

Irish capital acquisitions tax

On a gift or inheritance of our shares, Irish capital acquisitions tax ("CAT"), will arise where either the disponer and/or the recipient is tax resident or ordinary resident in Ireland. Special rules with regard to residence apply where an individual is not domiciled in Ireland. Where both the disponer and the recipient are not Irish tax resident or ordinary resident, Irish CAT may still arise on a gift or inheritance of shares in the Company, if they are deemed to be situated in Ireland at the time. The current rate of Irish CAT for gifts and inheritances is 33% and there are various thresholds which apply before CAT becomes applicable.

The Estate Tax convention between Ireland and the United States generally provides for Irish CAT paid on inheritances in Ireland to be credited, in whole or in part, against tax payable in the United States, in the case where an inheritance of shares is subject to both Irish CAT and U.S. Federal Estate Tax. The Estate Tax Convention does not apply to Irish CAT paid on gifts.

U.S. tax considerations

Subject to the limitations and qualifications stated herein, this discussion sets forth the material U.S. federal income tax consequences of the purchase, ownership and disposition of the ordinary shares. The discussion of the holders' tax consequences addresses only those persons that hold those ordinary shares as capital assets for U.S. federal income tax purposes and does not address the tax consequences to any special class of holder, including without limitation, holders of (directly, indirectly or constructively) 10% or more of the total combined voting power, if any, of our ordinary shares, dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, financial institutions, broker dealers, regulated investment companies, real estate investment trusts, traders in securities that elect the mark-to-market method of accounting for their securities holdings, persons that hold securities that are a hedge or that are hedged against currency or interest rate risks or that are part of a straddle, conversion or "integrated" transaction, certain U.S. expatriates, partnerships or other entities classified as partnerships for U.S. federal income tax purposes and U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar. This discussion does not address the effect of the U.S. federal alternative minimum tax or any state, local or foreign tax laws on a holder of ordinary shares. The discussion is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of ordinary shares that is for U.S. federal income tax purposes an individual citizen or resident of the U.S.; a U.S. corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; a trust if the trust (i) is subject to the primary supervision of a U.S. court and one or more U.S. persons are able to control all substantial decisions of the trust; or (ii) has elected to be treated as a U.S. person; or an estate the income of which is subject to U.S. federal income tax regardless of its source. A "non-U.S. Holder" is a beneficial owner of our ordinary shares that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds the shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and activities of the partnership. Partnerships holding shares and partners therein should consult their own tax advisors as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of the shares.

Cash dividends and other distributions

A U.S. Holder of ordinary shares generally will be required to treat distributions received with respect to such ordinary shares (including any amounts withheld) as dividend income to the extent of AerCap's current or accumulated earnings and profits (computed using U.S. federal income tax principles), with the excess treated as a non-taxable return of capital to the extent of the holder's adjusted tax basis in the ordinary shares and, thereafter, as capital gain, subject to the PFIC rules discussed below. Dividends paid to a U.S. Holder that is a corporation are not eligible for the dividends received deduction available to corporations. Current tax law provides for a maximum 20% U.S. tax rate on the dividend income of an individual U.S. Holder with respect to dividends paid by a domestic corporation or "qualified foreign corporation" if certain holding period requirements are met. A qualified foreign corporation generally includes a foreign corporation (other than a PFIC) if (i) its ordinary shares are readily tradable on an established securities market in the United States; or (ii) it is eligible for benefits under a comprehensive U.S. income tax treaty. The ordinary shares are expected to be readily traded on the NYSE. As a result, assuming we are not treated as a PFIC, we should be treated as a qualified foreign corporation with respect to dividends paid on our ordinary shares and, therefore, dividends paid to an individual U.S. Holder with respect to ordinary shares for which the requisite holding period is satisfied should be taxed at a maximum federal tax rate of 20%.

Distributions to U.S. Holders of additional ordinary shares or preemptive rights with respect to ordinary shares that are made as part of a *pro rata* distribution to all of our shareholders generally will not be subject to U.S. federal income tax, but in other circumstances may constitute a taxable dividend.

Distributions paid in a currency other than U.S. dollars will be included in a U.S. Holder's gross income in a U.S. dollar amount based on the spot exchange rate in effect on the date of actual or constructive receipt whether or not the payment is converted into U.S. dollars at that time. The U.S. Holder will have a tax basis in such currency equal to such U.S. dollar amount, and any gain or loss recognized upon a subsequent sale or conversion of the foreign currency for a different U.S. dollar amount will be U.S. source ordinary income or loss. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to applicable limitations that may vary depending upon the circumstances, foreign taxes withheld from dividends on ordinary shares, to the extent the taxes do not exceed those taxes that would have been withheld had the holder been eligible for and actually claimed the benefits of any reduction in such taxes under applicable law or tax treaty, will be creditable against the U.S. Holder's federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, prospective purchasers of ordinary shares should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, a U.S. Holder may, at his election, deduct such otherwise creditable foreign taxes in computing his taxable income, subject to generally applicable limitations under U.S. law.

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on dividends paid with respect to ordinary shares unless such income is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States.

Sale or disposition of ordinary shares

A U.S. Holder generally will recognize gain or loss on the taxable sale or exchange of the ordinary shares in an amount equal to the difference between the U.S. dollar amount realized on such sale or exchange (determined in the case of shares sold or exchanged for currencies other than U.S. dollars by reference to the spot exchange rate in effect on the date of the sale or exchange or, if the ordinary shares sold or exchanged are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date) and the U.S. Holder's adjusted tax basis in the ordinary shares determined in U.S. dollars. The initial tax basis of the ordinary shares to a U.S. Holder will be the U.S. Holder's U.S. dollar purchase price for the shares (determined by reference to the spot exchange rate in effect on the date of the purchase, or if the shares purchased are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date). Assuming that AerCap is not a PFIC and has not been treated as a PFIC during your holding period for our ordinary shares, such gain or loss will be capital gain or loss and will be long-term gain or loss if the ordinary shares have been held for more than one year. Under current law, the maximum long-term capital gain rate for an individual U.S. Holder is 20%. The deductibility of capital losses is subject to limitations. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

A non-U.S. Holder of ordinary shares will not be subject to United States income or withholding tax on gain from the sale or other disposition of ordinary shares unless (i) such gain is effectively connected with the conduct of a trade or business within the United States; or (ii) the non-U.S. Holder is an individual who is present in the United States for at least 183 days during the taxable year of the disposition and certain other conditions are met.

Potential application of PFIC provisions

We do not believe we will be classified as a PFIC for 2016. We cannot yet make a determination as to whether we will be classified as a PFIC for 2017 or subsequent years. In general, a non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (i) at least 75% of its gross income is "passive income"; or (ii) at least 50% of the average value of its gross assets is attributable to assets that produce "passive income" or are held for the production of "passive income". Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities, foreign currency and securities transactions. Certain exceptions are provided, however, for rental income derived in the active conduct of a business.

The determination as to whether a foreign corporation is a PFIC is a complex determination that is based on all of the relevant facts and circumstances and that depends on the classification of various assets and income under applicable rules. It is unclear how some of these rules apply to us. Further, this determination must be tested annually at the end of the taxable year and, while we intend to conduct our affairs in a manner that will reduce the likelihood of our becoming a PFIC, our circumstances may change or our business plan may result in our engaging in activities that could cause us to become a PFIC. Accordingly, there can be no assurance that we will not be classified as a PFIC for the current taxable year or any future taxable year.

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If we are or become a PFIC in a taxable year in which we pay a dividend or the prior taxable year, the dividend rate discussed above with respect to dividends paid to non-corporate holders would not apply. If we are a PFIC, subject to the discussion of the mark-to-market election and the qualified electing fund election below, a U.S. Holder of ordinary shares will be subject to additional tax and an interest charge on "excess distributions" received with respect to the ordinary shares or gains realized on the disposition of such ordinary shares. Such a U.S. Holder will have an excess distribution if distributions during any tax year exceed 125% of the average amount received during the three preceding tax years (or, if shorter, the U.S. Holder's holding period). A U.S. Holder may realize gain on an ordinary share not only through a sale or other disposition, but also by pledging the ordinary share as security for a loan or entering into certain constructive disposition transactions. To compute the tax on an excess distribution or any gain, (i) the excess distribution or gain is allocated ratably over the U.S. Holder's holding period; (ii) the amount allocated to the current tax year and amounts allocated to any year before the first year in which we are a PFIC is taxed as ordinary income in the current tax year; and (iii) the amount allocated to each previous tax year (other than any year before the first year in which we are a PFIC) is taxed at the highest applicable marginal rate in effect for that year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax. These rules effectively prevent a U.S. Holder from treating the gain realized on the disposition of an ordinary share as capital gain.

If we are a PFIC and our ordinary shares are "regularly traded" on a "qualified exchange," a U.S. Holder may make a mark-to-market election, which may mitigate the adverse tax consequences resulting from AerCap's PFIC status. The ordinary shares will be treated as "regularly traded" in any calendar year during which more than a *de minimis* quantity of ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter. The NYSE, on which the ordinary shares are expected to be regularly traded, is a qualified exchange for U.S. federal income tax purposes.

If a U.S. Holder makes the mark-to-market election, for each year in which we are a PFIC the holder generally will include as ordinary income the excess, if any, of the fair market value of the ordinary shares at the end of the taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder makes the election, his basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. Any gain recognized on the sale or other disposition of ordinary shares, for which the mark-to-market election has been made, will generally be treated as ordinary income.

Alternatively, if we become a PFIC in any year, a U.S. Holder of ordinary shares may wish to avoid the adverse tax consequences resulting from our PFIC status by making a qualified electing fund ("QEF") election with respect to our ordinary shares in such year. If a U.S. Holder makes a QEF election, the holder will be required to include in gross income each year (i) as ordinary income, its *pro rata* share of our earnings and profits in excess of net capital gains; and (ii) as long-term capital gains, its *pro rata* share of our net capital gains, in each case, whether or not cash distributions are actually made. The amounts recognized by a U.S. Holder making a QEF election generally are treated as income from sources outside the U.S. If, however, U.S. Holders hold at least half of the ordinary shares, a percentage of our income equal to the proportion of our income that we receive from U.S. sources will be U.S. source income for the U.S. Holders of ordinary shares. Because a U.S. Holder of shares in a PFIC that makes a QEF election is taxed currently on its *pro rata* share of our income, the amounts recognized will not be subject to tax when they are distributed to the U.S. Holder. An electing U.S. Holder's basis in the ordinary shares will be increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution. If we are or become a PFIC, a U.S. Holder would make a QEF election in respect of its ordinary shares by attaching a properly completed IRS Form 8621 in respect of such shares to the holder's timely filed U.S. federal income tax return. For any taxable year that we determine that we are a PFIC, we will (i) provide notice of our status as a PFIC as soon as practicable following such taxable year; and (ii) comply with all reporting requirements necessary for U.S. Holders to make QEF elections, including providing to shareholders upon request the information necessary for such an election.

Although a U.S. Holder normally is not permitted to make a retroactive QEF election, a retroactive election (a "retroactive QEF election") may be made for a taxable year of the U.S. Holder (the "retroactive election year") if the U.S. Holder (i) reasonably believed that, as of the date the QEF election was due, the foreign corporation was not a PFIC for its taxable year that ended during the retroactive election year; and (ii) to the extent provided for in applicable Treasury Regulations, filed a protective statement with respect to the foreign corporation, applicable to the retroactive election year, in which the U.S. Holder described the basis for its reasonable belief and extended the period of limitation on the assessment of taxes for all taxable years of the shareholder to which the protective statement applies. If required to be filed to preserve the U.S. Holder's ability to make a retroactive QEF election, the protective statement must be filed by the due date of the investor's return (including extensions) for the first taxable year to which the statement is to apply. U.S. Holders should consult their own tax advisors regarding the advisability of filing a protective statement.

As discussed above, if we are a PFIC, a U.S. Holder of ordinary shares that makes a QEF election (including a proper retroactive QEF election) will be required to include in income currently its *pro rata* share of our earnings and profits whether or not we actually distribute earnings. The use of earnings to fund reserves or pay down debt or to fund other investments could result in a U.S. Holder of ordinary shares recognizing income in excess of amounts it actually receives. In addition, our income from an investment for U.S. federal income tax purposes may exceed the amount we actually receive. If we are a PFIC and a U.S. Holder makes a valid QEF election in respect of its ordinary shares, such holder may be able to elect to defer payment, subject to an interest charge for the deferral period, of the tax on income recognized on account of the QEF election. Prospective purchasers of ordinary shares should consult their own tax advisors about the advisability of making a QEF election, protective QEF election and deferred payment election.

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Miscellaneous itemized deductions of an individual U.S. person can only be deducted to the extent that all of such person's miscellaneous itemized deductions exceed 2% of its adjusted gross income. In addition, an individual's miscellaneous itemized deductions are not deductible for purposes of computing the alternative minimum tax. Certain expenses of AerCap might be a miscellaneous itemized deduction if incurred by an individual. A U.S. person that owns an interest in a "pass-through entity" is treated as recognizing income in an amount corresponding to its share of any item of expense that would be a miscellaneous itemized deduction and as separately deducting that item subject to the limitations described above. If it is determined that we are a PFIC, the IRS could take the position that we are a "pass-through entity" with respect to a U.S. Holder of ordinary shares that makes a QEF election.

Special rules apply to determine the foreign tax credit with respect to withholding taxes imposed on distributions on shares in a PFIC. If a U.S. Holder owns ordinary shares during any year in which we are a PFIC, such holder must file Internal Revenue Service Form 8621.

We urge prospective purchasers of ordinary shares to consult their own tax advisors concerning the tax considerations relevant to an investment in a PFIC, including the availability and consequences of making the mark-to-market election and QEF election discussed above.

Additional tax on net investment income

Certain U.S. Holders that are individuals, trusts or estates may be subject to a 3.8% tax, in addition to otherwise applicable U.S. federal income tax, on the lesser of (i) the U.S. Holder's "net investment income" (or undistributed "net investment income," in the case of a trust or estate) for the relevant taxable year; and (ii) the excess of the U.S. Holder's modified adjusted gross income (or adjusted gross income, in the case of a trust or estate) for the relevant taxable year above a certain threshold (which in the case of an individual ranges from \$125,000 to \$250,000, depending on the individual's circumstances). A U.S. Holder's "net investment income" generally includes, among other things, dividend income on and capital gain from the disposition of shares, subject to certain exceptions. Holders should consult their own tax advisors regarding the applicability of this tax to the ordinary shares.

Information reporting and backup withholding

Information reporting to the U.S. Internal Revenue Service generally will be required with respect to payments on the ordinary shares and proceeds of the sale of the ordinary shares paid to holders that are U.S. taxpayers, other than certain corporations and other exempt recipients. A 28% "backup" withholding tax may apply to those payments if such a holder fails to provide a taxpayer identification number to the paying agent and to certify that no loss of exemption from backup withholding has occurred. Holders that are not subject to U.S. taxation may be required to comply with applicable certification procedures to establish that they are not U.S. taxpayers in order to avoid the application of such information reporting requirements and backup withholding. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the holder's U.S. federal income tax liability, if any, provided the required information is furnished to the U.S. Internal Revenue Service.

The above discussion is a general summary. It does not cover all tax matters that may be of importance to particular investors. All prospective investors are strongly urged to consult their own tax advisors about the tax consequences of an investment in our ordinary shares.

Dividends

Dividends may in principle only be paid out of profit as shown in the adopted annual accounts. We will only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent our equity exceeds the sum of the paid and called up portion of the ordinary share capital and the reserves that must be maintained in accordance with provisions of the laws of the Netherlands or our articles of association. The profits must first be used to set up and maintain reserves required by law and must then be set off against certain financial losses. We may not make any distribution of profits on ordinary shares that we hold and have not done so in the past. Our Board of Directors determines whether and how much of the remaining profit it will reserve, and, if the Board of Directors determines that not all of the remaining profit is reserved, the manner and date of a dividend distribution, and notifies shareholders.

All calculations to determine the amounts available for dividends will be based on our annual Dutch GAAP statutory accounts, which may be different from our Consolidated Financial Statements under U.S. GAAP, such as those included in this annual report. Our statutory accounts have to date been prepared, and will continue to be prepared, under Dutch GAAP and are deposited with the Commercial Register in Amsterdam, the Netherlands. Our net income for the year ended December 31, 2015 and our shareholders' equity as of December 31, 2015 as set forth in our annual statutory accounts were \$1,078.5 million and \$8,118.6 million, respectively. We are dependent on dividends or other advances from our operating subsidiaries to fund any dividends we may pay on our ordinary shares.

Documents on display

You may read and copy any document we file with or furnish to the SEC, including this report, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. You can review our SEC filings, including this annual report, by accessing the SEC's Internet website at www.sec.gov. In addition, you may inspect material we file at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure is interest rate risk associated with short- and long-term borrowings bearing variable interest rates and lease payments under leases tied to floating interest rates. To manage this interest rate exposure, from time to time, we enter into interest rate swap and cap agreements. We are also exposed to foreign currency risk, which can adversely affect our operating profits. To manage this risk, from time to time, we enter into forward exchange contracts.

The following discussion should be read in conjunction with Note 13—*Derivative assets and liabilities* and Note 16—*Debt* to our Consolidated Financial Statements included in this annual report, which provide further information on our debt and derivative financial instruments.

Interest rate risk

Interest rate risk is the exposure to changes in the level of interest rates and the spread between different interest rates. Interest rate risk is highly sensitive to many factors, including government monetary policies, global economic factors and other factors beyond our control.

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We enter into leases with rents that are based on fixed and variable interest rates, and we fund our operations primarily with a mixture of fixed and floating rate debt. Interest rate exposure arises when there is a mismatch between terms of the associated debt and interest earning assets, primarily between floating rate debt and fixed rate leases. We manage this exposure primarily through the use of interest rate caps, interest rate swaps and interest rate floors using a cash flow-based risk management model. This model takes the expected cash flows generated by our assets and liabilities and then calculates by how much the value of these cash flows will change for a given movement in interest rates.

The principal amount of our outstanding floating rate debt was approximately \$8.1 billion, or approximately 30% of the total principal amount of our outstanding indebtedness as of December 31, 2016. If interest rates were to increase by 1%, we would expect an average increase in interest expense on our floating rate indebtedness of approximately \$30 million to \$35 million per year, including the offsetting benefits of interest rate derivatives currently in effect, leases that are based on variable interest rates and interest earning cash balances. A decrease in interest rates would result in a decrease in our interest expense, which would be partially offset by a decrease in the interest revenue and lease revenue. This sensitivity analysis is limited by several factors, and should not be viewed as a forecast.

The following tables present the average notional amounts and weighted average interest rates which are contracted for the specified year for our derivative financial instruments that are sensitive to changes in interest rates, including our interest rate caps and swaps, as of December 31, 2016. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Under our interest rate caps, we will receive the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap. For our interest rate swaps, pay rates are based on the fixed rate which we are contracted to pay to our swap counterparty.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Thereafter</u>	<u>Fair value</u>
(U.S. dollar amounts in millions)							
Interest rate caps							
Average notional amounts	\$ 3,105.2	\$ 2,420.5	\$ 1,732.4	\$ 1,086.5	\$ 706.4	\$ 192.7	\$ 30.4
Weighted average strike rate	2.2%	2.3%	2.2%	2.2%	2.2%	2.0%	

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Thereafter</u>	<u>Fair value</u>
(U.S. dollar amounts in millions)							
Interest rate swaps							
Average notional amounts	\$ 409.1	\$ 379.3	\$ 349.5	\$ 320.9	\$ —	\$ —	\$ 6.8
Weighted average pay rate	1.1%	1.1%	1.1%	1.1%	—%	—%	

The variable benchmark interest rates associated with these instruments ranged from one- to three-month U.S. dollar LIBOR.

Our Board of Directors is responsible for reviewing our overall interest rate management policies. Our counterparty risk is monitored on an ongoing basis, but is mitigated by the fact that the majority of our interest rate derivative counterparties are required to collateralize in the event of their downgrade by the rating agencies below a certain level.

Foreign currency risk and foreign operations

Our functional currency is U.S. dollars. Foreign exchange risk arises from our and our lessees' operations in multiple jurisdictions. All of our aircraft purchase agreements are negotiated in U.S. dollars, we currently receive substantially all of our revenue in U.S. dollars and we pay our expenses primarily in U.S. dollars. We currently have a limited number of leases denominated in foreign currencies, maintain part of our cash in foreign currencies, pay taxes in foreign currencies, and incur some of our expenses in foreign currencies, primarily the Euro. A decrease in the U.S. dollar in relation to foreign currencies increases our lease revenue received from foreign currency denominated leases and our expenses paid in foreign currencies. An increase in the U.S. dollar in relation to foreign currencies decreases our lease revenue received from foreign currency denominated leases and our expenses paid in foreign currencies. Because we currently receive most of our revenues in U.S. dollars and pay most of our expenses in U.S. dollars, a change in foreign exchange rates would not have a material impact on our results of operations or cash flows. We do not have any restrictions or repatriation issues associated with our foreign cash accounts.

Inflation

Inflation generally affects our costs, including selling, general and administrative expenses and other expenses. We do not believe that our financial results have been, or will be in the near future, materially and adversely affected by inflation.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in this report is recorded, processed, summarized and reported on a timely basis. Our management and the members of our Disclosure Committee, has evaluated, as of December 31, 2016, our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2016, our disclosure controls and procedures are effective. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to AerCap's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2016. The assessment was based on criteria established in the framework Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in 2013. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2016.

Attestation report of the registered public accounting firm

PricewaterhouseCoopers Accountants N.V., the independent registered public accounting firm that audited our Consolidated Financial Statements included in this annual report, audited the effectiveness of our internal controls over financial reporting as of December 31, 2016 under the standards of the Public Company Accounting Oversight Board (United States). Their audit report may be found on page F-2.

Changes in internal control over financial reporting

There were no changes in AerCap's internal controls over financial reporting during the year of 2016 that materially affected, or were reasonably likely to materially affect, the effectiveness of the internal controls over financial reporting.

Item 16A. Audit Committee Financial Expert

Our Board of Directors has determined that James (Jim) Chapman and Marius Jonkhart are "audit committee financial experts", as that term is defined by SEC rules. All members of the Audit Committee are "independent", as that term is defined under applicable NYSE listing standards.

Item 16B. Code of Ethics

Our Board of Directors has adopted our Code of Conduct, a code that applies to the members of our Board of Directors, including its Chairman, our officers and employees, including the Chief Financial Officer and the Chief Accounting Officer. This code is publicly available on our website at www.aercap.com.

Item 16C. Principal Accountant Fees and Services

Our auditors charged the following fees for professional services rendered for the years ended December 31, 2016 and 2015:

	Year Ended	
	December 31,	
	2016	2015
	(U.S. dollar amounts in thousands)	
Audit fees	\$ 5,099	\$ 7,731
Audit-related fees	36	22
Tax fees	737	1,494
All other fees	131	326
Total	\$ 6,003	\$ 9,573

Audit Fees

Audit fees are defined as the standard audit work that needs to be performed each year in order to issue opinions on our consolidated financial statements and to issue reports on our local statutory financial statements. Also included are services that can only be provided by our auditor, such as auditing of non-recurring transactions and implementation of new accounting policies, reviews of quarterly financial results, consents and comfort letters and any other audit services required for SEC or other regulatory filings.

Audit-Related Fees

Audit-related fees include those other assurance services provided by the independent auditor but not restricted to those that can only be provided by the auditor signing the audit report.

Tax Fees

Tax fees relate to the aggregated fees for services rendered on tax compliance.

All Other Fees

All other fees relates to fees for services rendered on Extensible Business Reporting Language ("XBRL") financial information compliance.

Policy on Pre-Approval of Audit and Non-Audit Services of Independent Auditors

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by our auditor. These services may include audit services, audit related services, tax services and other services, as described above. Pre-approval is detailed as to the particular service or categories of services, and is subject to a specific budget. Our management and our auditor report to the Audit Committee regarding the extent of services provided in accordance with this pre-approval and the fees for the services performed to date on an annual basis. The Audit Committee may also pre-approve additional services on a case-by-case basis. All audit-related fees and tax fees were approved by the Audit Committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table presents repurchases of our ordinary shares made by us during the year ended December 31, 2016:

	Number of ordinary shares purchased	Average price paid per ordinary share	Total number of ordinary shares purchased as part of our publicly announced program	Maximum dollar value of ordinary shares that may yet be purchased under the program (U.S. dollar amounts in millions)(a)
January 2016	—	\$ —	—	\$ —
February 2016	1,593,768	34.15	1,593,768	345.6
March 2016	3,821,112	37.47	3,821,112	202.4
April 2016	2,073,209	39.43	2,073,209	120.7
May 2016	3,101,053	38.32	3,101,053	251.9
June 2016	2,530,264	36.53	2,530,264	159.4
July 2016	1,851,495	35.52	1,851,495	93.6
August 2016	2,026,452	38.39	2,026,452	265.8
September 2016	2,334,879	38.90	2,334,879	175.0
October 2016	1,473,000	40.07	1,473,000	116.0
November 2016	2,073,900	43.39	2,073,900	276.0
December 2016	2,133,846	43.12	2,133,846	184.0
Total	25,012,978	\$ 38.62	25,012,978	\$ 184.0

- (a) In February 2016, our Board of Directors approved a share repurchase program authorizing total repurchases of up to \$400 million of AerCap ordinary shares through June 30, 2016. We completed this share repurchase program on June 1, 2016.

In May 2016, our Board of Directors approved another share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares through September 30, 2016. We completed this share repurchase program on September 7, 2016.

In August 2016, our Board of Directors approved another share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares through December 31, 2016. We completed this share repurchase program on December 8, 2016.

In November 2016, our Board of Directors approved another share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares through March 31, 2017. We completed this share repurchase program on March 6, 2017.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

The NYSE requires U.S. domestic entities with shares listed on the exchange to comply with its corporate governance standards. As we are a foreign private issuer, however, the NYSE only requires us to comply with certain NYSE rules relating to audit committees and periodic certifications to the NYSE as long as we comply with home country corporate governance standards (in our case, Dutch corporate governance standards). The NYSE requires that we disclose to investors any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under NYSE requirements.

Among these differences, shareholder approval is required by the NYSE prior to the issuance of ordinary shares:

- to a director, officer or substantial security holder of the company (or their affiliates or entities in which they have a substantial interest) in excess of one percent of either the number of ordinary shares or the voting power outstanding before the issuance, with certain exceptions;
- that will have voting power or number equal to or in excess of 20% of either the voting power or the number of shares, respectively, outstanding before the issuance, with certain exceptions; or
- that will result in a change of control of the issuer.

Under Dutch rules, shareholders can delegate authority to issue ordinary shares to the Board of Directors at the annual general meeting of shareholders. In the past, our shareholders have delegated authority to issue ordinary shares to our Board at our annual general meeting of shareholders.

In some situations, NYSE rules are more stringent, and in others the Dutch rules are. Other significant differences include:

- NYSE rules require shareholder approval for changes to equity compensation plans, but under Dutch rules, shareholder approval is only required for changes to equity compensation plans for members of the Board of Directors;
- under Dutch corporate governance rules, the audit and remuneration committees may not be chaired by the Chairman of the Board;
- under Dutch rules, auditors must be appointed by the general meeting of shareholders, but NYSE rules require only that they be appointed by the audit committee;
- both NYSE and Dutch rules require that a majority of the Board of Directors be independent, but the definition of independence under each set of rules is not identical. For example, Dutch rules require a longer "look-back" period for former directors; and
- Dutch rules permit deviation from the rules if the deviations are explained in accordance with the rules, but NYSE rules do not allow such deviations.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

Please refer to pages F-1 through F-112 of this annual report.

Item 19. Exhibits

We have filed the following documents as exhibits to this annual report:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
1.1	Articles of Association (filed as an exhibit to our Form 20-F for the year ended December 31, 2013 and incorporated herein by reference)
2.1	AerCap Holdings N.V. 2006 Equity Incentive Plan (including form of Stock Option Agreement) (filed as an exhibit to our Registration Statement on Form F-1, File No. 333-138381 and incorporated herein by reference)
2.2	Trust Indenture, dated as of June 26, 2008, among Aircraft Lease Securitisation II Limited, Deutsche Bank Trust Company Americas, as the Cash Manager, Operating Bank and Trustee, Crédit Agricole, as the Initial Primary Liquidity Facility Provider, and Crédit Agricole as the Class A-1 Funding Agent (filed as an exhibit to our Form 6-K on September 11, 2008 and incorporated herein by reference)
2.3	Amended and Restated Facility Agreement, dated as of December 14, 2012, among the Banks and Financial Institutions named therein as ECA Lenders, Crédit Agricole Corporate and Investment Bank, as ECA Agent, National Agent, and Security Trustee, Citibank International PLC, as ECA Agent and National Agent, Jetstream Aircraft Leasing Limited, as Principal Borrower, ALS 3 Limited and Airstream Aircraft Leasing Limited, as Borrowers, AerCap Ireland Limited and AerCap A330 Holdings Limited, as Principal AerCap Obligors, the companies named there in as Lessees and Lessee Parents, Citibank, N.A., as Administrative Agent, and AerCap Holdings, N.V. (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.4	Deed of Amendment, dated as of April 9, 2014, relating to the Amended and Restated Facility Agreement, dated as of December 14, 2012, among the Banks and Financial Institutions named therein as ECA Lenders, Crédit Agricole Corporate and Investment Bank, as ECA Agent, National Agent, and Security Trustee, Citibank International PLC, as ECA Agent and National Agent, Jetstream Aircraft Leasing Limited, as Principal Borrower, ALS 3 Limited and Airstream Aircraft Leasing Limited, as Borrowers, AerCap Ireland Limited and AerCap A330 Holdings Limited, as Principal AerCap Obligors, the companies named there in as Lessees and Lessee Parents, Citibank, N.A., as Administrative Agent, and AerCap Holdings, N.V. (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.5	Subscription Agreement dated as of October 25, 2010 between AerCap Holdings N.V., Waha AC Coöperatief U.A. and Waha Capital PJSC (filed as an exhibit to our Form 20-F for the year ended December 31, 2013 and incorporated herein by reference)
2.6	AerCap Holdings N.V. 2012 Equity Incentive Plan (filed as an exhibit to our Registration Statement on Form S-8, File No. 333-180323 and incorporated herein by reference)

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.7	Indenture related to the 6.375% Senior Unsecured Notes due 2017, dated as of May 22, 2012 (filed as an exhibit to our Registration Statement on Form F-4, File No. 333-182169-01 and incorporated herein by reference)
2.8	First Supplemental Indenture related to the 6.375% Senior Unsecured Notes due 2017, dated as of June 15, 2012, among AerCap Aviation Solutions B.V., AerCap Holdings N.V. and Wilmington Trust, National Association, as trustee (filed as an exhibit to our Registration Statement on Form F-4, File No. 333-182169-01 and incorporated herein by reference)
2.9	Third Amended and Restated Credit Agreement, dated as of May 10, 2013, among the Service Providers and Financial Institutions named therein, Credit Suisse AG, New York Branch, Deutsche Bank Trust Company Americas, AerFunding 1 Limited and AerCap Ireland Limited (filed as an exhibit to our Form 20-F for the year ended December 31, 2013 and incorporated herein by reference)
2.10	Amended and Restated Registration Rights Agreement, dated as of December 16, 2013, between AerCap Holdings N.V. and Waha AC Coöperatief U.A.(filed as an exhibit to our Form 20-F for the year ended December 31, 2013 and incorporated herein by reference)
2.11	Five-Year Revolving Credit Agreement dated as of December 16, 2013, among AerCap Holdings N.V., AerCap Ireland Capital Limited, the Subsidiary Guarantors Party thereto and American International Group, Inc. (filed as an exhibit to our Form 20-F for the year ended December 31, 2013 and incorporated herein by reference)
2.12	Guarantee Assumption Agreement to the Five-Year Revolving Credit Agreement, dated as of May 14, 2014, by each of the Additional Subsidiary Guarantors party thereto (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.13	Amended and Restated Credit Agreement, dated as of March 11, 2014, among AerCap Holdings N.V., AerCap Ireland Capital Limited, AerCap Aviation Solutions B.V., AerCap Ireland Limited, the lending institutions party thereto and Citibank, N.A., as administrative agent (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.14	First Amendment to the Amended and Restated Credit Agreement, dated as of March 16, 2015, among AerCap Holdings N.V., AerCap Ireland Capital Limited, the Subsidiary Guarantors party thereto, the Lenders party thereto and Citibank, N.A., as administrative agent (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.15	Registration Rights Agreement, dated as of June 9, 2015, between AerCap Global Aviation Trust, American International Group, Inc. and the Guarantors party thereto (filed as an exhibit to our Form 20-F for the year ended December 31, 2015 and incorporated herein by reference)
2.16	Indenture, dated as of May 14, 2014, among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.17	First Supplemental Indenture, dated as of May 14, 2014, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.18	Second Supplemental Indenture, dated as of May 14, 2014, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.19	Third Supplemental Indenture, dated as of May 14, 2014, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.20	Fourth Supplemental Indenture, dated as of September 29, 2014, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.21	Fifth Supplemental Indenture, dated as of September 29, 2014, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.22	Sixth Supplemental Indenture, dated as of June 25, 2015, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 6-K on June 25, 2015 and incorporated herein by reference)
2.23	Seventh Supplemental Indenture, dated as of June 25, 2015, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 6-K on June 25, 2015 and incorporated herein by reference)
2.24	Eighth Supplemental Indenture, dated as of October 21, 2015, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 6-K on October 22, 2015 and incorporated herein by reference)
2.25	Ninth Supplemental Indenture, dated as of May 23, 2016, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Limited, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 6-K on May 23, 2016 and incorporated herein by reference)

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.26	Tenth Supplemental Indenture, dated as of January 26, 2017, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Designated Activity Company, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 6-K on January 26, 2017 and incorporated herein by reference)
2.27	Eleventh Supplemental Indenture, dated as of January 26, 2017, to the Indenture, dated as of May 14, 2014, by and among AerCap Ireland Capital Designated Activity Company, AerCap Global Aviation Trust, AerCap Holdings N.V., the Guarantors party thereto and Wilmington Trust, National Association, as Trustee (filed as an exhibit to our Form 6-K on January 26, 2017 and incorporated herein by reference)
2.28	Registration Agreement, dated as of September 2, 2014, between AerCap Holdings N.V., Waha AC Coöperatief U.A., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Nomura International plc, Citibank N.A., London Branch, and Deutsche Bank AG, London Branch (filed as an exhibit to our Form 6-K on September 5, 2014 and incorporated herein by reference)
2.29	Registration Agreement, dated as of December 1, 2014, between AerCap Holdings N.V., Waha AC Coöperatief U.A., Deutsche Bank Securities Inc., Citibank N.A., London Branch, Deutsche Bank AG, London Branch, and UBS AG, London Branch (filed as an exhibit to our Form 6-K on December 3, 2014 and incorporated herein by reference)
2.30	Indenture dated as of November 1, 1991, between ILFC and U.S. Bank Trust National Association, as Trustee (successor to Continental Bank, National Association) (filed as an exhibit to the ILFC Registration Statement No. 33-43698 and incorporated herein by reference)
2.31	First Supplemental Indenture, dated as of November 1, 2000, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank Trust National Association, as Trustee (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)
2.32	Second Supplemental Indenture, dated as of February 28, 2001, to the indenture between ILFC and U.S. Bank Trust National Association (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference)
2.33	Third Supplemental Indenture, dated as of September 26, 2001, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank Trust National Association, as Trustee (filed as an exhibit to the ILFC Form 10-Q for the quarter ended September 30, 2000 and incorporated herein by reference)
2.34	Fourth Supplemental Indenture, dated as of November 6, 2002, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2002 and incorporated herein by reference)
2.35	Fifth Supplemental Indenture, dated as of December 27, 2002, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2002 and incorporated herein by reference)

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.36	Sixth Supplemental Indenture, dated as of June 2, 2003, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 10-Q for the quarter ended September 30, 2003 and incorporated herein by reference)
2.37	Seventh Supplemental Indenture, dated as of October 8, 2004, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on October 14, 2004 and incorporated herein by reference)
2.38	Eighth Supplemental Indenture, dated as of October 5, 2005, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2005 and incorporated herein by reference)
2.39	Ninth Supplemental Indenture, dated as of October 5, 2006, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2007 and incorporated herein by reference)
2.40	Tenth Supplemental Indenture, dated as of October 9, 2007, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2007 and incorporated herein by reference)
2.41	Eleventh Supplemental Indenture, dated as of May 14, 2014, to the Indenture dated as of November 1, 1991, between ILFC and U.S. Bank National Association, as Trustee (filed as an exhibit to the ILFC Form 8-K on May 15, 2014 and incorporated herein by reference)
2.42	Indenture dated as of November 1, 2000, between ILFC and the Bank of New York, as Trustee (filed as an exhibit to the ILFC Registration Statement No. 333-49566 and incorporated herein by reference)
2.43	First Supplemental Indenture, dated as of August 16, 2002 to the Indenture dated as of November 1, 2000, between ILFC and the Bank of New York, as Trustee (filed as Exhibit 4.2 to the ILFC Registration Statement No. 333-100340 and incorporated herein by reference)
2.44	Second Supplemental Indenture, dated as of May 14, 2014, to the Indenture dated as of November 1, 2000, between ILFC and Bank of New York, as Trustee (filed as an exhibit to the ILFC Form 8-K on May 15, 2014 and incorporated herein by reference)
2.45	Indenture, dated as of August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as Exhibit 4.1 to the ILFC Registration Statement No. 333-136681 and incorporated herein by reference)
2.46	First Supplemental Indenture, dated as of August 20, 2010, to the Indenture dated as of August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on August 20, 2010 and incorporated herein by reference)
2.47	Second Supplemental Indenture, dated as of December 7, 2010, to the Indenture dated as of August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on December 7, 2010 and incorporated herein by reference)

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.48	Third Supplemental Indenture, dated as of May 24, 2011, to the Indenture dated August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on May 24, 2011, and incorporated herein by reference)
2.49	Fourth Supplemental Indenture, dated as of December 22, 2011, to the Indenture dated as of August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on December 22, 2011 and incorporated herein by reference)
2.50	Fifth Supplemental Indenture, dated as of March 19, 2012, to the Indenture dated August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on March 19, 2012 and incorporated herein by reference)
2.51	Sixth Supplemental Indenture, dated as of August 21, 2012, to the Indenture dated August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on August 21, 2012 and incorporated herein by reference)
2.52	Seventh Supplemental Indenture, dated as of March 11, 2013, to the Indenture dated August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on March 11, 2013 and incorporated herein by reference)
2.53	Eighth Supplemental Indenture, dated as of May 24, 2013, to the Indenture dated August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on May 24, 2013 and incorporated herein by reference)
2.54	Ninth Supplemental Indenture, dated as of May 14, 2014, to the Indenture dated August 1, 2006, between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on May 15, 2014 and incorporated herein by reference)
2.55	Officers' Certificate, dated as of August 20, 2010, establishing the terms of the 8.875% senior notes due 2017 (filed as an exhibit to the ILFC Form 8-K filed on August 20, 2010 and incorporated herein by reference)
2.56	Officers' Certificate, dated as of December 7, 2010, establishing the terms of the 8.25% senior notes due 2020 (filed as an exhibit to the ILFC Form 8-K filed on December 7, 2010 and incorporated herein by reference)
2.57	Officers' Certificate, dated as of May 24, 2011, establishing the terms of the 5.75% senior notes due 2016 and the 6.25% senior notes due 2019 (filed as an exhibit to the ILFC Form 8-K filed on May 24, 2011 and incorporated herein by reference)
2.58	Officers' Certificate, dated as of December 22, 2011, establishing the terms of the 8.625% senior notes due 2022 (filed as an exhibit to the ILFC Form 8-K filed on December 22, 2011 and incorporated herein by reference)
2.59	Officers' Certificate, dated as of March 19, 2012, establishing the terms of the 4.875% senior notes due 2015 and the 5.875% senior notes due 2019 (filed as an exhibit to the ILFC Form 8-K filed on March 19, 2012 and incorporated herein by reference)
2.60	Officers' Certificate, dated as of August 21, 2012, establishing the terms of the 5.875% senior notes due 2022 (filed as an exhibit to the ILFC Form 8-K filed on August 21, 2012 and incorporated herein by reference)

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.61	Officers' Certificate, dated as of March 11, 2013, establishing the terms of the 3.875% senior notes due 2018 and the 4.625% senior notes due 2021 (filed as an exhibit to the ILFC Form 8-K filed on March 11, 2013 and incorporated herein by reference)
2.62	Indenture, dated as of March 22, 2010, among ILFC, Wilmington Trust FSB, as Trustee, and Deutsche Bank Trust Company Americas, as Paying Agent, Security Registrar and Authentication Agent (filed as an exhibit to the ILFC Form 8-K filed on March 24, 2010 and incorporated herein by reference)
2.63	First Supplemental Indenture, dated as of May 14, 2014, to the Indenture, dated March 22, 2010, by and among ILFC, AerCap Global Aviation Trust, Wilmington Trust FSB, as Trustee, and Deutsche Bank Trust Company Americas (filed as an exhibit to the ILFC Form 8-K filed on May 15, 2014 and incorporated herein by reference)
2.64	Indenture, dated as of August 11, 2010, between ILFC and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed as an exhibit to the ILFC Form 8-K filed on August 20, 2010 and incorporated herein by reference)
2.65	First Supplemental Indenture, dated as of May 14, 2014, to the Indenture, dated August 11, 2010, by and between ILFC, AerCap Global Aviation Trust, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed as an exhibit to the ILFC Form 8-K filed on May 15, 2014 and incorporated herein by reference)
2.66	Junior Subordinated Indenture, dated as of December 21, 2005, by and between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on July 26, 2013 and incorporated herein by reference)
2.67	First Supplemental Indenture, dated as of July 25, 2013, to the Junior Subordinated Indenture, dated as of December 21, 2005, by and between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on July 26, 2013 and incorporated herein by reference)
2.68	Second Supplemental Indenture, dated as of July 25, 2013, to the Junior Subordinated Indenture, dated as of December 21, 2005, by and between ILFC and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on July 26, 2013 and incorporated herein by reference)
2.69	Third Supplemental Indenture, dated as of May 14, 2014, to the Junior Subordinated Indenture, dated as of December 21, 2005, by and between ILFC, AerCap Global Aviation Trust and Deutsche Bank Trust Company Americas, as Trustee (filed as an exhibit to the ILFC Form 8-K filed on May 15, 2014 and incorporated herein by reference)
2.70	Amended and Restated 5.90% Junior Subordinated Debenture due 2065 (filed as an exhibit to the ILFC Form 8-K filed on July 26, 2013 and incorporated herein by reference)
2.71	Amended and Restated 6.25% Junior Subordinated Debenture due 2065 (filed as an exhibit to the ILFC Form 8-K filed on July 26, 2013 and incorporated herein by reference)
2.72	Aircraft Facility Agreement, dated as of May 18, 2004, among Whitney Leasing Limited, as borrower, ILFC, as guarantor and the Bank of Scotland, as security trustee and agent, and the other financial institutions listed therein (filed as an exhibit to the ILFC Form 10-Q for the quarter ended June 30, 2004 and incorporated herein by reference), as amended (filed as an exhibit to the ILFC Form 10-Q for the quarter ended June 30, 2009 and incorporated herein by reference)

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.73	Deed of Amendment, dated as of May 8, 2013, relating to Aircraft Facility Agreement, dated as of May 18, 2004, among Bank of Scotland, as security trustee and agent, the financial institutions listed therein, Whitney Leasing Limited, as borrower, Aircraft SPC-12 Inc., as borrower parent, and ILFC, as guarantor and subordinated lender (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2013 and incorporated herein by reference)
2.74	Deed of Amendment, Consent and Guarantee, dated as of April 17, 2014, relating to the Facility Agreement, dated as of May 18, 2004, among Bank of Scotland PLC, as security trustee and agent, Whitney Leasing Limited and Sierra Leasing Limited, as borrowers, Aircraft SPC-12, Inc. and Aircraft SPC-9, Inc., as borrower parents, ILFC, as guarantor and subordinated lender, and the companies named therein as new guarantors (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference)
2.75	Deed of Amendment and Release dated as of February 26, 2015 among Bank of Scotland PLC, as security trustee and agent, Whitney Leasing Limited and Sierra Leasing Limited as borrowers, Aircraft SPC-12, LLC and Aircraft SPC-9, LLC, as borrower parents, ILFC and AerCap Global Aviation Trust, as guarantors and subordinated lenders, and the companies named therein as guarantors (filed as an exhibit to our Form 20-F for the year ended December 31, 2014 and incorporated herein by reference)
2.76	Aircraft Mortgage and Security Agreement and Guaranty, dated as of August 11, 2010, among ILFC, ILFC Ireland Limited, ILFC (Bermuda) III, Ltd., the additional grantors referred to therein, and Wells Fargo Bank Northwest, National Association, entered into in connection with the Indenture, dated as of August 11, 2010, between ILFC and The Bank of New York Mellon Trust Company, N.A., as Trustee (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (filed as an exhibit to the ILFC Form 10-Q for the quarter ended September 30, 2010 and incorporated herein by reference)
2.77	Term Loan Credit Agreement, dated as of March 30, 2011, among Temescal Aircraft Inc., as borrower, ILFC, Park Topanga Aircraft Inc., Charmlee Aircraft Inc., and Ballysky Aircraft Ireland Limited, as obligors, the lenders identified therein, Citibank N.A., as administrative agent and collateral agent, Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC, as joint lead structuring agents and joint lead placement agents, and BNP Paribas, as joint placement agent (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2011 and incorporated herein by reference)
2.78	First Amendment to Term Loan Credit Agreement, dated as of April 2, 2014, among Temescal Aircraft Inc., as borrower, ILFC, Park Topanga Aircraft Inc., Charmlee Aircraft Inc., Ballysky Aircraft Ireland Limited, AerCap Global Aviation Trust, the acceding obligors identified therein, and Citibank N.A., as collateral agent and administrative agent (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference)
2.79	Second Amendment to Term Loan Credit Agreement, dated as of March 31, 2015, among Temescal Aircraft LLC (as successor to Temescal Aircraft Inc.), as borrower, Park Topanga Aircraft LLC (as successor to Park Topanga Aircraft Inc.), Charmlee Aircraft Inc., Ballysky Aircraft Ireland Limited, AerCap Global Aviation Trust, the Guarantors identified therein, and Citibank N.A., as collateral agent and administrative agent (filed as an exhibit to our Form 20-F for the year ended December 31, 2015 and incorporated herein by reference)

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.80	Third Amendment to Term Loan Credit Agreement, dated as of February 9, 2017, among Temescal Aircraft LLC (as successor to Temescal Aircraft Inc.), as borrower, Park Topanga Aircraft LLC (as successor to Park Topanga Aircraft Inc.), Charmlee Aircraft Inc., Ballysky Aircraft Ireland Limited, AerCap Global Aviation Trust, the Guarantors identified therein, and Citibank N.A., as collateral agent and administrative agent
2.81	Aircraft Mortgage and Security Agreement, dated as of March 30, 2011, among Park Topanga Aircraft Inc., Temescal Aircraft Inc., Ballysky Aircraft Ireland Limited, Charmlee Aircraft Inc., the additional grantors referred to therein, and Citibank, N.A., as collateral agent (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2011 and incorporated herein by reference)
2.82	Incremental Lender Assumption Agreement, dated as of April 21, 2011, among Temescal Aircraft Inc., ILFC, Park Topanga Aircraft Inc., Charmlee Aircraft Inc., Ballysky Aircraft Ireland Limited, KfW IPEX-Bank GmbH, as the incremental lender, and Citibank, N.A., as administrative agent (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2011 and incorporated herein by reference)
2.83	Term Loan Credit Agreement, dated as of February 23, 2012, among Flying Fortress Inc., as borrower, ILFC, Flying Fortress Financing Inc., Flying Fortress US Leasing Inc., and Flying Fortress Ireland Leasing Limited, as obligors, the lenders identified therein, Bank of America, N.A., as administrative agent and collateral agent, and Deutsche Bank Securities Inc., as syndication agent (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2011 and incorporated herein by reference)
2.84	First Amendment to Credit Agreement, dated as of April 5, 2013, among Flying Fortress Inc., as borrower, ILFC, Flying Fortress Financing Inc., Flying Fortress US Leasing Inc. and Flying Fortress Ireland Leasing Limited, as the borrower parties, the Consenting Lenders named therein, the New Lenders named therein and Bank of America, N.A., as collateral agent and administrative agent (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2013 and incorporated herein by reference)
2.85	Second Amendment to Term Loan Credit Agreement, dated as of April 2, 2014, among Flying Fortress Inc., as borrower, ILFC, Flying Fortress Financing Inc., Flying Fortress US Leasing Inc., Flying Fortress Ireland Leasing Limited, AerCap Global Aviation Trust, the acceding obligors identified therein, and Bank of America N.A., as collateral agent and administrative agent (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference)
2.86	Third Amendment to Term Loan Credit Agreement, dated as of May 6, 2015, among Flying Fortress Holdings, LLC (as successor to Flying Fortress, Inc.), as borrower, ILFC, Flying Fortress Financing, LLC, Flying Fortress US Leasing Inc., Flying Fortress Ireland Leasing Limited, AerCap Global Aviation Trust, the acceding obligors identified therein, and Bank of America N.A., as collateral agent and administrative agent (filed as an exhibit to our Form 20-F for the year ended December 31, 2015 and incorporated herein by reference)
2.87	Fourth Amendment to Term Loan Credit Agreement, dated as of December 21, 2016, among Flying Fortress Holdings, LLC (as successor to Flying Fortress, Inc.), as borrower, ILFC, Flying Fortress Financing, LLC, Flying Fortress US Leasing Inc., Flying Fortress Ireland Leasing Limited, AerCap Global Aviation Trust, the acceding obligors identified therein, and Bank of America N.A., as collateral agent and administrative agent

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.88	Term Loan Security Agreement, dated as of February 23, 2012, among Flying Fortress Financing Inc., Flying Fortress Inc., Flying Fortress Ireland Leasing Limited, Flying Fortress US Leasing Inc., and the additional grantors referred to therein, as grantors, and Bank of America N.A., as collateral agent (filed as an exhibit to the ILFC Form 10-K for the year ended December 31, 2011 and incorporated herein by reference)
2.89	Term Loan Credit Agreement, dated as of March 6, 2014, among Delos Finance S.À.R.L., as borrower, ILFC, Hyperion Aircraft Limited, Delos Aircraft Limited, Apollo Aircraft Inc., and Artemis (Delos) Limited as obligors, the lenders identified therein, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference)
2.90	First Amendment to Term Loan Credit Agreement, dated as of April 3, 2014, among Delos Finance S.À.R.L., as borrower, ILFC, Hyperion Aircraft Limited, Delos Aircraft Limited, Apollo Aircraft Inc., Artemis (Delos) Limited, AerCap Global Aviation Trust, the acceding obligors identified therein, and Deutsche Bank AG New York Branch, as collateral agent and administrative agent (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference)
2.91	Second Amendment to Term Loan Credit Agreement, dated as of January 19, 2017, among Delos Finance S.À.R.L., as borrower, ILFC, Hyperion Aircraft Limited, Delos Aircraft Limited, Apollo Aircraft Inc., Artemis (Delos) Limited, AerCap Global Aviation Trust, the acceding obligors identified therein, and Deutsche Bank AG New York Branch, as collateral agent and administrative agent
2.92	Term Loan Security Agreement, dated as of March 6, 2014, among Hyperion Aircraft Limited, Delos Aircraft Limited, Delos Finance S.À.R.L., Artemis (Delos) Limited, Apollo Aircraft Inc., and the additional grantors referred to therein as grantors, and Deutsche Bank AG New York Branch, as collateral agent (filed as an exhibit to the ILFC Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference)
2.93	AerCap Holdings N.V. 2014 Equity Incentive Plan (filed as an exhibit to our Registration Statement on Form S-8, File No. 333-194638 and incorporated herein by reference)
2.94	The Company agrees to furnish to the SEC upon request a copy of each instrument with respect to issues of long-term debt of the Company and its subsidiaries, the authorized principal amount of which does not exceed 10% of the consolidated assets of the Company and its subsidiaries
4.1	Aircraft Purchase Agreement, dated as of December 30, 2005, between Airbus S.A.S. and AerVenture Limited (filed as an exhibit to our Registration Statement on Form F-1, File No. 333-138381 and incorporated herein by reference)
4.2	Agreement and Plan of Amalgamation, dated as of September 17, 2009, among AerCap Holdings N.V., Genesis Lease Limited and AerCap International Bermuda Limited (filed as an exhibit to our Form 6-K on September 18, 2009 and incorporated herein by reference)
4.3	Framework Deed, dated as of May 28, 2013, between AerCap Holdings N.V. and LATAM Airlines Group S.A. (portions of which have been omitted pursuant to a request for confidential treatment) (filed as an exhibit to our Form 20-F for the year ended December 31, 2013 and incorporated herein by reference)

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
4.4	Share Purchase Agreement, dated as of December 16, 2013, among AIG Capital Corporation, American International Group, Inc., AerCap Holdings N.V. and AerCap Ireland Limited (filed as an exhibit to our Form 20-F for the year ended December 31, 2013 and incorporated herein by reference)
4.5	Share Repurchase Agreement, dated as of June 1, 2015, among AIG Capital Corporation, American International Group, Inc., the guarantors named therein, AerCap Holdings N.V. and AerCap Global Aviation Trust (filed as an exhibit to American International Group, Inc.'s Form 8-K on June 4, 2015 and incorporated herein by reference)
8.1	List of Subsidiaries of AerCap Holdings N.V.
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of PricewaterhouseCoopers Accountants, N.V., an independent registered public accounting firm
101	The following financial information formatted in Extensible Business Reporting Language (XBRL): (1) Consolidated Balance Sheets as of December 31, 2016 and 2015 (2) Consolidated Income Statements for the Years Ended December 31, 2016, 2015 and 2014 (3) Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2016, 2015 and 2014 (4) Consolidated Statements of Cash Flows for the Years Ended December 31, 2016, 2015 and 2014 (5) Consolidated Statements of Equity for the Years Ended December 31, 2016, 2015 and 2014

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of AerCap Holdings N.V.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows, and equity present fairly, in all material respects, the financial position of AerCap Holdings N.V. and its subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting under Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Amsterdam, March 20, 2017

PricewaterhouseCoopers Accountants N.V.

/s/ W.J. van der Molen RA

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2016 and 2015

	Note	As of December 31,	
		2016	2015
(U.S. dollar amounts in thousands, except share data)			
Assets			
Cash and cash equivalents		\$ 2,035,447	\$ 2,403,098
Restricted cash	5	329,180	419,447
Trade receivables		64,923	106,794
Flight equipment held for operating leases, net	6	31,501,973	32,219,494
Maintenance rights intangible and lease premium, net	8	2,167,925	3,139,045
Flight equipment held for sale	9	107,392	71,055
Net investment in finance and sales-type leases	7	755,882	469,198
Prepayments on flight equipment	30	3,265,979	3,300,426
Other intangibles, net	10	397,101	461,006
Deferred income tax assets	17	215,445	161,193
Other assets	11	779,206	998,743
Total Assets		\$41,620,453	\$43,749,499
Liabilities and Equity			
Accounts payable, accrued expenses and other liabilities	14	\$ 1,132,536	\$ 1,239,199
Accrued maintenance liability	15	2,750,576	3,185,794
Lessee deposit liability		859,099	891,454
Debt	16	27,716,999	29,641,863
Deferred income tax liabilities	17	578,979	365,380
Commitments and contingencies	30		
<i>Total Liabilities</i>		<u>33,038,189</u>	<u>35,323,690</u>
Ordinary share capital, €0.01 par value, 350,000,000 ordinary shares authorized as of December 31, 2016 and 2015; 187,847,345 and 203,411,207 ordinary shares issued and 176,247,154 and 200,342,204 ordinary shares outstanding (including 3,426,810 and 3,030,724 unvested restricted stock) as of December 31, 2016 and 2015, respectively	18, 27	2,282	2,457
Additional paid-in capital	18	4,505,019	5,026,993
Treasury shares, at cost (11,600,191 and 3,069,003 ordinary shares as of December 31, 2016 and 2015, respectively)	18	(490,092)	(146,312)
Accumulated other comprehensive loss	18	(1,769)	(6,307)
Accumulated retained earnings	18	4,509,007	3,472,132
<i>Total AerCap Holdings N.V. shareholders' equity</i>		<u>8,524,447</u>	<u>8,348,963</u>
Non-controlling interest	18	57,817	76,846
<i>Total Equity</i>		<u>8,582,264</u>	<u>8,425,809</u>
Total Liabilities and Equity		\$41,620,453	\$43,749,499
Supplemental balance sheet information—amounts related to assets and liabilities of consolidated VIEs for which creditors do not have recourse to our general credit:			
Restricted cash		\$ 118,297	\$ 185,969
Flight equipment held for operating leases, net		3,016,373	3,094,295
Assets other than restricted cash and flight equipment held for operating leases, net		50,665	114,134
Accrued maintenance liability		\$ 175,604	\$ 232,704
Debt		1,313,807	1,548,877
Liabilities other than accrued maintenance liability and debt		107,207	114,994

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Income Statements

For the Years Ended December 31, 2016, 2015 and 2014

	Note	Year Ended December 31,		
		2016	2015	2014
(U.S. dollar amounts in thousands, except share data)				
Revenues and other income				
Lease revenue	21, 24	\$ 4,867,623	\$ 4,991,551	\$ 3,449,571
Net gain on sale of assets		138,522	183,328	37,497
Other income	23	145,986	112,676	104,491
Total Revenues and other income		5,152,131	5,287,555	3,591,559
Expenses				
Depreciation and amortization	6, 10	1,791,336	1,843,003	1,282,228
Asset impairment	25	81,607	16,335	21,828
Interest expense	16	1,091,861	1,099,884	780,349
Leasing expenses		582,530	522,413	141,572
Transaction, integration and restructuring related expenses	4, 26	53,389	58,913	148,792
Selling, general and administrative expenses	19, 20, 22	351,012	381,308	299,892
Total Expenses		3,951,735	3,921,856	2,674,661
Income before income taxes and income of investments accounted for under the equity method				
		1,200,396	1,365,699	916,898
Provision for income taxes	17	(173,496)	(189,805)	(137,373)
Equity in net earnings of investments accounted for under the equity method		12,616	1,278	28,973
Net income		\$ 1,039,516	\$ 1,177,172	\$ 808,498
Net loss attributable to non-controlling interest		7,114	1,558	1,949
Net income attributable to AerCap Holdings N.V.		\$ 1,046,630	\$ 1,178,730	\$ 810,447
Basic earnings per share	27	\$ 5.64	\$ 5.78	\$ 4.61
Diluted earnings per share	27	\$ 5.52	\$ 5.72	\$ 4.54
Weighted average shares outstanding—basic		185,514,370	203,850,828	175,912,662
Weighted average shares outstanding—diluted		189,682,036	206,224,135	178,684,989

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries**Consolidated Statements of Comprehensive Income****For the Years Ended December 31, 2016, 2015 and 2014**

	Year Ended December 31,		
	2016	2015	2014
	(U.S. dollar amounts in thousands)		
Net income attributable to AerCap Holdings N.V.	\$ 1,046,630	\$ 1,178,730	\$ 810,447
Other comprehensive income (loss):			
Net change in fair value of derivatives (Note 13), net of tax of \$(856), \$(47) and \$(649), respectively, and net of reclassification adjustments(a)	5,990	338	4,542
Actuarial (loss) gain on pension obligations, (Note 20), net of tax of \$200, \$(4) and \$(81), respectively	(1,452)	250	(1,547)
Total other comprehensive income	4,538	588	2,995
Total comprehensive income attributable to AerCap Holdings N.V.	\$ 1,051,168	\$ 1,179,318	\$ 813,442

- (a) During the years ended December 31, 2016 or 2015, we did not reclassify any amounts from AOCI to our Consolidated Income Statements. During the year ended December 31, 2014, we reclassified \$3.1 million from AOCI to interest expense in our Consolidated Income Statement.

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2016, 2015 and 2014

	Year Ended December 31,		
	2016	2015	2014
	(U.S. dollar amounts in thousands)		
Net income	\$ 1,039,516	\$ 1,177,172	\$ 808,498
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,791,336	1,843,003	1,282,228
Asset impairment	81,607	16,335	21,828
Amortization of debt issuance costs and debt discount	55,768	45,582	86,184
Amortization of lease premium intangibles	19,836	23,042	17,967
Amortization of fair value adjustments on debt	(335,998)	(442,972)	(330,924)
Accretion of fair value adjustments on deposits and maintenance liabilities	55,210	76,246	71,806
Maintenance rights write off(a)	652,111	628,643	130,806
Maintenance liability release to income	(421,332)	(243,809)	(92,296)
Net gain on sale of assets	(138,522)	(183,328)	(37,497)
Deferred income taxes	161,340	110,353	115,859
Restructuring related expenses	33,588	49,311	—
Other	121,700	90,074	102,139
Changes in operating assets and liabilities:			
Trade receivables	40,065	48,468	102,547
Other assets	257,190	88,418	12,704
Accounts payable, accrued expenses and other liabilities	(32,183)	33,502	21,825
Net cash provided by operating activities	3,381,232	3,360,040	2,313,674
Purchase of flight equipment	(2,892,731)	(2,772,110)	(2,088,444)
Proceeds from sale or disposal of assets	2,366,242	1,568,235	569,633
Prepayments on flight equipment	(947,419)	(791,546)	(458,174)
Acquisition of ILFC, net of cash acquired	—	—	(195,311)
Collections of finance and sales-type leases	74,207	54,975	40,983
Movement in restricted cash	90,267	297,941	282,523
Other	(21,678)	(73,400)(b)	—
Net cash used in investing activities	(1,331,112)	(1,715,905)	(1,848,790)
Issuance of debt	3,642,166	3,913,840	5,411,602
Repayment of debt	(5,213,724)	(4,043,743)	(4,826,775)
Debt issuance costs paid	(34,687)	(49,417)	(134,963)
Maintenance payments received	794,711	776,488	561,558
Maintenance payments returned	(505,407)	(558,477)	(286,041)
Security deposits received	201,970	171,408	107,332
Security deposits returned	(270,575)	(144,445)	(98,656)
Dividend paid to non-controlling interest holders	(10,501)	—	—
Repurchase of shares and tax withholdings on share-based compensation	(1,021,119)	(793,945)(c)	—
Net cash (used in) provided by financing activities	(2,417,166)	(728,291)	734,057
Net (decrease) increase in cash and cash equivalents	(367,046)	915,844	1,198,941
Effect of exchange rate changes	(605)	(3,115)	(4,086)
Cash and cash equivalents at beginning of period	2,403,098	1,490,369	295,514
Cash and cash equivalents at end of period	\$ 2,035,447	\$ 2,403,098	\$ 1,490,369

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries**Consolidated Statements of Cash Flows (Continued)****For the Years Ended December 31, 2016, 2015 and 2014**

	Year Ended December 31,		
	2016	2015	2014
	(U.S. dollar amounts in thousands)		
Supplemental cash flow information:			
Interest paid, net of amounts capitalized	\$ 1,339,095	\$ 1,409,860	\$ 1,103,512
Income taxes paid, net	61,834	20,178	37,630

- (a) Maintenance rights write off consisted of the following:

EOL and MR contract maintenance rights expense	\$ 381,637	\$ 348,366	\$ 54,507
EOL contract maintenance rights write off due to cash receipt	96,503	118,438	27,570
MR contract maintenance rights write off due to maintenance liability release	173,971	161,839	48,729
Maintenance rights write off	\$ 652,111	\$ 628,643	\$ 130,806

- (b) Relates to the settlement of three asset value guarantees during the year ended December 31, 2015. Refer to Note 30—*Commitments and contingencies*.
- (c) Includes the Share Repurchase from AIG and \$11.2 million of related expenses. Refer to Note 18—*Equity* and Note 29—*Related party transactions* for further details.

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2016, 2015 and 2014

Non-Cash Investing and Financing Activities

Year ended December 31, 2016:

Flight equipment held for operating leases in the amount of \$442.2 million was reclassified to net investment in finance and sales-type leases.

Flight equipment held for operating leases in the amount of \$87.8 million was reclassified to inventory, which is included in other assets.

Net investment in finance and sales-type leases in the amount of \$18.4 million was reclassified to flight equipment held for operating leases.

Accrued maintenance liability in the amount of \$341.2 million was settled with buyers upon sale or disposal of assets.

Year ended December 31, 2015:

Flight equipment in the amount of \$152.2 million was reclassified to net investment in finance and sales-type leases.

Flight equipment in the amount of \$49.6 million was reclassified to inventory, which is included in other assets.

Accrued maintenance liability in the amount of \$49.1 million was settled with buyers upon sale or disposal of assets.

Year ended December 31, 2014:

Flight equipment in the amount of \$108.3 million was reclassified to net investment in finance and sales-type leases.

Flight equipment in the amount of \$51.6 million was reclassified to inventory, which is included in other assets.

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries
Consolidated Statements of Equity
For the Years Ended December 31, 2016, 2015 and 2014

	Number of ordinary shares issued	Ordinary share capital	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Accumulated retained earnings	AerCap Holdings N.V. shareholders' equity
(U.S. dollar amounts in thousands, except share data)							
Balance as of December 31, 2013	113,783,799	\$ 1,199	\$ 934,024	\$ —	\$ (9,890)	\$ 1,500,039	\$ 2,425,372
ILFC							
Transaction	97,560,976	1,347	4,556,294	—	—	—	4,557,641
Dividends paid	—	—	—	—	—	—	—
Share-based compensation	—	—	68,152	—	—	—	68,152
Ordinary shares issued, net of tax withholdings	973,516	13	(843)	—	—	—	(830)
Total other comprehensive income (loss)	—	—	—	—	2,995	810,447	813,442
Balance as of December 31, 2014	212,318,291	\$ 2,559	\$ 5,557,627	\$ —	\$ (6,895)	\$ 2,310,486	\$ 7,863,777
Dividends paid	—	—	—	—	—	—	—
Repurchase of shares	—	—	—	(761,228)	—	—	(761,228)
Share cancellation	(9,698,588)	(111)	(474,467)	474,578	—	—	—
Share-based compensation	—	—	100,162	—	—	—	100,162
Ordinary shares issued, net of tax withholdings	791,504	9	(156,329)	140,338	—	(17,084)	(33,066)
Total other comprehensive income (loss)	—	—	—	—	588	1,178,730	1,179,318
Balance as of December 31, 2015	203,411,207	\$ 2,457	\$ 5,026,993	\$ (146,312)	\$ (6,307)	\$ 3,472,132	\$ 8,348,963
Dividends paid	—	—	—	—	—	—	—
Repurchase of shares	—	—	—	(965,982)	—	—	(965,982)
Share cancellation	(15,563,862)	(175)	(577,967)	578,142	—	—	—
Share-based compensation	—	—	102,843	—	—	—	102,843
Ordinary shares issued, net of tax withholdings	—	—	(46,850)	44,060	—	(9,755)	(12,545)
Total other comprehensive income (loss)	—	—	—	—	4,538	1,046,630	1,051,168
Balance as of December 31, 2016	187,847,345	\$ 2,282	\$ 4,505,019	\$ (490,092)	\$ (1,769)	\$ 4,509,007	\$ 8,524,447

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Equity (Continued)

For the Years Ended December 31, 2016, 2015 and 2014

	<u>AerCap Holdings N.V. shareholders' equity</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	(U.S. dollar amounts in thousands, except share data)		
Balance as of December 31, 2013	\$ 2,425,372	\$ 3,860	\$ 2,429,232
ILFC Transaction	4,557,641	77,047	4,634,688
Dividends paid	—	(187)	(187)
Share-based compensation	68,152	—	68,152
Ordinary shares issued, net of tax withholdings	(830)	—	(830)
Total other comprehensive income (loss)	813,442	(1,949)	811,493
Balance as of December 31, 2014	\$ 7,863,777	\$ 78,771	\$ 7,942,548
Dividends paid	—	(367)	(367)
Repurchase of shares	(761,228)	—	(761,228)
Share cancellation	—	—	—
Share-based compensation	100,162	—	100,162
Ordinary shares issued, net of tax withholdings	(33,066)	—	(33,066)
Total other comprehensive income (loss)	1,179,318	(1,558)	1,177,760
Balance as of December 31, 2015	\$ 8,348,963	\$ 76,846	\$ 8,425,809
Dividends paid	—	(11,915)	(11,915)
Repurchase of shares	(965,982)	—	(965,982)
Share cancellation	—	—	—
Share-based compensation	102,843	—	102,843
Ordinary shares issued, net of tax withholdings	(12,545)	—	(12,545)
Total other comprehensive income (loss)	1,051,168	(7,114)	1,044,054
Balance as of December 31, 2016	\$ 8,524,447	\$ 57,817	\$ 8,582,264

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

1. General

The Company

We are an independent aircraft leasing company with total assets of \$41.6 billion, primarily consisting of 1,022 owned aircraft as of December 31, 2016. Our ordinary shares are listed on the New York Stock Exchange (AER). Pursuant to our recent migration from the Netherlands to Ireland, we moved our headquarters and executive officers from Amsterdam to Dublin, effective as of February 1, 2016. We continue to have offices in Amsterdam, Los Angeles, Shannon, Fort Lauderdale, Miami, Singapore, Shanghai and Abu Dhabi. We also have representative offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

The Consolidated Financial Statements presented herein include the accounts of AerCap Holdings N.V. and its subsidiaries. AerCap Holdings N.V. is a public limited liability company ("*naamloze vennootschap*" or "*N.V.*") incorporated in the Netherlands on July 10, 2006.

ILFC Transaction

On May 14, 2014, we successfully completed the ILFC Transaction, as further described in Note 4—*ILFC Transaction*.

AIG offering and the Share Repurchase from AIG

On June 9, 2015, AIG sold 71,184,686 of its AerCap ordinary shares in a secondary public offering and AerCap completed the Share Repurchase from AIG of 15,698,588 ordinary shares. On August 24, 2015, AIG sold 10,677,702 of its AerCap ordinary shares in a secondary public offering. Following this sale, AIG no longer owns any of our outstanding ordinary shares and has no designees on our Board of Directors.

GFL Transaction

On April 22, 2014, we completed the sale of 100% of the class A common shares in Genesis Funding Limited to GFL Holdings, LLC, an affiliate of Wood Creek Capital Management, LLC. GFL had 37 aircraft in its portfolio with a net book value of \$727 million.

2. Basis of presentation

General

Our Consolidated Financial Statements are presented in accordance with U.S. GAAP.

We consolidate all companies in which we have direct and indirect legal or effective control and all VIEs for which we are deemed the PB and have control under ASC 810. All intercompany balances and transactions with consolidated subsidiaries have been eliminated. The results of consolidated entities are included from the effective date of control or, in the case of VIEs, from the date that we are or become the PB. The results of subsidiaries sold or otherwise deconsolidated are excluded from the date that we cease to control the subsidiary or, in the case of VIEs, when we cease to be the PB.

Other investments in which we have the ability to exercise significant influence and joint ventures are accounted for under the equity method of accounting.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

2. Basis of presentation (Continued)

Our Consolidated Financial Statements are stated in U.S. dollars, which is our functional currency.

Use of estimates

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, intangibles, investments, trade and notes receivables, deferred income tax assets and accruals and reserves. We consider information available from professional appraisers, where possible, to support our estimates, particularly with respect to flight equipment. Actual results may differ from our estimates under different conditions, sometimes materially.

During the years ended December 31, 2016, 2015 and 2014, we changed our estimates of useful lives and residual values of certain aircraft. The changes in estimates are a result of the current market conditions or other factors that have affected the useful lives and residual values for such aircraft. The effect for the years ended December 31, 2016, 2015 and 2014 was to reduce net income by \$14.4 million, \$35.8 million and \$4.4 million, respectively, basic earnings per share by \$0.08, \$0.18 and \$0.02, respectively, and diluted earnings per share by \$0.08, \$0.17 and \$0.02, respectively.

3. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less.

Restricted cash

Restricted cash includes cash held by banks that is subject to withdrawal restrictions. Such amounts are typically restricted under secured debt agreements and can be used only to maintain the aircraft securing the debt and to provide debt service payments of principal and interest.

Trade receivables

Trade receivables represent unpaid, current lessee obligations under existing lease contracts or receivables related to inventory sales. An allowance for credit losses on trade receivables is established when the risk of non-recovery is probable. The risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment. The allowance for credit losses is classified as leasing expenses in our Consolidated Income Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Flight equipment held for operating leases, net

Flight equipment held for operating leases is stated at cost less accumulated depreciation and impairment. Flight equipment is depreciated to its estimated residual value on a straight-line basis over the useful life of the aircraft, which is generally 25 years from the date of manufacture, or a different period depending on the disposition strategy. The costs of improvements to flight equipment are normally expensed unless the improvement increases the long-term value or extends the useful life of the flight equipment. The capitalized improvement cost is depreciated over the estimated remaining useful life of the aircraft. The residual value of our flight equipment is generally 15% of estimated industry standard price, except where more relevant information indicates a different residual value is more appropriate.

We periodically review the estimated useful lives and residual values of our flight equipment based on our knowledge of the industry, external factors, such as current market conditions, and changes in our disposition strategies, to determine if they are appropriate, and record adjustments to depreciation rates prospectively on an aircraft by aircraft basis, as necessary.

On a quarterly basis, we perform recoverability assessments of our long-lived assets when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Annually, we perform impairment assessments for all of our aircraft held for operating leases that are five years of age or older. The review of recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposal. The assets are grouped at the lowest level for which identifiable cash flows are largely independent of other groups of assets, which includes the individual aircraft and the lease-related assets and liabilities of that aircraft (the "Asset Group"). If the sum of the expected undiscounted future cash flows is less than the aggregate net book value of the Asset Group, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired aircraft over its fair value.

Fair value reflects the present value of cash expected to be generated from the aircraft in the future, including its expected residual value, discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under the current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft, appraisal data and industry trends.

Capitalization of interest

We capitalize interest on prepayments of forward order flight equipment and add such amount to prepayments on flight equipment. The amount of interest capitalized is the actual interest costs incurred on the debt specific to the prepayments, if any, or the amount of interest costs which could have been avoided in the absence of such prepayments.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Net investment in finance and sales-type leases

If a lease meets specific criteria under U.S. GAAP, we recognize the lease in net investment in finance and sales-type leases in our Consolidated Balance Sheets and de-recognize the aircraft from flight equipment held for operating leases. For finance and sales-type leases, we recognize the difference between the aircraft carrying value and the amount recognized in net investment in finance and sales-type leases in net gain on sale of assets in our Consolidated Income Statements. The amounts recognized for finance and sales-type leases consist of lease receivables and the estimated unguaranteed residual value of the flight equipment on the lease termination date, less the unearned income. Expected unguaranteed residual values are based on our assessment of the values of the flight equipment at expiration of the lease. The unearned income is recognized as lease revenue in our Consolidated Income Statements over the lease term, in a manner that produces a constant rate of return on the lease.

Definite-lived intangible assets

We recognize intangible assets acquired in a business combination at fair value on the date of acquisition. The rate of amortization of definite-lived intangible assets is calculated based on the period over which we expect to derive economic benefits from such assets.

Maintenance rights intangible and lease premium, net

Maintenance rights intangible assets are recognized when we acquire aircraft subject to existing leases, primarily as a result of the ILFC Transaction. These intangible assets represent the contractual right to receive the aircraft in a specified maintenance condition at the end of the lease (EOL contracts) or our right to receive an aircraft in better maintenance condition due to our obligation to contribute towards the cost of the maintenance events performed by the lessee either through reimbursement of maintenance deposit rents held (MR contracts), or through a lessor contribution to the lessee.

For EOL contracts, to the extent the lease end cash compensation paid to us is less than the maintenance rights intangible asset, we recognize the difference between these two amounts as maintenance rights expense upon lease termination. Maintenance rights expense is included in leasing expenses in our Consolidated Income Statements. To the extent the lease end cash compensation paid to us is more than the maintenance rights intangible asset, we recognize the difference between these two amounts as lease revenue in our Consolidated Income Statements upon lease termination. For MR contracts, we recognize maintenance rights expense at the time the lessee submits a reimbursement claim and provides the required documentation related to the cost of a qualifying maintenance event that relates to pre-acquisition usage.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Lease premium assets represent the value of an acquired lease where the contractual rental payments are above the market rate. We amortize the lease premium assets on a straight-line basis over the term of the lease as a reduction of lease revenue in our Consolidated Income Statements.

Other definite-lived intangible assets

Other definite-lived intangible assets primarily consist of customer relationships recorded at fair value on the Closing Date as a result of the ILFC Transaction. These intangible assets are amortized over the period which we expect to derive economic benefits from such assets. The amortization expense is recorded in depreciation and amortization in our Consolidated Income Statements. We evaluate all definite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Other assets

Other assets consist of inventory, notes receivables, investments, derivative financial instruments, lease incentives, other tangible fixed assets, and straight-line rents, prepaid expenses and other receivables.

Inventory

Inventory consists primarily of engine and airframe parts and rotatable and consumable parts we sell through our subsidiary, AeroTurbine. We value our inventory at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and aircraft purchased for disassembly and for bulk purchases. Costs are allocated using the relationship of the cost of the engine, aircraft, or bulk inventory purchase to the estimated retail sales value at the time of purchase. At the time of sale, this ratio is applied to the sales price of each individual part to determine its cost. We periodically evaluate this ratio and, if necessary, update sales estimates and make adjustments to this ratio. Generally, inventory that is held for more than four years is considered excess inventory and its carrying value is reduced to zero.

Notes receivables

Notes receivables represent amounts advanced in the normal course of our operations and also arise from the restructuring and deferral of trade receivables from lessees experiencing financial difficulties. An allowance for credit losses on notes receivables is established when the risk of non-recovery is probable. The assessment of the risk of non-recovery where lessees are experiencing financial difficulties is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of the debtor and the economic conditions persisting in the debtor's operating environment. The note receivable as a result of the ALS Transaction was recorded at fair value and was subsequently measured at amortized cost using the retrospective effective interest method.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Investments

Investments over which we have significant influence but not a controlling interest, joint ventures or VIEs for which we are not the PB are reported using the equity method of accounting. Under the equity method of accounting, we include our share of earnings and losses of such investments in equity in net earnings (losses) of investments accounted for under the equity method.

Derivative financial instruments

We use derivative financial instruments to manage our exposure to interest rate risks. We recognize derivatives in our Consolidated Balance Sheets at fair value.

When cash flow hedge accounting treatment is applied, the changes in fair values related to the effective portion of the derivatives are recorded in AOCI, and the ineffective portion is recognized immediately in interest expense. Amounts reflected in AOCI related to the effective portion are reclassified into interest expense in the same period or periods during which the hedged transaction affects interest expense.

We discontinue hedge accounting prospectively when (i) we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item; (ii) the derivative expires or is sold, terminated, or exercised; or (iii) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we recognize the changes in the fair value in current-period earnings. The remaining balance in AOCI at the time we discontinue hedge accounting is not recognized in our Consolidated Income Statements unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in interest expense when the hedged transaction affects interest expense.

When cash flow hedge accounting treatment is not applied, the changes in fair values related to interest rate related derivatives between periods are recognized in interest expense in our Consolidated Income Statements.

Net cash received or paid under derivative contracts in any reporting period is classified as operating cash flows in our Consolidated Statements of Cash Flows.

Lease incentives

We capitalize amounts paid or value provided to lessees as lease incentives. We amortize lease incentives on a straight-line basis over the term of the related lease as a reduction in lease revenue in our Consolidated Income Statements.

Other tangible fixed assets

Other tangible fixed assets consist primarily of computer equipment, leasehold improvements and office furniture, and are valued at acquisition cost and depreciated at various rates over the asset's estimated useful life on a straight-line basis. Depreciation expense on other tangible fixed assets is recorded in depreciation and amortization in our Consolidated Income Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Fair value measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We measure the fair value of our derivatives on a recurring basis and measure the fair value of flight equipment and definite-lived intangible assets on a non-recurring basis. See Note 31—*Fair value measurements*.

Income taxes

We recognize an uncertain tax benefit only to the extent that it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Deferred income tax assets and liabilities

We report deferred income taxes resulting from the temporary differences between the book values and the tax values of assets and liabilities using the liability method. The differences are calculated at nominal value using the enacted tax rate applicable at the time the temporary difference is expected to reverse. Deferred income tax assets attributable to unutilized losses carried forward or other timing differences are reduced by a valuation allowance if it is more likely than not that such losses will not be utilized to offset future taxable income.

Guarantees

We have potential obligations under guarantee contracts that we have entered into with third parties. See Note 30—*Commitment and contingencies*. We initially recognize guarantees at fair value. Subsequently, if it becomes probable that we will be required to perform under a guarantee, we accrue a liability based on an estimate of the loss we will incur to perform under the guarantee. The estimate of the loss is generally measured as the amount by which the contractual guaranteed value exceeds the fair market value or future lease cash flows of the underlying aircraft.

Accrued maintenance liability

Under our aircraft leases, the lessee is responsible for maintenance and repairs and other operating expenses related to the flight equipment during the term of the lease. In certain instances, such as when an aircraft is not subject to a lease, we may incur maintenance and repair expenses for our aircraft. Maintenance and repair expenses are recorded in leasing expenses in our Consolidated Income Statements, to the extent such expenses are incurred by us.

We may be obligated to make additional payments to the lessee for maintenance related expenses, primarily related to usage of major life-limited components existing at the inception of the lease ("lessor maintenance contributions"). For all lease contracts, we expense planned major maintenance activities, such as lessor maintenance contributions, when incurred. The expense is recorded in leasing expenses in our Consolidated Income Statements. In the case we have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, such payments are charged against the existing accrual.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

For all lease contracts acquired as part of the ILFC Transaction, we determined the fair value of our maintenance liability, including lessor maintenance contributions, using the present value of the expected cash outflows. The discounted amounts are accreted in subsequent periods to their respective nominal values up until the expected maintenance event dates using the effective interest method. The accretion amounts are recorded as increases to interest expense in our Consolidated Income Statements.

Debt and deferred debt issuance costs

Long-term debt is carried at the principal amount borrowed, including unamortized discounts and premiums, fair value adjustments and debt issuance costs, where applicable. The fair value adjustments reflect the application of the acquisition method of accounting to the debt assumed as part of the ILFC Transaction. We amortize the amount of discounts or premiums and fair value adjustments over the period the debt is outstanding using the effective interest method. The costs we incur for issuing debt are capitalized and amortized as an increase to interest expense over the life of the debt using the effective interest method. The coupon liability as a result of the ALS Transaction was recorded at fair value and was subsequently measured at amortized cost using the retrospective effective interest method.

Lessee security deposits

For all lessee deposits assumed as part of the ILFC Transaction, we discounted the lessee security deposit amounts to their respective present values. We accrete the discounted security deposit amounts to their respective nominal values over the period we expect to refund the security deposits to each lessee, using the effective interest method, recognizing an increase in interest expense.

Revenue recognition

We lease flight equipment principally under operating leases and recognize rental income on a straight-line basis over the life of the lease. At lease inception, we review all necessary criteria to determine proper lease classification. We account for lease agreements that include uneven rental payments on a straight-line basis. The difference between rental revenue recognized and cash received is included in our Consolidated Balance Sheets in other assets, or in the event it is a liability, in accounts payable, accrued expenses and other liabilities. In certain cases, leases provide for rentals contingent on usage. The usage may be calculated based on hourly usage or on the number of cycles operated, depending on the lease contract. Revenue contingent on usage is recognized at the time the lessee reports the usage to us.

Lease agreements for which base rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate that existed at the inception of the lease; and any increases or decreases in lease payments that result from subsequent changes in the floating interest rate are considered contingent rentals and are recorded as increases or decreases in lease revenue in the period of the interest rate change.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Our lease contracts normally include default covenants, which generally obligate the lessee to pay us damages to put us in the position we would have been in had the lessee performed under the lease in full. There are no additional payments required which would increase the minimum lease payments. We cease revenue recognition on a lease contract when the collectability of such rentals is no longer reasonably assured. For past-due rentals that exceed related security deposits held, which have been recognized as revenue, we establish provisions on the basis of management's assessment of collectability. Such provisions are recorded in leasing expenses in our Consolidated Income Statements.

Revenue from net investment in finance and sales-type leases is included in lease revenue in our Consolidated Income Statements and is recognized using the interest method to produce a constant yield over the life of the lease.

Most of our lease contracts require payment in advance. Rental payments received but unearned under these lease agreements are recorded as deferred revenue in our Consolidated Balance Sheets.

Under our aircraft leases, the lessee is responsible for maintenance, repairs and other operating expenses related to our flight equipment during the term of the lease. Under the provisions of many of our leases, the lessee is required to make payments of supplemental maintenance rents which are calculated with reference to the utilization of the airframe, engines and other major life-limited components during the lease. We record as lease revenue all supplemental maintenance rent receipts not expected to be reimbursed to lessees. We estimate the total amount of maintenance reimbursements for the entire lease and only record revenue after we have received sufficient maintenance rents under a particular lease to cover the total amount of estimated maintenance reimbursements during the remaining lease term.

In most lease contracts not requiring the payment of supplemental maintenance rents, and to the extent that the aircraft is redelivered in a different condition than at acceptance, we generally receive EOL cash compensation for the difference at redelivery. We recognize receipts of EOL cash compensation as lease revenue when received to the extent those receipts exceed the EOL contract maintenance rights intangible asset, and we recognize leasing expenses when the EOL contract maintenance rights intangible asset exceeds the EOL cash receipts.

Accrued maintenance liability existing at the end of a lease is released and recognized as lease revenue at lease termination to the extent that the maintenance liability exceeds the MR contract maintenance rights intangible asset. If the maintenance liability does not exceed the MR contract maintenance rights intangible asset, we recognize the difference as a leasing expense. When flight equipment is sold, the portion of the accrued maintenance liability which is not specifically assigned to the buyer is released from our Consolidated Balance Sheets, net of any maintenance rights intangible asset balance, and recognized as part of the sale of the flight equipment as gain or loss in net gain on sale of assets in our Consolidated Income Statements.

Net gain or loss on sale of assets originates primarily from the sale of aircraft and engines. The sale is recognized when the relevant asset is delivered, the risk of loss has transferred to the buyer, and we no longer have significant ownership risk in the asset sold.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Other income consists of interest income, management fees, lease termination penalties, inventory part sales and net gain on sale of equity investments accounted for under the equity method, insurance proceeds, and other miscellaneous activities. Income from secured loans, notes receivables and other interest bearing instruments is recognized using the effective yield method as interest accrues under the associated contracts. Lease management fees are recognized as income as they accrue over the life of the contract. Income from the receipt of lease termination penalties is recorded at the time cash is received or when the lease is terminated, if revenue recognition criteria are met.

Pension

We operate a defined benefit pension plan for our Dutch employees and some of our Irish employees. We recognize net periodic pension costs associated with these plans in selling, general and administrative expenses and recognize the unfunded status of the plan, if any, in accounts payable, accrued expenses and other liabilities. The change in fair value of the funded pension liability that is not related to the net periodic pension cost is recorded in AOCI. The projection of benefit obligation and fair value of plan assets require the use of assumptions and estimates, including discount rates. Actual results could differ from those estimates. Furthermore, we operate defined contribution plans for the employees who do not fall under the defined benefit pension plans. We recognize an expense for contributions to the defined contribution plans in selling, general and administrative expenses in the period the contributions are made.

Share-based compensation

Certain employees receive AerCap share-based awards, consisting of restricted stock units and restricted stock. Share-based compensation expense is determined by reference to the fair value of the restricted stock units or restricted stock on the grant date and is recognized on a straight-line basis over the requisite service period. Share-based compensation expense is classified in selling, general and administrative expenses in our Consolidated Income Statements.

Foreign currency

Foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at the time of the transaction. Receivables or payables denominated in foreign currencies are remeasured into U.S. dollars at the exchange rate at the balance sheet date. All resulting exchange gains and losses are recorded in selling, general and administrative expenses in our Consolidated Income Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Variable interest entities

We consolidate VIEs in which we have determined that we are the PB. We use judgment when determining (i) whether an entity is a VIE; (ii) who are the variable interest holders; (iii) the elements and degree of control that each variable interest holder has; and (iv) ultimately which party is the PB. When determining which party is the PB, we perform an analysis which considers (i) the design of the VIE; (ii) the capital structure of the VIE; (iii) the contractual relationships between the variable interest holders; (iv) the nature of the entities' operations; and (v) the purposes and interests of all parties involved, including related parties. While we consider these factors, our conclusion about whether to consolidate ultimately depends on the breadth of our decision-making ability and our ability to influence activities that significantly affect the economic performance of the VIE. We continually re-evaluate whether we are the PB for VIEs in which we hold a variable interest.

Earnings per share

Basic earnings per share is computed by dividing income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For the purposes of calculating diluted earnings per share, the denominator includes both the weighted average number of ordinary shares outstanding during the period and the weighted average number of potentially dilutive ordinary shares, such as restricted stock units, restricted stock and stock options.

Reportable segments

We manage our business and analyze and report our results of operations on the basis of one business segment: leasing, financing, sales and management of commercial aircraft and engines.

Recent accounting standards adopted during the year ended December 31, 2016:

Amendments to the consolidation analysis

In February 2015, the FASB issued an accounting standard that affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities; eliminate the presumption that a general partner should consolidate a limited partnership; affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and provide a scope exemption from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds.

We adopted the standard on its required effective date of January 1, 2016 and it did not have any effect on our Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Presentation of debt issuance costs

In April 2015, the FASB issued an accounting standard that requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability. In August 2015, the FASB issued an accounting standard to clarify that entities are permitted to defer and present debt issuance costs related to line-of-credit arrangements as an asset, and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. Upon adoption, the standards should be applied retrospectively to all prior periods presented in the financial statements.

We adopted the standards on their required effective date of January 1, 2016. As a result, we have retrospectively reclassified \$165.0 million of debt issuance costs from other assets to a direct reduction of the debt liability in our Consolidated Balance Sheet as of December 31, 2015. We continue to present debt issuance costs related to our line-of-credit arrangements within other assets. The adoption of this standard did not have any effect on our Consolidated Income Statements or Consolidated Statements of Cash Flows.

Future application of accounting standards:

Revenue from contracts with customers

In May 2014, the FASB issued an accounting standard that provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This guidance does not apply to lease contracts with customers. The standard will require an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update creates a five-step model that requires entities to exercise judgment when considering the terms of the contract including (i) identifying the contract with the customer; (ii) identifying the separate performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the separate performance obligations; and (v) recognizing revenue when each performance obligation is satisfied.

This standard was originally scheduled to be effective for fiscal years beginning after December 15, 2016 and subsequent interim periods. In August 2015, the FASB issued an update to the standard which deferred the effective date to January 1, 2018. The standard may be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of applying this standard recognized at the date of adoption. Early adoption is permitted but not before the originally scheduled effective date. We plan to adopt the standard on its required effective date of January 1, 2018. We are evaluating the effect the adoption of the standard will have on our Consolidated Financial Statements. This new standard does not impact the accounting of our lease revenue but may impact the accounting of our revenue other than lease revenue. While we are still performing our analysis, we do not expect the impact of this standard to be material to our Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Inventory

In July 2015, the FASB issued an accounting standard that simplifies the subsequent measurement of all inventory except for inventory measured using the last-in, first-out or the retail inventory method. Inventory within the scope of this standard will be measured at the lower of cost and net realizable value instead of the lower of cost or market as required under existing guidance. Net realizable value is the estimated sale price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This standard also requires that substantial and unusual losses that result from the subsequent measurement of inventory be disclosed in the financial statements. The new standard will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This standard should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. We plan to adopt the standard on its required effective date of January 1, 2017. We do not expect the impact of this standard to be material to our Consolidated Balance Sheets and Consolidated Income Statements.

Lease accounting

In February 2016, the FASB issued an accounting standard that requires lessees to recognize lease-related assets and liabilities on the balance sheet, other than leases that meet the definition of a short-term lease. In certain circumstances, the lessee is required to remeasure the lease payments. Qualitative and quantitative disclosures, including significant judgments made by management, will be required to provide insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. Under the new standard, lessor accounting remains similar to the current model. The new standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using the modified retrospective transition approach. We plan to adopt the standard on its required effective date of January 1, 2019. We do not expect the impact of this standard to be material to our Consolidated Balance Sheets and Consolidated Income Statements.

Stock compensation

In March 2016, the FASB issued an accounting standard that requires entities to record all tax effects related to share-based awards in the income statement when the awards vest or are settled. The accounting standard also requires excess tax benefits to be recorded when they arise, subject to normal valuation allowance considerations. Excess tax benefits are to be reported as operating activities on the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption will be permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. We plan to adopt the standard on its required effective date of January 1, 2017. We do not expect the impact of this standard to be material to our Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

3. Summary of significant accounting policies (Continued)

Allowance for credit losses

In June 2016, the FASB issued an accounting standard that requires entities to estimate lifetime expected credit losses for most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, net investments in leases and off-balance sheet credit exposures. The standard also requires additional disclosure, including how the entity develops its allowance for credit losses for financial assets measured at amortized cost and disaggregated information on the credit quality of net investments in leases measured at amortized cost by year of the asset's origination for up to five annual periods. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption will be permitted in any interim or annual period beginning after December 15, 2018. The new standard must be adopted using the modified retrospective transition approach. We plan to adopt the standard on its required effective date of January 1, 2020. We are evaluating the effect the adoption of the standard will have on our Consolidated Balance Sheets and Consolidated Income Statements.

Statement of cash flows

In August 2016, the FASB issued an accounting standard that is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The standard includes clarifications that (i) cash payments for debt prepayment or extinguishments costs must be classified as cash outflows for financing activities; (ii) cash proceeds from the settlement of insurance claims should be classified based on the nature of the loss; (iii) an entity is required to make an accounting policy election to classify distributions received from equity method investees under either the cumulative-earnings approach or the nature of distribution approach; and (iv) in the absence of specific guidance, an entity should classify each separately identifiable cash source and use on the basis of the underlying cash flows. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption will be permitted in any interim or annual period. The new standard must be adopted using the retrospective transition method. We plan to adopt the standard on its required effective date of January 1, 2018. We do not expect the impact of this standard to be material to our Consolidated Statements of Cash Flows.

Presentation of restricted cash in the statement of cash flows

In November 2016, the FASB issued an accounting standard that clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The standard requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The standard also requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted in any interim or annual period, but any adjustments must be reflected as of the beginning of the fiscal year. The new standard must be adopted retrospectively. We plan to adopt the standard on its required effective date of January 1, 2018. We are evaluating the effect the adoption of the standard will have on our Consolidated Statements of Cash Flows.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****4. ILFC Transaction**

On May 14, 2014, AerCap issued 97,560,976 new ordinary shares and paid \$2.4 billion in cash to AIG to successfully complete the ILFC Transaction. Prior to the consummation of the ILFC Transaction, ILFC paid a special distribution to AIG in the amount of \$600.0 million.

The total consideration paid to AIG, excluding the special distribution of \$600.0 million paid by ILFC to AIG on May 13, 2014, had a value of approximately \$7.0 billion based on AerCap's closing price per share of \$46.59 on May 14, 2014. On the Closing Date, immediately after completing the ILFC Transaction, all of ILFC's assets were transferred substantially as an entirety to AerCap Trust, a legal entity formed on February 5, 2014, and AerCap Trust assumed substantially all of the liabilities of ILFC. AICDC, a wholly-owned subsidiary of AerCap Ireland, and ILFC, an indirect subsidiary of AerCap Trust, are the sole beneficiaries of AerCap Trust.

On June 9, 2015, AIG sold 71,184,686 of its AerCap ordinary shares in a secondary public offering and AerCap completed the Share Repurchase from AIG of 15,698,588 ordinary shares.

On August 24, 2015, AIG sold 10,677,702 of its AerCap ordinary shares in a secondary public offering. Following this sale, AIG no longer owns any of our outstanding ordinary shares and has no designees on our Board of Directors.

The consideration transferred to effect the ILFC Transaction consisted of the following:

Cash consideration(a)	\$ 2,400,000
97,560,976 AerCap common shares issued multiplied by AerCap closing share price per share of \$46.59 on May 14, 2014	4,545,366
Share compensation	12,275
Consideration transferred	<u>\$ 6,957,641</u>

(a) Excludes the \$600.0 million special distribution paid by ILFC to AIG prior to the Closing Date.

AerCap reported transaction and integration expenses related to the ILFC Transaction as provided in the following table. These expenses are included in transaction, integration and restructuring related expenses in our Consolidated Income Statements.

	<u>Year Ended December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Severance and other compensation expenses	\$ —	\$ 7,236	\$ 54,600
Banking fees	—	—	45,740
Professional fees and other expenses	—	2,366	48,452
	<u>\$ —</u>	<u>\$ 9,602</u>	<u>\$ 148,792</u>

The acquired business contributed total revenues and other income of \$2,574.7 million and net income of \$687.8 million to AerCap for the period beginning May 14, 2014 and ended December 31, 2014.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****4. ILFC Transaction (Continued)**

The following unaudited pro forma summary presents consolidated information of AerCap as if the business combination had occurred on January 1, 2013:

	Year Ended December 31, 2014
Total Revenues and other income	\$ 5,212,900
Net income	952,778

The most significant pro forma adjustments were to reflect the impact, net of tax, of: (i) the amortization of the intangible lease premium component as an adjustment to revenue; (ii) the expensing of the maintenance rights intangible, which occurs when the lease ends for EOL contracts or when the lessee provides us with the required documentation related to the cost of a qualifying maintenance event that relates to pre-acquisition usage for MR contracts. The related pro forma adjustment was based on the estimated annual charge in the first full year after the acquisition; (iii) the depreciation and amortization expenses related to the fair value adjustments to aircraft and other intangibles; (iv) the interest expense on the existing debt taking into account the fair value adjustment to the debt as of the Closing Date; (v) the interest expense related to the acquisition financing, as if the financing occurred as of January 1, 2013; (vi) other interest expense adjustments relating to the maintenance and security deposit liabilities as well as the prepayments on flight equipment; and (vii) non-recurring transaction and integration related expenses, as if they had been incurred as of January 1, 2013 instead of 2014.

The above unaudited pro forma financial information is for informational purposes only and may not necessarily reflect the actual results of operations had the ILFC Transaction been consummated on January 1, 2013. The pro forma information did not adjust for gain from sales, impairment charges and loss from early extinguishment of debt. These pro forma amounts are not designed to represent the future expected financial results of AerCap. The ILFC Transaction resulted in significant increases of our assets and liabilities, as well as revenues and expenses.

5. Restricted cash

Our restricted cash balance was \$329.2 million and \$419.4 million as of December 31, 2016 and 2015, respectively. It is primarily related to our ECA financings, our Ex-Im financings, our AerFunding revolving credit facility and other debt. See Note 16—*Debt*.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

6. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the years ended December 31, 2016 and 2015 were as follows:

	Year Ended December 31,	
	2016	2015
Net book value at beginning of period	\$ 32,219,494	\$ 31,984,668
Additions	3,863,905	3,604,122
Depreciation	(1,753,574)	(1,803,125)
Impairment (Note 25)	(78,335)	(16,322)
AeroTurbine restructuring (Note 26)	(15,392)	(22,402)
Disposals/Transfers to held for sale	(2,246,825)	(1,325,626)
Transfers from held for sale	24,393	—
Transfers to net investment in finance and sales-type leases/inventory	(530,093)	(201,821)
Transfers from net investment in finance and sales-type leases	18,400	—
Net book value at end of period	\$ 31,501,973	\$ 32,219,494
Accumulated depreciation as of December 31, 2016 and 2015, respectively	\$ (5,086,611)	\$ (3,934,685)

7. Net investment in finance and sales-type leases

Components of net investment in finance and sales-type leases as of December 31, 2016 and 2015 were as follows:

	As of December 31,	
	2016	2015
Future minimum lease payments to be received	\$ 708,934	\$ 533,879
Estimated residual values of leased flight equipment (unguaranteed)	321,739	164,123
Less: Unearned income	(274,791)	(228,804)
	\$ 755,882	\$ 469,198
Less: Allowance for credit losses	—(a)	—
	\$ 755,882	\$ 469,198

(a) During the year ended December 31, 2016, we recognized a direct write-off for credit losses on four finance leases of \$11.1 million, which was recorded in leasing expenses in our Consolidated Income Statement.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****7. Net investment in finance and sales-type leases (Continued)**

As of December 31, 2016, future minimum lease payments to be received on finance and sales-type leases were as follows:

	Future minimum lease payments to be received
2017	\$ 137,388
2018	120,216
2019	106,209
2020	82,116
2021	67,271
Thereafter	195,734
	<u>\$ 708,934</u>

8. Maintenance rights intangible and lease premium, net

Maintenance rights intangible and lease premium consisted of the following as of December 31, 2016 and 2015:

	As of December 31,	
	2016	2015
Maintenance rights intangible	\$ 2,117,034	\$ 3,068,318
Lease premium, net	50,891	70,727
	<u>\$ 2,167,925</u>	<u>\$ 3,139,045</u>

Movements in maintenance rights intangible during the years ended December 31, 2016 and 2015 were as follows:

	Year Ended December 31,	
	2016	2015
Maintenance rights intangible at beginning of period	\$ 3,068,318	\$ 3,812,259
EOL and MR contract maintenance rights expense	(381,637)	(348,366)
MR contract maintenance rights write off due to maintenance liability release	(173,971)	(161,839)
EOL contract maintenance rights write off due to cash receipt	(96,503)	(118,438)
EOL and MR contract intangible write off due to sale of aircraft	(284,411)	(115,298)
Transfer to other assets	(17,162)	—
Additions due to aircraft acquisitions	2,400	—
Maintenance rights intangible at end of period	<u>\$ 2,117,034</u>	<u>\$ 3,068,318</u>

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****8. Maintenance rights intangible and lease premium, net (Continued)**

The following tables present details of lease premium and related accumulated amortization as of December 31, 2016 and 2015:

	As of December 31, 2016		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Lease premium	\$ 94,959	\$ (44,068)	\$ 50,891

	As of December 31, 2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Lease premium	\$ 107,140	\$ (36,413)	\$ 70,727

Lease premiums that are fully amortized are removed from the gross carrying amount and accumulated amortization columns in the tables above.

During the years ended December 31, 2016, 2015 and 2014, we recorded amortization expense for lease premium of \$19.8 million, \$23.0 million and \$18.0 million, respectively.

As of December 31, 2016, the estimated future amortization expense for lease premium was as follows:

	Estimated amortization expense
2017	\$ 13,633
2018	11,219
2019	10,466
2020	7,727
2021	5,394
Thereafter	2,452
	<u>\$ 50,891</u>

9. Flight equipment held for sale

Generally, an aircraft is classified as held for sale when the sale is probable and is expected to be sold within one year. Aircraft are reclassified from flight equipment held for operating leases to flight equipment held for sale at the lower of the aircraft carrying value or fair value, less costs to sell. Depreciation is no longer recognized for aircraft classified as held for sale.

As of December 31, 2016, six aircraft and four engines met the held for sale criteria and were classified as flight equipment held for sale in our Consolidated Balance Sheet. As of December 31, 2015, we had five aircraft classified as flight equipment held for sale in our Consolidated Balance Sheet, and the sale of those aircraft closed during the first quarter of 2016.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

10. Other intangibles, net

Other intangibles consisted of the following as of December 31, 2016 and 2015:

	<u>As of December 31,</u>	
	<u>2016</u>	<u>2015</u>
Goodwill	\$ 58,094	\$ 58,094
Customer relationships, net	304,294	325,471
Contractual vendor intangible assets	21,019	38,775
Tradename and other intangible assets, net	13,694	38,666
	<u>\$ 397,101</u>	<u>\$ 461,006</u>

The following tables present details of customer relationships and tradename and other intangible assets and related accumulated amortization as of December 31, 2016 and 2015:

	<u>As of December 31, 2016</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Customer relationships	\$ 360,000	\$ (55,706)	\$ 304,294
Tradename and other intangible assets	40,000	(26,306)	13,694
	<u>\$ 400,000</u>	<u>\$ (82,012)</u>	<u>\$ 317,988</u>

	<u>As of December 31, 2015</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Customer relationships	\$ 360,000	\$ (34,529)	\$ 325,471
Tradename and other intangible assets	56,465	(17,799)	38,666
	<u>\$ 416,465</u>	<u>\$ (52,328)</u>	<u>\$ 364,137</u>

During the years ended December 31, 2016, 2015 and 2014, we recorded amortization expense for customer relationships and tradename and other intangible assets of \$31.9 million, \$33.7 million and \$21.3 million, respectively.

During the years ended December 31, 2016 and 2015, we recognized impairment charges of \$14.9 million and \$24.8 million, respectively, of tradename and other intangible assets related to the downsizing of AeroTurbine. The amount was recorded in transaction, integration and restructuring related expenses in our Consolidated Income Statement. Please refer to Note 26—*AeroTurbine restructuring* for further details.

During the years ended December 31, 2016 and 2015, we utilized \$17.8 million and \$8.8 million, respectively, of contractual vendor intangible assets to reduce the cash outlay related to purchases of goods and services from our vendors.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

10. Other intangibles, net (Continued)

As of December 31, 2016, the estimated future amortization expense for customer relationships and tradename and other intangible assets was as follows:

	Estimated amortization expense
2017	\$ 31,177
2018	24,871
2019	21,176
2020	21,176
2021	21,176
Thereafter	198,412
	<u>\$ 317,988</u>

11. Other assets

Other assets consisted of the following as of December 31, 2016 and 2015:

	As of December 31,	
	2016	2015
Inventory	\$ 52,673	\$ 260,269
Debt issuance costs(a)	33,700	45,524
Lease incentives	177,128	162,277
Other receivables	188,759	174,841
Investments (Note 12)	118,783	114,711
Notes receivables	23,359(b)(c)	116,197(d)
Derivative assets (Note 13)	37,187	18,965
Other tangible fixed assets	36,427	20,845
Straight-line rents, prepaid expenses and other	111,190	85,114
	<u>\$ 779,206</u>	<u>\$ 998,743</u>

- (a) We retrospectively reclassified \$165.0 million of debt issuance costs from other assets to a direct reduction of the debt liability as of December 31, 2015. We continue to present debt issuance costs related to our revolving credit facilities within other assets. Please refer to Note 3—*Summary of significant accounting policies*.
- (b) As of December 31, 2016, we did not have an allowance for credit losses on notes receivables and there was no activity recorded for credit losses during the year ended December 31, 2016.
- (c) In December 2016, the ALS Note Receivable was repaid. Please refer to Note 28—*Variable Interest Entities* for further details.
- (d) As of December 31, 2015, we did not have an allowance for credit losses on notes receivables. We recognized a \$2.0 million provision, which was used upon termination of the related leases during the year ended December 31, 2015.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****12. Investments**

Investments consisted of the following as of December 31, 2016 and 2015:

	Ownership as of December 31, 2016 (%)	As of December 31,	
		2016	2015
Equity investment in unconsolidated joint venture (AerDragon)(a)	17	\$ 60,124	\$ 55,430
Equity investment in unconsolidated joint venture (AerLift)	39	45,087	47,352
Equity investment in unconsolidated joint venture (ACSAL)(a)	19	13,566	11,923
Other investments at cost	NA	6	6
		<u>\$ 118,783</u>	<u>\$ 114,711</u>

- (a) AerDragon and ACSAL are VIEs for which we are not the PB but do have significant influence. Therefore, they are accounted for under the equity method.

Our share of undistributed earnings of investments in which our ownership interest is less than 50% was \$38.4 million and \$34.4 million as of December 31, 2016 and 2015, respectively. Our equity investments in our unconsolidated joint ventures, AerDragon, AerLift and ACSAL, are accounted for under the equity method.

13. Derivative assets and liabilities

We have entered into interest rate derivatives to hedge the current and future interest rate payments on our variable rate debt. These derivative financial instruments can include interest rate swaps, caps, floors, options and forward contracts.

As of December 31, 2016, we had interest rate caps and swaps outstanding, with underlying variable benchmark interest rates ranging from one to three-month U.S. dollar LIBOR.

None of our derivatives that were outstanding as of December 31, 2016 were subject to master netting agreements, which would allow the netting of derivative assets and liabilities in the case of default under any one contract.

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. As of December 31, 2016 and 2015, we had cash collateral of \$8.6 million and \$4.5 million, respectively, from various counterparties and the obligation to return such collateral was recorded in accounts payable, accrued expenses and other liabilities. We had not advanced any cash collateral to counterparties as of December 31, 2016 or 2015.

The counterparties to our interest rate derivatives are major international financial institutions. We continually monitor our positions and the credit ratings of the counterparties involved and limit the amount of credit exposure to any one party. We could be exposed to potential losses due to the credit risk of non-performance by these counterparties. We have not experienced any material losses to date.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

13. Derivative assets and liabilities (Continued)

Our derivative assets are recorded in other assets and our derivative liabilities are recorded in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets. The following tables present notional amounts and fair values of derivatives outstanding as of December 31, 2016 and 2015:

	As of December 31,			
	2016		2015	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets not designated as hedges:				
Interest rate caps	\$ 2,911,220	\$ 30,362	\$ 2,194,210	\$ 18,965
Derivative assets designated as cash flow hedges:				
Interest rate swaps	\$ 425,612	\$ 6,825	—	—
Total derivative assets		\$ 37,187		\$ 18,965

	As of December 31,			
	2016		2015	
	Notional amount	Fair value	Notional amount	Fair value
Derivative liabilities designated as cash flow hedges:				
Interest rate swaps	\$ —	\$ —	\$ 23,223	\$ 21
Total derivative liabilities		\$ —		\$ 21

We recorded the following in other comprehensive income (loss) related to derivative financial instruments for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
Gain (Loss)			
Effective portion of change in fair market value of derivatives designated as cash flow hedges:			
Interest rate swaps	\$ 6,846	\$ 385	\$ 2,065
Reclassification of derivative loss to interest expense	—	—	3,126
Income tax effect	(856)	(47)	(649)
Net changes in cash flow hedges, net of tax	\$ 5,990	\$ 338	\$ 4,542

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****13. Derivative assets and liabilities (Continued)**

The following table presents the effect of derivatives recorded in interest expense in our Consolidated Income Statements for the years ended December 31, 2016, 2015 and 2014. We do not expect to reclassify amounts from AOCI to interest expense in our Consolidated Income Statement over the next 12 months.

	Year Ended December 31,		
	2016	2015	2014
<i>Loss (Gain)</i>			
Derivatives not designated as hedges:			
Interest rate caps and swaps	\$ 1,628	\$ 18,118	\$ 13,569
Reclassification to Consolidated Income Statements:			
Reclassification of amounts previously recorded in AOCI	—	—	3,126
Effect from derivatives	\$ 1,628	\$ 18,118	\$ 16,695

14. Accounts payable, accrued expenses and other liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following as of December 31, 2016 and 2015:

	As of December 31,	
	2016	2015
Accounts payable and accrued expenses	\$ 330,437	\$ 417,892
Deferred revenue	463,090	463,167
Accrued interest	287,205	310,739
Guarantees (Note 30)	51,804	47,380
Derivative liabilities (Note 13)	—	21
	\$ 1,132,536	\$ 1,239,199

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****15. Accrued maintenance liability**

Movements in accrued maintenance liability during the years ended December 31, 2016 and 2015 were as follows:

	Year Ended December 31,	
	2016	2015
Accrued maintenance liability at beginning of period	\$ 3,185,794	\$ 3,194,365
Maintenance payments received	794,711	776,488
Maintenance payments returned	(505,407)	(558,477)
Release to income other than upon sale	(421,332)	(243,809)
Release to income upon sale	(341,161)	(49,077)
Lessor contribution, top ups and other	8,315	18,403
Interest accretion	26,563	47,901
Additions due to aircraft acquisitions	3,093	—
Accrued maintenance liability at end of period	\$ 2,750,576	\$ 3,185,794

16. Debt

As of December 31, 2016, the principal amount of our outstanding indebtedness totaled \$27.4 billion, which excluded fair value adjustments of \$0.5 billion and debt issuance costs and debt discounts of \$0.2 billion. As of December 31, 2016, our undrawn lines of credit were approximately \$7.3 billion, subject to certain conditions, including compliance with certain financial covenants.

As of December 31, 2016, we remained in compliance with the respective financial covenants across our various debt obligations.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

The following table provides a summary of our indebtedness as of December 31, 2016 and 2015:

Debt Obligation	As of December 31,						2015
	2016						
	Collateral (Number of aircraft)	Commitment	Undrawn amounts	Outstanding	Weighted average interest rate(a)	Maturity	Outstanding
Unsecured							
ILFC Legacy Notes		\$ 7,670,000	\$ —	\$ 7,670,000	6.96%	2017 - 2022	\$ 9,220,000
AerCap Aviation Notes		300,000	—	300,000	6.38%	2017	300,000
AerCap Trust & AICDC Notes		6,399,864	—	6,399,864	4.25%	2017 - 2022	5,399,864
Asia revolving credit facility		600,000	600,000	—	—	2020	—
Citi revolving credit facility		3,000,000	3,000,000	—	—	2018	—
AIG revolving credit facility		500,000	500,000	—	—	2019	—
Other unsecured debt		—	—	—	—	NA	27,959
<i>Fair value adjustment</i>		NA	NA	430,348	NA	NA	671,687
TOTAL UNSECURED		18,469,864	4,100,000	14,800,212			15,619,510
Secured							
Export credit facilities	85	1,722,376	—	1,722,376	2.52%	2017 - 2027	2,292,686
Senior Secured Notes	85	1,275,000	—	1,275,000	7.13%	2018	2,550,000
Institutional secured term loans & secured portfolio loans	221	6,484,123	1,455,500	5,028,623	3.16%	2020 - 2024	3,269,822
ALS II debt	26	17,746	—	17,746	2.55%	2038	210,557
AerFunding revolving credit facility	15	2,160,000	1,563,181	596,819	2.92%	2019	1,058,294
AeroTurbine revolving credit agreement(b)		200,000	75,000	125,000	3.27%	2019	321,603
Other secured debt	108	2,814,826	144,500	2,670,325	3.57%	2017 - 2034	2,745,423
<i>Fair value adjustment</i>		NA	NA	82,251	NA	NA	174,903
TOTAL SECURED		14,674,071	3,238,181	11,518,140			12,623,288
Subordinated							
ECAPS subordinated notes		1,000,000	—	1,000,000	4.77%	2065	1,000,000
Junior Subordinated Notes		500,000	—	500,000	6.50%	2045	500,000
Subordinated debt joint ventures partners		55,780	—	55,780	2.26%	2022	64,280
<i>Fair value adjustment</i>		NA	NA	(232)	NA	NA	(235)
TOTAL SUBORDINATED		1,555,780	—	1,555,548			1,564,045
Debt issuance costs and debt discounts		NA	NA	(156,901)	NA	NA	(164,980)(c)
	540	\$34,699,715	\$7,338,181	\$27,716,999			\$29,641,863

(a) The weighted average interest rate for our floating rate debt is calculated based on the U.S. dollar LIBOR rate as of

- (a) The weighted average interest rate for our floating rate debt is calculated based on the U.S. dollar LIBOR rate as of the last interest payment date of the respective debt, and excludes the impact of related derivative financial instruments which we hold to hedge our exposure to floating interest rates, as well as any amortization of debt issuance costs and debt discounts.
- (b) AeroTurbine's assets served as collateral for the AeroTurbine revolving credit agreement.
- (c) We retrospectively reclassified \$165.0 million of debt issuance costs from other assets to a direct reduction of the debt liability as of December 31, 2015. See Note 3—*Summary of significant accounting policies*.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****16. Debt (Continued)**

As of December 31, 2016, all debt was guaranteed by us with the exception of the ALS II debt, the AerFunding revolving credit facility and the Glide Funding term loan facility. As of December 31, 2016, a further \$209.5 million included in other secured debt was limited recourse in nature.

Maturities of our debt financings (excluding fair value adjustments, debt issuance costs and debt discounts) as of December 31, 2016 were as follows:

	<u>Maturities of debt financing</u>
2017	\$ 3,755,193
2018	3,123,579
2019	4,616,811
2020	3,687,839
2021	4,952,852
Thereafter	7,225,259
	<u>\$ 27,361,533</u>

During the years ended December 31, 2016, 2015 and 2014, we recorded amortization expense for debt issuance costs and debt discounts of \$55.8 million, \$45.6 million and \$86.2 million, respectively. The unamortized debt issuance costs and debt discounts as of December 31, 2016 are expected to be amortized through 2045.

ILFC Legacy Notes

As of December 31, 2016, we had an aggregate outstanding principal amount of senior unsecured notes of \$7.7 billion issued by ILFC prior to the ILFC Transaction (the "ILFC Legacy Notes"). The ILFC Legacy Notes have maturities ranging through 2022. The fixed rate notes bear interest at rates ranging from 3.875% to 8.875%. The notes are not subject to redemption prior to their stated maturity and there are no sinking fund requirements.

The indentures governing the ILFC Legacy Notes contain customary covenants that, among other things, restrict our, and our restricted subsidiaries', ability to (i) incur liens on assets; (ii) declare or pay dividends or acquire or retire shares of our capital stock during certain events of default; (iii) designate restricted subsidiaries as unrestricted subsidiaries or designate unrestricted subsidiaries; (iv) make investments in or transfer assets to unrestricted subsidiaries; and (v) consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets. The indentures also provide for customary events of default, including, but not limited to, the failure to pay scheduled principal and interest payments on the notes, the failure to comply with covenants and agreements specified in the indentures, the acceleration of certain other indebtedness resulting from non-payment of that indebtedness and certain events of insolvency. If any event of default occurs, any amount then outstanding under the indentures may immediately become due and payable.

Upon consummation of the ILFC Transaction, AerCap Trust became the successor issuer under the ILFC Legacy Notes indentures. ILFC also agreed to continue to be co-obligor. In addition, AerCap Holdings N.V. and certain of its subsidiaries became guarantors of the ILFC Legacy Notes.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

AerCap Aviation Notes

In May 2012, AerCap Aviation Solutions B.V. issued \$300.0 million of 6.375% senior unsecured notes due 2017 (the "AerCap Aviation Notes"). The proceeds from the offering were used for general corporate purposes. The AerCap Aviation Notes are guaranteed by AerCap Holdings N.V. and AerCap Ireland.

The AerCap Aviation Notes contain customary covenants that, among other things, limit our, and our restricted subsidiaries', ability to incur additional indebtedness, enter into certain mergers or consolidations, incur certain liens and engage in certain transactions with our affiliates. In addition, the indenture governing the AerCap Aviation Notes restricts our, and our restricted subsidiaries', ability to pay dividends or make certain restricted payments, subject to certain exceptions, unless certain conditions are met.

AerCap Trust & AICDC Notes

In May 2014, AerCap Trust and AICDC co-issued \$2.6 billion aggregate principal amount of senior unsecured notes, consisting of \$400.0 million of 2.75% notes due 2017, \$1.1 billion of 3.75% notes due 2019, and \$1.1 billion of 4.50% notes due 2021 (collectively, the "Acquisition Notes"). The proceeds from the offering were used to finance in part the consideration payable in connection with the ILFC Transaction.

In September 2014, AerCap Trust and AICDC co-issued \$800.0 million aggregate principal amount of 5.00% senior notes due 2021 (the "September 2014 Notes"). The proceeds from the offering were used for general corporate purposes.

In June 2015, AerCap Trust and AICDC co-issued \$1.0 billion aggregate principal amount of senior unsecured notes, consisting of \$500.0 million of 4.25% notes due 2020 and \$500.0 million of 4.625% notes due 2022 (collectively, the "June 2015 Notes"). The proceeds from the offering were used for general corporate purposes.

In October 2015, AerCap Trust and AICDC co-issued \$1.0 billion aggregate principal amount of 4.625% senior unsecured notes due 2020 (the "October 2015 Notes"). The proceeds from the offering were used for general corporate purposes.

In May 2016, AerCap Trust and AICDC co-issued \$1.0 billion aggregate principal amount of 3.95% senior unsecured notes due 2022 (the "May 2016 Notes"). The proceeds from the offering were used for general corporate purposes.

In January 2017, AerCap Trust and AICDC co-issued \$600.0 million aggregate principal amount of 3.50% senior unsecured notes due 2022 (the "January 2017 Notes", and together with the Acquisition Notes, the September 2014 Notes, the June 2015 Notes, the October 2015 Notes and the May 2016 Notes, the "AGAT/AICDC Notes"). The proceeds from the offering were used for general corporate purposes.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

The AGAT/AICDC Notes are registered with the SEC. The AGAT/AICDC Notes are jointly and severally and fully and unconditionally guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. Except as described below, the AGAT/AICDC Notes are not subject to redemption prior to their stated maturity and there are no sinking fund requirements. We may redeem each series of the AGAT/AICDC Notes in whole or in part, at any time, at a price equal to 100% of the aggregate principal amount plus the applicable "make-whole" premium plus accrued and unpaid interest, if any, to the redemption date. The "make-whole" premium is the excess of:

(i) the sum of the present value at such redemption date of all remaining scheduled payments of principal and interest on such note through the stated maturity date of the notes (excluding accrued but unpaid interest to the redemption date), discounted to the date of redemption using a discount rate equal to the treasury rate plus 50 basis points; over

(ii) the principal amount of the notes to be redeemed.

The indentures governing the AGAT/AICDC Notes contain customary covenants that, among other things, restrict our, and our restricted subsidiaries', ability to (i) incur liens on assets; (ii) designate restricted subsidiaries as unrestricted subsidiaries or designate unrestricted subsidiaries; (iii) consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; and, in certain cases, (iv) declare or pay dividends or acquire or retire shares of our capital stock during certain events of default; and (v) make investments in or transfer assets to unrestricted subsidiaries. The indentures also provide for customary events of default, including, but not limited to, the failure to pay scheduled principal and interest payments on the AGAT/AICDC Notes, the failure to comply with covenants and agreements specified in the indentures, the acceleration of certain other indebtedness resulting from non-payment of that indebtedness and certain events of insolvency. If any event of default occurs, any amount then outstanding under the indentures may immediately become due and payable.

Asia revolving credit facility

In December 2015, AerCap Holdings N.V. entered into a \$575.0 million unsecured revolving and term loan agreement (the "Asia Revolver"). In June 2016, the facility was increased to \$585.0 million. In October 2016, the facility was further increased to \$600.0 million. The Asia Revolver is a five-year facility, split between a three-year revolving period followed by a two-year term loan. The interest rate for borrowings under the Asia Revolver is LIBOR plus a margin of 1.95% during the revolving period, with the margin increasing to 2.25% during the first year of the term loan and increasing to 2.50% during the second year of the term loan.

The outstanding principal amount of any loans under the Asia Revolver at the end of the three-year revolving period will be amortized over the remaining two-year term out period of the facility. One-third of the balance is to be repaid in December 2019 and the remaining two-thirds must be repaid in December 2020.

All borrowings under the Asia Revolver are subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

The Asia Revolver contains covenants customary for unsecured financings, including financial covenants that require us to maintain compliance with a maximum ratio of consolidated indebtedness to shareholders' equity, a minimum fixed charges coverage ratio and a maximum ratio of unencumbered assets to certain financial indebtedness.

Citi revolving credit facility

In March 2014, AICDC entered into a \$2.75 billion four-year senior unsecured revolving credit facility (the "Citi Revolver"), which became effective upon completion of the ILFC Transaction. The facility has an accordion feature permitting increases to a maximum size of \$4.0 billion. The facility matures in 2018. The obligations under the Citi Revolver are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

In September 2014, we increased the size of the facility to \$2.925 billion, and in October 2014, we further increased the size of the facility to \$2.955 billion.

In March 2015, we further increased the size of the facility to \$3.0 billion. All borrowings under the facility are subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount.

In February 2017, the facility was upsized to \$3.745 billion and the maturity of the facility was extended to February 2021. The interest rates for borrowings under the Citi Revolver were reduced from a base rate or LIBOR plus a margin of 2.0% for drawn facilities to a margin of 1.50% and undrawn facility commitment fees of 0.375% to 0.25%.

The Citi Revolver contains covenants customary for unsecured financings, including financial covenants that require us to maintain compliance with a maximum ratio of consolidated indebtedness to shareholders' equity, a minimum interest coverage ratio and a maximum ratio of unencumbered assets to certain financial indebtedness. The facility also contains covenants that, among other things, restrict, subject to certain exceptions, the ability of AerCap to sell assets, make certain restricted payments and incur certain liens.

AIG revolving credit facility

In December 2013, AICDC entered into a \$1.0 billion five-year senior unsecured revolving credit facility (the "AIG Revolver"), with AIG as lender and administrative agent, which became effective upon completion of the ILFC Transaction. The interest rate for borrowings under the facility is, at our option, either (i) LIBOR plus 3.75%; or (ii) 2.75% plus the greatest of (x) the U.S. federal funds rate plus 0.50%; (y) the rate of interest publicly announced from time to time by Citibank, N.A. as its "base rate"; and (z) one-month LIBOR plus 1.00%. The facility matures in May 2019. The obligations under the AIG Revolver are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

In June 2015, the amount available under the AIG revolving credit facility was reduced from \$1.0 billion to \$500.0 million upon the issuance of the Junior Subordinated Notes.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****16. Debt (Continued)**

The AIG Revolver contains covenants customary for unsecured financings, including financial covenants that require us to maintain compliance with a maximum ratio of consolidated indebtedness to shareholders' equity, a minimum interest coverage ratio and a maximum ratio of unencumbered assets to certain financial indebtedness. The facility also contains covenants that, among other things, restrict, subject to certain exceptions, the ability of AerCap to sell assets, make certain restricted payments and incur certain liens.

Export credit facilities

The net book value of aircraft pledged under the export credit facilities was approximately \$3.6 billion as of December 31, 2016.

The following table provides details regarding the terms of our outstanding export credit facilities:

As of December 31, 2016						
	Collateral (Number of aircraft)	Amount outstanding	Tranche	Weighted average interest rate	Maturity	
2003 Airbus ECA facility	15	\$ 140,723	Floating Rate	Three month LIBOR + 0.37%	2017 - 2020	
2004 Airbus ECA facility	29	317,426	Floating Rate	Six month LIBOR + 1.42%	2017 - 2019	
	8	96,256	Fixed Rate	4.02%	2018 - 2020	
2008 Airbus ECA facility	4	88,195	Floating Rate	Three month LIBOR + 1.35%	2022	
	12	339,717	Fixed Rate	2.64%	2021 - 2023	
2009 Airbus ECA facility	2	36,608	Floating Rate	Three month LIBOR + 1.11%	2022	
	3	54,482	Fixed Rate	4.21%	2021 - 2022	
Airbus ECA capital markets facilities	3	110,290	Fixed Rate	3.60%	2021	
Other Airbus ECA facilities	5	313,445	Fixed Rate	2.38%	2024 - 2027	
2010 Ex-Im facilities	2	28,817	Fixed Rate	2.95%	2022	
2012 Ex-Im capital markets facility	2	196,417	Fixed Rate	1.49%	2025	
Total	85	\$ 1,722,376				

General

The principal amounts under the export credit facilities amortize over ten- to 12-year terms. The export credit facilities require that SPEs controlled by the respective borrowers hold legal title to the financed aircraft. The export credit facilities obligations are secured by, among other things, a pledge of the shares of the SPEs.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

The export credit facilities contain affirmative covenants customary for secured financings, in addition to customary events of default and restrictive covenants. The facilities also contain net worth financial covenants. As of December 31, 2016, AerCap was in compliance with its covenants under the export credit facilities.

The obligations under export credit facilities are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries, as well as various export credit agencies.

Senior Secured Notes

In August 2010, ILFC issued \$3.9 billion of senior secured notes (the "Senior Secured Notes"), with \$1.35 billion that matured in September 2014 and bore interest of 6.5%, \$1.275 billion that matured in September 2016 and bore interest of 6.75%, and \$1.275 billion maturing in September 2018 and bearing interest of 7.125%. Upon consummation of the ILFC Transaction, AerCap Trust became the successor issuer under the indenture governing the Senior Secured Notes. ILFC also agreed to continue to be a co-obligor. We can redeem the Senior Secured Notes at any time prior to their maturity, subject to a penalty of the greater of 1.00% of the outstanding principal amount and a "make-whole" premium based on the relevant U.S. Treasury Rate plus 50 basis points. There is no sinking fund for the Senior Secured Notes.

The obligations of the subsidiary borrower are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

The Senior Secured Notes are secured by a designated pool of aircraft and cash collateral when required. In addition, two of our subsidiaries, which either own or hold leases attached to the aircraft included in the pool securing the Senior Secured Notes, have guaranteed the notes.

The indenture and the aircraft mortgage and security agreement governing the Senior Secured Notes contain customary covenants that, among other things, restrict our, and our restricted subsidiaries', ability to (i) create liens; (ii) sell, transfer or otherwise dispose of the assets serving as collateral for the Senior Secured Notes; (iii) declare or pay dividends or acquire or retire shares of our capital stock during certain events of default; (iv) designate restricted subsidiaries as unrestricted subsidiaries or designate unrestricted subsidiaries; and (v) make investments in or transfer assets to unrestricted subsidiaries.

The indenture restricts our, and the subsidiary guarantors', ability to consolidate, merge, sell or otherwise dispose of all, or substantially all, of our assets. The indenture also provides for customary events of default, including, but not limited to, the failure to pay scheduled principal and interest payments on the Senior Secured Notes, the failure to comply with covenants and agreements specified in the indenture, the acceleration of certain other indebtedness resulting from non-payment of that indebtedness, and certain events of insolvency. If any event of default occurs, any amount then outstanding under the Senior Secured Notes may immediately become due and payable.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

Institutional secured term loans & secured portfolio loans

Hyperion facility

In March 2014, one of ILFC's indirect wholly-owned subsidiaries entered into a secured term loan agreement in the amount of \$1.5 billion. In January 2017, AerCap extended the maturity of the Hyperion facility from March 2021 to October 2023 and reduced the margin above LIBOR from 2.75% to 2.25%. We can voluntarily prepay the loan at any time, subject to certain conditions.

The obligations of the subsidiary borrower are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

The loan is secured by the equity interests in the borrower and certain SPE subsidiaries of the borrower. The SPEs hold title to 85 aircraft with an appraised value of approximately \$2.46 billion as of December 31, 2016, representing a loan-to-value ratio of approximately 61%. The loan requires a loan-to-value ratio of no more than 70%. If the maximum loan-to-value ratio is exceeded, we will be required to prepay portions of the outstanding loans, deposit an amount in the cash collateral account or transfer additional aircraft to SPEs, subject to certain concentration criteria, so that the ratio is equal to or less than 70%.

The loan contains customary covenants and events of default, including covenants that limit the ability of the subsidiary borrower and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors, the subsidiary borrower and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets and enter into transactions with affiliates.

Vancouver facility

In February 2012, one of ILFC's indirect wholly-owned subsidiaries entered into a secured term loan agreement in the amount of \$900.0 million. In April 2013, ILFC amended the agreement and simultaneously prepaid \$150.0 million of the outstanding principal amount. In December 2016, we entered into an amendment to extend the maturity date from April 2020 to October 2022 and reduce the margin above LIBOR from 2.75% to 2.25%. The remaining outstanding principal amount of \$750.0 million bears interest at an annual rate of LIBOR plus 2.25%, with a LIBOR floor of 0.75%, or, if applicable, a base rate plus a margin of 1.25%. We can voluntarily prepay the loan at any time, subject to certain conditions.

The obligations of the subsidiary borrower are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

The loan is secured by the equity interests in certain SPEs of the subsidiary borrower. As of December 31, 2016, the SPEs collectively own a portfolio of 51 aircraft with an appraised value of approximately \$1.34 billion, equaling a loan-to-value ratio of approximately 56%. The loan requires a loan-to-value ratio of no more than 63%. If the maximum loan-to-value ratio is exceeded, we will be required to prepay a portion of the outstanding loan, deposit an amount in the cash collateral account or transfer additional aircraft to SPEs, subject to certain concentration criteria, so that the ratio is equal to or less than 63%.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

The loan contains customary covenants and events of default, including covenants that limit the ability of the subsidiary borrower and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors, the subsidiary borrower and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets and enter into transactions with affiliates.

Temescal facility

In March 2011, one of ILFC's indirect wholly-owned subsidiaries entered into a secured term loan agreement with lender commitments in the amount of approximately \$1.3 billion, which was subsequently increased to approximately \$1.5 billion. As of December 31, 2016, approximately \$880.4 million was outstanding. In February 2017, AerCap extended the maturity of the Temescal facility from March 2021 to March 2023 and reduced the margin above LIBOR from 2.00% to 1.95%. We can voluntarily prepay the loan at any time, subject to certain conditions.

The obligations of the subsidiary borrower are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

The loan is secured by a portfolio of 52 aircraft and the equity interests in certain SPEs that own the pledged aircraft. As of the latest loan-to-value ratio determination date, the appraised value of the pledged aircraft was \$1.67 billion, resulting in a loan-to-value ratio of approximately 56%. The subsidiary borrower is required to maintain compliance with a maximum loan-to-value ratio, which was 58.5% as of the latest loan-to-value ratio determination date. The maximum loan-to value ratio declines over time, as set forth in the term loan agreement. If the maximum loan-to-value ratio is exceeded, we will be required to prepay portions of the outstanding loans, deposit an amount in the cash collateral account or transfer additional aircraft to the SPEs, subject to certain concentration criteria, so that the ratio is equal to or less than the maximum loan-to-value ratio. As of December 31, 2016, we were in compliance with this ratio.

The loan facility contains customary covenants and events of default, including covenants that limit the ability of the subsidiary borrower and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors, the subsidiary borrower and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets and enter into transactions with affiliates.

Glide Funding term loan facility

Glide Funding Limited ("Glide Funding") is a SPE that is a wholly-owned subsidiary of AerCap Ireland. Glide Funding is a consolidated subsidiary formed for the purpose of acquiring and financing aircraft assets. In December 2015, Glide Funding entered into a non-recourse term loan credit facility in the aggregate amount of up to \$500.0 million with a term of five years, which would be used to finance the acquisition of up to nine specified aircraft under the facility.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

As of December 31, 2016, Glide Funding had \$469.1 million of loans outstanding, relating to nine aircraft. Borrowings under the Glide Funding term loan facility bear interest at a rate equal to one-month LIBOR plus 1.60%. Principal may be prepaid without penalty upon notice, subject to certain conditions. Mandatory partial prepayments of borrowings under the facility are required in certain circumstances, including upon removal of an aircraft from the facility, unless an acceptable substitute aircraft is added to the facility. The loan obligations are secured by, among other things, security interests in the equity ownership and beneficial interest in all of the subsidiaries of Glide Funding that own or lease its financed aircraft, and their interests in the leases of the financed aircraft.

The facility contains customary covenants and events of default, including covenants that limit the ability of Glide Funding and its subsidiaries to incur additional indebtedness and create liens, to consolidate, merge or dispose of all or substantially all of their assets and to enter into transactions with affiliates.

Celtago facility

Celtago Funding Limited ("Celtago") is a wholly-owned subsidiary of AerCap Ireland. Celtago was formed for the purpose of acquiring and financing aircraft assets. In December 2015, Celtago entered into a secured term loan agreement with lender commitments in the amount of \$817.0 million, which is being used to finance 13 aircraft, with a maturity date of December 2024.

Borrowings under the term loan facility bear interest at three-month LIBOR plus a margin of 1.50%, or, if applicable, a base rate plus a margin of 1.50%. The loans can be voluntarily prepaid at any time, subject to certain conditions. Celtago's obligations under the term loan facility are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. As of December 31, 2016, Celtago had \$775.2 million of loans outstanding relating to 13 aircraft.

The term loan facility contains customary covenants and events of default, including covenants that limit the ability of Celtago and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors and Celtago and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets or enter into transactions with affiliates.

Blowfish Funding Facility

Blowfish Funding B.V. ("Blowfish") is a wholly-owned subsidiary of AerCap B.V. Blowfish was formed for the purpose of financing aircraft assets. In April 2016, Blowfish entered into a new secured term loan agreement with lender commitments in the amount of \$650 million, which will be used to finance nine aircraft. The loan has a maturity date of December 2022.

Borrowings under the term loan facility bear interest at three-month LIBOR plus a margin of 1.65%, or, if applicable, a base rate plus a margin of 1.65%. The loans can be voluntarily prepaid at any time, subject to certain conditions. Blowfish's obligations under the term loan facility are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. As of December 31, 2016, Blowfish had \$588.9 million of loans outstanding relating to eight aircraft.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

The term loan facility contains customary covenants and events of default, including covenants that limit the ability of Blowfish and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors and Blowfish and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets or enter into transactions with affiliates.

Celtago II Facility

Celtago II Funding Limited ("Celtago II") is a wholly-owned subsidiary of AerCap Ireland. Celtago II was formed for the purpose of acquiring and financing aircraft assets. In July 2016, Celtago II entered into a new secured term loan agreement with lender commitments in the amount of \$684.0 million, which will be used to finance 13 aircraft. The loan has a maturity date of November 2022.

Borrowings under the term loan facility bear interest at three-month LIBOR plus a margin of 1.75%, or, if applicable, a base rate plus a margin of 1.75%. The loans can be voluntarily prepaid at any time, subject to certain conditions. Celtago II's obligations under the term loan facility are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. As of December 31, 2016, Celtago II had \$65.0 million of loans outstanding relating to two aircraft.

The term loan facility contains customary covenants and events of default, including covenants that limit the ability of Celtago II and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors and Celtago II and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets or enter into transactions with affiliates.

Iridium Facility

Iridium Funding Limited ("Iridium") is a wholly-owned subsidiary of AerCap Ireland. Iridium was formed for the purpose of acquiring and financing aircraft assets. In November 2016, Iridium entered a new secured term loan agreement with lender commitments in the amount of \$595.0 million, which will be used to finance eight aircraft. The loan has a maturity date of May 2024.

Borrowings under the term loan facility bear interest at three-month LIBOR plus a margin of 1.75%, or, if applicable, a base rate plus a margin of 1.75%. The loans can be voluntarily prepaid at any time, subject to certain conditions. Iridium's obligations under the term loan facility are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. As of December 31, 2016, there were no loans outstanding.

The term loan facility contains customary covenants and events of default, including covenants that limit the ability of Iridium and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors and Iridium and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets or enter into transactions with affiliates.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****16. Debt (Continued)****ALS II debt**

In June 2008, we completed a securitization in which ALS II, a SPE formed for the purpose of the securitization, issued securitized class A-1 notes and class A-2 notes, representing interests in certain lease receivables, to holders who committed to advance funds in connection with the purchase of certain aircraft. As of December 31, 2016, the net book value of the 26 aircraft, which were pledged as collateral for the securitization debt, was \$745.3 million. The ALS II senior Class A notes were repaid in full in January 2017.

AerFunding revolving credit facility

AerFunding 1 Limited ("AerFunding") is a SPE whose share capital is owned 95% by a charitable trust and 5% by AerCap Ireland. AerFunding is a consolidated subsidiary formed for the purpose of acquiring aircraft assets. In April 2006, AerFunding entered into a non-recourse senior secured revolving credit facility in the aggregate amount of up to \$1.0 billion. The facility was subsequently amended in 2010, 2011, 2013 and 2014.

In December 2014, the facility was increased to \$2.16 billion and was amended to allow for a three-year revolving period to December 2017, and a two-year term out period to December 2019. The maturity date of the AerFunding revolving credit facility is December 9, 2019.

The net book value of aircraft pledged to lenders under the credit facility was \$767.1 million as of December 31, 2016.

Borrowings under the AerFunding revolving credit facility can be used to finance between 73.5% and 80.0% of the lower of the purchase price and the appraised value of the eligible aircraft. Eligible aircraft include Airbus A320 Family aircraft, Boeing 737-700, 800 and 900ER aircraft, Boeing 777 aircraft, Boeing 787 aircraft and Airbus A330 aircraft. In addition, value enhancing expenditures and required liquidity reserves are also funded by the lenders. All borrowings under the AerFunding 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 in December 2017.

Borrowings under the AerFunding revolving credit facility bear interest based on the Eurodollar rate plus the applicable margin. The following table presents the applicable margin for the borrowings under the AerFunding revolving credit facility during the periods specified:

	<u>Applicable margin</u>
Borrowing period(a)	2.25%
Period from December 10, 2017 to December 9, 2018	3.25%
Period from December 10, 2018 to December 9, 2019	3.75%

(a) The borrowing period is until December 9, 2017, after which the loan converts to a term loan.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

Additionally, we are subject to (i) a 0.375% fee on any portion of the unused loan commitment if the average facility utilization is greater than 50% during a period; or (ii) a 0.50% fee on any unused portion of the unused loan commitment if the average facility utilization is less than 50% during a period.

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.

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

- Upon the sale of certain assets by the borrower, including any aircraft or aircraft engines financed or refinanced with proceeds from the AerFunding revolving credit facility;
- Upon the occurrence of an event of loss with respect to an aircraft or aircraft engine financed with proceeds from the AerFunding 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 AerFunding revolving credit facility.

AerFunding is required to maintain up to 5.0% 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 that 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. Borrowings under the AerFunding 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.

AeroTurbine revolving credit agreement

In November 2014, AeroTurbine entered into an amended and restated credit facility providing for a maximum aggregate available amount of \$550.0 million, subject to availability determined by a calculation utilizing AeroTurbine's aircraft assets and accounts receivable. In May 2016, the facility was reduced to a maximum aggregate available amount of \$400.0 million. In August 2016, the facility was further reduced to a maximum aggregate available amount of \$200.0 million. Borrowings under the facility bore interest determined, with certain exceptions, based on LIBOR plus a margin of 2.50%. In February 2017, the facility was fully repaid and terminated.

AeroTurbine's obligations under the facility were guaranteed by AerCap Holdings N.V. and certain of its subsidiaries, including AeroTurbine's subsidiaries (subject to certain exclusions). AeroTurbine's obligations were secured by substantially all of the assets of AeroTurbine and its subsidiary guarantors.

The credit agreement contained customary events of default and covenants, including certain financial covenants. Additionally, the credit agreement imposed limitations on AeroTurbine's ability to pay dividends to us (other than dividends payable solely in the form of common shares).

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

Other secured debt

AerCap Holdings N.V. has entered into various other commercial bank financings to fund the purchase of aircraft and for general corporate purposes. The following table provides details regarding the terms of these financings:

As of December 31, 2016					
	Collateral (Number of aircraft)	Amount outstanding	Tranche	Weighted average interest rate	Maturity
SkyFunding I facility	6	\$ 126,716	Floating rate	Three month LIBOR plus 2.85%	2021 - 2022
	6	125,634	Fixed rate	4.43%	2021 - 2022
SkyFunding II facility	6	141,179	Floating rate	Three month LIBOR plus 3.15%	2022 - 2023
	3	66,699	Fixed rate	4.43%	2022 - 2023
Camden facility	7	164,162	Fixed rate	3.90%	2022
AerCap Partners I facility	8	81,537	Floating rate	Three month LIBOR plus 1.65%	2018
	2	155,236	Floating rate	Three month LIBOR plus 1.95%	2026
StratusFunding facility	2	154,901	Fixed rate	3.93%	2021 - 2026
	1	42,350	Floating rate	Three month LIBOR plus 2.60%	2020
CieloFunding facility	2	67,407	Fixed rate	3.68%	2020
	1	30,095	Floating rate	Three month LIBOR plus 2.10%	2020
CieloFunding II facility	1	31,888	Fixed rate	3.14%	2020
	15	231,247	Fixed rate	3.98%	2022 - 2026
CloudFunding facilities	2	157,479	Fixed rate	4.70%	2026
LimelightFunding facility	34(a)	844,111	Floating rate	LIBOR plus 2.19%	2017 - 2026
	12	249,684	Fixed rate	3.36%	2017 - 2034
Secured commercial bank financings					
Total	108	\$ 2,670,325			

(a) Three engines are pledged as collateral in addition to the aircraft.

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 AerCap Holdings N.V. and, in certain cases, a mortgage on the applicable aircraft. All of our financings contain affirmative covenants customary for secured financings.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

ECAPS subordinated notes

In December 2005, ILFC issued two tranches of subordinated notes in an aggregate principal amount of \$1.0 billion. The \$400.0 million tranche had a call option date of December 21, 2015 and had a fixed interest rate of 6.25% until the 2015 call option date. We did not exercise the call option. After the call option date, the interest rate changed to a floating rate, reset quarterly, based on a margin of 1.80% plus the highest of three-month LIBOR, ten-year constant maturity treasury, and 30-year constant maturity treasury. We can call the \$600.0 million tranche at any time. The interest rate on the \$600.0 million tranche is a floating rate with a margin of 1.55% plus the highest of three-month LIBOR, ten-year constant maturity treasury, and 30-year constant maturity treasury. The interest rate resets quarterly.

In July 2013, ILFC amended the financial tests in both tranches of notes by changing the method of calculating the ratio of equity to total managed assets and the minimum fixed charge coverage ratio. Failure to comply with these financial tests will result in a "mandatory trigger event". If a mandatory trigger event occurs and we are unable to raise sufficient capital in a manner permitted by the terms of the subordinated debt to cover the next interest payment on the subordinated debt, a "mandatory deferral event" will occur, requiring us to defer all interest payments and prohibiting the payment of cash dividends on AerCap Trust's or ILFC's capital stock or its equivalent until both financial tests are met or we have raised sufficient capital to pay all accumulated and unpaid interest on the subordinated debt. Mandatory trigger events and mandatory deferral events are not events of default under the indenture governing the subordinated debt.

Upon consummation of the ILFC Transaction, the subordinated notes were assumed by AerCap Trust, and AerCap Holdings N.V. and certain of its subsidiaries became guarantors. ILFC remains a co-obligor under the indentures governing the subordinated notes.

Junior Subordinated Notes

In June 2015, AerCap Trust issued \$500.0 million of junior subordinated notes due 2045. The Junior Subordinated Notes initially bear interest at a fixed interest rate of 6.50%, and beginning in June 2025, will bear interest at a floating rate of three-month LIBOR plus 4.30%. The notes were issued to AIG as payment for a portion of the Share Repurchase from AIG. The amount available under the AIG revolving credit facility was reduced from \$1.0 billion to \$500.0 million upon the issuance of the Junior Subordinated Notes. As of December 31, 2016, AIG did not hold any of the Junior Subordinated Notes.

We may defer any interest payments on the Junior Subordinated Notes for up to five consecutive years for one or more deferral periods. At the end of five years following the commencement of any deferral period, we must pay all accrued and unpaid deferred interest, including compounded interest. During a deferral period, interest will continue to accrue on the Junior Subordinated Notes and deferred interest will bear additional interest, compounded on each interest payment date. If we have paid all deferred interest (including compounded interest thereon) on the Junior Subordinated Notes, then we may again defer interest payments.

The Junior Subordinated Notes are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

16. Debt (Continued)

We may at our option redeem the Junior Subordinated Notes before their maturity (i) in whole or in part, at any time and from time to time, on or after June 15, 2025 at 100% of their principal amount plus any accrued and unpaid interest thereon; (ii) in whole, but not in part, before June 15, 2025 at the make-whole redemption price, if an applicable rating agency makes certain changes to the equity credit criteria for securities such as the Junior Subordinated Notes; (iii) in whole, but not in part, at any time at 100% of their principal amount plus any accrued and unpaid interest thereon in the event that we become or would become obligated to pay any additional amounts as a result of a change in tax laws, regulations or official interpretations; or (iv) in whole, but not in part, at 101% of their principal amount plus any accrued and unpaid interest thereon within 60 days after the occurrence of a "change of control triggering event" consisting of a change of control and a decline in the rating of our senior unsecured debt securities by two applicable rating agencies. In the event that we do not redeem the Junior Subordinated Notes in connection with a change of control triggering event, the then-applicable annual interest rate borne by the Junior Subordinated Notes will increase by 5.00%.

The Junior Subordinated Notes are junior subordinated unsecured obligations, rank equally with all of AerCap Trust's future equally ranking junior subordinated indebtedness, if any, and are subordinate and junior in right of payment to all of AerCap Trust's existing and future senior indebtedness.

Subordinated debt in joint venture partners

In 2008 and 2010, AerCap Holdings N.V. and our joint venture partners each subscribed a total of approximately \$64.3 million of subordinated loan notes. The subordinated debt held by AerCap Holdings N.V. is eliminated in consolidation of the joint ventures. Interest on the subordinated loan notes accrues at a rate of 15.00% per annum in the case of the AerCap Partners II joint venture. In the case of the AerCap Partners I and AerCap Partners 767 joint ventures, interest originally accrued on the subordinated loan notes at a rate of 20.00% per annum, and following an amendment entered into in June 2013, the interest rate was reduced to 0% effective as of January 1, 2013. 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 note holders on the relevant interest payment date and the unpaid interest carries interest at a rate of 19.50% per annum until paid.

The collateral granted in respect of the subordinated loan notes also secures the senior facility. 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. The subordinated loan notes are fully subordinated in all respects including in priority of payment to, amongst other debts of the joint ventures, a senior debt 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.

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.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****17. Income taxes**

Our subsidiaries are subject to taxation in a number of tax jurisdictions, principally Ireland, the Netherlands and the United States of America.

The following table presents our provision for income taxes by tax jurisdiction for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
Deferred tax expense (benefit)			
Ireland	\$ 141,364	\$ 151,623	\$ 87,147
The Netherlands	(8,346)	(7,453)	1,339
United States of America	(41,163)	(65,341)	26,267
Other	14,124	22,130	(5,744)
	<u>105,979</u>	<u>100,959</u>	<u>109,009</u>
Deferred tax expense (benefit) related to an increase (decrease) in changes in valuation allowance of deferred tax assets			
Ireland	1,562	—	—
The Netherlands	12,843	13,915	—
United States of America	54,056	10,074	—
Other	(13,100)	(13,922)	6,850
	<u>55,361</u>	<u>10,067</u>	<u>6,850</u>
Current tax expense (benefit)			
Ireland	4,730	(99)	229
The Netherlands	1,164	37,512	5,290
United States of America	3,166	39,358	15,553
Other	3,096	2,008	442
	<u>12,156</u>	<u>78,779</u>	<u>21,514</u>
Provision for income taxes	<u>\$ 173,496</u>	<u>\$ 189,805</u>	<u>\$ 137,373</u>

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****17. Income taxes (Continued)**

The following table provides a reconciliation of the statutory income tax expense to provision for income taxes for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015(a)	2014(a)
Income tax expense at statutory income tax rate of 12.5%	\$ 150,050	\$ 170,712	\$ 114,612
Non-taxable items (permanent differences)	29,057(b)	29,555(c)	15,010(d)
Foreign rate differential	(5,611)	(10,462)	7,751
	<u>23,446</u>	<u>19,093</u>	<u>22,761</u>
Provision for income taxes	\$ 173,496	\$ 189,805	\$ 137,373

- (a) Effective February 1, 2016, we moved our headquarters and executive officers from Amsterdam to Dublin, and as of February 1, 2016, we became tax resident in Ireland. Accordingly, we have updated the figures for the years ended December 31, 2015 and 2014 as compared to those previously reported in the financial statements contained in our 2015 annual report on Form 20-F to reflect the permanent differences being taxed at the Irish statutory rate of 12.5% rather than the Dutch statutory rate of 25%.
- (b) The 2016 non-taxable items included non-deductible share-based compensation in Ireland and in the Netherlands, non-deductible intercompany interest allocated to the United States of America and a valuation allowance taken in respect of U.S., Dutch and Irish tax losses. It also included the non-taxable income arising from aircraft with a higher tax basis in general.
- (c) The 2015 non-taxable items included the non-deductible intercompany interest allocated to the United States of America, non-deductible share-based compensation in the Netherlands, non-deductible costs relating to the transfer of certain functions from the Netherlands to Ireland, and a valuation allowance taken in respect of U.S. and Dutch tax losses. It also included the non-taxable income arising from aircraft with a higher tax basis in general.
- (d) The 2014 non-taxable items included the non-deductible intercompany interest allocated to the United States of America, non-deductible share-based compensation in the Netherlands and the non-deductible transaction costs from the ILFC Transaction. It also included the non-taxable income arising from aircraft with a higher tax basis in general.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

17. Income taxes (Continued)

The following tables present our foreign rate differential by tax jurisdiction for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31, 2016			
	Pre-tax income (loss)	Local statutory tax rate(a)	Variance to Irish statutory tax rate of 12.5%	Tax variance as a result of global activities(b)
Tax jurisdiction				
Ireland	\$ 1,151,387	12.5%	0.0%	\$ —
The Netherlands	37,580	25.0%	12.5%	4,698
United States of America	44,238	36.3%	23.8%	10,529
Isle of Man	181,286	0.0%	(12.5)%	(22,661)
Other	18,989	22.1%	9.6%	1,823
	<u>\$ 1,433,480</u>			<u>\$ (5,611)</u>
Non-taxable items(c)	(233,084)			
Income from continuing operations before income tax	<u>\$ 1,200,396</u>			

	Year Ended December 31, 2015(d)			
	Pre-tax income (loss)	Local statutory tax rate(a)	Variance to Irish statutory tax rate of 12.5%	Tax variance as a result of global activities(b)
Tax jurisdiction				
Ireland	\$ 1,212,190	12.5%	0.0%	\$ —
The Netherlands	175,897	25.0%	12.5%	21,987
United States of America	(43,825)	36.3%	23.8%	(10,430)
Isle of Man	181,118	0.0%	(12.5)%	(22,640)
Other	77,671	13.3%	0.8%	621
	<u>\$ 1,603,051</u>			<u>\$ (10,462)</u>
Non-taxable items(e)	(237,352)			
Income from continuing operations before income tax	<u>\$ 1,365,699</u>			

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

17. Income taxes (Continued)

	Year Ended December 31, 2014(d)			
	Pre-tax income (loss)	Local statutory tax rate(a)	Variance to Irish statutory tax rate of 12.5%	Tax variance as a result of global activities(b)
Tax jurisdiction				
Ireland	\$ 694,605	12.5%	0.0%	\$ —
The Netherlands	26,081	25.0%	12.5%	3,260
United States of America	95,585	38.3%	25.8%	24,661
Isle of Man	167,689	0.0%	(12.5)%	(20,961)
Other	7,528	23.0%	10.5%	791
	\$ 991,488			\$ 7,751
Non-taxable items(f)	(74,590)			
Income from continuing operations before income tax	\$ 916,898			

- (a) The local statutory income tax expense for our significant tax jurisdictions (Ireland, the Netherlands, the United States of America and Isle of Man) does not differ from the actual income tax expense.
- (b) The tax variance as a result of global activities is primarily caused by our operations in countries with a higher or lower statutory tax rate than the statutory tax rate in Ireland.
- (c) The 2016 non-taxable items included non-deductible share-based compensation in Ireland and in the Netherlands, non-deductible intercompany interest allocated to the United States of America and a valuation allowance taken in respect of U.S., Dutch and Irish tax losses. It also included the non-taxable income arising from aircraft with a higher tax basis in general.
- (d) Due to our migration from the Netherlands to Ireland as of February 1, 2016, we have updated the tax rate reconciliation for the years ended December 31, 2015 and 2014. The tax variance as a result of the global activities has been calculated as the difference between the local statutory tax rate in the relevant jurisdictions and the Irish statutory tax rate of 12.5%.
- (e) The 2015 non-taxable items included the non-deductible intercompany interest allocated to the United States of America, non-deductible share-based compensation in the Netherlands, non-deductible costs relating to the transfer of certain functions from the Netherlands to Ireland, and a valuation allowance taken in respect of U.S. and Dutch tax losses. It also included the non-taxable income arising from aircraft with a higher tax basis in general.
- (f) The 2014 non-taxable items included the non-deductible intercompany interest allocated to the United States of America, non-deductible share-based compensation in the Netherlands and the non-deductible transaction costs from the ILFC Transaction. It also included the non-taxable income arising from aircraft with a higher tax basis in general.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

17. Income taxes (Continued)

The calculation of income for tax purposes differs significantly from book income. Deferred income tax is provided to reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured under tax law in the various jurisdictions. Tax loss carry forwards and accelerated tax depreciation on flight equipment held for operating leases give rise to the most significant timing differences.

The following tables provide details regarding the principal components of our deferred income tax liabilities and assets by jurisdiction as of December 31, 2016 and 2015:

	As of December 31, 2016				
	Ireland	The Netherlands	United States of America	Other	Total
Depreciation/Impairment	\$ (1,030,901)	\$ 8,547	\$ (16,322)	\$ (63)	\$ (1,038,739)
Intangibles	(6,353)	—	(16,242)	—	(22,595)
Interest expense	—	—	(588)	—	(588)
Accrued maintenance liability	(6,028)	—	12,810	—	6,782
Obligations under capital leases and debt obligations	(3,151)	—	—	—	(3,151)
Investments	—	—	(12,641)	—	(12,641)
Deferred losses	—	—	66,119	—	66,119
Accrued expenses	—	—	13,942	—	13,942
Valuation allowance	(1,562)	(26,758)	(89,130)	(9,911)	(127,361)
Losses and credits forward	666,214	26,759	92,215	20,693	805,881
Other	(46,133)	(4,399)	5,539	(6,190)	(51,183)
Net deferred income tax (liabilities) assets	\$ (427,914)	\$ 4,149	\$ 55,702	\$ 4,529	\$ (363,534)

	As of December 31, 2015				
	Ireland	The Netherlands	United States of America	Other	Total
Depreciation/Impairment	\$ (876,219)	\$ 11,580	\$ 5,393	\$ 963	\$ (858,283)
Intangibles	(10,071)	—	(18,763)	—	(28,834)
Interest expense	—	—	(5,435)	—	(5,435)
Accrued maintenance liability	(7,003)	—	11,880	—	4,877
Obligations under capital leases and debt obligations	(3,411)	—	—	—	(3,411)
Investments	—	—	(10,155)	—	(10,155)
Deferred losses	—	—	66,543	—	66,543
Accrued expenses	—	—	14,554	—	14,554
Valuation allowance	—	(13,915)	(35,074)	(23,011)	(72,000)
Losses and credits forward	630,302	13,915	32,342	39,282	715,841
Other	(20,647)	(2,936)	7,350	(11,651)	(27,884)
Net deferred income tax (liabilities) assets	\$ (287,049)	\$ 8,644	\$ 68,635	\$ 5,583	\$ (204,187)

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****17. Income taxes (Continued)**

The net deferred income tax liabilities as of December 31, 2016 of \$363.5 million were recognized in our Consolidated Balance Sheet as deferred income tax assets of \$215.5 million and as deferred income tax liabilities of \$579.0 million.

The net deferred income tax liabilities as of December 31, 2015 of \$204.2 million were recognized in our Consolidated Balance Sheet as deferred income tax assets of \$161.2 million and as deferred income tax liabilities of \$365.4 million.

The following table presents the movements in the valuation allowance for deferred income tax assets during the years ended December 31, 2016 and 2015:

	Year Ended December 31,	
	2016	2015
Valuation allowance at beginning of period	\$ 72,000	\$ 61,933
Increase of allowance to income tax provision	55,361	10,067
Valuation allowance at end of period	\$ 127,361	\$ 72,000

The valuation allowance as of December 31, 2016 of \$127.4 million included \$9.9 million related to losses and credit forwards in Australia, \$89.1 million related to having insufficient sources of projected taxable income to fully realize the deferred tax asset in the United States of America, particularly in respect of our U.S. subsidiary AeroTurbine, \$26.8 million related to loss carry forwards in the Netherlands and \$1.6 million related to loss carry forwards in Ireland.

The valuation allowance as of December 31, 2015 of \$72.0 million included \$23.0 million related to losses and credit forwards in Australia, \$35.1 million related to having insufficient sources of projected taxable income to fully realize the deferred tax asset in the United States of America, and \$13.9 million related to loss carry forwards in the Netherlands.

As of December 31, 2016 and 2015, we had \$29.8 million and \$15.5 million, respectively, of unrecognized tax benefits. Substantially all of the unrecognized tax benefits as of December 31, 2016, if recognized, would affect our effective tax rate. Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next 12 months, based on the information currently available, we do not expect any change to be material to our consolidated financial condition.

Our primary tax jurisdictions are Ireland, the Netherlands and the United States of America. Our tax returns are open for examination in Ireland from 2012 forward, in the Netherlands from 2011 forward, and in the United States of America from 2014 forward. In the United States of America, the 2013 audit of the federal income tax return for AerCap, Inc. and its subsidiaries was closed without adjustment in early 2016. The 2014 federal income tax return of some of our U.S. resident subsidiaries was subject to audit, and we do not expect any material changes in the outcome of this audit.

Our policy is to recognize accrued interest on the underpayment of income taxes as a component of interest expense and penalties associated with tax liabilities as a component of provision for income taxes.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

17. Income taxes (Continued)

Ireland

Since 2006, the enacted Irish corporate income tax rate has been 12.5%. Some of our Irish tax-resident operating subsidiaries have significant losses carry forward as of December 31, 2016 which give rise to deferred income tax assets. The availability of these losses does not expire with time. In addition, the vast majority of all of our Irish tax-resident subsidiaries are entitled to accelerated aircraft depreciation for tax purposes and shelter net taxable income with the surrender of losses on a current year basis within the Irish tax group. Based on projected taxable profits in our Irish subsidiaries, we expect to recover the majority of the value of our Irish tax assets and have not recognized a valuation allowance against such assets, with the exception of \$1.6 million, as of December 31, 2016.

The Netherlands

The majority of our Dutch subsidiaries are part of two Dutch fiscal unities and are included in consolidated tax filings. Current tax expenses are limited with respect to the Dutch subsidiaries due to the existence of interest bearing intercompany liabilities. Deferred income tax is calculated using the Dutch corporate income tax rate (25.0%). Tax losses in the Netherlands can generally be carried back one year and carried forward nine years before expiry.

United States of America

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. Since the ILFC Transaction, we no longer file one consolidated federal income tax return. We have two distinct groups of U.S. companies that file consolidated returns. The blended federal and state tax rate applicable to our combined U.S. group was 36.3% for the year ended December 31, 2016. Due to a restructuring of activities in the U.S. AeroTurbine group, which started in late 2015, we do not expect to generate sufficient sources of taxable income to realize our deferred income tax asset in the U.S. Additionally, certain tax attributes are subject to an annual limitation as a result of the change in ownership in 2015 as defined under Internal Revenue Code Section 382. We had \$234.7 million U.S. federal net operating losses as of December 31, 2016, which expire between 2026 and 2036.

18. Equity

In February 2015, our Board of Directors approved a share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares. In May 2015, the Board of Directors authorized an additional \$500 million of share repurchases, increasing the total authorization under the program to \$750 million.

On June 9, 2015, we completed the Share Repurchase from AIG, at an approximate price per share of \$47.77 for consideration equal to \$750 million. See Note 4—*ILFC Transaction*. In relation to the Share Repurchase from AIG, we incurred \$11.2 million of expenses.

In October 2015, our Board of Directors cancelled 9,698,588 ordinary shares which were acquired through the Share Repurchase from AIG in accordance with the authorizations obtained from the Company's shareholders.

In February 2016, our Board of Directors approved a share repurchase program authorizing total repurchases of up to \$400 million of AerCap ordinary shares through June 30, 2016. We completed this share repurchase program on June 1, 2016.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****18. Equity (Continued)**

In May 2016, our Board of Directors approved another share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares through September 30, 2016. We completed this share repurchase program on September 7, 2016.

In August 2016, our Board of Directors approved another share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares through December 31, 2016. We completed this share repurchase program on December 8, 2016.

In November 2016, our Board of Directors approved another share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares through March 31, 2017. We completed this share repurchase program on March 6, 2017.

In February 2017, our Board of Directors approved another share repurchase program authorizing total repurchases of up to \$350 million of AerCap ordinary shares through June 30, 2017. See Note 33—*Subsequent events*.

During the year ended December 31, 2016, we repurchased an aggregate of 25,012,978 of our ordinary shares under our share repurchase programs at an average price, including commissions, of \$38.62 per ordinary share.

During the year ended December 31, 2016, our Board of Directors cancelled 15,563,862 ordinary shares which were acquired through the share repurchase programs in accordance with the authorizations obtained from the Company's shareholders.

Between January 1, 2017 and March 15, 2017, we repurchased an aggregate of 5,000,005 of our ordinary shares under our share repurchase programs at an average price, including commissions, of \$44.63 per ordinary share. In March 2017, we cancelled 5,000,000 ordinary shares which were acquired through the share repurchase programs in accordance with the authorizations obtained from the Company's shareholders.

Movements in AOCI for the years ended December 31, 2016 and 2015 were as follows:

	Net change in fair value of derivatives	Actuarial gain (loss) on pension obligations	Total
Balance as of December 31, 2014	\$ (356)	\$ (6,539)	\$ (6,895)
Total other comprehensive income	338	250	588
Balance as of December 31, 2015	\$ (18)	\$ (6,289)	\$ (6,307)
Total other comprehensive income (loss)	5,990	(1,452)	4,538
Balance as of December 31, 2016	\$ 5,972	\$ (7,741)	\$ (1,769)

19. Share-based compensation

Under our equity incentive plans we have granted restricted stock units, restricted stock and stock options to directors, officers and employees in order to enable us to attract, retain and motivate such people and to align their interests with ours, including but not limited to retention and motivation in relation to the implementation of the ILFC Transaction.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

19. Share-based compensation (Continued)

AerCap Holdings N.V. Equity Grants

In March 2012, we implemented an equity incentive plan (the "Equity Incentive Plan 2012") which provides for the grant of stock options, non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights and other stock awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Effective May 14, 2014, the Equity Incentive Plan 2012 was expanded and the maximum number of shares available under the plan is equivalent to 8,064,081 Company shares. The Equity Incentive Plan 2012 is not open for equity awards to our directors.

On May 14, 2014, we implemented an equity incentive plan (the "Equity Incentive Plan 2014") which provides for the grant of equity awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. The maximum number of shares available under the plan is equivalent to 4,500,000 Company shares. The Equity Incentive Plan 2014 is open for equity awards to our directors.

The Equity Incentive Plan 2014 replaced an equity incentive plan that was implemented in October 2006 (the "Equity Incentive Plan 2006", the Equity Incentive Plan 2014, Equity Incentive Plan 2012 and Equity Incentive Plan 2006 collectively referred to herein as "AerCap Holdings N.V. Equity Plans"). Prior awards remain in effect pursuant to their terms and conditions. The terms and conditions of the Equity Incentive Plan 2006 and the Equity Incentive Plan 2014 are substantially the same.

The terms and conditions, including the vesting conditions, of the equity awards granted under AerCap Holdings N.V. Equity Plans are determined by the Nomination and Compensation Committee and, for our directors, by the Board of Directors in line with the remuneration policy approved by the General Meeting of Shareholders. The vesting periods of the equity awards range between three years and five years, subject to certain exceptions. Certain awards are subject to long term performance vesting criteria, based on the average earnings per share over the specified periods, in order to promote and encourage superior performance over a prolonged period of time. Some of our officers receive annual equity awards as part of their compensation package. Annual equity awards are granted after the year end and the number of awards granted is dependent on the performance of AerCap and the respective individual officer during the previous financial year. The 2015 annual equity awards were granted to some of our officers in December 2015 in lieu of the first quarter of 2016 in order to avoid double taxation in connection with the migration of the Company's headquarters to Ireland in early 2016. All outstanding awards of restricted stock units are convertible into common shares of the Company at a ratio of one-to-one. During the year ended December 31, 2016, the Company's obligations to issue shares at the exercise of vested options, on the vesting date of restricted stock units, or upon lapse of the restrictions in relation to restricted stock were satisfied by the transfer of treasury shares acquired through share repurchases. Shares subject to outstanding equity awards, that are not issued or delivered by reason of, amongst others, the cancellation or forfeiture of such awards or the withholding of such shares to settle tax obligations, shall again be available under the AerCap Holdings N.V. Equity Plans.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

19. Share-based compensation (Continued)

The following table presents movements in the outstanding restricted stock units and restricted stock under the AerCap Holdings N.V. Equity Plans during the year ended December 31, 2016:

	Year Ended December 31, 2016			
	Number of time based restricted stock units and restricted stock	Number of performance based restricted stock units and restricted stock	Weighted average grant date fair value of time based grants (\$)	Weighted average grant date fair value of performance based grants (\$)
Number at beginning of period	3,739,690	5,554,011	\$ 39.81	\$ 45.42
Granted(a)	307,907	276,669	41.12	40.14
Transfers between categories	64,448	(64,448)	46.59	46.59
Vested(b)	(495,508)	(180,480)	13.76	19.39
Cancelled	(36,703)	(73,410)	45.90	45.90
Number at end of period(c)	3,579,834	5,512,342	\$ 42.78	\$ 46.19

- (a) Includes 180,000 restricted stock granted under the AerCap Holdings N.V. Equity Plans, of which 111,901 restricted stock were issued with the remaining restricted stock being withheld and applied to pay the taxes involved.
- (b) 279,594 restricted stock units, which were previously granted under the AerCap Holdings N.V. Equity Plans, vested. In connection with the vesting of the restricted stock units, the Company issued, in full satisfaction of its obligations, 150,082 ordinary shares to the holders of these restricted stock units with the remainder being withheld and applied to pay the taxes involved. In addition, restrictions on 396,394 restricted stock (253,040 restricted stock net of withholding for taxes) lapsed during the period.
- (c) During the year ended December 31, 2016, 807,227 restricted stock units that had been issued previously were converted to restricted stock of which 541,037 were issued with the remaining stock being withheld and applied to pay the taxes involved. The converted restricted stock remained subject to restrictions and conditions identical to the restricted stock units, including vesting and forfeiture conditions.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****19. Share-based compensation (Continued)**

The following table presents movements in the outstanding stock options under the Equity Incentive Plan 2006 (no options were granted under the Equity Incentive Plan 2012 or Equity Incentive Plan 2014) and the stock options that rolled over from the amalgamation of Genesis in 2010 during the year ended December 31, 2016. All outstanding options were vested.

	Year Ended December 31, 2016	
	Number of options	Weighted average exercise price (\$)
Options outstanding at beginning of period	519,693	\$ 19.08
Exercised	(379,648)	23.90
Options outstanding at end of period(a)	140,045	\$ 6.02

- (a) Includes 2,100 AER options granted to former Genesis directors and employees at the closing of the amalgamation with Genesis on March 25, 2010. These options were issued pursuant to a separate board resolution, and were not issued under any of the AerCap Holdings N.V. Equity Plans.

The amount of share-based compensation expense is determined by reference to the fair value of the restricted stock units or restricted stock on the grant date, based on the trading price of the Company's shares on the grant date and reflective of the probability of vesting. All outstanding options have been fully expensed.

We incurred share-based compensation expense of \$102.8 million, \$100.2 million and \$68.2 million during the years ended December 31, 2016, 2015 and 2014, respectively. The following table presents our expected share-based compensation expense assuming that the established performance criteria are met and that no forfeitures occur:

	Expected share-based compensation expense
	(U.S. dollar amounts in millions)
2017	\$ 98.1
2018	47.6
2019	7.9
2020	0.6

20. Pension plans

We operate defined benefit plans and defined contribution pension plans for our employees. These plans do not have a material impact on our Consolidated Balance Sheets or Consolidated Income Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

20. Pension plans (Continued)

Defined benefit plans

Dutch defined benefit plan

We provide an insured defined benefit pension plan covering our Dutch employees (the "Dutch Plan") based on years of service and career average pay. The Dutch Plan is funded through a guaranteed insurance contract, and we determine the funded status of this plan with the assistance of an actuary. During the years ended December 31, 2016, 2015 and 2014, we recognized actuarial gains (losses) of pension obligations, net of taxes, of \$0.1 million, \$(0.2) million and \$1.6 million, respectively, in AOCI. The actuarial gains or losses were calculated assuming a discount rate of 2.0%, 2.4% and 2.4% for the years ended December 31, 2016, 2015 and 2014, respectively, and various assumptions regarding the plan's future funding and pay out. As of December 31, 2016 and 2015, we recorded a liability in accounts payable, accrued expenses and other liabilities of \$2.2 million and \$3.2 million, respectively, which covers the excess of our projected benefit obligations over plan assets.

Irish defined benefit plan

We provide a defined benefit pension plan covering some of our Irish employees (the "Irish Plan") based on years of service and final pensionable pay. The Irish Plan is funded through contributions by the Company and invested in trustee administered funds, which was closed to new participants as of June 30, 2009, but will continue to accrue benefits for existing participants. We determine the funded status of this plan with the assistance of an actuary. During the years ended December 31, 2016, 2015 and 2014, we recognized actuarial gains (losses), net of tax, of \$(1.6) million, \$0.5 million and \$(3.1) million, respectively, in AOCI. The actuarial gains or losses were calculated assuming a discount rate of 2.0%, 2.5% and 2.4% for the years ended December 31, 2016, 2015, and 2014, respectively, and various assumptions regarding the plan's future funding and pay out. As of December 31, 2016 and 2015, we recorded a liability in accounts payable, accrued expenses and other liabilities of \$9.1 million and \$6.9 million, respectively, which covers the excess of our projected benefit obligations over plan assets.

Defined contribution plans

Dutch defined contribution plan

We provide a defined contribution pension plan for those Dutch employees that are not covered by the defined benefit plan. During the years ended December 31, 2016, 2015 and 2014, we contributed \$0.2 million, \$0.4 million and \$0.3 million, respectively, to this plan. No amounts were outstanding in respect of pension contributions as of December 31, 2016.

Irish defined contribution plan

We provide a defined contribution pension plan for those Irish employees that are not covered by the defined benefit plan. During the years ended December 31, 2016, 2015 and 2014, we contributed \$1.8 million, \$1.1 million and \$0.3 million, respectively, to this plan. No amounts were outstanding in respect of pension contributions as of December 31, 2016.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****20. Pension plans (Continued)*****Other plans***

We provide defined contribution pension plans or comparable company saving plans to employees not covered by the Dutch or Irish plans as disclosed above. All of these plans, individually or on an aggregated basis, do not have a material impact on our Consolidated Balance Sheets or Consolidated Income Statements.

21. Geographic information

The following table presents (i) the percentage of lease revenue attributable to individual countries representing at least 10% of our total lease revenue in any year presented; and (ii) the percentage of lease revenue attributable to Ireland, our country of domicile, based on each lessee's principal place of business, for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
China(a)	\$ 669,859	13.8%	\$ 656,809	13.2%	\$ 427,737	12.4%
United States of America	535,526	11.0%	538,686	10.8%	378,693	11.0%
Ireland	117,259	2.4%	58,571	1.2%	36,513	1.1%
Other countries(b)	3,544,979	72.8%	3,737,485	74.8%	2,606,628	75.5%
Total	\$ 4,867,623	100.0%	\$ 4,991,551	100.0%	\$ 3,449,571	100.0%

(a) Includes mainland China, Hong Kong and Macau.

(b) No individual country within this category accounts for more than 10% of our lease revenue.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

21. Geographic information (Continued)

The following table presents (i) the percentage of long-lived assets, including flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights intangible assets, attributable to individual countries representing at least 10% of our total long-lived assets in any year presented; and (ii) the percentage of long-lived assets attributable to Ireland, our country of domicile, based on each lessee's principal place of business, as of December 31, 2016 and 2015:

	As of December 31,			
	2016		2015	
	Amount	%	Amount	%
China(a)	\$ 4,962,336	14.5%	\$ 5,143,237	14.5%
United States of America	4,752,971	13.9%	4,528,441	12.8%
Ireland	703,635	2.1%	929,509	2.6%
Other countries(b)	23,858,317	69.5%	24,897,193	70.1%
Total(c)	\$ 34,277,259	100.0%	\$ 35,498,380	100.0%

(a) Includes mainland China, Hong Kong and Macau.

(b) No individual country within this category accounts for more than 10% of our long-lived assets.

(c) Excludes AeroTurbine long-lived assets of \$105.7 million and \$225.0 million as of December 31, 2016 and 2015, respectively.

We lease and sell aircraft to airlines and others throughout the world and our trade and notes receivables are from entities located throughout the world. During the years ended December 31, 2016, 2015 and 2014, we had no lessees that represented more than 10% of total lease revenue.

22. Selling, general and administrative expenses

Selling, general and administrative expenses consisted of the following for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
Personnel expenses	\$ 149,505	\$ 161,967	\$ 130,254
Share-based compensation	102,843	100,162	68,152
Travel expenses	21,201	23,090	17,501
Professional services	30,983	42,921	32,359
Office expenses	20,703	26,989	21,678
Directors' expenses	3,051	2,780	3,441
Other expenses	22,726	23,399	26,507
	\$ 351,012	\$ 381,308	\$ 299,892

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

23. Other income

Other income consisted of the following for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
Management fees	\$ 18,298	\$ 23,094	\$ 23,867
Interest and other income	127,688(a)	89,582(b)	80,624(c)
	<u>\$ 145,986</u>	<u>\$ 112,676</u>	<u>\$ 104,491</u>

- (a) Includes income from net insurance proceeds of \$54.2 million, lease terminations of \$63.2 million and a gain related to the repayment of a note receivable earlier than expected of \$27.7 million. In addition, we incurred an expense of \$36.0 million related to a lower of cost or market adjustment of AeroTurbine's parts inventory as a result of the AeroTurbine downsizing. Please refer to Note 26—*AeroTurbine restructuring*.
- (b) Includes income from net insurance proceeds of \$16.2 million and the settlement of asset value guarantees of \$22.6 million. In addition, we incurred an expense of \$38.7 million related to a lower of cost or market adjustment of AeroTurbine's parts inventory as a result of the AeroTurbine downsizing. Please refer to Note 26—*AeroTurbine restructuring*.
- (c) Includes a \$19.9 million gain from the sale of an investment accounted for under the equity method.

24. Lease revenue

Our current operating lease agreements expire up to and over the next 15 years. The contracted minimum future lease payments receivable from lessees for flight equipment on non-cancelable operating leases as of December 31, 2016 were as follows:

	Contracted minimum future lease payments receivable
2017	\$ 3,985,709
2018	3,422,297
2019	2,849,348
2020	2,319,871
2021	1,941,373
Thereafter	6,563,776
	<u>\$ 21,082,374</u>

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****25. Asset impairment**

Asset impairment consisted of the following for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
Flight equipment held for operating leases (Note 6)	\$ 78,335	\$ 16,322	\$ 21,828
Flight equipment held for sale	3,272	—	—
Other assets	—	13	—
	<u>\$ 81,607</u>	<u>\$ 16,335</u>	<u>\$ 21,828</u>

Our long-lived assets include flight equipment and definite-lived intangible assets. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable.

During the year ended December 31, 2016, we recognized impairment charges of \$81.6 million on 35 aircraft. The impairment charges primarily related to lease terminations and amendments of lease agreements for 25 aircraft. These impairments were more than offset by lease revenue of \$95.9 million that we recognized when we retained maintenance related balances or received EOL compensation upon lease termination or amendment. In addition we recognized impairment charges for ten aircraft that were part of sale transactions and were classified as flight equipment held for sale.

During the year ended December 31, 2015, we recognized total impairment charges of \$16.3 million primarily related to eight aircraft and 12 engines. Four of the impaired aircraft were redelivered from the respective lessees for which we retained maintenance related balances or received EOL compensation and recognized \$20.5 million of lease revenue upon redelivery. The impairment on the remaining four aircraft and 12 engines was recognized as their net book values were no longer supportable based on our latest cash flow estimates for each of these assets.

During the years ended December 31, 2016 and 2015, we also recognized impairment charges for certain AeroTurbine intangible assets and leased engines. Please refer to Note 26—*AeroTurbine restructuring* for further details.

During the year ended December 31, 2014, we recognized impairment charges of \$21.8 million primarily related to eight aircraft that were returned early from our lessees, and three previously leased engines that we sold for parts. The impairment was recognized as their net book values were no longer supportable based on our latest cash flow estimates for each of these assets.

26. AeroTurbine restructuring

At the end of 2015, we made the decision to restructure and downsize the AeroTurbine business. Since we made this decision, AeroTurbine has been actively reducing its debt and total assets by disposing of engines from its engine leasing portfolio as well as parts from its inventory. In February 2017, the AeroTurbine revolving credit facility was fully repaid and terminated.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****26. AeroTurbine restructuring (Continued)**

In connection with the downsizing, during the year ended December 31, 2015, we performed recoverability assessments of AeroTurbine's long-lived assets. These recoverability assessments indicated that the book value of certain AeroTurbine intangible assets and leased engines were no longer supported by their future expected cash flows. The resulting impairment was measured as the excess of the carrying amount of each asset over its fair value. Fair value was estimated based on the present value of future cash flows expected to be generated from the asset, including its expected residual value, discounted at a rate commensurate with the associated risk. During the year ended December 31, 2015, we also recognized a lower of cost or market adjustment of \$38.7 million related to AeroTurbine's parts inventory. Please refer to Note 23—*Other income*.

During 2016, AeroTurbine entered into a letter of intent to sell its storage and maintenance facility located in Goodyear, Arizona, which resulted in a write-down of assets and associated intangible assets. In January 2017, AeroTurbine completed the sale of its Goodyear operations. In March 2017, AeroTurbine executed an amendment to the existing lease agreement for its facility in Florida. Pursuant to the amendment, the square footage of the leased premises was reduced from approximately 264,000 square feet to approximately 64,000 square feet.

During 2016, we also completed a review of AeroTurbine's engine leasing portfolio and identified specific engines for longer-term use and support of AerCap's core aircraft leasing business, as well as the specific engines to be sold by AeroTurbine to third parties. As a result, we recognized impairments related primarily to older, out-of-production engines.

The sale of the Goodyear operations and the engine portfolio review, together, triggered our decision in the second half of 2016, to accelerate the final phase of the AeroTurbine downsizing. We performed a review of AeroTurbine's parts inventory, and recognized a lower of cost or market adjustment of \$36.0 million based on current available market information. Please refer to Note 23—*Other income*. The lower of cost or market adjustment related primarily to older, out-of-production assets, and also reflected our decision to accelerate the downsizing of AeroTurbine generally, including ascribing a discount to reflect the expected cost of potential consignment transactions for the remaining inventory.

We recorded the following charges in transaction, integration and restructuring related expenses in our Consolidated Income Statements during the years ended December 31, 2016 and 2015.

	Year Ended December 31,	
	2016	2015
Leased engines impairment	\$ 15,392	\$ 22,402
Severance expenses	19,801	2,072
Tradename and other intangible assets impairment	14,868	24,837
Write-down of fixed assets and consumable inventory	3,328	—
	<u>\$ 53,389</u>	<u>\$ 49,311</u>

In addition to the charges described above, during the years ended December 31, 2016 and 2015, AeroTurbine incurred other operating losses of \$33.9 million and other operating income of \$14.0 million, respectively, bringing AeroTurbine's total pre-tax loss to \$123.3 million and \$74.0 million, respectively.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****27. Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing net income by the weighted average number of our ordinary shares outstanding, which excludes 3,426,810, 3,030,724 and 232,140 unvested restricted stock as of December 31, 2016, 2015 and 2014, respectively. For the calculation of diluted EPS, the weighted average of our ordinary shares outstanding for basic EPS is adjusted by the effect of dilutive securities, including awards under our equity compensation plans. The number of shares excluded from diluted shares outstanding was 152,314, 36,666 and nil for the years ended December 31, 2016, 2015 and 2014, respectively, because the effect of including those shares in the calculation would have been anti-dilutive.

The computations of basic and diluted EPS for the years ended December 31, 2016, 2015 and 2014 were as follows:

	Year Ended December 31,		
	2016	2015	2014
Net income for the computation of basic EPS	\$ 1,046,630	\$ 1,178,730	\$ 810,447
Weighted average ordinary shares outstanding—basic	185,514,370	203,850,828	175,912,662
Basic EPS	\$ 5.64	\$ 5.78	\$ 4.61

	Year Ended December 31,		
	2016	2015	2014
Net income for the computation of diluted EPS	\$ 1,046,630	\$ 1,178,730	\$ 810,447
Weighted average ordinary shares outstanding—diluted	189,682,036	206,224,135	178,684,989
Diluted EPS	\$ 5.52	\$ 5.72	\$ 4.54

The computations of ordinary shares outstanding, excluding unvested restricted stock, as of December 31, 2016, 2015 and 2014 were as follows:

	As of December 31,		
	2016	2015	2014
	Number of ordinary shares		
Ordinary shares issued	187,847,345	203,411,207	212,318,291
Treasury shares	(11,600,191)	(3,069,003)	—
Ordinary shares outstanding	176,247,154	200,342,204	212,318,291
Unvested restricted stock	(3,426,810)	(3,030,724)	(232,140)
Ordinary shares outstanding, excluding unvested restricted stock	172,820,344	197,311,480	212,086,151

28. Variable interest entities

Our leasing and financing activities require us to use many forms of entities to achieve our business objectives and we have participated to varying degrees in the design and formation of these entities. Our involvement in VIEs varies and includes being a passive investor in the VIE with involvement from other parties, managing and structuring all the VIE's activities, or being the sole shareholder of the VIE.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

28. Variable interest entities (Continued)

During the year ended December 31, 2016, we have not provided any financial support to any of our VIEs that we were not contractually obligated to provide.

Consolidated VIEs

As of December 31, 2016 and 2015, substantially all assets and liabilities presented in our Consolidated Balance Sheets were held in consolidated VIEs. The assets of our consolidated VIEs that can only be used to settle obligations of these entities, and the liabilities of these VIEs for which creditors do not have recourse to our general credit are disclosed in our Consolidated Balance Sheets under *Supplemental balance sheet information*. Further details of debt held by our consolidated VIEs are disclosed in Note 16—*Debt*.

Wholly-owned ECA and Ex-Im financing vehicles

We have created certain wholly-owned subsidiaries for the purpose of purchasing aircraft and obtaining financing secured by such aircraft. The secured debt is guaranteed by the European ECAs and the Export-Import Bank of the United States. These entities meet the definition of a VIE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities.

Other secured financings

We have created a number of wholly-owned subsidiaries for the purpose of obtaining secured financings. These entities meet the definition of a VIE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities.

Wholly-owned leasing entities

We have created wholly-owned subsidiaries for the purpose of facilitating aircraft leases with airlines. These entities meet the definition of a VIE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes, which serve as equity. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

28. Variable interest entities (Continued)

Limited recourse financing structures

We have established entities to obtain secured financings for the purchase of aircraft in which we have variable interests. These entities meet the definition of a VIE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. The loans of these entities are non-recourse to us except under limited circumstances. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, and we absorb the majority of the risks and rewards of these entities.

AerCap Partners I

AerCap Partners I Holding Limited ("AerCap Partners I") is a 50%-50% joint venture owned by us and Deucalion Aviation Funds. We provide lease management, insurance management and aircraft asset management services to AerCap Partners I for a fee. We have determined that we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity.

As of December 31, 2016, AerCap Partners I had a portfolio consisting of eight Boeing 737NG aircraft. During the year ended December 31, 2016, AerCap Partners I sold three Boeing 737NG aircraft, with leases attached, to a third party. As of December 31, 2016, AerCap Partners I had \$81.5 million outstanding under a senior debt facility, which is guaranteed by us, and \$63.8 million of subordinated debt outstanding, consisting of \$31.9 million from us and \$31.9 million from our joint venture partner.

AerCap Partners II

AerCap Partners II Holding Limited ("AerCap Partners II") is a 50%-50% joint venture owned by us and Deucalion Aviation Funds. We provide lease management, insurance management and aircraft asset management services to AerCap Partners II for a fee. We have determined that we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity.

As of December 31, 2016, AerCap Partners II had a portfolio consisting of three Airbus A320 aircraft. As of December 31, 2016, AerCap Partners II had \$49.0 million outstanding under an ECA senior debt facility, which is guaranteed by us, and \$16.8 million of subordinated debt outstanding, consisting of \$8.4 million from us and \$8.4 million from our joint venture partner.

AerCap Partners 767

AerCap Partners 767 Limited ("AerCap Partners 767") is a 50%-50% joint venture owned by us and Deucalion Aviation Funds. We provide lease management, insurance management and aircraft asset management services to AerCap Partners 767 for a fee. We have determined that we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

28. Variable interest entities (Continued)

As of December 31, 2016, AerCap Partners 767 had a portfolio consisting of two Boeing 767-300ER aircraft. As of December 31, 2016, AerCap Partners 767 had \$16.2 million outstanding under a senior debt facility, which is limited recourse to us and \$31.0 million of subordinated debt outstanding, consisting of \$15.5 million from us and \$15.5 million from our joint venture partner.

ALS II

We hold a 5% equity investment and 100% of the subordinated fixed rate deferrable interest asset-backed notes ("ALS II Class E-1 Notes") in ALS II. We provide lease management, insurance management and aircraft asset management services to ALS II for a fee. We have determined that we are the PB of the entity because we have control and we absorb the majority of the risks and rewards of the entity.

As of December 31, 2016, ALS II had a portfolio consisting of 26 Airbus A320 Family aircraft. During the year ended December 31, 2016, ALS II sold four Airbus A320 Family aircraft, with leases attached, to a third party. As of December 31, 2016, ALS II had \$17.7 million of senior Class A notes outstanding and \$350.0 million of ALS II Class E-1 Notes outstanding due to us. The ALS II senior Class A notes were repaid in full in January 2017.

AerFunding

We hold a 5% equity investment and 100% of the subordinated fixed rate deferrable interest asset-backed notes ("AerFunding Class E-1 Notes") in AerFunding. We provide lease management, insurance management and aircraft asset management services to AerFunding for a fee. We have determined that we are the PB of the entity because we have control and we absorb the majority of the risks and rewards of the entity.

As of December 31, 2016, AerFunding had a portfolio consisting of five Airbus A320 Family aircraft, five Airbus A330 aircraft, seven Boeing 737NG aircraft and two Boeing 787 aircraft. As of December 31, 2016, AerFunding had \$596.8 million outstanding under a secured revolving credit facility and \$192.7 million of AerFunding Class E-1 Notes outstanding due to us.

AerLift Jet

AerLift Leasing Jet Ltd. ("AerLift Jet") is a 50%-50% joint venture owned by us and a U.S.-based aircraft leasing company. We provide lease management, insurance management and aircraft asset management services to AerLift Jet for a fee. We have determined that we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity.

During the year ended December 31, 2016, AerLift Jet sold its four aircraft and repaid all amounts previously outstanding under its secured bank loans. AerLift Jet did not own any aircraft as of December 31, 2016.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****28. Variable interest entities (Continued)****Non-consolidated VIEs**

The following table presents our maximum exposure to loss in VIEs for which we are not the PB as of December 31, 2016 and 2015:

	As of December 31,	
	2016	2015
Carrying value of investments (Note 12)	\$ 118,783	\$ 114,711
Carrying value of the ALS Note Receivable	—	85,747
Debt guarantees	125,429	248,105
Maximum exposure to loss	\$ 244,212	\$ 448,563

The maximum exposure to loss represents the amount that would be absorbed by us in the event that all of our assets held in the VIEs, for which we are not the PB, had no value and outstanding debt guarantees were called upon in full.

AerDragon

AerDragon is a joint venture with 50% owned by China Aviation Supplies Holding Company and the other 50% owned equally by us, affiliates of Crédit Agricole Corporate and Investment Bank, and East Epoch Limited. This joint venture enhances our presence in the Chinese market and our ability to lease our aircraft and engines throughout the entire Asia/Pacific region. We provide certain aircraft and accounting related services to AerDragon, and guarantee debt secured by certain aircraft which AerDragon purchased directly from us for a fee. As of December 31, 2016 and 2015, we guaranteed debt of \$3.4 million and \$7.5 million, respectively, for AerDragon. With the exception of the debt for which we act as a guarantor, the obligations of AerDragon are non-recourse to us.

As of December 31, 2016, AerDragon had 29 narrowbody aircraft on lease to ten airlines. During the year ended December 31, 2016, AerDragon completed the sale of one widebody aircraft, with lease attached, to a third party.

We have determined that AerDragon is a VIE, in which we do not have control and therefore we are not the PB. We do have significant influence and, accordingly, we account for our investment in AerDragon under the equity method of accounting.

AerLift

AerLift is a joint venture in which we have a 39% interest. We provide asset and lease management, insurance management and cash management services to AerLift for a fee. As of December 31, 2016 and 2015, we guaranteed debt of \$122.0 million and \$168.9 million, respectively, for AerLift. Other than the debt for which we act as a guarantor, the debt obligations of AerLift are non-recourse to us.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

28. Variable interest entities (Continued)

As of December 31, 2016, AerLift owned four aircraft. During the year ended December 31, 2016, AerLift completed the sale of two aircraft to third parties. We have determined that AerLift is a VIE in which we do not have control and therefore we are not the PB. We do have significant influence and, accordingly, we account for our investment in AerLift under the equity method of accounting.

ACSAL

In June 2013, we completed a transaction under which we sold eight Boeing 737-800 aircraft to ACSAL, an affiliate of Guggenheim, in exchange for cash, and we made a capital contribution to ACSAL in exchange for 19% of its equity. We provide aircraft asset and lease management services to ACSAL for a fee. As of December 31, 2016, ACSAL continued to own the eight aircraft.

We have determined that ACSAL is a VIE in which we do not have control and therefore we are not the PB. We do have significant influence and, accordingly, we account for our investment in ACSAL under the equity method of accounting.

AerCap Partners III

In 2010, we entered into a 50% joint venture, AerCap Partners III Holdings Limited ("AerCap Partners III"), which initially owned three Airbus A330 aircraft. On June 1, 2011, we sold our 50% interest in the three Airbus A330 aircraft but we continued to guarantee debt for AerCap Partners III for a fee. During the year ended December 31, 2016, AerCap Partners III was unwound and we no longer act as a guarantor for the debt of AerCap Partners III as of December 31, 2016. As of December 31, 2015, we guaranteed \$71.7 million of debt for AerCap Partners III. Other than the debt for which we acted as a guarantor, the obligations of AerCap Partners III were non-recourse to us. We determined that AerCap Partners III was a VIE in which we did not have control and therefore we were not the PB.

ALS

In 2012, we completed the ALS Transaction. In addition, we obtained financing (the "ALS Coupon Liability") in return for which we received a contingent asset (the "ALS Note Receivable") with the substance of a structured note. Repayments of the ALS Coupon Liability were equal to an annual 8% coupon of the transaction price, paid until the earlier of December 2016 or the month in which the senior securities issued by ALS (the "G-Notes"), were fully repaid.

As of December 31, 2015, the ALS Note Receivable was \$85.7 million, and the amount outstanding under the ALS Coupon Liability was \$28.0 million.

On December 7, 2016, the ALS Coupon Liability and the G-Notes were both repaid in full. On December 23, 2016, the ALS portfolio was refinanced (the "ALS Refinancing"), upon which we received \$120.3 million based on 20% of the cash flows from the ALS Refinancing up to a cap equal to the total ALS Coupon Liability payments. At the time of the ALS Refinancing, the ALS Note Receivable had a carrying value of \$92.6 million and as a result we recognized a net gain of \$27.7 million in other income.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

28. Variable interest entities (Continued)

We have determined that ALS was a VIE in which we did not have control and therefore we were not the PB.

AerCo

We had an economic interest in AerCo Limited ("AerCo"). AerCo was an aircraft securitization vehicle in which we held the most junior class of subordinated notes and certain notes immediately senior to those junior notes. On August 4, 2015, AerCo entered into a creditor's winding up. On October 15, 2015, AerCo disclosed that no further payments of interest or principal would be made in respect of the classes of notes held by us. Hence, we did not realize any value from the creditor's winding up of AerCo. On February 16, 2016, AerCo Limited was dissolved. We provided a variety of management services to AerCo for which we received fees. AerCo was a VIE for which we determined that we did not have control and were not the PB and, accordingly, we did not consolidate the financial results of AerCo in our Consolidated Financial Statements. Historically, the investment in AerCo had been written down to zero.

AerData

In 2014, we sold our 42.3% equity interest in AerData, an integrated software solution provider for the aircraft leasing industry. AerData continues to provide software services to us.

Other variable interest entities

We have variable interests in other entities in which we have determined we are not the PB because we do not have the power to direct the activities that most significantly affect the entity's economic performance. Our variable interest in these entities consists of servicing fees that we receive for providing aircraft management services.

29. Related party transactions

AIG

As a result of the ILFC Transaction, AIG held a significant ownership interest in AerCap. Following both secondary public offerings and the Share Repurchase from AIG, AIG no longer owns any of our outstanding ordinary shares. See Note 4—*ILFC Transaction*. AIG and its subsidiaries were considered related parties between the Closing Date and August 24, 2015, when AIG sold its remaining AerCap ordinary shares and when AIG's remaining designee resigned from AerCap's Board of Directors.

Debt

We have a senior unsecured revolving credit facility with AIG as lender and administrative agent. We paid fees of \$4.1 million and \$14.9 million from January 1, 2015 through August 24, 2015 and for the year ended December 31, 2014, respectively.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

29. Related party transactions (Continued)

In June 2015, AerCap Trust issued the Junior Subordinated Notes due 2045 to AIG. See Note 16—*Debt*. We paid no fees or interest to AIG from January 1, 2015 through August 24, 2015 for these notes. As of December 31, 2016, AIG did not hold any of the Junior Subordinated Notes.

Repurchase of shares

On June 9, 2015, we completed the Share Repurchase from AIG. See Note 18—*Equity*.

Derivatives

We had interest rate swap agreements with AIG Markets, Inc., a wholly-owned subsidiary of AIG, that matured during the year ended December 31, 2015. The net effect in our Consolidated Income Statements from January 1, 2015 through August 24, 2015 and for the year ended December 31, 2014 from derivative contracts with AIG Markets, Inc., was nil, as the cash expense of \$1.3 million and \$4.3 million, respectively, was offset by a mark-to-market gain of \$1.3 million and \$4.3 million, respectively. See also Note 13—*Derivative assets and liabilities*.

Management fees

We received management fees of \$5.1 million and \$4.9 million from January 1, 2015 through August 24, 2015 and during the year ended December 31, 2014, respectively, from affiliates of AIG.

AerDragon

We provide certain aircraft and accounting related services to, and guarantee certain debt of, AerDragon, a joint venture accounted for under the equity method. We charged AerDragon a fee for these services of \$0.6 million, \$0.5 million and \$0.4 million during the years ended December 31, 2016, 2015 and 2014, respectively. In addition, we received a dividend of \$1.7 million and \$0.3 million from AerDragon during the years ended December 31, 2016 and 2015, respectively.

ACSAL

We provide aircraft asset and lease management services to ACSAL, an investment accounted for under the equity method, for which we received a fee of \$0.5 million, \$0.5 million and \$0.5 million for the years ended December 31, 2016, 2015 and 2014, respectively.

AerLift

We provide a variety of management services to, and guarantee certain debt of, AerLift, a joint venture accounted for under the equity method, for which we received a fee of \$2.9 million, \$2.8 million and \$4.0 million during the years ended December 31, 2016, 2015 and 2014, respectively. In addition, we received dividends of \$7.5 million and \$2.3 million from AerLift during the years ended December 31, 2016 and 2015, respectively.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****29. Related party transactions (Continued)****AerCo**

AerCo was an aircraft securitization vehicle in which we held the most junior class of subordinated notes and certain notes immediately senior to those junior notes. On February 16, 2016, AerCo was dissolved. During the years ended December 31, 2015 and 2014, we provided a variety of management services to AerCo, for which we received fees of \$1.4 million and \$1.5 million, respectively.

30. Commitments and contingencies**Aircraft on order**

As of December 31, 2016, we had commitments to purchase 420 new aircraft scheduled for delivery through 2022. The majority of these commitments are based upon purchase agreements with Boeing, Airbus and Embraer. These agreements establish the pricing formulas (including adjustments for certain contractual escalation provisions) and various other terms with respect to the purchase of aircraft. Under certain circumstances, we have the right to alter the mix of aircraft types ultimately acquired. As of December 31, 2016, we had made non-refundable deposits on these purchase commitments (exclusive of capitalized interest and fair value adjustments) of approximately \$636.2 million, \$667.3 million and \$7.5 million with Boeing, Airbus and Embraer, respectively.

Management anticipates that a portion of the aggregate purchase price for the acquisition of aircraft will be funded by incurring additional debt. The amount of the indebtedness to be incurred will depend on the final purchase price of the aircraft, which can vary due to a number of factors, including inflation.

Movements in prepayments on flight equipment during the years ended December 31, 2016 and 2015 were as follows:

	Year Ended December 31,	
	2016	2015
Prepayments on flight equipment at beginning of period	\$ 3,300,426	\$ 3,486,514
Prepayments made during the period	837,776	747,541
Interest capitalized during the period	107,688	79,230
Prepayments and capitalized interest applied to the purchase of flight equipment	(979,911)	(1,012,859)
Prepayments on flight equipment at end of period	\$ 3,265,979	\$ 3,300,426

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****30. Commitments and contingencies (Continued)**

The following table presents our contractual commitments for the purchase of flight equipment as of December 31, 2016:

	2017	2018	2019	2020	2021	2022	Total
Purchase obligations(a)	\$ 5,051,158	\$ 6,028,196	\$ 5,084,565	\$ 3,624,926	\$ 2,838,730	\$ 534,991	\$ 23,162,566

(a) Includes commitments to purchase 396 aircraft and 24 purchase and leaseback transactions.

Leases

We have operating lease agreements with third parties for office space, company cars and office equipment. As of December 31, 2016, minimum payments under the lease agreements for office space were as follows:

	Future minimum lease payments
2017	\$ 11,155
2018	11,056
2019	8,754
2020	8,828
2021	8,967
Thereafter	51,343
	<u>\$ 100,103</u>

Asset value guarantees

We have potential obligations under contracts that guarantee a portion of the residual value of aircraft owned by third parties. These guarantees expire at various dates through 2023 and generally obligate us to pay the shortfall between the fair market value and the guaranteed value of the aircraft and, in certain cases, provide us with an option to purchase the aircraft for the guaranteed value. As of December 31, 2016, eight guarantees were outstanding.

We regularly review the underlying values of the aircraft collateral to determine our exposure under these asset value guarantees. We did not record any asset value guarantee loss provisions during the years ended December 31, 2016 or 2015.

As of December 31, 2016 and 2015, the carrying value of the asset value guarantee liability was \$37.5 million and \$37.5 million, respectively, and was included in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets. As of December 31, 2016, the maximum aggregate potential commitment that we were obligated to pay under these guarantees, including those exercised, and without any offset for the projected value of the aircraft or other contractual features that may limit our exposure, was approximately \$168.4 million.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

30. Commitments and contingencies (Continued)

Other guarantees

We guarantee the future re-lease or extension rental rates and other costs of four sold aircraft up to agreed maximum amounts for each aircraft. These guarantees expire when qualifying re-lease or extension agreements are signed but generally no later than 2018. We are obligated to perform under these guarantees if the contracted net re-lease or extension rates do not equal or exceed the specified amounts in the guarantees.

We also guarantee the replacement lease rental cash flows of three sold aircraft, in the event of a default and lease termination by the current lessees, up to agreed maximum amounts for each aircraft. Two of these guarantees expire in 2020 and the third guarantee expires in 2018. We are obligated to perform under these guarantees in the event of a default and lease termination by the current lessees, and if the contracted net replacement lease rental rates do not equal or exceed the rental amounts in the current lease contracts.

As of December 31, 2016 and 2015, the carrying value of these guarantees was \$14.3 million and \$9.9 million, respectively, and was included in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets. As of December 31, 2016, the maximum undiscounted aggregate future guarantee payments that we could be obligated to make under these guarantees, without offset for the projected net future re-lease or extension rates, were approximately \$34.2 million.

Legal proceedings

General

In the ordinary course of our business, we are a party to various legal actions, which we believe are incidental to the operations of our business. The Company regularly reviews the possible outcome of such legal actions, and accrues for such legal actions at the time a loss is probable and the amount of the loss can be estimated. In addition, the Company also reviews indemnities and insurance coverage, where applicable. Based on information currently available, we believe the potential outcome of those cases where we are able to estimate reasonably possible losses, and our estimate of the reasonably possible losses exceeding amounts already recognized, on an aggregated basis, is immaterial to our Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

30. Commitments and contingencies (Continued)

VASP litigation

We leased 13 aircraft and three spare engines to Viação Aérea de São Paulo ("VASP"), a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess our equipment. 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 Appellate Court of the State of São Paulo ("TJSP") 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 Appellate Court also granted VASP the right to seek damages in lieu of the return of the aircraft and engines. Since 1996 we have defended this case in the Brazilian courts through various motions and appeals. On March 1, 2006, the Superior Tribunal of Justice (the "STJ") dismissed our then-pending appeal and on April 5, 2006, a special panel of the STJ confirmed this decision. On May 15, 2006 we filed an extraordinary appeal with the Federal Supreme Court. In September 2009 the Federal Supreme Court requested an opinion on our appeal from the office of the Attorney General. This opinion was provided in October 2009. The Attorney General recommended that AerCap's extraordinary appeal be accepted for trial and that the case be subject to a new judgment before the STJ. The Federal Supreme Court is not bound by the opinion of the Attorney General. While we have been advised that it would be normal practice to take such an opinion into consideration, there are no assurances that the Federal Supreme Court will rule in accordance with the Attorney General opinion or, if it did, what the outcome of the judgment of the STJ would be.

On February 23, 2006, VASP commenced a procedure to calculate its alleged damages and since then we, VASP and the court have appointed experts to assist the court in calculating damages. Our appointed expert has concluded that no damages were incurred. The VASP-appointed expert has concluded that substantial damages were incurred, and has claimed that such damages should reflect monetary adjustments and default interest for the passage of time. The court-appointed expert has also concluded that no damages were incurred. The public prosecutor had filed an opinion that supports the view of the VASP-appointed expert. In response to that opinion, the court-appointed expert reaffirmed his conclusion. A subsequently-appointed public prosecutor has since filed a new opinion that is less supportive of the VASP-appointed expert's opinion. The procedure is ongoing. We believe, and we have been advised, that it is not probable that VASP will be able to recover damages from us even if VASP prevails on the issue of liability. The outcome of the legal process is, however, uncertain, and the court is conducting its own analysis and will reach its own conclusion. The amount of damages, if any, payable to VASP cannot reasonably be estimated at this time. We continue to actively pursue all courses of action that may reasonably be available to us and intend to defend our position vigorously.

In July 2006, we brought a claim for damages against VASP in the English courts, seeking damages incurred by AerCap as a result of VASP's default under seven leases that were governed by English law. VASP filed applications challenging the jurisdiction of the English court, and sought to adjourn the jurisdictional challenge pending the sale of some of its assets in Brazil. We opposed this application and by an order dated March 6, 2008, the English court dismissed VASP's applications.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

30. Commitments and contingencies (Continued)

In September 2008, the bankruptcy court in Brazil ordered the bankruptcy of VASP. VASP appealed this decision. In December 2008, we filed with the English court an application for default judgment, seeking damages plus accrued interest pursuant to seven lease agreements. On March 16, 2009, we obtained a default judgment in which we were awarded approximately \$40.0 million in damages plus accrued interest. We subsequently applied to the STJ for an order ratifying the English judgment, so that it might be asserted in the VASP bankruptcy. The STJ granted AerCap's application and entered an order ratifying the English judgment. Although VASP appealed that order, it is fully effective pending a resolution of VASP's appeal of the order ratifying the English judgment.

On November 6, 2012, the STJ ruled in favor of VASP on its appeal from the order placing it in bankruptcy. Acting alone, the reporting justice of the appellate panel ordered the bankruptcy revoked and the matter converted to a judicial reorganization. Several creditors of VASP appealed that ruling to the full panel of the STJ. On December 17, 2012, the Special Court of the STJ reversed the ruling of the reporting justice and upheld the order placing VASP in bankruptcy. The decision was published on February 1, 2013. On February 25, 2013, the lapse of time for appeal (*res judicata*) was certified.

In addition to our claim in the English courts, AerCap has also brought actions against VASP in the Irish courts to recover damages incurred as a result of VASP's default under nine leases governed by Irish law. The Irish courts granted an order for service of process, and although VASP opposed service in Brazil, the STJ ruled that service of process had been properly completed. After some additional delay due to procedural issues related to VASP's bankruptcy, the Irish action went forward. Upon VASP's failure to appear, the High Court entered default judgment in favor of AerCap, finding VASP liable for breach of its obligations under the leases. On October 24, 2014, the High Court entered judgment in favor of AerCap, awarding us damages in the amount of approximately \$36.9 million. We are presently seeking to have the Irish judgment ratified by the STJ in Brazil, so that it might be asserted in the VASP bankruptcy.

Transbrasil litigation

In the early 1990s, 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 GECC and certain of its affiliates (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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

30. Commitments and contingencies (Continued)

Transbrasil brought a lawsuit against the Lessors in February 2001 (the "Transbrasil Lawsuit"), 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 statutory penalties equal to double the face amount of the Notes (plus interest and monetary adjustments) as well as damages for any losses incurred as a result of the attempts to collect on the Notes. The 2010 Judgment provided that the amount of such losses would be calculated in separate proceedings in the trial court (the "Indemnity Claim"). In June 2010, the AerCap Lessors and GE Lessors separately filed special appeals before the STJ in Brazil. These special appeals were subsequently admitted for hearing.

In July 2011, Transbrasil brought three actions for provisional enforcement of the 2010 Judgment (the "Provisional Enforcement Actions"): one to enforce the award of statutory penalties; a second to recover attorneys' fees related to that award, and a third to enforce the Indemnity Claim. Transbrasil submitted its alleged calculation of statutory penalties, which, according to Transbrasil, amounted to approximately \$210 million in the aggregate against all defendants, including interest and monetary adjustments. AerCap and its co-defendants opposed provisional enforcement of the 2010 judgment, arguing, among other things, that Transbrasil's calculations were greatly exaggerated.

Transbrasil also initiated proceedings to determine the amount of its alleged Indemnity Claim. The court appointed an expert to determine the measure of damages and the defendants appointed an assistant expert. We believe we have strong arguments to convince the expert and the court that Transbrasil suffered no damage as a result of the defendants' attempts to collect on the Notes.

In February 2012, AerCap brought a civil complaint against GECAS and GECC in the State of New York (the "New York Action"), alleging, among other things, that GECAS and GECC had violated certain duties to AerCap in connection with their attempts to enforce the Notes and their defense of Transbrasil's lawsuit. In November 2012, AerCap, GECAS, and the GE Lessors entered into a settlement agreement resolving all of the claims raised in the New York Action. The terms of the settlement agreement are confidential.

In October 2013, the STJ granted the special appeals filed by GECAS and its related parties, effectively reversing the 2010 Judgment in most respects as to all of the Lessors.

In February 2014, Transbrasil appealed the STJ's ruling of October 2013 to another panel of the STJ. The appellate panel rejected Transbrasil's appeal in November 2016, preserving the October 2013 order. The parties have the right to seek further appellate review of the appellate panel's November 2016 order.

In light of the STJ's ruling of October 2013, the trial court has ordered the dismissal of two of Transbrasil's Provisional Enforcement Actions—those seeking statutory penalties and attorneys' fees. The TJSP has since affirmed the dismissals of those actions. Transbrasil's Provisional Enforcement Action with respect to the Indemnity Claim remains pending; however, the action has currently been stayed pending a final decision in the Transbrasil Lawsuit.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

30. Commitments and contingencies (Continued)

Yemen Airways-Yemenia litigation

ILFC is named in a lawsuit in connection with the 2009 crash of an Airbus A310-300 aircraft owned by ILFC and on lease to Yemen Airways-Yemenia, a Yemeni carrier ("Hassanati Action"). The Hassanati plaintiffs are families of deceased occupants of the flight and seek unspecified damages for wrongful death, costs, and fees. The Hassanati Action commenced in January 2011 and was pending in the United States District Court for the Central District of California. On February 18, 2014, the district court granted summary judgment in ILFC's favor and dismissed all of the Hassanati plaintiffs' remaining claims. The Hassanati plaintiffs appealed. On March 22, 2016, the appellate court rejected the appeal. On April 22, 2016, the Hassanati plaintiffs refiled their action at the trial court. The trial court granted ILFC's motion to dismiss the Hassanati plaintiffs' second complaint on November 22, 2016. The Hassanati plaintiffs have appealed this order. On August 29, 2014, a new group of plaintiffs filed a lawsuit against ILFC in the United States District Court for the Central District of California (the "Abdallah Action"). The Abdallah Action claims unspecified damages from ILFC on the same theory as does the Hassanati Action. We believe that ILFC has substantial defenses on the merits and is adequately covered by available liability insurance in respect of both the Hassanati Action and the Abdallah Action.

31. Fair value measurements

The Company determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy as described below. Where limited or no observable market data exists, fair value measurements for assets and liabilities are primarily based on management's own estimates and are calculated based upon the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results may not be realized in actual sale or immediate settlement of the asset or liability.

The degree of judgment used in measuring the fair value of a financial and non-financial asset or liability generally correlates with the level of pricing observability. We classify our fair value measurements based on the observability and significance of the inputs used in making the measurement, as provided below:

Level 1—Quoted prices available in active markets for identical assets or liabilities as of the reported date.

Level 2—Observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that allow value to be determined.

Level 3—Unobservable inputs from our own assumptions about market risk developed based on the best information available, subject to cost benefit analysis. Inputs may include our own data.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****31. Fair value measurements (Continued)**

Fair value measurements are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

Assets and liabilities measured at fair value on a recurring basis

As of December 31, 2016 and 2015, our derivative portfolio consisted of interest rate swaps and caps. The fair value of derivatives is based on dealer quotes for identical instruments. We have also considered the credit rating and risk of the counterparty of the derivative contract based on quantitative and qualitative factors. As such, the valuation of these instruments was classified as Level 2.

The following tables present our financial assets and liabilities that we measured at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2016 and 2015:

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Assets				
Derivative assets	\$ 37,187	\$ —	\$ 37,187	\$ —

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Assets				
Derivative assets	\$ 18,965	\$ —	\$ 18,965	\$ —
Liabilities				
Derivative liabilities	21	—	21	—

Assets and liabilities measured at fair value on a non-recurring basis

We measure the fair value of certain definite-lived intangible assets and our flight equipment on a non-recurring basis, when U.S. GAAP requires the application of fair value, including when events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable.

Management develops the assumptions used in the fair value measurements. Therefore, the fair value measurements of flight equipment and definite-lived intangible assets are classified as Level 3 valuations.

Definite-lived intangible assets

We use the income approach to measure the fair value of definite-lived intangible assets, which is based on the present value of estimated future cash flows to be generated from the asset.

We impaired certain definite-lived intangible assets to fair value during the years ended December 31, 2016 and 2015 as the carrying value of these assets was not expected to be recoverable based on the revised cash flow estimates. Please refer to Note 26—*AeroTurbine restructuring* for further details.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)****(U.S. dollar amounts in thousands or as otherwise stated, except share data)****31. Fair value measurements (Continued)*****Flight equipment****Inputs to non-recurring fair value measurements categorized as level 3*

We use the income approach to measure the fair value of flight equipment, which is based on the present value of estimated future cash flows. Key inputs to the estimated future cash flows for flight equipment include current contractual lease cash flows, projected future non-contractual lease or sale cash flows, extended to the end of the aircraft's estimated holding period in its highest and best use, and a contractual or estimated disposition value.

The current contractual lease cash flows are based on the in-force lease rates. The projected future non-contractual lease cash flows are estimated based on the aircraft type, age, and the airframe and engine configuration of the aircraft. The projected non-contractual lease cash flows are applied to follow-on lease terms, which are estimated based on the age of the aircraft at the time of re-lease and are assumed through the estimated holding period of the aircraft. The estimated holding period is the period over which future cash flows are assumed to be generated. Shorter holding periods can result when a potential sale or future part-out of an individual aircraft has been contracted for, or is likely. In instances of a potential sale or part-out, the holding period is based on the estimated sale or part-out date. The disposition value is generally estimated based on aircraft type. In situations where the aircraft will be disposed of, the disposition value assumed is based on an estimated part-out value or the contracted sale price.

The estimated future cash flows, as described above, are then discounted to present value. The discount rate used is based on the aircraft type and incorporates assumptions market participants would use regarding the market attractiveness of the aircraft type, the likely debt and equity financing components, and the required returns of those financing components.

For flight equipment that we measured at fair value on a non-recurring basis during the year ended December 31, 2016, the following table presents the fair value of such flight equipment as of the measurement date, the valuation technique and the related unobservable inputs:

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Range</u>	<u>Weighted average</u>
Flight equipment	\$ 492.6 million	Income approach	Discount rate	0% - 14%	5%
			Remaining holding period	0 - 14 years	7 years
			Non-contractual cash flows	0% - 100%	25%

During the year ended December 31, 2016, we recognized impairment charges of \$81.6 million on 35 aircraft. The impairment charges primarily related to lease terminations and amendments of lease agreements for 25 aircraft. These impairments were more than offset by lease revenue of \$95.9 million that we recognized when we retained maintenance related balances or received EOL compensation upon lease termination or amendment. In addition, we recognized impairment charges for ten aircraft that were part of sale transactions and were classified as flight equipment held for sale.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

31. Fair value measurements (Continued)

Sensitivity to changes in unobservable inputs

When estimating the fair value measurement of flight equipment, we consider the effect of a change in a particular assumption independently of changes in any other assumptions. In practice, simultaneous changes in assumptions may not always have a linear effect on inputs.

The significant unobservable inputs utilized in the fair value measurement of flight equipment are the discount rate, the remaining estimated holding period and the non-contractual cash flows. The discount rate is affected by movements in the aircraft funding markets, including fluctuations in required rates of return in debt and equity, and loan to value ratios. The remaining estimated holding period and non-contractual cash flows represent management's estimate of the remaining service period of an aircraft and the estimated non-contractual cash flows over the remaining life of the aircraft. An increase in the discount rate would decrease the fair value measurement of the aircraft, while an increase in the remaining estimated holding period or the estimated non-contractual cash flows would increase the fair value measurement of the aircraft.

Fair value disclosures of financial instruments

The fair value of restricted cash and cash and cash equivalents approximates their carrying value because of their short-term nature (Level 1). The fair value of notes receivables approximates its carrying value (Level 2). The fair value of our long-term unsecured debt is estimated using quoted market prices for similar or identical instruments, depending on the frequency and volume of activity in the market. The fair value of our long-term secured debt is estimated using a discounted cash flow analysis based on current market interest rates and spreads for debt with similar characteristics (Level 2). Derivatives are recognized in our Consolidated Balance Sheets at their fair value. The fair value of derivatives is based on dealer quotes for identical instruments. We have also considered the credit rating and risk of the counterparties of the derivative contracts based on quantitative and qualitative factors (Level 2). The fair value of guarantees is determined by reference to the fair market value or future lease cash flows of the underlying aircraft and the guaranteed amount (Level 3).

The carrying amounts and fair values of our most significant financial instruments as of December 31, 2016 and 2015 were as follows:

	December 31, 2016				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 2,035,447	\$ 2,035,447	\$ 2,035,447	\$ —	\$ —
Restricted cash	329,180	329,180	329,180	—	—
Derivative assets	37,187	37,187	—	37,187	—
Notes receivables	23,359	23,359	—	23,359	—
	<u>\$ 2,425,173</u>	<u>\$ 2,425,173</u>	<u>\$ 2,364,627</u>	<u>\$ 60,546</u>	<u>\$ —</u>
Liabilities					
Debt	\$ 27,873,900(a)	\$ 28,203,635	\$ —	\$ 28,203,635	\$ —
Guarantees	51,804	51,804	—	—	51,804
	<u>\$ 27,925,704</u>	<u>\$ 28,255,439</u>	<u>\$ —</u>	<u>\$ 28,203,635</u>	<u>\$ 51,804</u>

(a) Excludes debt issuance costs and debt discounts.

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)**

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

31. Fair value measurements (Continued)

	December 31, 2015				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 2,403,098	\$ 2,403,098	\$ 2,403,098	\$ —	\$ —
Restricted cash	419,447	419,447	419,447	—	—
Derivative assets	18,965	18,965	—	18,965	—
Notes receivables	116,197	116,197	—	116,197	—
	<u>\$ 2,957,707</u>	<u>\$ 2,957,707</u>	<u>\$ 2,822,545</u>	<u>\$ 135,162</u>	<u>\$ —</u>
Liabilities					
Debt	\$ 29,806,843(a)	\$ 29,915,965	\$ —	\$ 29,915,965	\$ —
Derivative liabilities	21	21	—	21	—
Guarantees	47,380	46,827	—	—	46,827
	<u>\$ 29,854,244</u>	<u>\$ 29,962,813</u>	<u>\$ —</u>	<u>\$ 29,915,986</u>	<u>\$ 46,827</u>

(a) Excludes debt issuance costs and debt discounts.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information

The following supplemental financial information is presented to comply with Rule 3-10 of Regulation S-X.

AerCap Aviation Notes

In May 2012, AerCap Aviation Solutions B.V. ("AerCap Aviation Solutions"), a 100%-owned finance subsidiary of AerCap Holdings N.V. (the "Parent Guarantor"), issued \$300.0 million of 6.375% senior unsecured notes due 2017 (the "AerCap Aviation Notes"). The AerCap Aviation Notes are fully and unconditionally guaranteed by the Parent Guarantor.

In November 2012, we entered into a \$285.0 million unsecured revolving credit facility which was guaranteed by AerCap Aviation Solutions and AerCap Ireland. The guarantee by AerCap Ireland under this facility triggered a springing guarantee under the AerCap Aviation Notes indenture, as a result of which AerCap Ireland also fully and unconditionally guarantees the AerCap Aviation Notes.

The following condensed consolidating financial information presents the Condensed Consolidating Balance Sheets as of December 31, 2016 and 2015, the Condensed Consolidating Income Statements, Condensed Consolidating Statements of Cash Flows and Condensed Consolidating Statements of Comprehensive Income for the years ended December 31, 2016, 2015 and 2014 of (i) the Parent Guarantor; (ii) AerCap Aviation Solutions; (iii) AerCap Ireland; (iv) the non-guarantor subsidiaries; (v) elimination entries necessary to consolidate the Parent Guarantor with AerCap Aviation Solutions, AerCap Ireland and the non-guarantor subsidiaries; and (vi) the Company on a consolidated basis. Investments in consolidated subsidiaries are presented under the equity method of accounting. A portion of our cash and cash equivalents is held by subsidiaries and access to such cash by us for group purposes is limited.

In accordance with Rule 3-10 of Regulation S-X, separate financial statements and other disclosures with respect to AerCap Ireland and AerCap Aviation Solutions have not been provided because AerCap Ireland and AerCap Aviation Solutions are 100%-owned by the Parent Guarantor, all guarantees are full and unconditional and the Parent Guarantor's financial statements have been filed in this annual report for the periods specified by Rules 3-01 and 3-02 of Regulation S-X.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Balance Sheet

	December 31, 2016					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)					
Assets						
Cash and cash equivalents	\$ 4	\$ —	\$ 835	\$ 1,196	\$ —	\$ 2,035
Restricted cash	—	—	9	320	—	329
Flight equipment held for operating leases, net	—	—	1,136	30,366	—	31,502
Maintenance rights intangible and lease premium, net	—	—	51	2,117	—	2,168
Flight equipment held for sale	—	—	—	107	—	107
Net investment in finance and sales-type leases	—	—	—	757	—	757
Prepayments on flight equipment	—	—	—	3,266	—	3,266
Investments including investments in subsidiaries	9,310	—	4,257	119	(13,567)	119
Intercompany receivables	106	—	8,005	5,726	(13,837)	—
Other assets	104	10	440	951	(168)	1,337
Total Assets	\$ 9,524	\$ 10	\$ 14,733	\$ 44,925	\$ (27,572)	\$ 41,620
Liabilities and Equity						
Debt	\$ —	\$ 300	\$ 40	\$ 27,377	\$ —	\$ 27,717
Intercompany payables	978	19	5,701	7,139	(13,837)	—
Other liabilities	22	2	381	5,084	(168)	5,321
Total liabilities	1,000	321	6,122	39,600	(14,005)	33,038
Total AerCap Holdings N.V. shareholders' equity	8,524	(311)	8,611	5,267	(13,567)	8,524
Non-controlling interest	—	—	—	58	—	58
Total Equity	8,524	(311)	8,611	5,325	(13,567)	8,582
Total Liabilities and Equity	\$ 9,524	\$ 10	\$ 14,733	\$ 44,925	\$ (27,572)	\$ 41,620

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Balance Sheet

	December 31, 2015					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)					
Assets						
Cash and cash equivalents	\$ 14	\$ —	\$ 1,193	\$ 1,196	\$ —	\$ 2,403
Restricted cash	—	—	18	401	—	419
Flight equipment held for operating leases, net	—	—	1,034	31,185	—	32,219
Maintenance rights intangible and lease premium, net	—	—	80	3,059	—	3,139
Flight equipment held for sale	—	—	—	71	—	71
Net investment in finance and sales-type leases	—	—	22	447	—	469
Prepayments on flight equipment	—	—	—	3,300	—	3,300
Investments including investments in subsidiaries	8,290	—	3,385	115	(11,675)	115
Intercompany receivables	46	5	6,157	4,652	(10,860)	—
Other assets	61	—	377	1,176	—	1,614
Total Assets	\$ 8,411	\$ 5	\$ 12,266	\$ 45,602	\$ (22,535)	\$ 43,749
Liabilities and Equity						
Debt	\$ —	\$ 298	\$ 77	\$ 29,267	\$ —	\$ 29,642
Intercompany payables	4	—	4,525	6,331	(10,860)	—
Other liabilities	58	2	184	5,437	—	5,681
Total liabilities	62	300	4,786	41,035	(10,860)	35,323
Total AerCap Holdings N.V. shareholders' equity	8,349	(295)	7,480	4,490	(11,675)	8,349
Non-controlling interest	—	—	—	77	—	77
Total Equity	8,349	(295)	7,480	4,567	(11,675)	8,426
Total Liabilities and Equity	\$ 8,411	\$ 5	\$ 12,266	\$ 45,602	\$ (22,535)	\$ 43,749

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Income Statement

	Year Ended December 31, 2016					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)					
Revenues and other income						
Lease revenue	\$ —	\$ —	\$ 157	\$ 4,711	\$ —	\$ 4,868
Net gain on sale of assets	—	—	—	139	—	139
Other income (loss)	6	—	507	400	(768)	145
Total Revenues and other income	6	—	664	5,250	(768)	5,152
Expenses						
Depreciation and amortization	—	—	64	1,727	—	1,791
Asset impairment	—	—	—	82	—	82
Interest expense	—	20	378	1,388	(694)	1,092
Leasing expenses	—	—	26	557	—	583
Transaction, integration and restructuring related expenses	—	—	—	53	—	53
Selling, general and administrative expenses	60	—	68	297	(74)	351
Total Expenses	60	20	536	4,104	(768)	3,952
(Loss) income before income taxes and income of investments accounted for under the equity method	(54)	(20)	128	1,146	—	1,200
Provision for income taxes	7	5	(16)	(169)	—	(173)
Equity in net earnings of investments accounted for under the equity method	—	—	—	13	—	13
Net (loss) income before income from subsidiaries	(47)	(15)	112	990	—	1,040
Income (loss) from subsidiaries	1,094	—	867	112	(2,073)	—
Net income (loss)	1,047	(15)	979	1,102	(2,073)	1,040
Net loss attributable to non-controlling interest	—	—	—	7	—	7
Net income (loss) attributable to AerCap Holdings N.V.	\$ 1,047	\$ (15)	\$ 979	\$ 1,109	\$ (2,073)	\$ 1,047

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Income Statement

	Year Ended December 31, 2015					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)					
Revenues and other income						
Lease revenue	\$ —	\$ —	\$ 110	\$ 4,882	\$ —	\$ 4,992
Net gain on sale of assets	—	—	14	169	—	183
Other income (loss)	9	—	430	476	(802)	113
Total Revenues and other income	9	—	554	5,527	(802)	5,288
Expenses						
Depreciation and amortization	—	—	52	1,791	—	1,843
Asset impairment	—	—	—	16	—	16
Interest expense	12	20	268	1,397	(597)	1,100
Leasing expenses	—	—	50	472	—	522
Transaction, integration and restructuring related expenses	—	—	—	59	—	59
Selling, general and administrative expenses	108	—	202	277	(205)	382
Total Expenses	120	20	572	4,012	(802)	3,922
(Loss) income before income taxes and income of investments accounted for under the equity method	(111)	(20)	(18)	1,515	—	1,366
Provision for income taxes	28	5	2	(225)	—	(190)
Equity in net earnings of investments accounted for under the equity method	—	—	—	1	—	1
Net (loss) income before income from subsidiaries	(83)	(15)	(16)	1,291	—	1,177
Income (loss) from subsidiaries	1,262	—	1,088	(16)	(2,334)	—
Net income (loss)	1,179	(15)	1,072	1,275	(2,334)	1,177
Net loss attributable to non-controlling interest	—	—	—	2	—	2
Net income (loss) attributable to AerCap Holdings N.V.	\$ 1,179	\$ (15)	\$ 1,072	\$ 1,277	\$ (2,334)	\$ 1,179

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Income Statement

	Year Ended December 31, 2014					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)					
Revenues and other income						
Lease revenue	\$ —	\$ —	\$ 81	\$ 3,369	\$ —	\$ 3,450
Net gain on sale of assets	—	—	10	28	—	38
Other income (loss)	25	—	254	377	(552)	104
Total Revenues and other income	25	—	345	3,774	(552)	3,592
Expenses						
Depreciation and amortization	—	—	9	1,273	—	1,282
Asset impairment	—	—	—	22	—	22
Interest expense	13	20	244	932	(428)	781
Leasing expenses	—	—	96	46	—	142
Transaction, integration and restructuring related expenses	—	—	—	149	—	149
Selling, general and administrative expenses	83	—	72	269	(124)	300
Total Expenses	96	20	421	2,691	(552)	2,676
(Loss) income before income taxes and income of investments accounted for under the equity method						
	(71)	(20)	(76)	1,083	—	916
Provision for income taxes	(1)	—	(93)	(43)	—	(137)
Equity in net earnings of investments accounted for under the equity method	—	—	—	29	—	29
Net (loss) income before income from subsidiaries	(72)	(20)	(169)	1,069	—	808
Income (loss) from subsidiaries	882	—	869	(169)	(1,582)	—
Net income (loss)	810	(20)	700	900	(1,582)	808
Net loss attributable to non-controlling interest	—	—	—	2	—	2
Net income (loss) attributable to AerCap Holdings N.V.	\$ 810	\$ (20)	\$ 700	\$ 902	\$ (1,582)	\$ 810

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2016					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
Net income (loss)	\$ 1,047	\$ (15)	\$ 979	\$ 1,102	\$ (2,073)	\$ 1,040
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
(Income) loss from subsidiaries	(1,094)	—	(867)	(112)	2,073	—
Depreciation and amortization	—	—	64	1,727	—	1,791
Asset impairment	—	—	—	82	—	82
Amortization of debt issuance costs and debt discount	—	1	2	53	—	56
Amortization of lease premium intangibles	—	—	—	20	—	20
Amortization of fair value adjustments on debt	—	—	—	(336)	—	(336)
Accretion of fair value adjustments on deposits and maintenance liabilities	—	—	1	54	—	55
Maintenance rights write off	—	—	23	629	—	652
Maintenance liability release to income	—	—	(19)	(402)	—	(421)
Net gain on sale of assets	—	—	—	(139)	—	(139)
Deferred income taxes	(7)	(5)	16	157	—	161
Restructuring expenses	—	—	—	34	—	34
Other	63	—	(20)	79	—	122
Cash flow from operating activities before changes in working capital	9	(19)	179	2,948	—	3,117
Working capital	1,002	19	(380)	(377)	—	264
Net cash provided by (used in) operating activities	1,011	—	(201)	2,571	—	3,381
Purchase of flight equipment	—	—	(299)	(2,594)	—	(2,893)
Proceeds from sale or disposal of assets	—	—	142	2,225	—	2,367
Prepayments on flight equipment	—	—	—	(947)	—	(947)
Collections of finance and sales-type leases	—	—	—	74	—	74
Movement in restricted cash	—	—	9	81	—	90
Other	—	—	(22)	—	—	(22)
Net cash used in investing activities	—	—	(170)	(1,161)	—	(1,331)
Issuance of debt	—	—	—	3,642	—	3,642
Repayment of debt	—	—	(9)	(5,205)	—	(5,214)
Debt issuance costs paid	—	—	(2)	(33)	—	(35)
Maintenance payments received	—	—	38	758	—	796
Maintenance payments returned	—	—	(30)	(475)	—	(505)
Security deposits received	—	—	20	182	—	202
Security deposits returned	—	—	(3)	(268)	—	(271)
Dividend paid to non-controlling interest holders	—	—	—	(11)	—	(11)
Repurchase of shares and tax withholdings on share-based compensation	(1,021)	—	—	—	—	(1,021)
Net cash (used in) provided by financing activities	(1,021)	—	14	(1,410)	—	(2,417)
Net decrease in cash and cash equivalents	(10)	—	(357)	—	—	(367)
Effect of exchange rate changes	—	—	(1)	—	—	(1)
Cash and cash equivalents at beginning of period	14	—	1,193	1,196	—	2,403
Cash and cash equivalents at end of period	\$ 4	\$ —	\$ 835	\$ 1,196	\$ —	\$ 2,035

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2015					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
Net income (loss)	\$ 1,179	\$ (15)	\$ 1,072	\$ 1,275	\$ (2,334)	\$ 1,177
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
(Income) loss from subsidiaries	(1,262)	—	(1,088)	16	2,334	—
Depreciation and amortization	—	—	52	1,791	—	1,843
Asset impairment	—	—	—	16	—	16
Amortization of debt issuance costs and debt discount	1	1	9	35	—	46
Amortization of lease premium intangibles	—	—	—	23	—	23
Amortization of fair value adjustments on debt	—	—	—	(443)	—	(443)
Accretion of fair value adjustments on deposits and maintenance liabilities	—	—	1	75	—	76
Maintenance rights write off	—	—	7	622	—	629
Maintenance liability release to income	—	—	(4)	(240)	—	(244)
Net gain on sale of assets	—	—	(14)	(169)	—	(183)
Deferred income taxes	(28)	(5)	(2)	145	—	110
Restructuring expenses	—	—	—	49	—	49
Other	64	—	26	—	—	90
Cash flow from operating activities before changes in working capital	(46)	(19)	59	3,195	—	3,189
Working capital	846	19	537	(1,231)	—	171
Net cash provided by operating activities	800	—	596	1,964	—	3,360
Purchase of flight equipment	—	—	(299)	(2,473)	—	(2,772)
Proceeds from sale or disposal of assets	—	—	94	1,474	—	1,568
Prepayments on flight equipment	—	—	—	(792)	—	(792)
Collections of finance and sales-type leases	—	—	3	52	—	55
Movement in restricted cash	—	—	(11)	309	—	298
Other	—	—	—	(73)	—	(73)
Net cash used in investing activities	—	—	(213)	(1,503)	—	(1,716)
Issuance of debt	300	—	—	3,614	—	3,914
Repayment of debt	(300)	—	(8)	(3,736)	—	(4,044)
Debt issuance costs paid	—	—	(1)	(48)	—	(49)
Maintenance payments received	—	—	19	757	—	776
Maintenance payments returned	—	—	(20)	(538)	—	(558)
Security deposits received	—	—	20	151	—	171
Security deposits returned	—	—	(7)	(137)	—	(144)
Repurchase of shares and tax withholdings on share-based compensation	(794)	—	—	—	—	(794)
Net cash (used in) provided by financing activities	(794)	—	3	63	—	(728)
Net increase in cash and cash equivalents	6	—	386	524	—	916
Effect of exchange rate changes	1	—	(9)	5	—	(3)
Cash and cash equivalents at beginning of period	7	—	816	667	—	1,490
Cash and cash equivalents at end of period	\$ 14	\$ —	\$ 1,193	\$ 1,196	\$ —	\$ 2,403

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)
Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2014					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
Net income (loss)	\$ 810	\$ (20)	\$ 700	\$ 900	\$ (1,582)	\$ 808
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
(Income) loss from subsidiaries	(882)	—	(869)	169	1,582	—
Dividend received	—	—	12	—	(12)	—
Depreciation and amortization	—	—	9	1,273	—	1,282
Asset impairment	—	—	—	22	—	22
Amortization of debt issuance costs and debt discount	3	1	—	82	—	86
Amortization of lease premium intangibles	—	—	—	18	—	18
Amortization of fair value adjustments on debt	—	—	—	(331)	—	(331)
Accretion of fair value adjustments on deposits and maintenance liabilities	—	—	—	72	—	72
Maintenance rights write off	—	—	—	131	—	131
Maintenance liability release to income	—	—	—	(92)	—	(92)
Net gain on sale of assets	—	—	(10)	(27)	—	(37)
Deferred income taxes	—	—	93	23	—	116
Other	43	—	7	52	—	102
Cash flow from operating activities before changes in working capital	(26)	(19)	(58)	2,292	(12)	2,177
Working capital	163	19	1,131	(1,176)	—	137
Net cash provided by (used in) operating activities	137	—	1,073	1,116	(12)	2,314
Purchase of flight equipment	—	—	(1,198)	(892)	—	(2,090)
Proceeds from sale or disposal of assets	21	—	737	(188)	—	570
Prepayments on flight equipment	—	—	(2)	(456)	—	(458)
Acquisition of ILFC, net of cash acquired	—	—	—	(195)	—	(195)
Collections of finance and sales-type leases	—	—	—	41	—	41
Movement in restricted cash	—	—	1	281	—	282
Net cash provided by (used in) investing activities	21	—	(462)	(1,409)	—	(1,850)
Issuance of debt	75	—	43	5,294	—	5,412
Repayment of debt	(225)	—	(10)	(4,592)	—	(4,827)
Debt issuance costs paid	—	—	—	(135)	—	(135)
Maintenance payments received	—	—	26	536	—	562
Maintenance payments returned	—	—	—	(286)	—	(286)
Security deposits received	—	—	9	98	—	107
Security deposits returned	—	—	(2)	(97)	—	(99)
Dividend paid	—	—	—	(12)	12	—
Net cash (used in) provided by financing activities	(150)	—	66	806	12	734
Net increase in cash and cash equivalents	8	—	677	513	—	1,198
Effect of exchange rate changes	(1)	—	(1)	(2)	—	(4)
Cash and cash equivalents at beginning of period	—	—	140	156	—	296
Cash and cash equivalents at end of period	\$ 7	\$ —	\$ 816	\$ 667	\$ —	\$ 1,490

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)**

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)**Condensed Consolidating Statement of Comprehensive Income**

	Year Ended December 31, 2016					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
Net income (loss) attributable to AerCap Holdings N.V.	\$ 1,047	\$ (15)	\$ 979	\$ 1,109	\$ (2,073)	\$ 1,047
Other comprehensive (loss) income:						
Net change in fair value of derivatives, net of tax	—	—	—	6	—	6
Actuarial loss on pension obligations, net of tax	—	—	(2)	—	—	(2)
Total other comprehensive (loss) income	—	—	(2)	6	—	4
Total comprehensive income (loss) attributable to AerCap Holdings N.V.	\$ 1,047	\$ (15)	\$ 977	\$ 1,115	\$ (2,073)	\$ 1,051

AerCap Holdings N.V. and Subsidiaries**Notes to the Consolidated Financial Statements (Continued)**

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)**Condensed Consolidating Statement of Comprehensive Income**

	Year Ended December 31, 2015					
	AerCap Holdings N.V.	AerCap Aviation Solutions B.V.	AerCap Ireland Ltd.	Non- Guarantors	Eliminations	Total
Net income (loss) attributable to AerCap Holdings N.V.	\$ 1,179	\$ (15)	\$ 1,072	\$ 1,277	\$ (2,334)	\$ 1,179
Other comprehensive income:						
Net change in fair value of derivatives, net of tax	—	—	—	—	—	—
Actuarial gain on pension obligations, net of tax	—	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—	—
Total comprehensive income (loss) attributable to AerCap Holdings N.V.	\$ 1,179	\$ (15)	\$ 1,072	\$ 1,277	\$ (2,334)	\$ 1,179

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2014					
	<u>AerCap Holdings N.V.</u>	<u>AerCap Aviation Solutions B.V.</u>	<u>AerCap Ireland Ltd.</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Total</u>
	(U.S. dollar amounts in millions)					
Net income (loss) attributable to AerCap Holdings N.V.	\$ 810	\$ (20)	\$ 700	\$ 902	\$ (1,582)	\$ 810
Other comprehensive income:						
Net change in fair value of derivatives, net of tax	—	—	—	5	—	5
Actuarial gain (loss) on pension obligations, net of tax	—	—	3	(5)	—	(2)
Total other comprehensive income	—	—	3	—	—	3
Share of other comprehensive income (loss) from subsidiaries	3	—	—	—	(3)	—
Total comprehensive income (loss) attributable to AerCap Holdings N.V.	\$ 813	\$ (20)	\$ 703	\$ 902	\$ (1,585)	\$ 813

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

AGAT/AICDC Notes

In May 2014, AerCap Trust and AICDC co-issued the Acquisition Notes.

In September 2014, AerCap Trust and AICDC co-issued the September 2014 Notes.

In June 2015, AerCap Trust and AICDC co-issued the June 2015 Notes.

In October 2015, AerCap Trust and AICDC co-issued the October 2015 Notes.

In May 2016, AerCap Trust and AICDC co-issued the May 2016 Notes.

In January 2017, AerCap Trust and AICDC co-issued the January 2017 Notes.

The AGAT/AICDC Notes are jointly and severally and fully and unconditionally guaranteed by the Parent Guarantor and by AerCap Ireland, AerCap Aviation Solutions, International Lease Finance Corporation and AerCap U.S. Global Aviation LLC (together, the "Subsidiary Guarantors").

The following condensed consolidating financial information presents the Condensed Consolidating Balance Sheets as of December 31, 2016 and 2015, the Condensed Consolidating Income Statements, Condensed Consolidating Statements of Cash Flows and Condensed Consolidating Statements of Comprehensive Income for the years ended December 31, 2016, 2015 and 2014 of (i) the Parent Guarantor; (ii) AerCap Trust; (iii) AICDC; (iv) the Subsidiary Guarantors on a combined basis; (v) the non-guarantor subsidiaries on a combined basis; (vi) elimination entries necessary to consolidate the Parent Guarantor with AerCap Trust and AICDC, the Subsidiary Guarantors and the non-guarantor subsidiaries; and (vii) the Company on a consolidated basis. Investments in consolidated subsidiaries are presented under the equity method of accounting. A portion of our cash and cash equivalents is held by subsidiaries and access to such cash by us for group purposes is limited.

In accordance with Rule 3-10 of Regulation S-X, separate financial statements and other disclosures with respect to AerCap Trust, AICDC and the Subsidiary Guarantors have not been provided, as AerCap Trust, AICDC and the Subsidiary Guarantors are 100%-owned by the Parent Guarantor, all guarantees of the AGAT/AICDC Notes are joint and several and full and unconditional and the Parent Guarantor's financial statements have been filed in this annual report for the periods specified by Rules 3-01 and 3-02 of Regulation S-X.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Balance Sheet

	December 31, 2016						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Assets							
Cash and cash equivalents	\$ 4	\$ 829	\$ 64	\$ 931	\$ 207	\$ —	\$ 2,035
Restricted cash	—	—	—	9	320	—	329
Flight equipment held for operating leases, net	—	11,012	—	1,299	19,191	—	31,502
Maintenance rights intangible and lease premium, net	—	1,190	—	52	926	—	2,168
Flight equipment held for sale	—	28	—	—	79	—	107
Net investment in finance and sales-type leases	—	437	—	166	154	—	757
Prepayments on flight equipment	—	3,006	—	5	255	—	3,266
Investments including investments in subsidiaries	9,310	874	7,249	4,941	119	(22,374)	119
Intercompany receivables	106	12,639	1	8,405	5,947	(27,098)	—
Other assets	104	538	60	632	171	(168)	1,337
Total Assets	\$ 9,524	\$ 30,553	\$ 7,374	\$ 16,440	\$ 27,369	\$ (49,640)	\$ 41,620
Liabilities and Equity							
Debt	\$ —	\$ 17,316	\$ —	\$ 340	\$ 10,061	\$ —	\$ 27,717
Intercompany payables	978	3,726	5,057	7,067	10,270	(27,098)	—
Other liabilities	22	2,241	11	448	2,767	(168)	5,321
Total liabilities	1,000	23,283	5,068	7,855	23,098	(27,266)	33,038
Total AerCap Holdings N.V. shareholders' equity	8,524	7,270	2,306	8,509	4,289	(22,374)	8,524
Non-controlling interest	—	—	—	76	(18)	—	58
Total Equity	8,524	7,270	2,306	8,585	4,271	(22,374)	8,582
Total Liabilities and Equity	\$ 9,524	\$ 30,553	\$ 7,374	\$ 16,440	\$ 27,369	\$ (49,640)	\$ 41,620

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.



AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Balance Sheet

	December 31, 2015						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Assets							
Cash and cash equivalents	\$ 14	\$ 769	\$ 62	\$ 1,366	\$ 192	\$ —	\$ 2,403
Restricted cash	—	—	—	18	401	—	419
Flight equipment held for operating leases, net	—	13,913	—	1,171	17,135	—	32,219
Maintenance rights intangible and lease premium, net	—	1,789	—	82	1,268	—	3,139
Flight equipment held for sale	—	12	—	—	59	—	71
Net investment in finance and sales-type leases	—	193	—	57	219	—	469
Prepayments on flight equipment	—	3,022	—	6	272	—	3,300
Investments including investments in subsidiaries	8,290	633	6,319	4,211	115	(19,453)	115
Intercompany receivables	46	11,541	—	6,152	5,739	(23,478)	—
Other assets	61	619	41	580	342	(29)	1,614
Total Assets	\$ 8,411	\$ 32,491	\$ 6,422	\$ 13,643	\$ 25,742	\$ (42,960)	\$ 43,749
Liabilities and Equity							
Debt	\$ —	\$ 19,456	\$ —	\$ 375	\$ 9,811	\$ —	\$ 29,642
Intercompany payables	4	4,025	4,872	5,473	9,104	(23,478)	—
Other liabilities	58	2,676	14	234	2,728	(29)	5,681
Total liabilities	62	26,157	4,886	6,082	21,643	(23,507)	35,323
Total AerCap Holdings N.V. shareholders' equity	8,349	6,334	1,536	7,484	4,099	(19,453)	8,349
Non-controlling interest	—	—	—	77	—	—	77
Total Equity	8,349	6,334	1,536	7,561	4,099	(19,453)	8,426
Total Liabilities and Equity	\$ 8,411	\$ 32,491	\$ 6,422	\$ 13,643	\$ 25,742	\$ (42,960)	\$ 43,749

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.



AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)
Condensed Consolidating Income Statement

	Year Ended December 31, 2016						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Revenues and other income							
Lease revenue	\$ —	\$ 2,058	\$ —	\$ 205	\$ 2,605	\$ —	\$ 4,868
Net gain on sale of assets	—	33	—	6	100	—	139
Other income (loss)	6	653	—	552	359	(1,425)	145
Total Revenues and other income	6	2,744	—	763	3,064	(1,425)	5,152
Expenses							
Depreciation and amortization	—	770	—	72	949	—	1,791
Asset impairment	—	32	—	—	50	—	82
Interest expense	—	753	184	385	955	(1,185)	1,092
Leasing expenses	—	290	—	27	266	—	583
Transaction, integration and restructuring related expenses	—	—	—	—	53	—	53
Selling, general and administrative expenses	60	120	1	102	308	(240)	351
Total Expenses	60	1,965	185	586	2,581	(1,425)	3,952
(Loss) income before income taxes and income of investments accounted for under the equity method							
	(54)	779	(185)	177	483	—	1,200
Provision for income taxes	7	(97)	23	(36)	(70)	—	(173)
Equity in net earnings of investments accounted for under the equity method	—	—	—	—	13	—	13
Net (loss) income before income from subsidiaries	(47)	682	(162)	141	426	—	1,040
Income (loss) from subsidiaries	1,094	237	919	701	(867)	(2,084)	—
Net income (loss)	1,047	919	757	842	(441)	(2,084)	1,040
Net loss							

attributable to non- controlling interest	—	—	—	—	7	—	7
Net income (loss) attributable to AerCap Holdings N.V.	<u>\$ 1,047</u>	<u>\$ 919</u>	<u>\$ 757</u>	<u>\$ 842</u>	<u>\$ (434)</u>	<u>\$ (2,084)</u>	<u>\$ 1,047</u>

- (a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)
Condensed Consolidating Income Statement

	Year Ended December 31, 2015						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Revenues and other income							
Lease revenue	\$ —	\$ 2,355	\$ —	\$ 134	\$ 2,503	\$ —	\$ 4,992
Net gain on sale of assets	—	168	—	13	2	—	183
Other income (loss)	9	599	14	479	319	(1,307)	113
Total Revenues and other income	9	3,122	14	626	2,824	(1,307)	5,288
Expenses							
Depreciation and amortization	—	868	—	65	910	—	1,843
Asset impairment	—	3	—	—	13	—	16
Interest expense	12	780	164	359	735	(950)	1,100
Leasing expenses	—	266	—	61	195	—	522
Transaction, integration and restructuring related expenses	—	—	—	9	50	—	59
Selling, general and administrative expenses	108	112	—	257	262	(357)	382
Total Expenses	120	2,029	164	751	2,165	(1,307)	3,922
(Loss) income before income taxes and income of investments accounted for under the equity method	(111)	1,093	(150)	(125)	659	—	1,366
Provision for income taxes	28	(136)	19	38	(139)	—	(190)
Equity in net earnings of investments accounted for under the equity method	—	—	—	—	1	—	1
Net (loss) income before income from subsidiaries	(83)	957	(131)	(87)	521	—	1,177
Income (loss) from subsidiaries	1,262	104	1,060	933	(1,090)	(2,269)	—
Net income (loss)	1,179	1,061	929	846	(569)	(2,269)	1,177
Net loss							

attributable to non- controlling interest	—	—	—	—	2	—	2
Net income (loss) attributable to AerCap Holdings N.V.	\$ 1,179	\$ 1,061	\$ 929	\$ 846	\$ (567)	\$ (2,269)	\$ 1,179

- (a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)
Condensed Consolidating Income Statement

	Year Ended December 31, 2014						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Revenues and other income							
Lease revenue	\$ —	\$ 789	\$ 10	\$ 220	\$ 2,431	\$ —	\$ 3,450
Net gain on sale of assets	—	8	—	10	20	—	38
Other income (loss)	25	317	—	333	342	(913)	104
Total Revenues and other income	25	1,114	10	563	2,793	(913)	3,592
Expenses							
Depreciation and amortization	—	501	—	53	728	—	1,282
Asset impairment	—	3	—	—	19	—	22
Interest expense	13	443	18	317	715	(725)	781
Leasing expenses	—	(446)	11	124	453	—	142
Transaction, integration and restructuring related expenses	—	—	94	26	29	—	149
Selling, general and administrative expenses	83	80	3	142	180	(188)	300
Total Expenses	96	581	126	662	2,124	(913)	2,676
(Loss) income before income taxes and income of investments accounted for under the equity method							
	(71)	533	(116)	(99)	669	—	916
Provision for income taxes	(1)	(56)	10	(33)	(57)	—	(137)
Equity in net earnings of investments accounted for under the equity method	—	—	—	—	29	—	29
Net (loss) income before income from subsidiaries	(72)	477	(106)	(132)	641	—	808
Income (loss) from subsidiaries	882	205	683	988	79	(2,837)	—
Net income (loss)	810	682	577	856	720	(2,837)	808
Net loss attributable to							

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)
(U.S. dollar amounts in thousands or as otherwise stated, except share data)
32. Supplemental guarantor financial information (Continued)
Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2016						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Net income (loss)	\$ 1,047	\$ 919	\$ 757	\$ 842	\$ (441)	\$ (2,084)	\$ 1,040
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
(Income) loss from subsidiaries	(1,094)	(237)	(919)	(701)	867	2,084	—
Depreciation and amortization	—	770	—	72	949	—	1,791
Asset impairment	—	32	—	—	50	—	82
Amortization of debt issuance costs and debt discount	—	13	5	4	34	—	56
Amortization of lease premium intangibles	—	7	—	—	13	—	20
Amortization of fair value adjustments on debt	—	(330)	—	—	(6)	—	(336)
Accretion of fair value adjustments on deposits and maintenance liabilities	—	33	—	2	20	—	55
Maintenance rights write off	—	395	—	22	235	—	652
Maintenance liability release to income	—	(206)	—	(19)	(196)	—	(421)
Net gain on sale of assets	—	(33)	—	(6)	(100)	—	(139)
Deferred income taxes	(7)	98	(22)	28	64	—	161
Restructuring expenses	—	—	—	—	34	—	34
Other	63	13	—	(7)	53	—	122
Cash flow from operating activities before changes in working capital	9	1,474	(179)	237	1,576	—	3,117
Working capital	1,002	911	181	(545)	(1,285)	—	264
Net cash provided by (used in) operating activities	1,011	2,385	2	(308)	291	—	3,381
Purchase of flight equipment	—	(594)	—	(298)	(2,001)	—	(2,893)
Proceeds from sale or disposal of assets	—	998	—	158	1,211	—	2,367
Prepayments on flight equipment	—	(937)	—	(9)	(1)	—	(947)
Collections of finance and sales-type leases	—	26	—	22	26	—	74
Movement in restricted cash	—	—	—	9	81	—	90
Other	—	—	—	(22)	—	—	(22)
Net cash used in investing activities	—	(507)	—	(140)	(684)	—	(1,331)
Issuance of debt	—	1,012	35	—	2,595	—	3,642
Repayment of debt	—	(2,825)	(35)	(8)	(2,346)	—	(5,214)
Debt issuance costs paid	—	(9)	—	(2)	(24)	—	(35)
Maintenance payments received	—	292	—	39	465	—	796
Maintenance payments returned	—	(234)	—	(30)	(241)	—	(505)
Security deposits received	—	57	—	25	120	—	202
Security deposits returned	—	(111)	—	(10)	(150)	—	(271)
Dividend paid to non-controlling interest holders	—	—	—	—	(11)	—	(11)
Repurchase of shares and tax withholdings on share-based compensation	(1,021)	—	—	—	—	—	(1,021)
Net cash (used in) provided by financing activities	(1,021)	(1,818)	—	14	408	—	(2,417)
Net (decrease) increase in cash and cash equivalents	(10)	60	2	(434)	15	—	(367)
Effect of exchange rate changes	—	—	—	(1)	—	—	(1)
Cash and cash equivalents at beginning of period	14	769	62	1,366	192	—	2,403
Cash and cash equivalents at end of period	\$ 4	\$ 829	\$ 64	\$ 931	\$ 207	\$ —	\$ 2,035

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2015						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Net income (loss)	\$ 1,179	\$ 1,061	\$ 929	\$ 846	\$ (569)	\$ (2,269)	\$ 1,177
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
(Income) loss from subsidiaries	(1,262)	(104)	(1,060)	(933)	1,090	2,269	—
Depreciation and amortization	—	868	—	65	910	—	1,843
Asset impairment	—	3	—	—	13	—	16
Amortization of debt issuance costs and debt discount	1	10	5	10	20	—	46
Amortization of lease premium intangibles	—	7	—	—	16	—	23
Amortization of fair value adjustments on debt	—	(435)	—	—	(8)	—	(443)
Accretion of fair value adjustments on deposits and maintenance liabilities	—	65	—	1	10	—	76
Maintenance rights write off	—	350	—	17	262	—	629
Maintenance liability release to income	—	(141)	—	(8)	(95)	—	(244)
Net gain on sale of assets	—	(168)	—	(13)	(2)	—	(183)
Deferred income taxes	(28)	136	(19)	(38)	59	—	110
Restructuring expenses	—	—	—	—	49	—	49
Other	64	(36)	—	34	28	—	90
Cash flow from operating activities before changes in working capital	(46)	1,616	(145)	(19)	1,783	—	3,189
Working capital	846	(587)	193	618	(899)	—	171
Net cash provided by operating activities	800	1,029	48	599	884	—	3,360
Purchase of flight equipment	—	(1,476)	—	(299)	(997)	—	(2,772)
Proceeds from sale or disposal of assets	—	1,083	—	94	391	—	1,568
Prepayments on flight equipment	—	(585)	—	—	(207)	—	(792)
Collections of finance and sales-type leases	—	17	—	12	26	—	55
Movement in restricted cash	—	—	—	(11)	309	—	298
Other	—	(73)	—	—	—	—	(73)
Net cash used in investing activities	—	(1,034)	—	(204)	(478)	—	(1,716)
Issuance of debt	300	2,500	—	—	1,114	—	3,914
Repayment of debt	(300)	(2,010)	—	(8)	(1,726)	—	(4,044)
Debt issuance costs paid	—	(17)	—	—	(32)	—	(49)
Maintenance payments received	—	306	—	24	446	—	776
Maintenance payments returned	—	(244)	—	(20)	(294)	—	(558)
Security deposits received	—	97	—	25	49	—	171
Security deposits returned	—	(83)	—	(47)	(14)	—	(144)
Repurchase of shares and tax withholdings on share-based compensation	(794)	—	—	—	—	—	(794)
Net cash (used in) provided by financing activities	(794)	549	—	(26)	(457)	—	(728)
Net increase (decrease) in cash and cash equivalents	6	544	48	369	(51)	—	916
Effect of exchange rate changes	1	—	—	(9)	5	—	(3)
Cash and cash equivalents at beginning of period	7	225	14	1,006	238	—	1,490
Cash and cash equivalents at end of period	\$ 14	\$ 769	\$ 62	\$ 1,366	\$ 192	\$ —	\$ 2,403

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.



AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2014						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Net income (loss)	\$ 810	\$ 682	\$ 577	\$ 856	\$ 720	\$ (2,837)	\$ 808
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
(Income) loss from subsidiaries	(882)	(205)	(683)	(988)	(79)	2,837	—
Dividend received	—	—	—	12	—	(12)	—
Depreciation and amortization	—	501	—	53	728	—	1,282
Asset impairment	—	3	—	—	19	—	22
Amortization of debt issuance costs and debt discount	3	304	—	25	(246)	—	86
Amortization of lease premium intangibles	—	5	—	—	13	—	18
Amortization of fair value adjustments on debt	—	(325)	—	—	(6)	—	(331)
Accretion of fair value adjustments on deposits and maintenance liabilities	—	38	—	1	33	—	72
Maintenance rights write off	—	68	—	9	54	—	131
Maintenance liability release to income	—	(24)	—	(5)	(63)	—	(92)
Net gain on sale of assets	—	(8)	—	(10)	(20)	—	(38)
Deferred income taxes	—	56	10	33	17	—	116
Other	43	—	—	17	42	—	102
Cash flow from operating activities before changes in working capital	(26)	1,095	(96)	3	1,212	(12)	2,176
Working capital	163	389	110	(718)	194	—	138
Net cash provided by (used in) operating activities	137	1,484	14	(715)	1,406	(12)	2,314
Purchase of flight equipment	—	—	—	(1,198)	(892)	—	(2,090)
Proceeds from sale or disposal of assets	21	—	—	738	(189)	—	570
Prepayments on flight equipment	—	—	—	(2)	(456)	—	(458)
Acquisition of ILFC, net of cash acquired	—	(2,400)	—	2,205	—	—	(195)
Collections of finance and sales-type leases	—	(4)	—	12	33	—	41
Movement in restricted cash	—	—	—	(2)	284	—	282
Net cash provided by (used in) investing activities	21	(2,404)	—	1,753	(1,220)	—	(1,850)
Issuance of debt	75	3,400	—	43	1,894	—	5,412
Repayment of debt	(225)	(2,353)	—	(10)	(2,239)	—	(4,827)
Debt issuance costs paid	—	(45)	—	(20)	(70)	—	(135)
Maintenance payments received	—	195	—	42	325	—	562
Maintenance payments returned	—	(89)	—	(101)	(96)	—	(286)
Security deposits received	—	39	—	9	59	—	107
Security deposits returned	—	(2)	—	(133)	36	—	(99)
Dividend paid	—	—	—	—	(12)	12	—
Net cash (used in) provided by financing activities	(150)	1,145	—	(170)	(103)	12	734
Net increase in cash and cash equivalents	8	225	14	868	83	—	1,198
Effect of exchange rate changes	(1)	—	—	(2)	(1)	—	(4)
Cash and cash equivalents at beginning of period	—	—	—	140	156	—	296
Cash and cash equivalents at end of period	\$ 7	\$ 225	\$ 14	\$ 1,006	\$ 238	\$ —	\$ 1,490

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC. ILFC was acquired on May 14, 2014 and is not included prior to its acquisition date.



AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2016						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Net income (loss) attributable to AerCap Holdings N.V.	\$ 1,047	\$ 919	\$ 757	\$ 842	\$ (434)	\$ (2,084)	\$ 1,047
Other comprehensive (loss) income:							
Net change in fair value of derivatives, net of tax	—	—	—	—	6	—	6
Actuarial loss on pension obligations, net of tax	—	—	—	(2)	—	—	(2)
Total other comprehensive (loss) income	—	—	—	(2)	6	—	4
Total comprehensive income (loss) attributable to AerCap Holdings N.V.	<u>\$ 1,047</u>	<u>\$ 919</u>	<u>\$ 757</u>	<u>\$ 840</u>	<u>\$ (428)</u>	<u>\$ (2,084)</u>	<u>\$ 1,051</u>

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2015						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Net income (loss) attributable to AerCap Holdings N.V.	\$ 1,179	\$ 1,061	\$ 929	\$ 846	\$ (567)	\$ (2,269)	\$ 1,179
Other comprehensive income:							
Net change in fair value of derivatives, net of tax	—	—	—	—	—	—	—
Actuarial gain on pension obligations, net of tax	—	—	—	—	—	—	—
Total other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income (loss) attributable to AerCap Holdings N.V.	<u>\$ 1,179</u>	<u>\$ 1,061</u>	<u>\$ 929</u>	<u>\$ 846</u>	<u>\$ (567)</u>	<u>\$ (2,269)</u>	<u>\$ 1,179</u>

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

32. Supplemental guarantor financial information (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2014						
	AerCap Holdings N.V.	AerCap Global Aviation Trust	AerCap Ireland Capital Designated Activity Company	Guarantors(a)	Non- Guarantors	Eliminations	Total
	(U.S. dollar amounts in millions)						
Net income (loss) attributable to AerCap Holdings N.V.	\$ 810	\$ 682	\$ 577	\$ 856	\$ 722	\$ (2,837)	\$ 810
Other comprehensive income:							
Net change in fair value of derivatives, net of tax	—	—	—	—	5	—	5
Actuarial gain (loss) on pension obligations, net of tax	—	—	—	3	(5)	—	(2)
Total other comprehensive income	—	—	—	3	—	—	3
Share of other comprehensive income (loss) from subsidiaries	3	—	—	—	—	(3)	—
Total comprehensive income (loss) attributable to AerCap Holdings N.V.	\$ 813	\$ 682	\$ 577	\$ 859	\$ 722	\$ (2,840)	\$ 813

(a) Guarantors consist of AerCap U.S. Global Aviation LLC, AerCap Aviation Solutions B.V., AerCap Ireland Ltd. and ILFC. ILFC was acquired on May 14, 2014 and is not included prior to its acquisition date.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(U.S. dollar amounts in thousands or as otherwise stated, except share data)

33. Subsequent events

In January 2017, AICDC and AerCap Trust co-issued \$600.0 million aggregate principal amount of 3.50% senior unsecured notes due 2022, which are jointly and severally and fully and unconditionally guaranteed by the Parent Guarantor and the Subsidiary Guarantors. The proceeds from the offering were used for general corporate purposes.

In February 2017, our Board of Directors approved a new share repurchase program authorizing total repurchases of up to \$350 million of AerCap ordinary shares through June 30, 2017. Repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable U.S. federal securities laws. The timing of repurchases and the exact number of common shares to be purchased will be determined by the Company's management, in its discretion, and will depend upon market conditions and other factors. The program will be funded using the Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

THIRD AMENDMENT TO TERM LOAN CREDIT AGREEMENT

THIRD AMENDMENT (this “**Amendment**”), dated as of February 9, 2017, among Temescal Aircraft LLC, a Delaware limited liability company (as successor to Temescal Aircraft Inc., a California corporation) (the “**Borrower**”), AerCap Global Aviation Trust, a Delaware statutory trust (“**Financing Trust**”), Park Topanga Aircraft LLC, a Delaware limited liability company (as successor to Park Topanga Aircraft Inc., a California corporation) (“**Parent Holdco**”), Charmlee Aircraft Inc., a California corporation (“**CA Subsidiary Holdco**”), Ballysky Aircraft Ireland Limited, a private company limited by shares incorporated under the laws of Ireland (“**Irish Subsidiary Holdco**”), AerCap U.S. Global Aviation LLC, a Delaware limited liability company (“**USHoldco**”), AerCap Holdings N.V., a public company with limited liability incorporated under the laws of The Netherlands (“**AerCap**”), AerCap Aviation Solutions B.V., a private company with limited liability incorporated organized under the laws of The Netherlands (“**AAS**”), AerCap Ireland Limited, a private company limited by shares incorporated under the laws of Ireland (“**AIL**”), AerCap Ireland Capital Designated Activity Company, a designated activity company incorporated under the laws of Ireland (“**AICDAC**”), International Lease Finance Corporation, a California corporation (“**ILFC**” and together with USHoldco, AerCap, AAS, AIL, Parent Holdco, CA Subsidiary Holdco, Irish Subsidiary Holdco, Financing Trust and AICDAC the “**Guarantors**”) and Citibank, N.A., as Collateral Agent and Administrative Agent, to the Term Loan Credit Agreement, dated as of March 30, 2011 as amended by the First Amendment to Term Loan Credit Agreement dated as of April 2, 2014 and by the Second Amendment to Term Loan Credit Agreement dated as of March 31, 2015 (as heretofore amended, restated or otherwise modified from time to time, the “**Credit Agreement**”), between the Borrower, Financing Trust, Parent Holdco, CA Subsidiary Holdco, Irish Subsidiary Holdco, the other Guarantors, the Consenting Lenders (as defined below) and the New Lenders (as defined below) executing this Amendment on the signature pages hereto and Citibank, N.A., as Collateral and Administrative Agent.

WHEREAS, the parties hereto (other than the New Lenders (as defined below)) are party to the Credit Agreement;

WHEREAS, the terms used herein, including in the preamble and recitals hereto, not otherwise defined herein or otherwise amended hereby shall have the meanings ascribed thereto in the Credit Agreement;

WHEREAS, the parties hereto desire to amend the Credit Agreement in certain respects as set forth herein;

WHEREAS, each Lender party to the Credit Agreement immediately prior to the effectiveness of this Amendment that is executing a counterpart of this Amendment does not desire to transfer its loans as described below and does desire to consent to the amendments set forth herein (each, a “**Consenting Lender**”);

WHEREAS, each Lender that does not desire to consent to the amendments set forth herein by executing a counterpart of this Amendment (each, a “**Non-Consenting Lender**”) wishes to cease to be a party to the Credit Agreement as a “Lender” thereunder and will transfer

its loans to a Consenting Lender or a New Lender on or prior to the Amendment Effective Date as defined in Section 4 below;

WHEREAS, each Lender that is not a party to the Credit Agreement immediately prior to the effectiveness of this Amendment, and which is executing a counterpart of this Amendment (each, a “**New Lender**”) wishes to consent to the amendments set forth herein and to become a party to the Credit Agreement and a Lender thereunder as an assignee of a Loan from a Non-Consenting Lender;

NOW, THEREFORE, the parties hereto agree that the Credit Agreement shall be amended as set forth herein, and the parties hereto otherwise agree as follows:

Section 1. Definitions. Except as otherwise defined herein, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Subject to the satisfaction of the conditions precedent specified in Section 4 below, but effective as of the Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

2.01 General.

(a) References in the Loan Documents to “this Agreement” or the “Credit Agreement” or the like (and indirect references such as “hereunder”, “hereby”, “herein” and “hereof”) shall be deemed to be references to the Credit Agreement as amended hereby.

(b) Each Consenting Lender and each New Lender shall be deemed to be a “Lender” under and for all purposes of the Credit Agreement.

(c) This Amendment shall additionally constitute a “Loan Document”.

2.02 Amended and Restated Definitions. Section 1.01 of the Credit Agreement shall be amended by:

(a) amending and restating the following definitions in their entirety to read as follows:

“**Applicable Margin**” means 1.95% per annum; provided that for any period in which the Base Rate applies to the Loans, the Applicable Margin shall be 0.95% per annum.

“**Effective Date**” means (a) the date on which each of the conditions specified in Section 4.01 is satisfied (or waived in accordance with Section 9.02) and (b) for the purposes of the definition of “Annual Anniversary” in Section 5.16(e), March 31, 2011.

“**Maturity Date**” means March 31, 2023.

“**Maximum LTV**” means (a) from the Effective Date through the day prior to the second anniversary of the Effective Date, 70.0%; (b) from the second anniversary of the

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Effective Date through the day prior to the third anniversary of the Effective Date, 68.1%; (c) from the third anniversary of the Effective Date through the day prior to the fourth anniversary of the Effective Date, 65.5%; (d) from the fourth anniversary of the Effective Date through the day prior to the fifth anniversary of the Effective Date, 62.4%; (e) from the fifth anniversary of the Effective Date through the day prior to the sixth anniversary of the Effective Date, 58.5%; (f) from the sixth anniversary of the Effective Date through the day prior to the seventh anniversary of the Effective Date, 54.0%; (g) from the seventh anniversary of the Effective Date through the day prior to the eighth anniversary of the Effective Date, 49.5%; (h) from the eighth anniversary of the Effective Date through the day prior to the ninth anniversary of the Effective Date, 45%; (i) from the ninth anniversary of the Effective Date through the day prior to the tenth anniversary of the Effective Date, 40.5%; (j) from the tenth anniversary of the Effective Date through the day prior to the eleventh anniversary of the Effective Date, 37.5% and (k) from the eleventh anniversary of the Effective Date through the Maturity Date, 37.5%.

“**Owner Subsidiary**” means any special purpose Person or vehicle (including trusts) of which the Borrower holds (subject to the Local Requirements Exception) directly or indirectly 100% of the Equity Interest and which (a) is organized under the laws of any state of the United States of America, Ireland or any other jurisdiction that is a Contracting State that is acceptable to the Administrative Agent (acting with the consent, not to be unreasonably withheld or delayed, of the Required Lenders), (b) (i) owns, directly or indirectly, one or (if the Borrower certifies to the Administrative Agent that ownership by such Owner Subsidiary of such additional Aircraft is in its judgment advisable for tax or other regulatory purposes) more (but, in any event, no more than four) Pool Aircraft by Owning such Pool Aircraft or holding directly or indirectly 100% of the Equity Interest in another Owner Subsidiary that Owns such Pool Aircraft and (ii) may (if the Borrower certifies to the Administrative Agent that ownership by such Owner Subsidiary of the Equity Interest in such Intermediate Lessee is in its judgment advisable for tax or other regulatory purposes) additionally hold 100% of the Equity Interest in any Intermediate Lessee that leases such Pool Aircraft or any other Pool Aircraft and (c) 100% of the Equity Interest therein is held by a Subsidiary Holdco or another Owner Subsidiary, subject in each case to the Local Requirements Exception.

“**Permitted Aircraft Types**” means Aircraft of each of the following types: (a) Airbus A319-100, (b) Airbus A320-200, (c) Airbus A320neo (d) Airbus A321-200, (e) Airbus A321neo (f) Airbus A330, (g) Boeing 737-600, (h) Boeing 737-700, (i) Boeing 737 MAX (j) Boeing 737-800, (k) Boeing 777-200ER, (l) Boeing 777-300ER, (m) Boeing 787, (n) Airbus A350, (o) Embraer E2 190 and (p) Embraer E2 195.

“**Pool Specifications**” is a collective reference to each of the following requirements with respect to the PS Pool Aircraft at any date of determination:

(a) the aggregate Appraised Value of a single type of Widebody Aircraft at such time shall not exceed 35% of the aggregate Appraised Value of all PS Pool Aircraft at such time;

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(b) the aggregate Appraised Value of all Widebody Aircraft at such time shall not exceed 55% of the aggregate Appraised Value of all PS Pool Aircraft at such time;

(c) the aggregate Appraised Value of all Regional Jet Aircraft at such time shall not exceed 15% of the aggregate Appraised Value of all PS Pool Aircraft at such time;

(d) the aggregate Appraised Value of all Permitted Aircraft Types at such time shall be 100% of the aggregate Appraised Value of all PS Pool Aircraft at such time;

(e) the aggregate Appraised Value of all PS Pool Aircraft leased to a single Lessee at such time shall not exceed 25% of the aggregate Appraised Value of all PS Pool Aircraft at such time (excluding any PS Pool Aircraft leased to a Lessee that results from the merger of two or more Lessees, if the affected Lease of such PS Pool Aircraft was included in the Collateral prior to such merger);

(f) the aggregate Appraised Value of all PS Pool Aircraft leased to Lessees based or domiciled in any single country at such time shall not exceed 40% of the aggregate Appraised Value of all PS Pool Aircraft at such time; and

(g) the Average Age of all PS Pool Aircraft at such time shall not exceed 5.86 years plus the amount of time elapsed since the date of this Agreement, plus 6 months; and at no time shall the Average Age of all PS Pool Aircraft exceed 15 years.

(b) amending the definition of “**Permitted Liens**” by replacing clause (j) of that definition as follows:

(j) (i) any Lien fully bonded against by any Borrower Party or any Lessee, or other similar third party security (which does not itself result in a Lien on a Pool Aircraft or any part thereof) or (ii) any Lien on a Pool Aircraft or the Equity Collateral of a Borrower Party as to which, within 30 days after the Borrower having notice of such Lien, the Borrower has deposited Interim Cash in the Collateral Account in an amount equal to the lower of (x) the amount of the claim in respect of such Lien and (y) the sum of the outstanding principal balance of the Loan in respect of the relevant Pool Aircraft plus any additional amounts that would be required to be prepaid or deposited as Interim Cash pursuant to Section 5.16 in order to effect any required LTV Cure as if the applicable Pool Aircraft had been subject to a Removal; provided that, if such Lien described in this clause (j) (ii) remains in existence on the 180th day after such Interim Cash is deposited the Appraised Value of such Pool Aircraft shall be deemed to be zero and the Borrower shall effect an Interim Cure (without the use of Interim Cash) if required to comply with the required Loan-to-Value Ratio (it being agreed that such Pool Aircraft, the relevant Owner Subsidiary and Intermediate Lessee (if any, but only in each case if it does not own or lease any other Pool Aircraft) and the relevant Lease, together with the related assets, rights and interests (including intercompany indebtedness) shall not be deemed to be a Pool Aircraft, Owner Subsidiary, Intermediate Lessee or Lease for the purposes of (i) the determination of the Loan-to-Value Ratio or (ii) any other provisions or section of the Credit Agreement or (iii) any other Loan Document, and the Borrower shall cause the

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Pool Aircraft to be transferred to a Person that is not a Borrower Party as promptly as it is commercially reasonably practicable to do so); and provided further that the Collateral Agent may (after 30 days’ prior notice to the Borrower), if the Collateral Agent shall have received notice that the applicable claimant will soon commence or shall have commenced foreclosure on the applicable Pool Aircraft Collateral or other Collateral in respect of such Lien (unless the Interim Cash shall be sufficient to effect an LTV Cure satisfying the requirements set forth in Section 5.16, if applicable, or the Borrower shall have effected an alternative Interim Cure), and shall, if requested by the Borrower, apply such Interim Cash to make a payment to discharge the applicable claim or to make a prepayment required to effect an Interim Cure”.

2.03 New Definitions. Section 1.01 of the Credit Agreement shall be amended by adding the following definitions in appropriate alphabetical order:

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“**Bail-In Legislation**” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“**Consenting Lender**” has the meaning set forth in the preamble to the Third Amendment.

“**Current Lender**” means a Consenting Lender that is a Lender prior to the date of the Third Amendment.

“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

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“**New Lender**” has the meaning set forth in the preamble to the Third Amendment.

“**Regional Jet Aircraft**” shall mean Aircraft of each of the following types: (a) Embraer E2 190 and (b) Embraer E2 195.

“**Third Amendment Effective Date**” means the “Amendment Effective Date”, as defined in the Third Amendment.

“**Third Amendment**” means Third Amendment to Credit Agreement, dated as of February 9, 2017, among the Borrower, the other Obligors, the Consenting Lenders, the New Lenders, the Administrative Agent and the Collateral Agent.

“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

2.04 Other Amendments

(a) Section 2.05(b) of the Credit Agreement shall be amended by replacing the terms thereof with the following: “Pursuant to the terms of this Agreement in effect immediately prior to the Second Amendment Effective Date, the Borrower agreed to pay to the Lenders on each Payment Date commencing on the fifth Payment Date a portion of the outstanding principal amount of the Loans, in an amount equal to 2.5% of the sum of the Loans made on each Advance Date, which amount was determined by the Administrative Agent upon the occurrence of the Availability Termination. With effect from the Second Amendment Effective Date, including after the Third Amendment Effective Date, the Borrower agrees to pay to the Lenders on each Payment Date commencing on the first Payment Date to occur after the Second Amendment Effective Date a portion of the outstanding principal amount of the Loans in an amount equal to \$26,678,750.00.”

(b) The following sentence shall be added to Section 3.04 of the Credit Agreement: “AerCap’s audited consolidated financial statements as at December 31, 2015 which have been filed with the Securities and Exchange Commission have been prepared in accordance with GAAP and fairly present the financial condition of AerCap and its Subsidiaries as at such date and the results of their operations for the period then ended.”

(c) The following sentences shall be added to Section 3.15 of the Credit Agreement: “As of the Third Amendment Effective Date (and as also reflected on AerCap’s consolidated balance sheet dated as of December 31, 2015, and confirmed by the Appraisals most recently delivered to the Administrative Agent pursuant to this Agreement), the fair value of the assets of each of (x) AerCap and (y) the Borrower and its Subsidiaries taken as a whole, exceed their respective liabilities. As of the Third Amendment Effective Date, neither the Obligors taken as a whole nor AerCap nor the Borrower is or will be rendered insolvent as a result of the transactions contemplated by this Agreement and the other Loan Documents.”

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(d) Section 3.16 of the Credit Agreement shall be amended by deleting the words appearing prior to clause (i) thereof, and replacing them with “None of the Obligors or any of their respective Subsidiaries or any director, officer or employee of any Obligor or any of its Subsidiaries or to the knowledge of the Obligors, any agent, affiliate or representative of any Obligor or any of its Subsidiaries is a Person that is, or is owned or controlled by a Person that is,”,

and by replacing the words “as of the date hereof” in the penultimate sentence with the words “as of the Third Amendment Effective Date”.

(e) Section 3.17 of the Credit Agreement shall be amended by replacing the terms thereof with the following:

“(a) Schedule 3.17(a) attached hereto, as amended from time to time pursuant to Section 2.10 and Section 5.09(a)(vii) hereof and pursuant to the Third Amendment, is a true and correct list of all PS Pool Aircraft and the country of registration of such PS Pool Aircraft.

(b) Schedule 3.17(b) attached hereto, as supplemented from time to time pursuant to Section 2.10 and Section 5.09(a)(vii) and pursuant to the Third Amendment, is a true and correct list of all Leases (including, without limitation, any head leases) in effect with respect to the PS Pool Aircraft and the name and jurisdiction of organization or incorporation of the applicable Lessees.”

(f) Section 5.03(a)(ii) of the Credit Agreement shall be amended by replacing the terms thereof with the following: “[Intentionally Left Blank]”.

(g) Clause (x) of Section 5.15 of the Credit Agreement shall be amended by inserting at the end thereof the following:

“, except as permitted under Sanctions after giving effect to any license, waiver, exception or other exemption,”.

(h) Section 5.16(b) of the Credit Agreement shall be amended by inserting the words: “after giving effect to any Loans prepaid or repaid on or prior to such time” after the word “tested” in the first line thereof.

(i) Article 6(i) of the Credit Agreement shall be amended and restated as follows:

“(i) one or more judgments for the payment of money in an aggregate amount exceeding \$100,000,000 not covered by insurance shall be rendered against any Obligor taken as a whole and shall remain undischarged or not paid for a period of 60

consecutive days during which time such judgment shall not be appealed and execution shall not be effectively stayed, vacated or bonded (or such longer period during which there is no reasonable risk of a judgment creditor attaching or levying upon any Collateral or Pool Aircraft Collateral to enforce any such judgment to the extent not a Permitted Lien);”

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(j) The following new Section 9.19 shall be added to the Credit Agreement:

“Section 9.19. *Acknowledgement and Consent to Bail-In of EEA Financial Institutions.* Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.”

(k) The following new Section 9.20 shall be added to the Credit Agreement:

“Section 9.20. *German Lenders.* Sections 3.16, 5.14, 5.15 and 5.20(b) of this Agreement shall only apply for the benefit of a Lender that is resident in Germany within the meaning of section 2, paragraph 15 of the foreign trade law (Außenwirtschaftsgesetz) (AWG) (and is therefore subject to section 7 of the foreign trade rules (Außenwirtschaftsverordnung) (AWV) (a “Restricted Lender”) to the extent that such provisions would not result in (i) any violation of, conflict with or liability under EU Regulation (EC) 2271/96 or (ii) any violation of, conflict with or liability under section 7 of the AWV (in connection with section 4 paragraph 1 no. 3 of the AWG) or a similar anti-boycott statute or law applicable to such Restricted Lender. In connection with any waiver, determination or direction relating to any provisions which do not apply for the benefit of a Restricted Lender by virtue of the foregoing sentence (but not with respect to any other parts which do apply for the benefit of a Restricted Lender), the parties hereto agree that the Commitment of that Restricted Lender will be excluded for the purpose of

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determining whether the consent of the requisite majority of Lenders has been obtained or whether the determination or direction of the requisite majority of Lenders has been made. Notwithstanding the foregoing, the Agents and the other parties to this Agreement other than such Restricted Lender shall be entitled to rely conclusively, without independent investigation or verification, on the written notice by a Restricted Lender to the Administrative Agent promptly after a waiver, determination or direction is sought pursuant to the Loan Documents that such Restricted Lender’s Commitment shall be excluded with respect to such specified waiver, determination or direction in accordance with the foregoing sentence. No party to this Agreement other than such Restricted Lender shall have any duty to inquire or determine if this Section 9.20 shall apply with respect to any waiver, determination or direction of any Restricted Lender (whether or not any other Restricted Lender shall have notified the Administrative Agent as to its application as to such other Restricted Lender) and, if the Administrative Agent shall not have received a written notice from a Restricted Lender instructing it to exclude such Restricted Lender’s Commitments in accordance with the prior sentence with respect to a particular waiver, determination or direction, the Agents and the other parties to this Agreement shall determine whether the requisite Lenders have provided consent to a waiver, determination or direction as if such Restricted Lender’s Commitment were required to be included in the calculation of the requisite majority of Lenders. The parties hereto agree that any amendment to this Section 9.20 shall only be made with the consent of all Lenders that have notified the Administrative Agent they are Restricted Lenders. “

2.05 Schedules. Schedules 3.17(a) and 3.17(b) of the Credit Agreement shall be amended by replacing such schedules with the corresponding schedules hereto.

2.06 Annexes. Annex 1 of the Credit Agreement shall be amended by replacing it with Annex 1 appended hereto.

Section 3. Representations and Warranties.

3.01 Each Obligor represents and warrants to the Lenders that the representations and warranties of the Obligors contained in Article 3 of the Credit Agreement (as amended hereby) and contained in each other Loan Document are true and correct on

and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date.

3.02 Each Lender, other than a Current Lender, listed on the signature pages hereto represents, as of the Amendment Effective Date, that it is a Qualifying Lender (as defined in the Credit Agreement, as amended hereby).

Section 4. Conditions Precedent. As provided in Section 2 above, the amendments to the Credit Agreement contemplated hereby shall become effective as of February 9, 2017 (the “**Amendment Effective Date**”), upon the satisfaction of the following conditions precedent, provided that such conditions precedent are satisfied on or prior to the Amendment Effective Date:

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4.01 The Administrative Agent (or its counsel) shall have received the signature pages to this Amendment duly executed by each of the Borrower, Financing Trust, Parent Holdco, CA Subsidiary Holdco, Irish Subsidiary Holdco, the Guarantors, the Consenting Lenders and each New Lender.

4.02 The Administrative Agent shall have received a favorable written opinion (addressed to each Lender Party and dated the Amendment Effective Date) of each of (i) Clifford Chance US LLP with respect to New York law, (ii) Buchalter Nemer PLC with respect to California law and in relation to ILFC and CA Subsidiary HoldCo, (iii) McCann Fitzgerald with respect to Irish law and in relation to Irish Subsidiary HoldCo, AIL and AICDAC, (iv) Morris Nichols Arsht & Tunnell LLP with respect to Delaware law and in relation to the Borrower, Financing Trust, Parent Holdco and US HoldCo and (v) NautahDutilh with respect to Dutch law and in relation to AerCap and AAS, each addressed to each Lender Party in form and substance reasonably satisfactory to the Administrative Agent and dated the Amendment Effective Date.

4.03 The representations and warranties of the Obligors contained in Article 3 of the Credit Agreement (as amended hereby) and contained in each other Loan Document shall be true and correct on and as of the Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and an Officer’s Certificate of AerCap shall so certify on and as of the Amendment Effective Date to the Administrative Agent and the Lenders.

4.04 Each Non-Consenting Lender shall have transferred its Loans to a Consenting Lender or a New Lender pursuant to Section 9.06 of the Credit Agreement, which provides that such Non-Consenting Lender authorizes and directs the Administrative Agent to execute and deliver such documentation as may be required to give effect to such assignment on behalf of such Lender as assignor and any such documentation so executed by the Administrative Agent shall be effective for purposes of documenting an assignment pursuant to Section 9.06 of the Credit Agreement.

4.05 The Borrower shall have paid all amounts owed under the fee letters related to this Amendment to the Consenting Lenders and the New Lenders.

4.06 The Borrower shall have paid all other fees and other amounts due and payable by it under the Credit Agreement, and all other out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder, under any Loan Document or as separately agreed between any Borrower Party and any arranger in respect of this Amendment.

4.07 The Administrative Agent shall have received an LTV Certificate with Appraisals dated as of September 30, 2016, and on the Amendment Effective Date the Borrower shall be in compliance with Section 5.16(a) of the Credit Agreement.

4.08 Prior to the Amendment Effective Date, the Lenders shall have received all “Know-Your-Customer”, money laundering, Patriot Act or similar documentation and information reasonably required by such Lenders by notice to the Borrower given on or before February 2, 2017.

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4.09 On the Amendment Effective Date, no Default or Event of Default shall have occurred and be continuing.

4.10 The Administrative Agent shall have received such documents and certificates as it or its counsel may reasonably request relating to the organization, existence and, if applicable, good standing of each Obligor, the authorization of the transactions contemplated by the Loan Documents and any other legal matters relating to the Obligors, the Loan Documents, the Collateral or the transactions contemplated hereby or thereby, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

For purposes of determining compliance with the conditions specified in this Section 4, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Amendment shall have received notice from such Lender prior to the Amendment Effective Date specifying its objection thereto. The Administrative Agent shall promptly notify the parties hereto of the occurrence of the Amendment Effective Date.

Section 5. Non-Consenting Lenders. Subject to payment of amounts due and owing to them in accordance herewith, effective as of the Amendment Effective Date, each Non-Consenting Lender shall cease to be, and shall cease to have any of the rights

and obligations of, a "Lender" under the Credit Agreement (except for those provisions that provide for their survival (including without limitation those provisions referred to in Section 9.07 of the Credit Agreement), which provisions shall survive and remain in full force and effect for the benefit of the Non-Consenting Lenders).

Section 6. Acknowledgement and Ratification. Each of the Obligors hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to the modifications effected pursuant to this Amendment. Each Obligor hereby confirms that at all times Obligations remain outstanding under the Loan Documents and each Loan Document, as amended hereby, to which it is a party or otherwise bound and all collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent provided in accordance with the Loan Documents, as amended hereby, the payment and performance of all Obligations, and confirms its grants to the Collateral Agent of a continuing lien on and security interest in and to all Collateral as collateral security for the prompt payment and performance in full when due of the Obligations. Each Obligor hereby agrees and admits that as of the date hereof it has no defenses to or offsets against any of its obligations to the Administrative Agent or any Lender under the Loan Documents. Each Obligor (including, without limitation, each Guarantor) hereby ratifies and confirms its guaranty in favor of the Secured Parties of the Guaranteed Obligations as set forth in Article 7 of the Credit Agreement, as amended hereby.

Section 7. Miscellaneous. Each Lender by its signature hereto instructs the Administrative Agent and the Collateral Agent to execute this Amendment. Except as herein provided, the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be

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deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first set forth above.

BORROWER:

TEMESCAL AIRCRAFT, LLC

By: /s/ Patrick Treacy

Name: Patrick Treacy

Title: Director

OBLIGORS:

AERCAP GLOBAL AVIATION TRUST

By: /s/ Patrick Treacy

Name: Patrick Treacy

Title: Chief Insurance Officer

PARK TOPANGA AIRCRAFT, LLC

By: /s/ Patrick Treacy

Name: Patrick Treacy

Title: Director

CHARMLEE AIRCRAFT INC.

By: /s/ Patrick Ross

Name: Patrick Ross

Title: Vice President

INTERNATIONAL LEASE FINANCE CORPORATION

By: /s/ Patrick Ross

Name: Patrick Treacy

AERCAP U.S. GLOBAL AVIATION LLC

By: /s/ Patrick Treacy

Name: Patrick Treacy

Title: Director

AERCAP HOLDINGS N.V.

By: /s/ Anna Olsson

/s/ Marnix den Hejjer

Name: Anna Olsson

Marnix den Hejjer

Title: Authorised Signatory

Authorised Signatory

Represented by its sole Managing Director
Aercap Group Services B.V.

AERCAP AVIATION SOLUTIONS B.V.

By: /s/ Jan-Willem Dekkers

Name: Jan-Willem Dekkers

Title: Director

SIGNED and DELIVERED as a DEED

by _____

as attorney for

BALLYSKY AIRCRAFT IRELAND LIMITED

/s/ Patrick Treacy

Patrick Treacy

Attorney

Director

in the presence of

/s/ Caroline O'Mara

Name: Caroline O'Mara

Address: 4450 Atlantic Avenue, Westpark,
Shannon, Co. Clare.

Occupation: Admin Corporate Secretary

SIGNED and DELIVERED as a DEED

by _____

as attorney for

AERCAP IRELAND CAPITAL DESIGNATED ACTIVITY
COMPANY

/s/ Patrick Treacy

Patrick Treacy

Attorney

Director

in the presence of

/s/ Caroline O'Mara

Name: Caroline O'Mara

Address: 4450 Atlantic Avenue, Westpark,
Shannon, Co. Clare.

Occupation: Admin Corporate Secretary

SIGNED and DELIVERED as a DEED

by _____

as attorney for

AERCAP IRELAND LIMITED

~~/s/ Patrick Treacy~~
Attorney

Patrick Treacy
Director

in the presence of

/s/ Caroline O'Mara

Name: Caroline O'Mara
Address: 4450 Atlantic Avenue, Westpark,
Shannon, Co. Clare.
Occupation: Admin Corporate Secretary

ADMINISTRATIVE AGENT

CITIBANK, N.A., as Administrative Agent

By: /s/ Thomas Hollahan
Name: Thomas Hollahan
Title: Managing Director
Global Aviation Industry Head
388 Greenwich Street, 23rd Floor
New York, NY 10013
(212) 816-5143

COLLATERAL AGENT

CITIBANK, N.A., as Collateral Agent

By: /s/ Thomas Hollahan
Name: Thomas Hollahan
Title: Managing Director
Global Aviation Industry Head
388 Greenwich Street, 23rd Floor
New York, NY 10013
(212) 816-5143

FOURTH AMENDMENT TO CREDIT AGREEMENT

FOURTH AMENDMENT (this “**Amendment**”), dated as of December 21, 2016, between Flying Fortress Holdings, LLC, a Delaware limited liability company (the “**Borrower**”) (as successor to Flying Fortress, Inc., a California corporation), International Lease Finance Corporation, a California corporation (“**ILFC**”), Flying Fortress Financing LLC, a Delaware limited liability company (“**Parent Holdco**”), Flying Fortress US Leasing Inc., a California corporation (“**CA Subsidiary Holdco**”), Flying Fortress Ireland Leasing Limited, a private company limited by shares incorporated under the laws of Ireland (“**Irish Subsidiary Holdco**”), AerCap Global Aviation Trust, a Delaware statutory trust (“**Financing Trust**”), AerCap U.S. Global Aviation LLC, a Delaware limited liability company (“**USHoldco**”), AerCap Holdings N.V., a public company with limited liability incorporated under the laws of The Netherlands (“**AerCap**”), AerCap Aviation Solutions B.V., a private company with limited liability incorporated organized under the laws of The Netherlands (“**AAS**”), AerCap Ireland Limited, a private company limited by shares incorporated under the laws of Ireland (“**AIL**”) and AerCap Ireland Capital Designated Activity Company, a designated activity company incorporated under the laws of Ireland (“**AICDAC**” and together with USHoldco, AerCap, AAS and AIL, the “**Additional Obligors**”), Bank of America, N.A., as Collateral Agent and Administrative Agent, and Royal Bank of Canada to the Term Loan Credit Agreement, dated as of February 23, 2012 (as amended by the First Amendment to Credit Agreement, dated as of April 5, 2013, and by the Second Amendment to Term Loan Credit Agreement, dated as of April 2, 2014 (as amended by an amendment dated as of May 7, 2014), and by the Third Amendment to Credit Agreement, dated as of May 6, 2015, and as further amended, restated, supplemented or otherwise modified through the date hereof, the “**Credit Agreement**”), between the Borrower, ILFC, Parent Holdco, CA Subsidiary Holdco, Irish Subsidiary Holdco, Financing Trust, the Additional Obligors, the Lenders party thereto, Bank of America, N.A., as Collateral Agent and Administrative Agent and Deutsche Bank Securities Inc. as Syndication Agent.

WHEREAS, the parties hereto (other than the New Lenders (as defined below)) are party to the Credit Agreement;

WHEREAS, the terms used herein, including in the preamble and recitals hereto, not otherwise defined herein or otherwise amended hereby shall have the meanings ascribed thereto in the Credit Agreement;

WHEREAS, the parties hereto desire to amend the Credit Agreement in certain respects as set forth herein;

WHEREAS, each Lender party to the Credit Agreement immediately prior to the effectiveness of this Amendment which is executing a counterpart of this Amendment (each, a “**Consenting Lender**”) desires to consent to the amendments set forth herein and, in connection therewith, in respect of its Loans, has the choice to elect either (a) Option A (as defined below) or (b) Option B (as defined below);

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WHEREAS, each Lender that does not desire to consent to the amendments set forth herein by executing a counterpart of this Amendment and electing Option A or Option B in accordance with the terms hereof (each, a “**Non-Consenting Lender**”) wishes to cease to be a party to the Credit Agreement as a “Lender” thereunder;

WHEREAS, each Lender that is not a party to the Credit Agreement immediately prior to the effectiveness of this Amendment, and which is executing a counterpart of this Amendment (each, a “**New Lender**”) wishes to consent to the amendments set forth herein and to become a party to the Credit Agreement and a Lender thereunder;

WHEREAS, subject to certain conditions, such amendments and modifications shall include the addition of a new term loan facility (the loans thereunder, the “**New Loans**”), which shall be composed of the proceeds of new advances used to replace the outstanding Loans and/or the conversion of outstanding Loans under the Credit Agreement (the “**Existing Loans**”) to New Loans, in each case that will be governed by the terms of this Amendment;

WHEREAS, the New Loans will have the same terms as the Existing Loans except as otherwise set forth herein;

WHEREAS, each Lender party to the Credit Agreement immediately prior to the effectiveness of this Amendment (each, an “**Existing Lender**”) that is a Consenting Lender agrees to convert its Existing Loans to New Loans in a principal amount up to the aggregate outstanding principal amount of its Existing Loans if it has elected Option A (if any) (the “**Continued Loans**”), or agrees to make or purchase New Loans in a principal amount up to the aggregate outstanding principal amount of its Existing Loans if it has elected Option B, and further agrees to make or purchase any additional New Loans in an amount such Consenting Lender has separately agreed, in each case subject to the terms hereof; and

WHEREAS, each New Lender will make New Loans to Borrower on the Amendment Effective Date in the amount of its commitment subject to the terms hereof;

NOW, THEREFORE, the parties hereto agree that the Credit Agreement shall be amended as set forth herein, and the parties hereto otherwise agree as follows:

Section 1. Definitions. Except as otherwise defined herein, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Subject to the satisfaction of the conditions precedent specified in Section 4 below, but effective as of the Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

2.01. General.

(a) References in the Loan Documents to “this Agreement” or the “Credit Agreement” or the like (and indirect references such as “hereunder”, “hereby”, “herein” and “hereof”) shall be deemed to be references to the Credit Agreement as amended hereby.

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(b) Each Consenting Lender and each New Lender shall be deemed to be a “Lender” under and for all purposes of the Credit Agreement and the other Loan Documents, and each New Loan shall be deemed to be a “Loan” under and for all purposes of the Credit Agreement and the other Loan Documents (except as the context may otherwise require).

(c) Notwithstanding the foregoing, the provisions of the Credit Agreement with respect to indemnification, reimbursement of costs and expenses, increased costs and break funding payments, in each case to the extent that such obligations by their express terms under the Credit Agreement survive a prepayment of the Loans, shall continue in full force and effect with respect to, and for the benefit of, each Existing Lender (including each Non-Consenting Lender) in respect of such Existing Lender’s Existing Loans, and the amounts due and owing to any Existing Lender that accrued prior to the Amendment Effective Date shall be such amounts as determined in accordance with the Credit Agreement as in effect prior to the Amendment Effective Date; provided that no payments under Section 2.08(m) of the Credit Agreement or other break funding payments shall be due or payable to any Existing Lender with respect to the portion of any Existing Loans which is converted to New Loans pursuant to its election of Option A or equal to the amount of New Loans made or purchased by such Existing Lender pursuant to its election of Option B, and in no event is any Premium Amount with respect to the Existing Loans due and payable to any Existing Lender (whether a Consenting Lender or a Non-Consenting Lender).

(d) This Amendment shall additionally constitute a “Loan Document”.

(e) Each reference to CUSIP numbers shall be deemed to be a reference to the following CUSIP numbers: “Deal CUSIP Number: 34407JAA4, Facility CUSIP Number: 34407JAC0”.

(f) No prepayment notice shall be required in respect of the prepayments effected in accordance with this Amendment, other than this Amendment and any communications with the Existing Lenders in connection herewith (including the Memorandum). In addition, no Borrowing Notice or Release Request, or other notice of borrowing or release request, shall be required in connection with any New Loan.

(g) Each Consenting Lender’s and New Lender’s Commitment and Applicable Percentage with respect to the New Loans shall be as notified to them by RBC Capital Markets, LLC (“**RBCCM**”). Each Consenting Lender’s Commitment with respect to the New Loans shall be no greater than such Consenting Lender’s Commitment was with respect to the Existing Loans unless otherwise agreed with the Arranger, and each New Lender’s Commitment shall be no greater than the amount agreed with the Arranger; provided that the aggregate Commitments with respect to the New Loans shall be no greater than \$750,000,000.

(h) All New Loans that are funded hereunder shall be deemed made immediately prior to the prepayment of any Loan. Accordingly, in connection with the conversion and/or prepayment of Existing Loans, and funding of New Loans, contemplated hereby, at all times Obligations shall remain outstanding under the Credit Agreement and no discharge or release of the Secured Obligations nor of any Security Document shall occur as result hereof.

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2.02. Amended and Restated Definitions. Section 1.01 of the Credit Agreement shall be amended by:

(a) amending and restating the following definitions in their entirety to read as follows:

“**Applicable Margin**” means 2.25% per annum; provided that for any period in which the Base Rate applies to the Loans, the Applicable Margin shall be 1.25% per annum.

“**Applicable Percentage**” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender’s Commitment at such time. If the commitment of each Lender to make Loans has been terminated pursuant to Article 6 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage as of the Fourth Amendment Effective Date of each Lender making New Loans on such date (including by way of conversion of its prior Loans) is as notified to such Lender in accordance with the Fourth Amendment or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“**Commitment**” means, as to each Lender, its obligation to make the Loans to the Borrower pursuant to Section 2.01, in an aggregate principal amount at any one time outstanding not to exceed the amount as notified to such Lender in accordance with

the Fourth Amendment or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“**Extending Lender**” means “Consenting Lender”, as defined in the Fourth Amendment.

“**Maturity Date**” means October 30, 2022.

“**New Extended Loan**” means “New Loan”, as defined in the Fourth Amendment.

“**New Extending Lender**” means “New Lender”, as defined in the Fourth Amendment.

“**Preferred Aircraft Types**” means Aircraft of each of the following types: (a) Airbus A319, (b) Airbus A320, (c) Airbus A320neo, (d) Airbus A321-200, (e) Airbus A321neo, (f) Airbus A330, (g) Airbus A350, (h) Boeing 737-600, (i) Boeing 737-700, (j) Boeing 737-800, (k) Boeing 737-900ER, (l) Boeing 737 MAX, (m) Boeing 777-200ER, (n) Boeing 777-200LR, (o) Boeing 777-300ER, (p) Boeing 787, (q) Embraer E2 190 and (r) Embraer E2 195.

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“**Premium Amount**” means, with respect to any principal amount being prepaid in connection with a Repricing Event, an amount equal to (a) except as provided in clause (b) below, 1% of such principal amount being prepaid if the date of such prepayment is made on or after the Fourth Amendment Effective Date but prior to the date ending six months thereafter or (b) \$0.00 if (i) the date of such prepayment is on or after the six-month anniversary of the Fourth Amendment Effective Date, (ii) such prepayment is made in connection with an LTV Cure other than an LTV Cure to the extent attributable to a Removal (other than as described in the following clause (iii)) or to a Deemed Removal, (iii) such prepayment is made as a result of an Event of Loss of a Pool Aircraft or as a result of an event described in the second proviso of Appraised Value (except a Deemed Removal) or a Specified Representation Deficiency, provided that such prepaid amount does not exceed an amount equal to the Appraised Value (determined without having regard to the event giving rise to the prepayment) of such Pool Aircraft or (iv) pursuant to Section 9.06 (other than clause (iv) thereof).

(b) amending the definition of “**Permitted Liens**” by replacing clause (j) of that definition as follows:

“(j) (i) any Lien fully bonded against by any Transaction Party, any Lessee, or other similar third party security (which does not itself result in a Lien on a Pool Aircraft or any part thereof) or (ii) any Lien on a Pool Aircraft or the Equity Collateral of a Borrower Party as to which, within 30 days after the Borrower having notice of such Lien, the Borrower has deposited Interim Cash in the Collateral Account in an amount equal to the lower of (x) the amount of the claim in respect of such Lien and (y) the sum of the outstanding principal balance of the Loan in respect of the relevant Pool Aircraft plus any additional amounts that would be required to be prepaid or deposited as Interim Cash pursuant to Section 5.16 in order to effect any required LTV Cure as if the applicable Pool Aircraft had been subject to a Removal; provided that, if such Lien described in this clause (j) (ii) remains in existence on the 180th day after such Interim Cash is deposited, the Appraised Value of such Pool Aircraft shall be deemed to be zero and the Borrower shall effect an Interim Cure (without the use of Interim Cash) if required to comply with the required Loan-to-Value Ratio (it being agreed that such Pool Aircraft, the relevant Owner Subsidiary and Intermediate Lessee (if any, but only in each case if it does not own or lease any other Pool Aircraft) and the relevant Lease, together with the related assets, rights and interests (including Intercompany Indebtedness) shall be deemed to be a Non-Collateral Aircraft, a Non-Collateral Subsidiary, a Non-Collateral Lease and, collectively, Non-Collateral Assets, respectively, and the Borrower shall cause the Pool Aircraft to be transferred to a Person that is not a Transaction Party as promptly as it is commercially reasonably practicable to do so); and provided further that the Collateral Agent may (after 30 days’ prior notice to the Borrower), if the Collateral Agent shall have received notice that the applicable claimant will soon commence or shall have commenced foreclosure on the applicable Pool Aircraft Collateral or other Collateral in respect of such Lien (unless the Interim Cash shall be sufficient to effect an LTV Cure satisfying the requirements set forth in Section 5.16, if applicable, or the Borrower shall have effected an alternative Interim Cure), and shall, if requested by the Borrower, apply such Interim Cash to make a payment to discharge the applicable claim or to make a prepayment required to effect an Interim Cure”.

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2.03. New Definitions. Section 1.01 of the Credit Agreement shall be amended by adding the following definitions in appropriate alphabetical order:

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“**Bail-In Legislation**” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to

consolidated supervision with its parent.

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“**Fourth Amendment**” means Fourth Amendment to Credit Agreement, dated as of December 21, 2016, among, *inter alios*, the Borrower, the other Borrower Parties, the Extending Lenders, the New Extending Lenders, the Administrative Agent and the Collateral Agent.

“**Fourth Amendment Effective Date**” means the “Amendment Effective Date”, as defined in the Fourth Amendment.

“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

2.04. Other Amendments

(a) Section 2.01 shall be amended by replacing the terms thereof with the following:

(a) On the Effective Date, subject to the terms and conditions and relying on the representations and warranties set forth herein, each Lender as of such date agreed to make a Loan to the Borrower in a principal amount equal to its Commitment by transfer of such amount to the Administrative Agent as described in Section 2.03, in each case subject to the terms of this Agreement as in effect as of such date. On the Fourth Amendment Effective Date, subject to the terms and conditions and relying on the representations and warranties set forth herein and in the Fourth Amendment, each Extending Lender and each New Extending Lender agrees to make a New Extended Loan to the Borrower in a principal amount equal to its Commitment (in the case of certain Extending Lenders, by converting its Existing Loans to New Extended Loans, and in the case of certain Extending Lenders, by making or purchase of New Extended Loans, in each case to the extent provided pursuant to the terms of the Fourth Amendment). Other than as provided in the Fourth Amendment, the Loans and the Commitments hereunder are not revolving and amounts repaid or prepaid may not be reborrowed.

(b) Any undrawn portion of the Commitments shall automatically terminate immediately after the Borrowing of the New Extended Loans (including by way of conversion of Existing Loans (as defined in the Fourth Amendment) into New Extended Loans) on the Fourth Amendment Effective Date.

(b) Each reference to “Effective Date” in Section 2.02, 2.03 and 2.05(d) of the Credit Agreement shall be deemed to mean the Fourth Amendment Effective Date with respect to the New Loans, except that no Borrowing Request or Release Request shall be required and the Borrowing Date and Release Date for all New Loans shall be the Fourth Amendment Effective Date and each Lender’s Applicable Percentage of the New Extended Loans shall be determined in accordance with the provisions of this Amendment.

(c) The following shall replace Section 2.03(d):

(d) Notwithstanding the foregoing or any other provision of the Credit Agreement, but subject only to satisfaction of conditions precedent to the occurrence of the Fourth Amendment Effective Date set forth in the Fourth Amendment, on the Fourth Amendment Effective Date, all of the proceeds of the New Extended Loans shall be applied to prepay the Existing Loans (as defined in the Fourth Amendment) and all Existing Loans that are not paid off shall be deemed converted to and continued as New Extended Loans.

(d) The following sentence shall be added to Section 3.04 of the Credit Agreement:

AerCap’s audited consolidated financial statements as at December 31, 2015, which have been filed with the Securities and Exchange Commission, have been prepared in accordance with GAAP and fairly present the financial condition of AerCap and its Subsidiaries as at such date and the results of their operations for the period then ended.

(e) The following sentences shall be added to Section 3.15 of the Credit Agreement:

As of the Fourth Amendment Effective Date (and as also reflected on AerCap's consolidated balance sheet dated as of December 31, 2015, and confirmed by the Appraisals most recently delivered pursuant to this Agreement), the fair value of the assets of each of (x) AerCap and (y) the Borrower and its Subsidiaries taken as a whole, exceed their respective liabilities. As of the Fourth Amendment Effective Date, neither the Transaction Parties taken as a whole nor AerCap nor the Borrower is or will be rendered insolvent as a result of the transactions contemplated by this Agreement and the other Loan Documents.

- (f) Section 3.16 of the Credit Agreement shall be amended by inserting at the beginning thereof the phrase:

Except as permitted under the applicable Sanctions after giving effect to any license, waiver, exception or other exemption, and to the Transaction Parties' knowledge in the case of agents, affiliates and representatives,

and by replacing in the final sentence therein the words: "as of the date hereof" with the words: "as of the Fourth Amendment Effective Date".

- (g) Section 3.17 of the Credit Agreement shall be amended by replacing the terms thereof with the following:

(a) Schedule 3.17(a) attached hereto, as amended from time to time pursuant to Section 2.10 and Section 5.09(a)(vii) hereof and pursuant to the Fourth Amendment is a true and correct list of all PS Pool Aircraft and the country of registration of such PS Pool Aircraft.

(b) Schedule 3.17(b) attached hereto, as supplemented from time to time pursuant to Section 2.10 and Section 5.09(a)(vii), and pursuant to the Fourth Amendment is a true and correct list of all Leases (including, without limitation, any head leases) in effect with respect to the PS Pool Aircraft and the name and jurisdiction of organization or incorporation of the applicable Lessees.

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(h) Section 3.19 of the Credit Agreement shall be amended by replacing the words "Third Amendment" with the words "Fourth Amendment" in the following sentence: "The proceeds of the New Extended Loans will be used by the Borrower to refinance the Existing Loans (as defined in the Third Amendment)."

- (i) Section 5.14 of the Credit Agreement shall be amended by inserting at the beginning thereof the phrase:

Except as permitted under the applicable sanctions or other restrictions, regulations or Laws referenced below after giving effect to any license, waiver, exception or other exemption,

- (j) Section 5.15 of the Credit Agreement shall be amended by inserting at the beginning thereof the phrase:

Except as permitted under the applicable Sanctions after giving effect to any license, waiver, exception or other exemption,

(k) Articles 6(d) and (e) of the Credit Agreement shall be amended by inserting the words: "in any material respect" after the word "perform" in the first line of each such Article.

- (l) Article 6(j) of the Credit Agreement shall be amended and restated as follows:

(j) one or more judgments for the payment of money in an aggregate amount exceeding \$100,000,000 not covered by insurance shall be rendered against any Transaction Party and shall remain undischarged or not paid for a period of 60 consecutive days during which time such judgment shall not be appealed and execution shall not be effectively stayed, vacated or bonded (or such longer period during which there is no reasonable risk of a judgment creditor attaching or levying upon any Collateral or Pool Aircraft Collateral to enforce any such judgment to the extent not a Permitted Lien);

(m) Section 8.03 of the Credit Agreement shall be amended by inserting the following as a new paragraph at the end thereof:

The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Lenders (as defined below). Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Person who is not permitted to be a Lender or Participant pursuant to clause (i) of the proviso of Section 9.05(a)(iii)(A), or pursuant to Section 9.05(a)(v)(D) or 9.05(c)(iv), or for which an assignment thereto requires affirmative Borrower consent pursuant to clause (ii) of the

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proviso of Section 9.05(a)(iii)(A) (a “Disqualified Lender”) or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Lender.

(n) Section 9.05(a)(iii)(A) of the Credit Agreement shall be amended and restated as follows:

(A) the consent of the Borrower (such consent not to be unreasonably withheld and which will (subject to the proviso below) be deemed given unless, within ten (10) Business Days after the Borrower’s receipt of the request for such consent, the Borrower notifies the assigning Lender that the Borrower does not so consent) shall be required for any assignment to any Person unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to an Arranger Entity, a Lender, an Affiliate of a Lender or an Approved Fund; provided that (i) such Person shall not be engaged primarily in the aircraft leasing business or aviation advisory business or is an air carrier and (ii) if such Person has an Affiliate that is engaged primarily in the aircraft leasing business or aviation advisory business or is an air carrier then the deemed consent referenced above shall not apply and instead the affirmative consent of the Borrower shall be obtained prior to any assignment to such Person;

(o) Section 9.05(a)(iv) of the Credit Agreement shall be amended by adding the following sentence thereto:

Each assignee shall provide to the Borrower such customary documentation and information regarding such assignee as the Borrower shall reasonably request (if any); provided that the receipt thereof shall not be a condition to the applicable assignment if the Borrower’s consent is not otherwise required thereto.

(p) Section 9.05(a)(v) of the Credit Agreement shall be amended and restated as follows:

No such assignment shall be made to a Person unless such Person is not (A) the Borrower or any of the Borrower’s Affiliates or Subsidiaries, (B) a Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), (C) a natural person or (D) a Person who is engaged primarily in the aircraft leasing business or aviation advisory business or is an air carrier. No assignment may conflict with any applicable laws. The Administrative Agent shall be entitled to rely on the applicable assignee’s representations and warranties in the Assignment and Assumption or any other written document executed by such assignee to the effect of the foregoing, or to the effect that such assignee is a Person

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for which the Borrower’s consent is not required (or may be deemed) in each case as provided in Section 9.05(a)(iii)(A), in the absence of notice given to the Administrative Agent by an Obligor or other Lender Party to the contrary prior to the effectiveness of such assignment. Each Person to whom an assignment is made shall provide the applicable documentation required to be provided pursuant to Section 2.08(e).

(q) The following new Section 9.20 shall be added to the Credit Agreement:

Section 9.20. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

2.05. Schedules and Exhibits. Schedules 3.17(a) and 3.17(b) of the Credit Agreement shall be amended by replacing such schedules and exhibits with the corresponding schedules and exhibits hereto.

Section 3. Representations and Warranties. The Borrower and each other Borrower Party represents and warrants to the Lenders that the representations and warranties of the Borrower Parties contained in Article 3 of the Credit Agreement (as amended hereby) and contained in each other Loan Document are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date.

Section 4. Conditions Precedent. As provided in Section 2 above, the amendments to the Credit Agreement contemplated hereby shall become effective as of December 21, 2016 (the “**Amendment Effective Date**”), upon the satisfaction of the following conditions precedent, provided that such conditions precedent are satisfied on or prior to the Amendment Effective Date:

(a) The Administrative Agent (or its counsel) shall have received the signature pages to this Amendment duly executed by each of the Borrower, ILFC, Parent Holdco, CA Subsidiary Holdco, Irish Subsidiary Holdco, Financing Trust, USHoldco, AerCap, AAS, AIL, AICDAC, the Consenting Lenders and each New Lender.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to each Lender Party and dated the Amendment Effective Date) of each of Clifford Chance US LLP with respect to New York law, Buchalter Nemer PLC with respect to California law, Morris, Nichols, Arsht & Tunnell LLP with respect to Delaware law, McCann Fitzgerald with respect to Irish law and Nauta Dutilh N.V. with respect to Dutch law, as to such matters as the Administrative Agent may reasonably request, dated as of the Amendment Effective Date and otherwise in form and substance reasonably satisfactory to the Administrative Agent.

(c) The representations and warranties of the Borrower Parties contained in Article 3 of the Credit Agreement (as amended hereby) and contained in each other Loan Document shall be true and correct on and as of the Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and an Officer’s Certificate of AerCap shall so certify on and as of the Amendment Effective Date to the Administrative Agent and the Lenders.

(d) The Administrative Agent shall have received evidence satisfactory to it that the outstanding principal amount of and interest on the Existing Loans of, and all other amounts owing under or in respect of, the Credit Agreement to any Non-Consenting Lender and any Consenting Lender shall have been (or shall simultaneously with the making of the New Loans be) paid to each such Non-Consenting Lender, in accordance with Section 9.06 of the Credit Agreement, and each such Consenting Lender; provided that the interest payments made on the next Payment Date shall take into account the payments made under this Section 4(d).

(e) The Administrative Agent shall have received evidence satisfactory to it that each Consenting Lender electing Option B shall have received (or shall simultaneously with the making of the New Loans receive), payment of an amount equal

to the outstanding principal amount of and interest on its Existing Loans subject to Option B.

(f) The Borrower shall have on or prior to the Amendment Effective Date paid all other fees and other amounts due and payable by it under the Credit Agreement, and all other out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder, under any Loan Document or as separately agreed between any Borrower Party and any arranger in respect of this Amendment.

(g) The Administrative Agent shall have received an LTV Certificate, dated as of the Amendment Effective Date based on the Appraisals most recently delivered pursuant to the Credit Agreement, and on the Amendment Effective Date (after giving effect to the prepayment of the Existing Loans and making of the New Loans pursuant hereto) the Borrower shall be in compliance with the Loan-to-Value Ratio.

(h) Each Lender who requests a Note and has returned its Note with respect to the Existing Loan (if any) to the Administrative Agent for cancellation (or the Administrative Agent, on behalf of each such Lender) shall have received a signed original of a Note with respect to its Loan, duly executed by the Borrower.

(i) Prior to the Amendment Effective Date, the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations, including the Patriot Act, as requested by such Lenders not less than three (3) Business Days prior to the Amendment Effective Date.

(j) On the Amendment Effective Date, no Default or Event of Default shall have occurred and be continuing.

(k) The Administrative Agent shall have received such documents and certificates as it or its counsel may reasonably request relating to the organization, existence and, if applicable, good standing of each Obligor, the authorization of the transactions contemplated by the Loan Documents and any other legal matters relating to the Obligors, the Loan Documents, the Collateral or the transactions contemplated hereby or thereby, all in form and substance reasonably satisfactory to the

Administrative Agent and its counsel.

For purposes of determining compliance with the conditions specified in this Section 4, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Amendment shall have received notice from such Lender prior to the Amendment Effective Date specifying its objection thereto. The Administrative Agent shall promptly notify the parties hereto of the occurrence of the Amendment Effective Date.

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Section 5. Consent Options.

(a) As described in the memorandum for Lenders dated December 8, 2016 posted to Lenders in connection with this Amendment (the “**Memorandum**”), Consenting Lenders may elect either (a) a cashless roll as described in the Memorandum (“**Option A**”) or (b) a cash roll as described in the Memorandum (the “**Option B**”). Election of either Option A or Option B shall be made by each Consenting Lender by indicating its election on the signature page hereto (a copy of which is attached to the Memorandum). Any Existing Lender executing a signature page hereto but not indicating its election on its signature page will be treated as a Non-Consenting Lender unless such Existing Lender otherwise indicates its election to the Arranger (as defined in the Memorandum) to the Arranger’s satisfaction. By executing a signature page hereto, each Consenting Lender agrees to the procedures and terms set forth in the Memorandum.

(b) Each Consenting Lender electing Option B and each New Lender hereby irrevocably commits that it or its designee is an Eligible Assignee and that it shall make its New Loans and/or purchase and assume New Loans from Royal Bank of Canada (the “**Assignor**”) promptly after the prepayment of its Existing Loans, in an amount equal to the aggregate amount of the Existing Loans previously held by it (or such lesser amount determined by the Assignor), and shall promptly execute and deliver (or cause its designee to execute and deliver) one or more Assignment and Assumptions reflecting such purchase provided to it by the Assignor.

(c) For purposes of clarification with respect to Section 9.05(a)(iii)(A) of the Credit Agreement, the Borrower hereby consents to each Consenting Lender and each New Lender.

Section 6. Non-Consenting Lenders. Subject to payment of amounts due and owing to them in accordance herewith, effective as of the Amendment Effective Date, each Non-Consenting Lender shall cease to be, and shall cease to have any of the rights and obligations of, a “Lender” under the Credit Agreement (except for those provisions that provide for their survival (including without limitation those provisions referred to in Section 9.07 of the Credit Agreement), which provisions shall survive and remain in full force and effect for the benefit of the Non-Consenting Lenders).

Section 7. Acknowledgement and Ratification. Each of the Borrower Parties hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to the modifications effected pursuant to this Amendment. The Borrower and each Borrower Party hereby confirms that at all times Obligations remain outstanding under the Loan Documents and each Loan Document, as amended hereby, to which it is a party or otherwise bound and all collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent provided in accordance with the Loan Documents, as amended hereby, the payment and performance of all Obligations, and confirms its grants to the Collateral Agent of a continuing lien on and security interest in and to all Collateral as collateral security for the prompt payment and performance in full when due of the Obligations. The Borrower and each Borrower Party hereby agrees and admits that as of the date hereof it has no defenses to or offsets against any of its obligations to the Administrative Agent or any Lender under the Loan Documents. Each Obligor (including each Additional Obligor) hereby ratifies and confirms its guaranty of the Guaranteed Obligations as set forth in Article 7 of the Credit Agreement, as amended hereby.

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Section 8. Miscellaneous.

8.01. Instruction to Agents; No Other Amendments; Governing Law. Each Lender by its signature hereto instructs the Administrative Agent and the Collateral Agent to execute this Amendment. Except as herein provided, the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

8.02. Electronic Execution of Assignments and Certain Other Documents. The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby (including without limitation Assignment and Assumptions, amendments or other modifications, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Attorney
in the presence of

_____/s/ Vilma O'Malley
Name: Vilma O'Malley
Address: 4450 Atlantic Avenue, Westpark,
Shannon Co. Clare.
Occupation: Manager

AERCAP HOLDINGS N.V.

By: /s/ Vincent Drouillard /s/ Marnix
Name: Vincent Drouillard den Heijer
Title: Authorised Signatory Authorised
Signatory

Represented by its sole Managing Director
AerCap Group Services B.V.

AERCAP AVIATION SOLUTIONS B.V.

By: /s/ Jan-Willem Dekkers
Name: Jan-Willem Dekkers
Title: Director

SIGNED and DELIVERED as a DEED

by Emma Hehir Attorney-in-Fact
as attorney for **AERCAP IRELAND LIMITED**

_____/s/ Emma Hehir
Attorney

in the presence of

_____/s/ Vilma O'Malley
Name: Vilma O'Malley
Address: 4450 Atlantic Avenue, Westpark,
Shannon Co. Clare.
Occupation: Manager

[Fourth Amendment to Term Loan Credit Agreement]

SIGNED and DELIVERED as a DEED

By Emma Hehir Attorney-in-Fact
as attorney for **AERCAP IRELAND CAPITAL DESIGNATED
ACTIVITY COMPANY**

_____/s/ Emma Hehir
Attorney

in the presence of

_____/s/ Vilma O'Malley
Name: Vilma O'Malley
Address: 4450 Atlantic Avenue, Westpark, Shannon Co. Clare.
Occupation: Manager

[Fourth Amendment to Term Loan Credit Agreement]

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Don B. Pinzon
Name: Don B. Pinzon
Title: Vice President

BANK OF AMERICA, N.A., as Collateral Agent

By: _____ /s/ Don B. Pinzon
Name: Don B. Pinzon
Title: Vice President

[Fourth Amendment to Term Loan Credit Agreement]

ROYAL BANK OF CANADA

By: _____ /s/ Greg DeRise
Name: Greg DeRise
Title: Authorized Signatory

[Fourth Amendment to Term Loan Credit Agreement]

SECOND AMENDMENT TO TERM LOAN CREDIT AGREEMENT

SECOND AMENDMENT (this "**Amendment**"), dated as of January 19, 2017, between Delos Finance S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of Luxembourg, having its registered office at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg register of commerce and companies under the number B 185.094 (the "**Borrower**"), International Lease Finance Corporation, a California corporation ("**ILFC**"), Hyperion Aircraft Limited, a private company limited by shares incorporated under the laws of Ireland ("**Grandparent Holdco**"), Delos Aircraft Limited, a private company limited by shares incorporated under the laws of Ireland ("**Parent Holdco**"), Artemis (Delos) Limited, a private company limited by shares incorporated under the laws of Ireland ("**Irish Subsidiary Holdco**"), AerCap Global Aviation Trust, a Delaware statutory trust ("**Financing Trust**"), AerCap U.S. Global Aviation LLC, a Delaware limited liability company ("**USHoldco**"), AerCap Holdings N.V., a public company with limited liability incorporated under the laws of The Netherlands ("**AerCap**"), AerCap Aviation Solutions B.V., a private company with limited liability incorporated organized under the laws of The Netherlands ("**AAS**"), AerCap Ireland Limited, a private company limited by shares incorporated under the laws of Ireland ("**AIL**") and AerCap Ireland Capital Designated Activity Company, a designated activity company incorporated under the laws of Ireland ("**AICDAC**" and together with USHoldco, AerCap, AAS and AIL, the "**Additional Obligors**") and Deutsche Bank AG New York Branch, as Collateral Agent and Administrative Agent, to the Term Loan Credit Agreement, dated as of March 6, 2014 (as amended by the First Amendment to Credit Agreement, dated as of April 3, 2014, and as further amended, restated or otherwise modified from time to time, the "**Credit Agreement**"), between the Borrower, ILFC, Grandparent Holdco, Parent Holdco, Irish Subsidiary Holdco, the Lenders party thereto and Deutsche Bank AG New York Branch, as Collateral Agent and Administrative Agent.

WHEREAS, the parties hereto (other than the New Lenders (as defined below)) are party to the Credit Agreement;

WHEREAS, the terms used herein, including in the preamble and recitals hereto, not otherwise defined herein or otherwise amended hereby shall have the meanings ascribed thereto in the Credit Agreement;

WHEREAS, the parties hereto desire to amend the Credit Agreement in certain respects as set forth herein;

WHEREAS, each Lender party to the Credit Agreement immediately prior to the effectiveness of this Amendment which is executing a counterpart of this Amendment (each, a "**Consenting Lender**") desires to consent to the amendments set forth herein and, in connection therewith, in respect of its Loans, has the choice to elect either (a) Option A (as defined below) or (b) Option B (as defined below);

WHEREAS, each Lender that does not desire to consent to the amendments set forth herein by executing a counterpart of this Amendment and electing Option A or Option B in accordance with the terms hereof (each, a "**Non-Consenting Lender**") wishes to cease to be a party to the Credit Agreement as a "Lender" thereunder;

WHEREAS, each Lender that is not a party to the Credit Agreement immediately prior to the effectiveness of this Amendment, and which is executing a counterpart of this Amendment (each, a "**New Lender**") wishes to consent to the amendments set forth herein and to become a party to the Credit Agreement and a Lender thereunder;

WHEREAS, subject to certain conditions, such amendments and modifications shall include the addition of a new term loan facility (the loans thereunder, the "**New Loans**"), which shall be composed of the proceeds of new advances used to replace the outstanding Loans and/or the conversion of outstanding Loans under the Credit Agreement (the "**Existing Loans**") to New Loans, in each case that will be governed by the terms of this Amendment;

WHEREAS, the New Loans will have the same terms as the Existing Loans except as otherwise set forth herein;

WHEREAS, each Lender party to the Credit Agreement immediately prior to the effectiveness of this Amendment (each, an "**Existing Lender**") that is a Consenting Lender agrees to convert its Existing Loans to New Loans in a principal amount up to the aggregate outstanding principal amount of its Existing Loans if it has elected Option A (if any) (the "**Continued Loans**"), or agrees to make or purchase New Loans in a principal amount up to the aggregate outstanding principal amount of its Existing Loans if it has elected Option B, and further agrees to make or purchase any additional New Loans in an amount such Consenting Lender has separately agreed, in each case subject to the terms hereof; and

WHEREAS, each New Lender will make New Loans to Borrower on the Amendment Effective Date in the amount of its commitment subject to the terms hereof;

NOW, THEREFORE, the parties hereto agree that the Credit Agreement shall be amended as set forth herein, and the parties hereto otherwise agree as follows:

Section 1. Definitions. Except as otherwise defined herein, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Subject to the satisfaction of the conditions precedent specified in Section 4 below, but

effective as of the Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

2.01 General.

(a) References in the Loan Documents to “this Agreement” or the “Credit Agreement” or the like (and indirect references such as “hereunder”, “hereby”, “herein” and “hereof”) shall be deemed to be references to the Credit Agreement as amended hereby.

(b) Each Consenting Lender and each New Lender shall be deemed to be a “Lender” under and for all purposes of the Credit Agreement and the other Loan Documents, and each New Loan shall be deemed to be a “Loan” under and for all purposes of the Credit Agreement and the other Loan Documents (except as the context may otherwise require).

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(c) Notwithstanding the foregoing, the provisions of the Credit Agreement with respect to indemnification, reimbursement of costs and expenses, increased costs and break funding payments, in each case to the extent that such obligations by their express terms under the Credit Agreement survive a prepayment of the Loans, shall continue in full force and effect with respect to, and for the benefit of, each Existing Lender (including each Non-Consenting Lender) in respect of such Existing Lender’s Existing Loans, and the amounts due and owing to any Existing Lender that accrued prior to the Amendment Effective Date shall be such amounts as determined in accordance with the Credit Agreement as in effect prior to the Amendment Effective Date; provided that no payments under Section 2.08(m) of the Credit Agreement or other break funding payments shall be due or payable to any Existing Lender with respect to the portion of any Existing Loans which is converted to New Loans pursuant to its election of Option A or equal to the amount of New Loans made or purchased by such Existing Lender pursuant to its election of Option B, and in no event is any Premium Amount with respect to the Existing Loans due and payable to any Existing Lender (whether a Consenting Lender or a Non-Consenting Lender).

(d) This Amendment shall additionally constitute a “Loan Document”.

(e) Each reference to CUSIP numbers shall be deemed to be a reference to the following CUSIP numbers: “Deal CUSIP Number: L2324EAA9, Facility CUSIP Number: L2324EAC5”.

(f) No prepayment notice shall be required in respect of the prepayments effected in accordance with this Amendment, other than this Amendment and any communications with the Existing Lenders in connection herewith (including the Memorandum). In addition, no Borrowing Request or Release Request, or other notice of borrowing or release request, shall be required in connection with any New Loan.

(g) Each Consenting Lender’s and New Lender’s Commitment and Applicable Percentage with respect to the New Loans shall be as notified to them by the Deutsche Bank Securities Inc.. Each Consenting Lender’s Commitment with respect to the New Loans shall be no greater than such Consenting Lender’s Commitment was with respect to the Existing Loans unless otherwise agreed with the Arranger, and each New Lender’s Commitment shall be no greater than the amount agreed with the Arranger; provided that the aggregate Commitments with respect to the New Loans shall be no greater than \$1,500,000,000.

(h) All New Loans that are funded hereunder shall be deemed made immediately prior to the prepayment of any Loan. Accordingly, in connection with the conversion and/or prepayment of Existing Loans, and funding of New Loans, contemplated hereby, at all times Obligations shall remain outstanding under the Credit Agreement and no discharge or release of the Secured Obligations nor of any Security Document shall occur as result hereof.

2.02 Amended and Restated Definitions.

Section 1.01 of the Credit Agreement shall be amended by:

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(a) amending and restating the following definitions in their entirety to read as follows:

“**Applicable Margin**” means 2.25% per annum; provided that for any period in which the Base Rate applies to the Loans, the Applicable Margin shall be 1.25% per annum.

“**Applicable Percentage**” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender’s Commitment at such time. If the commitment of each Lender to make Loans has been terminated pursuant to Article 6 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage as of the Second Amendment Effective Date of each Lender making New Loans on such date (including by way of conversion of its prior Loans) is as notified to such Lender in accordance with the Second Amendment or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“**Arranger Entity**” means Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC, any co-arrangers appointed by AerCap and each of their respective Affiliates.

“**Commitment**” means, as to each Lender, its obligation to make the Loans to the Borrower pursuant to Section 2.01, in an aggregate principal amount at any one time outstanding not to exceed the amount as notified to such Lender in accordance with the Second Amendment or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“**Maturity Date**” means October 6, 2023.

“**Premium Amount**” means, with respect to any principal amount being prepaid in connection with a Repricing Event, an amount equal to (a) except as provided in clause (b) below, 1% of such principal amount being prepaid if the date of such prepayment is made on or after the Second Amendment Effective Date but prior to the date ending six months thereafter or (b) \$0.00 if (i) the date of such prepayment is on or after the six-month anniversary of the Second Amendment Effective Date, (ii) such prepayment is made in connection with an LTV Cure other than an LTV Cure to the extent attributable to a Removal (other than as described in the following clause (iii)) or to a Deemed Removal, (iii) such prepayment is made as a result of an Event of Loss of a Pool Aircraft or as a result of an event described in the second proviso of Appraised Value (except a Deemed Removal) or a Specified Representation Deficiency, provided that such prepaid amount does not exceed an amount equal to the Appraised Value (determined without having regard to the event giving rise to the prepayment) of such Pool Aircraft or (iv) pursuant to Section 9.06 (other than clause (iv) thereof);

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(b) amending the definition of “**Permitted Liens**” by replacing clause (j) of that definition as follows:

“(j) (i) any Lien fully bonded against by any Transaction Party, any Lessee, or other similar third party security (which does not itself result in a Lien on a Pool Aircraft or any part thereof) or (ii) any Lien on a Pool Aircraft or the Equity Collateral of a Borrower Party as to which, within 30 days after the Borrower having notice of such Lien, the Borrower has deposited Interim Cash in the Collateral Account in an amount equal to the lower of (x) the amount of the claim in respect of such Lien and (y) the sum of the outstanding principal balance of the Loan in respect of the relevant Pool Aircraft plus any additional amounts that would be required to be prepaid or deposited as Interim Cash pursuant to Section 5.16 in order to effect any required LTV Cure as if the applicable Pool Aircraft had been subject to a Removal; provided that, if such Lien described in this clause (j)(ii) remains in existence on the 180th day after such Interim Cash is deposited, the Appraised Value of such Pool Aircraft shall be deemed to be zero and the Borrower shall effect an Interim Cure (without the use of Interim Cash) if required to comply with the required Loan-to-Value Ratio (it being agreed that such Pool Aircraft, the relevant Owner Subsidiary and Intermediate Lessee (if any, but only in each case if it does not own or lease any other Pool Aircraft) and the relevant Lease, together with the related assets, rights and interests (including Intercompany Indebtedness) shall be deemed to be a Non-Collateral Aircraft, a Non-Collateral Subsidiary, a Non-Collateral Lease and, collectively, Non-Collateral Assets, respectively, and the Borrower shall cause the Pool Aircraft to be transferred to a Person that is not a Transaction Party as promptly as it is commercially reasonably practicable to do so); and provided further that the Collateral Agent may (after 30 days’ prior notice to the Borrower), if the Collateral Agent shall have received notice that the applicable claimant will soon commence or shall have commenced foreclosure on the applicable Pool Aircraft Collateral or other Collateral in respect of such Lien (unless the Interim Cash shall be sufficient to effect an LTV Cure satisfying the requirements set forth in Section 5.16, if applicable, or the Borrower shall have effected an alternative Interim Cure), and shall, if requested by the Borrower, apply such Interim Cash to make a payment to discharge the applicable claim or to make a prepayment required to effect an Interim Cure”.

2.04 New Definitions. Section 1.01 of the Credit Agreement shall be amended by adding the following definitions in appropriate alphabetical order:

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“**Bail-In Legislation**” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

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“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“**Extending Lender**” means “Consenting Lender”, as defined in the Second Amendment.

“**New Extended Loan**” means “New Loan”, as defined in the Second Amendment.

“**New Extending Lender**” means “New Lender”, as defined in the Second Amendment.

“**Repricing Event**” means, prepayment, repayment, refinancing, substitution or replacement of all or a portion of the New Extended Loans with the proceeds of, or any conversion of New Extended Loans into, any new or replacement tranche of syndicated term loans secured by all or any portion of the Collateral having an “effective yield” (taking into account interest rate margin and benchmark floors, recurring fees and all upfront or similar fees or original issue discount (amortized over the weighted average life to maturity of such term loans) paid to the lenders providing such Indebtedness, but excluding any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared ratably with all lenders or holders of such term loans in their capacities as lenders or holders of such term loans) less than the “effective yield” applicable to the New Extended Loans being prepaid, repaid, refinanced, substituted, replaced or converted (determined on the same basis as provided in the preceding parenthetical) and (b) any amendment to the New Extended Loans or any tranche thereof which reduces the “effective yield” applicable to such New Extended Loans (as determined on the same basis as provided in clause (a)).

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“**Second Amendment**” means Second Amendment to Term Loan Credit Agreement, dated as of January 19, 2017, among, *inter alios*, the Borrower, the other Borrower Parties, the Extending Lenders, the New Extending Lenders, the Administrative Agent and the Collateral Agent.

“**Second Amendment Effective Date**” means the “Amendment Effective Date”, as defined in the Second Amendment.

“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

2.05 Other Amendments

(c) Section 2.01 shall be amended by replacing the terms thereof with the following:

(a) On the Effective Date, subject to the terms and conditions and relying on the representations and warranties set forth herein, each Lender as of such date agreed to make a Loan to the Borrower in a principal amount equal to its Commitment by transfer of such amount to the Administrative Agent as described in Section 2.03, in each case subject to the terms of this Agreement as in effect as of such date. On the Second Amendment Effective Date, subject to the terms and conditions and relying on the representations and warranties set forth herein and in the Second Amendment, each Extending Lender and each New Extending Lender agrees to make a New Extended Loan to the Borrower in a principal amount equal to its Commitment (in the case of certain Extending Lenders, by converting its Existing Loans to New Extended Loans, and in the case of certain Extending Lenders, by making or purchase of New Extended Loans, in each case to the extent provided pursuant to the terms of the Second Amendment). Other than as provided in the Second Amendment, the Loans and the Commitments hereunder are not revolving and amounts repaid or prepaid may not be reborrowed.

(b) Any undrawn portion of the Commitments shall automatically terminate immediately after the Borrowing of the New Extended Loans (including by way of conversion of Existing Loans (as defined in the Second Amendment) into New Extended Loans) on the Second Amendment Effective Date.

(d) Each reference to “Effective Date” in Section 2.02, 2.03 and 2.05(d) of the Credit Agreement shall be deemed to mean the Second Amendment Effective Date with respect to the New Loans, except that no Borrowing Request or Release Request shall be required and the Borrowing Date and Release Date for all New Loans shall be the Second

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Amendment Effective Date and each Lender’s Applicable Percentage of the New Extended Loans shall be determined in accordance with the provisions of this Amendment.

(e) The following shall replace Section 2.03(d):

(d) Notwithstanding the foregoing or any other provision of the Credit Agreement, but subject only to satisfaction of conditions precedent to the occurrence of the Second Amendment Effective Date set forth in the Second Amendment, on the Second Amendment Effective Date, all of the proceeds of the New Extended Loans

shall be applied to prepay the Existing Loans (as defined in the Second Amendment) and all Existing Loans that are not paid off shall be deemed converted to and continued as New Extended Loans.

- (f) The following sentence shall be added to Section 3.04 of the Credit Agreement:

AerCap's audited consolidated financial statements as at December 31, 2015, which have been filed with the Securities and Exchange Commission, have been prepared in accordance with GAAP and fairly present the financial condition of AerCap and its Subsidiaries as at such date and the results of their operations for the period then ended.

(g) The following sentences shall be added to Section 3.15 of the Credit Agreement: "As of the Second Amendment Effective Date (and as also reflected on AerCap's consolidated balance sheet dated as of December 31, 2015, and confirmed by the Appraisals most recently delivered pursuant to this Agreement), the fair value of the assets of each of (x) AerCap and (y) the Borrower and its Subsidiaries taken as a whole, exceed their respective liabilities. As of the Second Amendment Effective Date, neither the Transaction Parties taken as a whole nor AerCap nor the Borrower is or will be rendered insolvent as a result of the transactions contemplated by this Agreement and the other Loan Documents."

- (h) Section 3.16 of the Credit Agreement shall be amended by inserting at the beginning thereof the phrase:

"Except as permitted under Sanctions after giving effect to any license, waiver, exception or other exemption, and to the Transaction Parties' knowledge in the case of agents, affiliates and representatives,"

and by replacing in the final sentence therein the words: "as of the date hereof" with the words: "as of the Second Amendment Effective Date".

- (i) Section 3.17 of the Credit Agreement shall be amended by replacing the terms thereof with the following:

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"(a) Schedule 3.17(a) attached hereto, as amended from time to time pursuant to Section 2.10 and Section 5.09(a)(vii) hereof and pursuant to the Second Amendment is a true and correct list of all PS Pool Aircraft and the country of registration of such PS Pool Aircraft.

(b) Schedule 3.17(b) attached hereto, as supplemented from time to time pursuant to Section 2.10 and Section 5.09(a)(vii) and pursuant to the Second Amendment, is a true and correct list of all Leases (including, without limitation, any head leases) in effect with respect to the PS Pool Aircraft and the name and jurisdiction of organization or incorporation of the applicable Lessees."

(j) Section 3.19 of the Credit Agreement shall be amended by replacing the words "for general corporate purposes of ILFC and its subsidiaries" with the words "to refinance the Existing Loans (as defined in the Second Amendment)."

- (k) Section 5.14 of the Credit Agreement shall be amended by inserting at the beginning thereof the phrase:

"Except as permitted under Sanctions or other restrictions, regulations or Laws referenced below after giving effect to any license, waiver, exception or other exemption,"

- (l) Section 5.15 of the Credit Agreement shall be amended by inserting at the beginning thereof the phrase:

"Except as permitted under Sanctions after giving effect to any license, waiver, exception or other exemption,"

(m) Articles 6 (d) and (e) of the Credit Agreement shall be amended by inserting the words: "in any material respect (or, in the case of any such covenant or agreement already qualified by materiality, in any respect)" after the word "perform" in the first line of each such Article.

- (n) Article 6 (j) of the Credit Agreement shall be amended and restated as follows:

(j) one or more judgments for the payment of money in an aggregate amount exceeding \$100,000,000 not covered by insurance shall be rendered against any Transaction Party and shall remain undischarged or not paid for a period of 60 consecutive days during which time such judgment shall not be appealed and execution shall not be effectively stayed, vacated or bonded (or such longer period during which there is no reasonable risk of a judgment creditor attaching or levying upon any Collateral or Pool Aircraft Collateral to enforce any such judgment to the extent not a Permitted Lien);

- (o) Section 9.05 (a)(iii)(A) of the Credit Agreement shall be amended and restated as follows:

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(A) the consent of the Borrower (such consent not to be unreasonably withheld and which will (subject to the proviso below) be deemed given unless, within ten (10) Business Days after the Borrower's receipt of the request for such consent, the Borrower notifies the assigning Lender that the Borrower does not so consent) shall be required for any

assignment to any Person unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to an Arranger Entity, a Lender, an Affiliate of a Lender or an Approved Fund; provided that (i) such Person shall not be engaged primarily in the aircraft leasing business or aviation advisory business or is an air carrier and (ii) if such Person has an Affiliate that is engaged primarily in the aircraft leasing business or aviation advisory business or is an air carrier then the deemed consent referenced above shall not apply and instead the affirmative consent of the Borrower shall be obtained prior to any assignment to such Person;

(p) Section 9.05(a)(iv) of the Credit Agreement shall be amended by adding the following sentence thereto:

Each assignee shall provide to the Borrower such customary documentation and information regarding such assignee as the Borrower shall reasonably request (if any); provided that the receipt thereof shall not be a condition to the applicable assignment if the Borrower's consent is not otherwise required thereto.

(q) Section 9.05 (a)(v) of the Credit Agreement shall be amended and restated as follows:

No such assignment shall be made to a Person unless such Person is not (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries, (B) a Defaulting Lender or any of its subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), (C) a natural person or a Person that is a "residual entity" (within the scope of article 4.2 of the EU Savings Directive), or (D) a Person who is engaged primarily in the aircraft leasing business or aviation advisory business or is an air carrier. No assignment may conflict with any applicable laws. The Administrative Agent shall be entitled to rely on the applicable assignee's representations and warranties in the Assignment and Assumption or any other written document executed by such assignee to the effect of the foregoing, or to the effect that such assignee is a Person for which the Borrower's consent is not required (or may be deemed) in each case as provided in Section 9.05(a)(iii)(A), in the absence of notice given to the Administrative Agent by an Obligor or other Lender Party to the contrary prior to the effectiveness of such assignment. Each Person to whom an assignment is made shall provide the applicable documentation required to be provided pursuant to Section 2.08(e).

(r) The following new Section 9.20 shall be added to the Credit Agreement:

Section 9.20. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or

in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

2.06 Schedules and Exhibits. Schedules 3.17(a) and 3.17(b) of the Credit Agreement shall be amended by replacing such schedules and exhibits with the corresponding schedules and exhibits hereto.

2.07 Annexes. Annex 1 of the Credit Agreement shall be amended by replacing it with Annex 1 appended hereto.

Section 3. Representations and Warranties. The Borrower and each other Borrower Party represents and warrants to the Lenders that the representations and warranties of the Borrower Parties contained in Article 3 of the Credit Agreement (as amended hereby) and contained in each other Loan Document are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date.

Section 4. Conditions Precedent. As provided in Section 2 above, the amendments to the Credit Agreement contemplated hereby shall become effective as of January 19, 2017 (the "**Amendment Effective Date**"), upon the satisfaction of the following conditions precedent,

provided that such conditions precedent are satisfied on or prior to the Amendment Effective Date:

(a) The Administrative Agent (or its counsel) shall have received the signature pages to this Amendment duly executed by each of the Borrower, ILFC, Grandparent Holdco, Parent Holdco, Irish Subsidiary Holdco, Financing Trust, USHoldco, AerCap, AAS, AICDAC, the Consenting Lenders and each New Lender.

(b) The Administrative Agent shall have received favorable written opinion (addressed to each Lender Party and dated the Amendment Effective Date) of each of (i) Clifford Chance US LLP with respect to New York law, (ii) Buchalter Nemer PLC with respect to California law, (iii) Morris, Nichols, Arsht & Tunnell LLP with respect to Delaware law, (iv) Clifford Chance, Luxembourg with respect to Luxembourg law, (v) NautaDutilh with respect to Dutch law and (vi) McCann Fitzgerald with respect to Irish law, as to such matters as the Administrative Agent may reasonably request, dated as of the Amendment Effective Date and otherwise in form and substance reasonably satisfactory to the Administrative Agent.

(c) The representations and warranties of the Borrower Parties contained in Article 3 of the Credit Agreement (as amended hereby) and contained in each other Loan Document shall be true and correct on and as of the Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and an Officer's Certificate of AerCap shall so certify on and as of the Amendment Effective Date to the Administrative Agent and the Lenders.

(d) The Administrative Agent shall have received evidence satisfactory to it that the outstanding principal amount of and interest on the Existing Loans of, and all other amounts owing under or in respect of, the Credit Agreement to any Non-Consenting Lender and any Consenting Lender shall have been (or shall simultaneously with the making of the New Loans be) paid to each such Non-Consenting Lender, in accordance with Section 9.06 of the Credit Agreement, and each such Consenting Lender; provided that the interest payments made on the next Payment Date shall take into account the payments made under this Section 4(d).

(e) The Administrative Agent shall have received evidence satisfactory to it that each Consenting Lender electing Option B shall have received (or shall simultaneously with the making of the New Loans receive), payment of an amount equal to the outstanding principal amount of and interest on its Existing Loans subject to Option B.

(f) The Borrower shall have on or prior to the Amendment Effective Date paid all other fees and other amounts due and payable by it under the Credit Agreement, and all other out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder, under any Loan Document or as separately agreed between any Borrower Party and any arranger in respect of this Amendment.

(g) The Administrative Agent shall have received an LTV Certificate, dated as of the Amendment Effective Date based on the Appraisals most recently delivered

pursuant to the Credit Agreement, and on the Amendment Effective Date (after giving effect to the prepayment of the Existing Loans and making of the New Loans pursuant hereto) the Borrower shall be in compliance with the Loan-to-Value Ratio.

(h) Each Lender who requests a Note and has returned its Note with respect to the Existing Loan (if any) to the Administrative Agent for cancellation (or the Administrative Agent, on behalf of each such Lender) shall have received a signed original of a Note with respect to its Loan, duly executed by the Borrower.

(i) Prior to the Amendment Effective Date, the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act, as requested by such Lenders not less than three (3) Business Days prior to the Amendment Effective Date.

(j) On the Amendment Effective Date, no Default or Event of Default shall have occurred and be continuing.

(k) The Administrative Agent shall have received such documents and certificates as it or its counsel may reasonably request relating to the organization, existence and, if applicable, good standing of each Obligor, the authorization of the transactions contemplated by the Loan Documents and any other legal matters relating to the Obligors, the Loan Documents, the Collateral or the transactions contemplated hereby or thereby, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(l) For purposes of determining compliance with the conditions specified in this Section 4, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Amendment shall have received notice from such Lender prior to the Amendment Effective Date specifying its objection thereto. The Administrative Agent shall promptly notify the parties hereto of the occurrence of the Amendment Effective Date.

Section 5. Consent Options.

(a) As described in the memorandum for Lenders dated January 5, 2017 posted to Lenders in connection with this Amendment (the “**Memorandum**”), Consenting Lenders may elect either (a) a cashless roll as described in the Memorandum (“**Option A**”) or (b) a cash roll as described in the Memorandum (the “**Option B**”). Election of either Option A or Option B shall be made by each Consenting Lender by indicating its election on the signature page hereto (a copy of which is attached to the Memorandum). Any Existing Lender executing a signature page hereto but not indicating its election on its signature page will be treated as a Non-Consenting Lender unless such Existing Lender otherwise indicates its election to the Arranger (as defined in the Memorandum) to the Arranger’s satisfaction. By executing a signature page hereto,

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each Consenting Lender agrees to the procedures and terms set forth in the Memorandum.

(b) Each Consenting Lender electing Option B and each New Lender hereby irrevocably commits that it or its designee is an Eligible Assignee and that it shall make its New Loans and/or purchase and assume New Loans from Deutsche Bank AG New York Branch (the “**Assignor**”) promptly after the prepayment of its Existing Loans, in an amount equal to the aggregate amount of the Existing Loans previously held by it (or such lesser amount determined by the Assignor), and shall promptly execute and deliver (or cause its designee to execute and deliver) one or more Assignment and Assumptions reflecting such purchase provided to it by the Assignor.

(c) For purposes of clarification with respect to Section 9.05(a)(iii)(A) of the Credit Agreement, the Borrower hereby consents to each Consenting Lender and each New Lender.

Section 6. Non-Consenting Lenders. Subject to payment of amounts due and owing to them in accordance herewith, effective as of the Amendment Effective Date, each Non-Consenting Lender shall cease to be, and shall cease to have any of the rights and obligations of, a “Lender” under the Credit Agreement (except for those provisions that provide for their survival (including without limitation those provisions referred to in Section 9.07 of the Credit Agreement), which provisions shall survive and remain in full force and effect for the benefit of the Non-Consenting Lenders).

Section 7. Acknowledgement and Ratification. Each of the Borrower Parties hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to the modifications effected pursuant to this Amendment. The Borrower and each Borrower Party hereby confirms that at all times Obligations remain outstanding under the Loan Documents and each Loan Document, as amended hereby, to which it is a party or otherwise bound and all collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent provided in accordance with the Loan Documents, as amended hereby, the payment and performance of all Obligations, and confirms its grants to the Collateral Agent of a continuing lien on and security interest in and to all Collateral as collateral security for the prompt payment and performance in full when due of the Obligations. The Borrower and each Borrower Party hereby agrees and admits that as of the date hereof it has no defenses to or offsets against any of its obligations to the Administrative Agent or any Lender under the Loan Documents. Each Obligor (including each Additional Obligor) hereby ratifies and confirms its guaranty of the Guaranteed Obligations as set forth in Article 7 of the Credit Agreement, as amended hereby.

Section 8. Miscellaneous.

8.01 Instruction to Agents; No Other Amendments; Governing Law. Each Lender by its signature hereto instructs the Administrative Agent and the Collateral Agent to execute this Amendment. Except as herein provided, the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

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8.02 Electronic Execution of Assignments and Certain Other Documents. The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby (including without limitation Assignment and Assumptions, amendments or other modifications, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

8.03 Counterparts; Integration; Effectiveness. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment and any separate letter agreements with respect to fees payable to the Agents, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4, this Amendment shall become effective when it shall have

been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment.

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EXECUTION VERSION

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first set forth above.

DELOS FINANCE S.À R.L.

Duly represented by:

/s/ Shehzaad Atchia

Name: Shehzaad Atchia

Title: Authorised Signatory Manager

INTERNATIONAL LEASE FINANCE CORPORATION

By: /s/ Margaret Epstein

Name: Margaret Epstein

Title: Vice President

AERCAP GLOBAL AVIATION TRUST

By: /s/ Kenneth Ng

Name: Kenneth Ng

Title: Attorney-In-Fact

AERCAP U.S. GLOBAL AVIATION LLC

By: /s/ Kenneth Ng

Name: Kenneth Ng

Title: Attorney-In-Fact

SIGNED and DELIVERED as a DEED

by Kenneth Ng

as attorney for

HYPERION AIRCRAFT LIMITED

/s/ Kenneth Ng

Attorney

in the presence of

/s/ Andrew O'Callaghan

Name: Andrew O/Callaghan

Address: 65 Stephen's Green, Dublin 2, Ireland

Occupation: Vice President Corporate Legal

SIGNED and DELIVERED as a DEED

by Kenneth Ng

as attorney for

DELOS AIRCRAFT LIMITED

/s/ Kenneth Kg

Attorney

in the presence of

/s/ Jane Mulholland

Name: Jane Mulholland
Address: 65 St. Stephens Green, Dublin 2
Occupation: Executive Assistant

SIGNED and DELIVERED as a DEED

by Kenneth Ng

as attorney for

ARTEMIS (DELOS) LIMITED

/s/ Kenneth Ng

Attorney

in the presence of

/s/ Jane Mulholland

Name: Jane Mulholland
Address: 65 St. Stephens Green, Dublin 2
Occupation: Executive Assistant

AERCAP HOLDINGS N.V.

By: /s/ Kenneth Ng

Name: Kenneth Ng

Title: Attorney-In-Fact

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AERCAP AVIATION SOLUTIONS B.V.

By: /s/ Kenneth Ng

Name: Kenneth Ng

Title: Attorney-In-Fact

SIGNED and DELIVERED as a DEED

by Kenneth Ng

as attorney for

AERCAP IRELAND LIMITED

/s/ Kenneth Ng

Attorney

in the presence of

/s/ Andrew O'Callaghan

Name: Andrew O'Callaghan
Address: 65 Stephen's Green, Dublin 2, Ireland
Occupation: Vice President Corporate Legal

SIGNED and DELIVERED as a DEED

by _____

as attorney for

**AERCAP IRELAND CAPITAL DESIGNATED ACTIVITY
COMPANY**

/s/ Kenneth Ng

Attorney

in the presence of

/s/ Andrew O'Callaghan

Name: Andrew O'Callaghan
Address: 65 Stephen's Green, Dublin 2, Ireland

ADMINISTRATIVE AGENT

**DEUTSCHE BANK AG NEW YORK BRANCH, as
Administrative Agent**

By: /s/ Marcus Tarkington

Name: Marcus Tarkington

Title: Director

By: /s/ Benjamin Souh

Name: Benjamin Souh

Title: Vice President

COLLATERAL AGENT

**DEUTSCHE BANK AG NEW YORK BRANCH, not in its
individual capacity but solely as Collateral Agent**

By: /s/ Marcus Tarkington

Name: Marcus Tarkington

Title: Director

By: /s/ Benjamin Souh

Name: Benjamin Souh

Title: Vice President

List of Subsidiaries of AerCap Holdings N.V.

The subsidiaries which are taken up in the consolidated financial statements are direct and indirect subsidiaries 100% owned, unless otherwise stated.

Subsidiary name	Jurisdiction of incorporation
ILFC Aruba A.V.V.	Aruba
ILFC Australia Holdings Pty. Ltd.	Australia
ILFC Australia Pty. Ltd.	Australia
Wombat 30633 Leasing Pty Ltd	Australia
Wombat 30638 Leasing Pty Ltd	Australia
Wombat 30644 Leasing Pty Ltd	Australia
Wombat 30648 Leasing Pty Ltd	Australia
Wombat 30658 Leasing Pty Ltd	Australia
Wombat 3474 Leasing Pty Ltd	Australia
Wombat 3495 Leasing Pty Ltd	Australia
Wombat 3547 Leasing Pty Ltd	Australia
Wombat 3668 Leasing Pty Ltd	Australia
Wombat V Leasing Pty Ltd	Australia
Wombat VI Leasing Pty Ltd	Australia
AerCap Holdings (Bermuda) Limited	Bermuda
AerCap International Bermuda Limited	Bermuda
AerCap Leasing 3034 (Bermuda) Limited	Bermuda
AerCap Leasing MSN 2413 (Bermuda) Limited	Bermuda
AerFunding 1 Limited and subsidiaries (5%)	Bermuda
Aircraft Lease Securitisation II Ltd. and subsidiaries (5% owned by AerCap Ireland Limited.)	Bermuda
Aquarius Aircraft Leasing Limited	Bermuda
Ararat Aircraft Leasing Limited	Bermuda
CloudFunding III Limited	Bermuda
Copperstream Aircraft Leasing Limited	Bermuda
Flotlease 973 (Bermuda) Limited	Bermuda
Genesis Portfolio Funding I Limited	Bermuda
GLS Atlantic Alpha Limited	Bermuda
Goldstream Aircraft Leasing Limited	Bermuda
ILFC (Bermuda) 4, Ltd.	Bermuda
ILFC (Bermuda) 5, Ltd.	Bermuda
ILFC (Bermuda) 6, Ltd.	Bermuda
ILFC (Bermuda) 7, Ltd.	Bermuda
ILFC (Bermuda) III, Ltd.	Bermuda
Lare Leasing Limited	Bermuda
LC (BERMUDA) NO. 2 LTD	Bermuda
Roselawn Leasing Limited	Bermuda
Ross Leasing Limited	Bermuda
Silverstream Aircraft Leasing Limited	Bermuda
Wahafлот Leasing 3699 (Bermuda) Limited	Bermuda
Westpark 1 Aircraft Leasing Limited	Bermuda
Whitestream Aircraft Leasing Limited	Bermuda
AerCap Aircraft Purchase Limited	Cayman Islands
AerCap HK-320-A Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
AerCap HK-320-C Limited	Cayman Islands
ILFC Cayman Limited	Cayman Islands
Eaststar Limited	China
ILFC (Beijing) Services Co., Ltd	China
North Star Company Limited	China
Southstar Limited	China
Biarritz Location S.A.R.L.	France
Calais Location S.A.R.L.	France
Grenoble Location S.A.R.L.	France
ILFC France S.A.R.L.	France
Lille Location S.A.R.L.	France
Mulhouse Location S.A.R.L.	France
Nancy Location S.A.R.L.	France
Nice Location S.A.R.L.	France

Strasbourg Location S.A.R.L.	France
Toulouse Location S.A.R.L.	France
AerBorne Funding Limited	Ireland
AerCap A330 Holdings Limited	Ireland
AerCap Administrative Services Limited	Ireland
AerCap Asset Finance Limited	Ireland
AerCap Cash Manager II Limited	Ireland
AerCap Cash Manager Limited	Ireland
AerCap Celtavia 4 Limited	Ireland
AerCap Celtavia 5 Limited	Ireland
AerCap Engine Leasing Limited	Ireland
AerCap Finance Limited	Ireland
AerCap Financial Services (Ireland) Limited	Ireland
AerCap Holding & Finance Limited	Ireland
AerCap Ireland Asset Investment 1 Limited	Ireland
AerCap Ireland Asset Investment 2 Limited	Ireland
AerCap Ireland Capital Designated Activity Company	Ireland
AerCap Ireland Funding 1 Limited	Ireland
AerCap Ireland Limited	Ireland
AerCap Irish Aircraft Leasing 2 Limited	Ireland
AerCap Leasing 3034 Limited	Ireland
AerCap Leasing 8 Limited	Ireland
AerCap Leasing 946 Limited	Ireland
AerCap Note Purchaser Limited	Ireland
AerCap Partners 2 Holding Limited and subsidiary (50%)	Ireland
AerCap Partners 3 Holding Limited (50%) (unconsolidated)	Ireland
AerCap Partners 767 Holdings Limited (50%) (unconsolidated) & Subsidiary (50%)	Ireland

AerCap Partners I Holding Limited and Subsidiaries (50%)	Ireland
AerDragon Aviation Partners Limited and Subsidiaries (16.667%) (unconsolidated)	Ireland
AerFi Group Limited	Ireland
AerLift Leasing Jet Limited (50%)	Ireland
AerVenture Export Leasing Limited	Ireland
AerVenture Limited (and subsidiaries)	Ireland
Andes Aircraft Leasing Limited	Ireland
Andromeda Aircraft Leasing Limited	Ireland
Annamite Aircraft Leasing Limited	Ireland
BlowfishFunding Limited	Ireland
Burgundy Aircraft Leasing Limited	Ireland
Calliope Limited	Ireland
Camden Aircraft Leasing Limited	Ireland
Castletroy Leasing Limited	Ireland
CelestialFunding Limited	Ireland
Celtago Funding Limited	Ireland
Celtago II Funding Limited	Ireland
Charleville Aircraft Leasing Limited	Ireland
CieloFunding Holdings Limited	Ireland
Clarity Leasing Limited	Ireland
CloudFunding II Limited	Ireland
CloudFunding Limited	Ireland
CuttlefishFunding Limited	Ireland
Danang Aircraft Leasing Limited	Ireland
Danang Aircraft Leasing No. 2 Limited	Ireland
Electra Funding Ireland Limited	Ireland
Eris Aircraft Limited	Ireland
Excalibur Aircraft Leasing Limited	Ireland
Fansipan Aircraft Leasing Limited	Ireland
Flotlease MSN 3699 Limited	Ireland
Flotlease MSN 973 Limited	Ireland
FlyFunding Limited	Ireland
Geministream Aircraft Leasing Limited	Ireland
Geneva Triple Sept Leasing Limited	Ireland
Glide Aircraft 35A-29 Ltd	Ireland
Glide Aircraft 73B-41815 Limited	Ireland
Glide Aircraft 78B-38765 Limited	Ireland
Glide Funding Limited	Ireland
Gunung Leasing Limited	Ireland
Harmonic Aircraft Leasing Limited	Ireland
Hyperion Aircraft Financing Limited & Subsidiaries	Ireland
ILFC Aircraft 32A-2797 Limited	Ireland

ILFC Aircraft 33A-1284 Limited	Ireland
ILFC Ireland 2 Limited	Ireland
ILFC Ireland 3 Limited	Ireland

ILFC Ireland Limited & Subsidiaries	Ireland
Iridium Funding Limited	Ireland
Jade Aircraft Leasing Limited	Ireland
Jasmine Aircraft Leasing Limited	Ireland
Jasper Aircraft Leasing Limited	Ireland
Leostream Aircraft Leasing Limited	Ireland
Librastream Aircraft Leasing Limited	Ireland
Limelight Funding Limited	Ireland
Lishui Aircraft Leasing Limited	Ireland
Mainstream Aircraft Leasing Limited	Ireland
Melodic Aircraft Leasing Limited	Ireland
Monophonic Aircraft Leasing Limited	Ireland
Moonlight Aircraft Leasing (Ireland) Limited	Ireland
NimbusFunding Limited	Ireland
Philharmonic Aircraft Leasing Limited	Ireland
Polyphonic Aircraft Leasing Limited	Ireland
Quadrant MSN 5869 Limited	Ireland
RainbowFunding Limited	Ireland
Rouge Aircraft Leasing Limited	Ireland
Scarlet Aircraft Leasing Limited	Ireland
Shrewsbury Aircraft Leasing Limited	Ireland
SkyFunding II Holdings Limited	Ireland
SkyFunding II Limited	Ireland
SkyFunding Limited	Ireland
Skyscape Limited	Ireland
SoraFunding Limited	Ireland
StratocumulusFunding Limited	Ireland
StratusFunding Limited	Ireland
Streamline Aircraft Leasing Limited	Ireland
Sunflower Aircraft Leasing Limited	Ireland
Symphonic Aircraft Leasing Limited	Ireland
Synchronic Aircraft Leasing Limited	Ireland
TetraFunding Limited	Ireland
Transversal Aircraft Holdings Limited	Ireland
Transversal Aircraft Leasing II Limited	Ireland
Transversal Aircraft Leasing Limited	Ireland
Triple Eight Aircraft Holdings Limited	Ireland
Triple Eight Aircraft Leasing Limited	Ireland
Virgostream Aircraft Leasing Limited	Ireland
XLease MSN (1439) Limited	Ireland
XLease MSN (1450) Limited	Ireland
Acorn Aviation Limited	Isle of Man
AerCap Holding (IOM) Limited	Isle of Man
AerCap International (Isle of Man) Limited	Isle of Man
AerCap IOM 2 Limited	Isle of Man
AerCap Note Purchaser (IOM) Limited	Isle of Man

AerLift Leasing Limited and Subsidiaries (39%) (unconsolidated)	Isle of Man
CRESCENT AVIATION LIMITED	Isle of Man
Stallion Aviation Limited	Isle of Man
AerCap Jet Limited	Jersey
ILFC Labuan ECA Ltd.	Malaysia
ILFC Labuan Ltd.	Malaysia
AerCap A330 Holdings B.V.	Netherlands
AerCap AerVenture Holding B.V.	Netherlands
AerCap Aviation Solutions B.V.	Netherlands
AerCap B.V.	Netherlands
AerCap Dutch Aircraft Leasing I B.V.	Netherlands
AerCap Dutch Aircraft Leasing IV B.V.	Netherlands
AerCap Dutch Aircraft Leasing VII B.V.	Netherlands
AerCap Dutch Global Aviation B.V.	Netherlands
AerCap Group Services B.V.	Netherlands

AerCap International B.V.	Netherlands
AerCap Leasing XIII B.V.	Netherlands
AerCap Leasing XXIX B.V.	Netherlands
AerCap Leasing XXX B.V.	Netherlands
AerCap Netherlands B.V.	Netherlands
Annamite Aircraft Leasing B.V.	Netherlands
BlowfishFunding B.V.	Netherlands
Clearstream Aircraft Leasing B.V.	Netherlands
FodiatorFunding B.V.	Netherlands
Harmony Funding B.V.	Netherlands
Harmony Funding Holdings B.V.	Netherlands
ILFC Aviation Services (Europe) B.V.	Netherlands
NimbusFunding B.V.	Netherlands
Quadrant MSN 209 B.V.	Netherlands
Quadrant MSN 2254 B.V.	Netherlands
Quadrant MSN 231 B.V.	Netherlands
Quadrant MSN 2310 B.V.	Netherlands
StratocumulusFunding B.V.	Netherlands
Worldwide Aircraft Leasing B.V.	Netherlands
Worldwide Aircraft Leasing II B.V.	Netherlands
AerCap Singapore Pte. Ltd.	Singapore
AerFi Sverige AB	Sweden
International Lease Finance Corporation (Sweden) AB	Sweden
AerCap UK Limited	United Kingdom
ILFC UK Limited	United Kingdom
Acsal Holdco LLC (19.44%) (unconsolidated)	United States
AerCap Global Aviation Trust	United States
AerCap Group Services, Inc.	United States
AerCap Hangar 52, Inc.	United States
AerCap Leasing USA I, Inc.	United States
AerCap Leasing USA II, Inc.	United States

AerCap U.S. Global Aviation LLC	United States
AerCap, Inc.	United States
AeroTurbine, Inc. (and subsidiaries)	United States
Aircraft 32A-2731 Inc.	United States
Aircraft 32A-3147 Inc.	United States
Aircraft 32A-3148 Inc.	United States
Aircraft 32A-810 Inc.	United States
Aircraft 33A-272 Inc.	United States
Aircraft 33A-358 Inc.	United States
Aircraft 33A-364 Inc.	United States
Aircraft 34A-216 Inc.	United States
Aircraft 73B-25374 Inc.	United States
Aircraft 73B-25375 Inc.	United States
Aircraft 73B-26323 Inc.	United States
Aircraft 73B-28249 Inc.	United States
Aircraft 73B-30671 Inc.	United States
Aircraft 73B-31127 Inc.	United States
Aircraft 73B-32796 Inc.	United States
Aircraft 73B-32841 Inc.	United States
Aircraft 73B-33220 Inc.	United States
Aircraft 73B-38821 Inc.	United States
Aircraft 73B-41794 Inc.	United States
Aircraft 73B-41796 Inc.	United States
Aircraft 73B-41806 Inc.	United States
Aircraft 73B-41815 Inc.	United States
Aircraft B757 29382 Inc.	United States
Aircraft B767 29388 Inc.	United States
Aircraft SPC-12, LLC and subsidiaries	United States
Aircraft SPC-14, Inc.	United States
Aircraft SPC-3, Inc.	United States
Aircraft SPC-4, Inc.	United States
Aircraft SPC-8, Inc.	United States
Aircraft SPC-9, LLC and subsidiaries	United States
Apollo Aircraft Inc.	United States
Brokat Leasing, LLC	United States
CABREA, Inc.	United States
Delos Aircraft Inc.	United States

Euclid Aircraft, Inc.	United States
Fleet Solutions Holdings Inc.	United States
Flying Fortress Financing, LLC & Subsidiaries	United States
Grand Staircase Aircraft, LLC	United States
Hyperion Aircraft Financing Inc.	United States
Hyperion Aircraft Inc.	United States
ILFC Aviation Consulting, Inc.	United States
ILFC Dover, Inc.	United States
ILFC Volare, Inc.	United States

Interlease Aircraft Trading Corporation	United States
Interlease Management Corporation	United States
International Lease Finance Corporation and subsidiaries	United States
Klementine Holdings, Inc.	United States
Klementine Leasing, Inc.	United States
Maiden Leasing, LLC	United States
Park Topanga Aircraft, LLC	United States
Romandy Triple Sept LLC	United States
States Aircraft, Inc.	United States
Temescal Aircraft, LLC & Subsidiaries	United States
Top Aircraft, Inc.	United States

CERTIFICATION

I, Aengus Kelly, certify that:

1. I have reviewed this annual report on Form 20-F of AerCap Holdings N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 20, 2017

/s/ Aengus Kelly

Signature

Aengus Kelly
Chief Executive Officer

CERTIFICATION

I, Keith Helming, certify that:

1. I have reviewed this annual report on Form 20-F of AerCap Holdings N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 20, 2017

/s/ Keith Helming

Signature

Keith Helming
Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-205129) and on Form S-8 (Nos. 333-194638, 333-194637, 333-180323, 333-165839, and 333-154416) of AerCap Holdings N.V. of our report dated March 20, 2017 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

Amsterdam, March 20, 2017
PricewaterhouseCoopers Accountants N.V.

/s/ W.J. van der Molen RA
