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**FORM 6 – K**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a - 16 or 15d - 16 under**  
**the Securities Exchange Act of 1934**

For the Quarterly Period ended June 30, 2010

Commission File Number 001-33159

**AERCAP HOLDINGS N.V.**

(Translation of Registrant's Name into English)

**Stationsplein 965, 1117 CE Schiphol Airport, The Netherlands, +31-20-655-9655**

(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7) ):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Act of 1934.

Yes

No

If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82 – N/A

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**Other Events**

On September 1, 2010 AerCap Holdings N.V. filed its interim financial report for the quarter ended June 30, 2010.

This form 6-K is incorporated by reference into the Company's form F-3 registration statement file no. 333-155194 and form S-8 registration statements file nos. 333-154416 and 333-165839, and related prospectuses, as such registration statements and prospectuses may be amended from time to time.

**Exhibits**

99.1 AerCap Holdings N.V.'s interim financial report for the quarter ended June 30, 2010.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AERCAP HOLDINGS N.V.

By: /s/ Klaus Heinemann  
Name: \_\_\_\_\_

Title: ~~Klaus Heide~~ Klaus Heide  
Signature

Date: September 1, 2010

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**EXHIBIT INDEX**

99.1 AerCap Holdings N.V.'s interim financial report for the quarter ended June 30, 2010.

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## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

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## AerCap Holdings N.V. and Subsidiaries

## Unaudited Condensed Consolidated Balance Sheets

As of June 30, 2009, December 31, 2009 and June 30, 2010

	Note	June 30, 2009	December 31, 2009	June 30, 2010
(US dollars in thousands except share and per share amounts)				
<b>Assets</b>				
Cash and cash equivalents		\$ 218,423	\$ 182,617	\$ 260,256
Restricted cash		128,184	140,746	246,462
Trade receivables, net of provisions		39,244	48,070	47,991
Flight equipment held for operating leases, net	5	4,493,793	5,230,437	7,624,655
Flight equipment held for sale		—	—	39,442
Net investment in direct finance leases		34,822	34,532	31,692
Notes receivable, net of provisions	6	136,084	138,488	9,861
Prepayments on flight equipment		576,754	527,666	259,387
Investments		20,111	21,031	29,775
Goodwill		6,776	6,776	6,776
Intangibles		37,893	31,399	70,498
Inventory		131,416	102,538	125,057
Derivative assets		40,035	44,866	23,447
Deferred income taxes		81,187	80,098	108,080
Other assets	7	186,105	180,237	214,980
<b>Total Assets</b>	14	<b>\$ 6,130,827</b>	<b>\$ 6,769,501</b>	<b>\$ 9,098,359</b>
<b>Liabilities and Equity</b>				
Accounts payable		\$ 28,290	\$ 11,832	\$ 25,724
Accrued expenses and other liabilities	8	76,559	80,399	94,975
Accrued maintenance liability		206,873	228,006	371,482
Lessee deposit liability		112,112	126,093	139,357
Debt	9	4,336,966	4,846,664	6,393,867
Accrual for onerous contracts		29,878	22,363	12,477
Deferred revenue		36,805	33,011	57,050
Derivative liabilities		8,285	7,801	81,973
<b>Total Liabilities</b>		<b>4,835,768</b>	<b>5,356,169</b>	<b>7,176,905</b>
Ordinary share capital, €0.01 par value (200,000,000 ordinary shares authorized, 119,386,445 ordinary shares issued and outstanding)		699	699	1,163
Additional paid-in capital		591,623	593,133	968,625

Accumulated retained earnings				
<b>Total AerCap Holdings N.V. Shareholders' Equity</b>	10	<u>1,177,862</u>	<u>1,258,009</u>	<u>1,717,219</u>
Non-controlling interest	10	117,177	155,323	204,235
<b>Total Equity</b>	10	<u>1,295,059</u>	<u>1,413,332</u>	<u>1,921,454</u>
<b>Total Liabilities and Equity</b>		<u>\$ 6,130,827</u>	<u>\$ 6,769,501</u>	<u>\$ 9,098,359</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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### AerCap Holdings N.V. and Subsidiaries

#### Unaudited Condensed Consolidated Income Statements

For the Three and Six Months Ended June 30, 2009 and 2010

	Note	Three months ended June 30,		Six months ended June 30,	
		2009	2010	2009	2010
(US dollars in thousands, except share and per share amounts)					
<b>Revenues</b>					
Lease revenue		\$ 169,829	\$ 260,695	\$ 331,042	\$ 436,005
Sales revenue		117,879	328,131	159,596	510,585
Interest revenue		2,602	1,547	5,223	2,869
Management fee revenue		3,732	2,515	6,473	5,048
Other revenue		653	1,785	863	4,202
<b>Total Revenues</b>	14	<u>294,695</u>	<u>594,673</u>	<u>503,197</u>	<u>958,709</u>
<b>Expenses</b>					
Depreciation	14	53,243	86,597	104,490	149,974
Asset impairment		13,733	2,721	20,950	2,721
Cost of goods sold		105,496	313,684	139,320	469,822
Interest on debt		5,989	75,529	35,475	126,931
Operating lease in costs		3,273	3,063	6,587	6,214
Leasing expenses		22,076	15,926	41,237	26,416
Provision for doubtful notes and accounts receivable		(879)	(224)	353	516
Selling, general and administrative expenses	11,12	27,777	34,899	54,990	64,778
<b>Total Expenses</b>		<u>230,708</u>	<u>532,195</u>	<u>403,402</u>	<u>847,372</u>
<b>Income from continuing operations before income taxes</b>		<u>63,987</u>	<u>62,478</u>	<u>99,795</u>	<u>111,337</u>
Provision for income taxes		(827)	(4,862)	(2,687)	(9,748)
Amalgamation gain, net of transaction expenses and tax		—	—	—	274
<b>Net income</b>		<u>63,160</u>	<u>57,616</u>	<u>97,108</u>	<u>101,863</u>
Net (income) attributable to non-controlling interest		(6,564)	(8,761)	(10,558)	(18,609)
<b>Net Income attributable to AerCap Holdings N.V.</b>	13,14	<u>\$ 56,596</u>	<u>\$ 48,855</u>	<u>\$ 86,550</u>	<u>\$ 83,254</u>
Basic and diluted earnings per share	13	\$ 0.67	\$ 0.41	\$ 1.02	\$ 0.81
Weighted average shares outstanding, basic and diluted	13	85,036,957	119,386,445	85,036,957	102,211,701

The accompanying notes are an integral part of these condensed consolidated financial statements.

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### AerCap Holdings N.V. and Subsidiaries

#### Unaudited Condensed Consolidated Statements of Cash Flows

For the Three and Six Months Ended June 30, 2009 and 2010

	Three months ended June 30,		Six months ended June 30,	
	2009	2010	2009	2010
(US dollars in thousands)				
Net income	\$ 63,160	\$ 57,616	\$ 97,108	\$ 101,863
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation	53,243	86,597	104,490	149,974
Asset impairment	13,733	2,721	20,950	2,721
Amortization of debt issuance costs	4,054	7,024	7,888	12,330
Amortization of intangibles	4,415	6,959	9,205	10,162
Provision for doubtful notes and accounts receivable	(879)	(339)	353	357

Capitalized interest on pre-delivery payments	(338)	(153)	(709)	(313)
(Gain) loss on disposal of assets	570	(9,029)	1,018	(29,252)
Mark-to-market of non-hedged derivatives	(18,502)	19,497	(19,504)	41,836
Deferred taxes	(102)	3,520	1,139	8,285
Share-based compensation	996	678	1,998	1,557
<b>Changes in assets and liabilities:</b>				
Trade receivables and notes receivable, net	1,244	4,501	5,528	6,151
Inventories	(17,205)	3,463	(2,721)	8,876
Other assets and derivative assets	(6,543)	(15,274)	(10,730)	(7,636)
Other liabilities and derivative liabilities	(10,563)	748	(36,762)	(13,552)
Deferred revenue	(3,328)	(749)	1,884	11,997
<b>Net cash provided by operating activities</b>	<b>83,955</b>	<b>167,780</b>	<b>181,135</b>	<b>305,356</b>
Purchase of flight equipment	(286,726)	(691,633)	(574,814)	(1,321,362)
Proceeds from sale/disposal of assets	76,560	283,137	78,352	425,763
Prepayments on flight equipment	(127,857)	(36,253)	(286,361)	(84,780)
Purchase of subsidiaries, net of cash acquired	—	—	—	70,618
Purchase of investments	—	(7,500)	—	(7,500)
Purchase of intangibles	—	—	—	(9,006)
Movement in restricted cash	16,770	(31,977)	(14,787)	(74,260)
<b>Net cash used in investing activities</b>	<b>(321,253)</b>	<b>(484,226)</b>	<b>(797,610)</b>	<b>(1,000,527)</b>
Issuance of debt	835,278	896,904	1,280,978	1,616,282
Repayment of debt	(671,944)	(542,821)	(768,429)	(885,640)
Debt issuance costs paid	(10,743)	(25,353)	(14,113)	(35,284)
Maintenance payments received	25,115	37,949	48,883	68,533
Maintenance payments returned	(11,057)	(12,800)	(25,609)	(22,724)
Security deposits received	15,051	7,533	23,065	16,921
Security deposits returned	(4,569)	(14,564)	(7,530)	(17,128)
Capital contributions from non-controlling interests	104,200	3,375	104,200	32,375
<b>Net cash provided by financing activities</b>	<b>281,331</b>	<b>350,223</b>	<b>641,445</b>	<b>773,335</b>
Net (decrease) increase in cash and cash equivalents	44,033	33,777	24,970	78,164
Effect of exchange rate changes	(691)	571	(110)	(525)
Cash and cash equivalents at beginning of period	175,081	225,908	193,563	182,617
<b>Cash and cash equivalents at end of period</b>	<b>\$ 218,423</b>	<b>\$ 260,256</b>	<b>\$ 218,423</b>	<b>\$ 260,256</b>
<b>Supplemental cash flow information</b>				
Interest paid	23,365	49,418	49,300	74,126
Taxes paid (received)	(4,083)	1,449	(3,693)	1,464

The accompanying notes are an integral part of these condensed consolidated financial statements.

## AerCap Holdings N.V. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements

(US dollars in thousands or as otherwise stated, except share and per share amounts)

#### 1. General

##### The Company

We are an integrated global aviation company, conducting aircraft and engine leasing and trading and parts sales. We also provide a wide range of aircraft management services to other owners of aircraft. We are headquartered in The Netherlands and have offices in Ireland, the United States, Singapore, China and the United Kingdom.

These condensed consolidated financial statements include the accounts of AerCap Holdings N.V. and its subsidiaries. AerCap Holdings N.V. is a Netherlands public limited liability company (“*naamloze vennootschap* or *N.V.*”) formed on July 10, 2006 for the purpose of acquiring all of the assets and liabilities of AerCap Holdings C.V. AerCap Holdings C.V. is a limited partnership (“*commanditaire vennootschap*”) formed under the laws of The Netherlands on June 27, 2005 for the purposes of acquiring the share capital, subordinated debt and senior debt of debis AirFinance B.V. (“AerCap B.V.”), which occurred on June 30, 2005 (the “2005 Acquisition”). In anticipation of our initial public offering, we changed our corporate structure from a Netherlands partnership to a Netherlands public limited liability company. This change was effected through the acquisition of all of the assets and liabilities of AerCap Holdings C.V. by AerCap Holdings N.V. on October 27, 2006. In accordance with business combination standards, this acquisition was a transaction under common control and accordingly, AerCap Holdings N.V. recognized the acquisition of the assets and liabilities of AerCap Holdings C.V. at their carrying values and no goodwill or other intangible assets were recognized. Additionally in

accordance with ASC 805, these consolidated financial statements are presented as if AerCap Holdings N.V. had been the acquiring entity of AerCap B.V. on June 30, 2005.

On November 27, 2006, we completed the initial public offering of 26.1 million of our ordinary shares on The New York Stock Exchange and on August 6, 2007 we completed the secondary offering of 20 million additional ordinary shares on The New York Stock Exchange.

### Genesis Transaction

The all-share acquisition of Genesis Lease Limited (“Genesis”) which was completed on March 25, 2010 is fully reflected in all AerCap Holdings N.V. second quarter 2010 consolidated financial statements. The Genesis Transaction was not included in the AerCap Holdings N.V. first quarter 2010 income statement (including the number of outstanding shares used for earnings per share calculations) other than one line item reflecting a \$274 amalgamation gain (net of transaction expenses and tax). The impact of the Genesis Transaction was also reflected in a one line item in the AerCap Holdings N.V. first quarter 2010 consolidated cash flow statement (purchase of subsidiaries, net of cash acquired).

Our main reasons for the Genesis Transaction included among others, the ability to achieve several key strategic and financial objectives in a single transaction, such as access to a significant amount of unrestricted cash without the dilutive impact on earnings per share as compared to other alternatives, the combination of Genesis’ expected unrestricted cash generation with our growth outlook, the improvement of our quality of earnings, the increase in our global client base, significant cost synergies and improved stock trading liquidity for shareholders. We believe that the Genesis Transaction creates a company that is a leading participant in the aircraft and engine leasing businesses, with a strong balance sheet and diversified and profitable business lines.

We allocated the purchase price of the Genesis Transaction to tangible assets, liabilities and identifiable intangible assets acquired, based on their estimated fair values.

## AerCap Holdings N.V. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements

(US dollars in thousands or as otherwise stated, except share and per share amounts)

#### 1. General (continued)

The fair value of Genesis’ flight equipment held for operating leases was determined using the market approach. In the aviation industry, appraisal data is considered to reflect the highest and best use of the flight equipment on an “in use” basis. The estimated fair value of Genesis’ flight equipment was therefore based on appraisal data in combination with current market transactions, taking into account the current maintenance condition of the underlying flight equipment including the hours and cycles on the aircraft since the last major maintenance event. The fair value assigned to identifiable intangible assets acquired was based on estimates and assumptions made by management. Intangible assets, consisting of lease premium, are amortized over the remaining life of the lease, using a straight-line amortization method. The weighted average amortization period of the intangible assets is 50 months. The fair value of Genesis’ debt has been determined based on the income approach. The income approach was performed through the use of a net present value calculation. The fair value of the Genesis net assets acquired can be summarized as follows:

	Fair value of net assets acquired as of March 25, 2010 (US dollars in thousands)
<b>Assets</b>	
Cash and cash equivalents	\$ 103,691
Restricted cash	31,456
Flight equipment held for operating leases	1,337,412
Intangibles (lease premium)	42,975
Deferred income taxes	34,089
Other assets	6,915
<b>Total Assets</b>	<b>1,556,538</b>
<b>Liabilities</b>	
Accrued maintenance liability	\$ 107,757
Debt	947,013
Derivative liabilities	66,196
Other liabilities	32,222
<b>Total liabilities</b>	<b>1,153,188</b>
<b>Net assets acquired</b>	<b>\$ 403,350</b>
Consideration paid (34.4 million shares at a share price of \$10.83, exchange ratio 1:1)	<b>372,327</b>

<b>Amalgamation gain</b>	<b>\$ 31,023</b>
Transaction expenses, net of tax	<b>(30,749)</b>
<b>Amalgamation gain, net of transaction expenses and tax</b>	<b>\$ 274</b>

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**AerCap Holdings N.V. and Subsidiaries**

**Notes to the Unaudited Condensed Consolidated Financial Statements**

**(US dollars in thousands or as otherwise stated, except share and per share amounts)**

**Supplemental Pro Forma Data (Unaudited)**

The unaudited pro forma statement of operations data below gives effect to the Genesis Transactions, as if it had occurred on January 1, 2009 and January 1, 2010, respectively. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations or of the results that would have occurred had the acquisitions taken place at January 1, 2009 and January 1, 2010, respectively. The unaudited pro forma statement of operations data presented below does not reflect the anticipated realization of cost reductions.

	Six months ended June 30, 2009	Six months ended June 30, 2010
Pro forma total revenue	\$ 595,775	\$ 1,013,369
Pro forma net income	107,490	94,215
Pro forma net income per share	\$ 0.90	\$ 0.79

**Variable interest entities**

There have been no material changes to our variable interest entities from those disclosed in our 2009 Annual Report on Form 20-F filed with the SEC on March 15, 2010, except for those acquired as a result of the Genesis Transaction.

**2. Basis for presentation**

Our financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

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

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

As a result of the recent discussions held with the SEC in relation to the Amalgamation with Genesis, certain reclassifications have been made to prior years cash flows statements to reflect the current year's presentation. Amounts related to maintenance payments and security deposits have been reclassified from operating cash flows to investing and financing cash flows, as we expect these items to become more significant in future periods, and are of the opinion that such classifications are more appropriate based on the nature of the cash flows in current and the expected future periods.

The consolidated financial statements are stated in United States dollars, which is our functional currency.

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**AerCap Holdings N.V. and Subsidiaries**

**Notes to the Unaudited Condensed Consolidated Financial Statements**

**(US dollars in thousands or as otherwise stated, except share and per share amounts)**

**2. Basis for presentation (continued)**

Certain information and footnote disclosures required by U.S. GAAP for complete annual financial statements have been omitted

and, therefore, it is suggested that these interim financial statements be read in conjunction with the Company's audited financial statements for the year ended December 31, 2009. In the opinion of management, these financial statements, which have been prepared pursuant to the rules of the SEC and U.S. GAAP for interim financial reporting, reflect all adjustments, which consisted only of normal recurring adjustments which were necessary to state fairly the results for the interim periods. The results of operations for the six months ended June 30, 2010 are not necessarily indicative of those for a full fiscal year.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. For us, the use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, inventory, intangibles, goodwill, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Management utilizes professional appraisers and valuation experts, where possible, to support estimates, particularly with respect to flight equipment. Despite management's best efforts to accurately estimate such amounts, actual results could materially differ from those estimates.

### 3. Recent accounting pronouncements

#### *ASU 2009-17*

Effective January 1, 2010, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2009-17 ("ASU 2009-17"), *Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest, or interests, give it a controlling financial interest in a variable interest entity. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other entity that most significantly impact the other entity's economic performance. This ASU amends certain guidance for determining whether an entity is a variable interest entity and requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. ASU 2009-17 requires a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. The adoption of ASU 2009-17 did not have a material impact on our consolidated financial statements.

#### *ASU 2010-06*

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

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## AerCap Holdings N.V. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements

(US dollars in thousands or as otherwise stated, except share and per share amounts)

#### 4. Fair value measurements

Under ASC 820, the Company determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy as described below. Where limited or no observable market data exists, fair value measurements for assets and liabilities are based primarily on management's own estimates and are calculated based upon the Company's pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results may not be realized in actual sale or immediate settlement of the asset or liability.

Under ASC 820, there is a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value.

The three broad levels defined by the ASC 820 hierarchy are as follows:

Level 1 — Quoted prices available in active markets for identical assets or liabilities as of the reported date.

Level 2 — Observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that allow value to be determined.

Level 3 — Unobservable inputs from the Company's own assumptions about market risk developed based on the best information

available, subject to cost benefit analysis. Inputs may include the Company's own data.

When there are no observable comparables, inputs used to determine value are derived through extrapolation and interpolation and other Company-specific inputs such as projected financial data and the Company's own views about the assumptions that market participants would use.

The following table summarizes our financial assets and liabilities as of June 30, 2010 that we measured at fair value on a recurring basis by level within the fair value hierarchy. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	June 30, 2010	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 260,256	\$ 260,256	\$ —	\$ —
Restricted cash	246,462	246,462	—	—
Derivative assets	23,447	—	23,447	—
Derivative liabilities	(81,973)	—	(81,973)	—
	<u>\$ 448,192</u>	<u>\$ 506,718</u>	<u>\$ (58,526)</u>	<u>\$ —</u>

Our cash and cash equivalents, along with our restricted cash and cash equivalents balances, consist largely of money market securities that are considered to be highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as level 1 within our fair value hierarchy. Our derivative assets and liabilities included in level 2 consist of United States dollar denominated interest rate caps and foreign currency forward contracts swaps. Their fair values are determined by applying standard modeling techniques under the income approach to relevant market interest rates (cash rates, futures rates, swap rates) in effect at the period close to determine appropriate reset and discount rates. Changes in fair value are recognized immediately in income.

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## AerCap Holdings N.V. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements

(US dollars in thousands or as otherwise stated, except share and per share amounts)

#### 4. Fair value measurements (continued)

We also measure the fair value of certain assets and liabilities on a non-recurring basis, when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the book value of assets may not be recoverable. Assets subject to these measurements include aircraft and aircraft engines. We record aircraft at fair value when we determine the carrying value may not be recoverable, in accordance with the Impairment or Disposal of Long-Lived Assets standards and other accounting pronouncements requiring remeasurements at fair value. Fair value measurements for aircraft in impairment tests are based on level 3 inputs, which include the Company's assumptions and appraisal data as to future cash proceeds from leasing and selling aircraft. In the six months ended June 30, 2010, we did not recognize any impairment on our aircraft and our aircraft engines.

Our financial instruments consist principally of notes receivable, restricted cash, derivative instruments and cash equivalents. The fair value of notes receivable, restricted cash and cash and cash equivalents approximates the carrying value of these financial instruments because of their short term nature.

The fair values of our debt are estimated using a discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements.

The book value and fair values of our financial instruments at June 30, 2010 are as follows:

	June 30, 2010	
	Book value	Fair value
<b>Assets</b>		
Notes receivable	\$ 9,861	\$ 9,861
Restricted cash	246,462	246,462
Derivative assets	23,447	23,447
Cash and cash equivalents	260,256	260,256
	<u>\$ 540,026</u>	<u>\$ 540,026</u>
<b>Liabilities</b>		
Debt	\$ 6,393,867	\$ 5,665,330
Derivative liabilities	81,973	81,973
Guarantees	1,826	1,826
	<u>\$ 6,477,666</u>	<u>\$ 5,749,129</u>

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**AerCap Holdings N.V. and Subsidiaries**

**Notes to the Unaudited Condensed Consolidated Financial Statements**

(US dollars in thousands or as otherwise stated, except share and per share amounts)

**5. Flight equipment held for operating leases, net**

At June 30, 2010 we owned 256 aircraft (this includes the 53 aircraft added through the Genesis Transaction) and 79 engines, which we leased under operating leases to 118 lessees in 52 countries. Movements in flight equipment held for operating leases during the periods presented were as follows:

	Six months ended June 30, 2009	Twelve months ended December 31, 2009	Six months ended June 30, 2010
Net book value at beginning of period	\$ 3,989,629	\$ 3,989,629	\$ 5,230,437
Fair value of flight equipment acquired through Genesis Transaction	—	—	1,337,412
Additions	712,285	1,649,520	1,695,997
Depreciation	(101,712)	(215,574)	(147,851)
Impairment	(20,950)	(32,378)	—
Disposals	(77,181)	(119,349)	(407,215)
Transfers to flight equipment held for sale	—	—	(39,442)
Transfer (to) from inventory	(8,278)	(41,411)	(44,673)
Net book value at end of period	<u>4,493,793</u>	<u>5,230,437</u>	<u>7,624,665</u>
Accumulated depreciation/impairment at June 30, 2009, December 31, 2009 and June 30, 2010	(454,428)	(542,309)	(671,877)

**6. Notes receivable**

Notes receivable consist of the following:

	June 30, 2009	December 31, 2009	June 30, 2010
Secured notes receivable	\$ 7,555	\$ 5,763	\$ 5,435
Notes receivable in defeasance structures (1)	127,410	130,663	—
Notes receivable from lessee restructurings	1,119	2,062	4,426
	<u>\$ 136,084</u>	<u>\$ 138,488</u>	<u>\$ 9,861</u>

(1) In the six months ended June 30, 2010, the notes receivable in defeasance structures were eliminated as a result of the unwinding of the structures.

**7. Other assets**

Other assets consist of the following:

	June 30, 2009	December 31, 2009	June 30, 2010
Debt issuance costs	\$ 105,730	\$ 114,910	\$ 136,282
Other tangible fixed assets	14,456	11,242	10,532
Receivables from aircraft manufacturer	29,256	22,250	22,316
Prepaid expenses	6,124	7,532	6,349
Other receivables	30,539	24,303	39,501
	<u>\$ 186,105</u>	<u>\$ 180,237</u>	<u>\$ 214,980</u>

**AerCap Holdings N.V. and Subsidiaries**

**Notes to the Unaudited Condensed Consolidated Financial Statements**

(US dollars in thousands or as otherwise stated, except share and per share amounts)

**8. Accrued expenses and other liabilities**

Accrued expenses and other liabilities consist of the following:

	June 30, 2009	December 31, 2009	June 30, 2010
Guarantee liability	\$ 2,804	\$ 2,342	\$ 1,826
Accrued expenses	42,541	52,265	51,730
Accrued interest	10,971	9,515	18,823
Lease deficiency	10,439	13,009	22,596
Deposits under forward sale agreements	9,804	3,268	—
	<u>\$ 76,559</u>	<u>\$ 80,399</u>	<u>\$ 94,975</u>

## 9. Debt

Debt consists of the following:

	June 30, 2009	December 31, 2009	June 30, 2010 (1)
ECA-guaranteed financings	\$ 815,759	\$ 1,215,862	\$ 1,382,199
ALS securitization debt	1,043,841	973,513	892,673
ALS II securitization debt	499,146	634,059	861,546
UBS revolving credit facility	259,810	343,196	695,101
GFL securitization debt (2)	—	—	625,616
TUI portfolio acquisition facility	389,238	370,383	331,481
AeroTurbine revolving credit facility	319,168	311,497	279,662
Pre-delivery payment facilities	404,850	404,562	160,066
Genesis portfolio facility (2)	—	—	196,309
Japanese operating lease financings	88,603	86,059	83,410
Subordinated debt joint venture partners	62,704	63,317	82,337
Other debt (2)	326,437	313,553	803,467
Capital lease obligations under defeasance structures	127,410	130,663	—
	<u>\$ 4,336,966</u>	<u>\$ 4,846,664</u>	<u>\$ 6,393,867</u>

(1) As of June 30, 2010, we remain in compliance with the respective financial covenants across the Company's various debt obligations.

(2) As of June 30, 2010, our debt includes debt facilities amounting to \$904,728, which were assumed through the Genesis Transaction. Other debt, among others, includes Genesis debt facilities amounting to \$82,803.

A detailed summary of the principal terms of our indebtedness can be found in our 2009 Annual Report on Form 20-F filed with the SEC on March 15, 2010 and our March 31, 2010, interim report filed with the SEC on June 2, 2010. There have been no material changes to our indebtedness since the filing of those reports.

## AerCap Holdings N.V. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements

(US dollars in thousands or as otherwise stated, except share and per share amounts)

## 10. Equity

Movements in equity during the periods presented were as follows:

	Six months ended June 30, 2009		
	AerCap Holdings N.V. Shareholders' Equity	Non- controlling interest	Total Equity
Beginning of the period	\$ 1,109,037	\$ 17,018	\$ 1,126,055
Net income for the period	86,550	10,558	97,108
Share-based compensation	1,998	—	1,998
Capital contributions from non-controlling interests	—	40,100	40,100
Default AerVenture partner (1)	25,078	(25,078)	—
Sale to new AerVenture partner (2)	(44,781)	74,579	29,798
End of the period	<u>\$ 1,177,882</u>	<u>\$ 117,177</u>	<u>\$ 1,295,059</u>

  

	Twelve months ended December 31, 2009	
	AerCap Holdings N.V.	Non-

	Shareholders Equity	controlling interest	Total Equity
Beginning of the period	\$ 1,109,037	\$ 17,018	\$ 1,126,055
Net income for the period	165,166	41,205	206,371
Share-based compensation	3,910	—	3,910
Capital contributions from non-controlling interests	—	47,600	47,600
Default AerVenture partner (1)	25,078	(25,078)	—
Sale to new AerVenture partner (2)	(45,182)	74,578	29,396
End of the period	<u>\$ 1,258,009</u>	<u>\$ 155,323</u>	<u>\$ 1,413,332</u>

Six months ended  
June 30, 2010

	AerCap Holdings N.V. Shareholders Equity	Non- controlling interest	Total Equity
Beginning of the period	\$ 1,258,009	\$ 155,323	\$ 1,413,332
Net income for the period	83,254	18,609	101,863
Share-based compensation	1,557	—	1,557
Capital contributions from non-controlling interests	—	32,375	32,375
Issuance of equity capital Genesis Transaction	372,327	—	372,327
Sale to joint venture partner	2,072	(2,072)	—
End of the period	<u>\$ 1,717,219</u>	<u>\$ 204,235</u>	<u>\$ 1,921,454</u>

- (1) In March 2009, the 50% joint venture partner in AerVenture, LoadAir failed to make \$80.0 million in required capital contributions to AerVenture, and as a result, LoadAir lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture. As of March 31, 2009 AerVenture was a wholly owned subsidiary. The default of LoadAir increased AerCap Holdings N.V. Shareholders' Equity by \$25,078, through the elimination of the related non-controlling interest.
- (2) In June 2009, we sold 50% of AerVenture to Waha Capital. The sale to Waha Capital decreased AerCap Holdings N.V. Shareholders' Equity by \$45,182, through the establishment of the related non-controlling interest in accordance with ASC 810.

## AerCap Holdings N.V. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements

(US dollars in thousands or as otherwise stated, except share and per share amounts)

#### 11. Share-based compensation

##### AerCap Holdings N.V. Equity Grants

No additional stock options were issued under the NV Equity Plan during the six months ended June 30, 2010. At June 30, 2010, there were 1,425,000 stock options outstanding at an exercise price of \$24.63 per share, 75,000 stock options outstanding at an exercise price of \$15.03 per share and 700,000 stock options outstanding at an exercise price of \$2.95 per share. At June 30, 2010, 600,000 outstanding options were vested, 1,000,000 options have been forfeited and 1,600,000 options were subject to future time and performance-based vesting criteria. Assuming that vesting criteria applicable to unvested stock options are met in the future, including performance criteria, and that no forfeitures occur, we expect to recognize share-based compensation charges related to NV Equity Grants of approximately \$0.7 million during the remainder of 2010 and approximately \$2.0 million during 2011.

#### 12. Selling, general and administrative expenses

Selling, general and administrative expenses include the following expenses:

	Three months ended June 30, 2009	Three months ended June 30, 2010	Six months ended June 30, 2009	Six months ended June 30, 2010
Personnel expenses(1)	\$ 15,660(1)	\$ 15,095(1)	\$ 30,089(1)	\$ 29,651(1)
Travel expenses	1,792	2,002	3,493	3,711
Professional services	3,964	5,091	8,337	8,714
Office expenses	2,717	2,464	4,869	4,732
Directors expenses	871	974	1,622	1,937
Aircraft management fee	—	2,856	—	3,146
Other expenses	2,773	6,417(2)	6,580	12,887(2)
	<u>27,777</u>	<u>34,899</u>	<u>\$ 54,990</u>	<u>\$ 64,778</u>

(1) Includes share-based compensation of \$996, \$678, \$1,998 and \$1,557 in the three and six months ended June 30, 2009 and 2010, respectively.

(2) Includes charges relating to foreign exchange hedging contracts of \$3.4 million and \$6.8 million, benefits to occur in following quarters.

### 13. Earnings per common share

Basic and diluted earnings per share is calculated by dividing net income by the weighted average of our common shares outstanding. As disclosed in Note 11, there are 2.6 million share options outstanding under the NV Equity Plan. These options could become dilutive in the future. The computations of basic and diluted earnings per common share for the periods indicated below are shown in the following table:

	Three months ended June 30, 2009	Three months ended June 30, 2010	Six months ended June 30, 2009	Six months ended June 30, 2010
Net income for the computation of basic and diluted earnings per share	\$ 56,596	\$ 48,855	\$ 86,550	\$ 83,254
Weighted average common shares outstanding	85,036,957	119,386,445	85,036,957	102,211,701
<b>Basic and diluted earnings per common share</b>	<b>\$ 0.67</b>	<b>\$ 0.41</b>	<b>\$ 1.02</b>	<b>\$ 0.81</b>

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## AerCap Holdings N.V. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements

(US dollars in thousands or as otherwise stated, except share and per share amounts)

### 14. Segment information

#### Reportable Segments

We manage our business, analyze and report our results of operations on the basis of two business segments—leasing, financing, sales and management of commercial aircraft (“Aircraft”) and leasing, financing and sales of engines and parts (“Engine and parts”).

The following sets forth significant information from our reportable segments:

	Six months ended June 30, 2009		
	Aircraft	Engines and parts	Total
Revenues from external customers	\$ 386,356	\$ 116,841	\$ 503,197
Segment profit	83,534	3,016	86,550
Segment assets	5,630,155	500,672	6,130,827
Depreciation	96,888	7,602	104,490
	Six months ended June 30, 2010		
	Aircraft	Engines and parts	Total
Revenues from external customers	\$ 853,095	\$ 105,614	\$ 958,709
Segment profit	85,836	(2,582)	83,254
Segment assets	8,614,843	483,516	9,098,359
Depreciation	142,175	7,799	149,974

### 15. Commitments and contingencies

A detailed summary of our commitments and contingencies can be found in our 2009 Annual Report on Form 20-F filed with the SEC on March 15, 2010 and our March 31, 2010, interim report filed with the SEC on June 2, 2010. There have been no material changes to our commitments and contingencies since the filing of those reports.

### 16. Subsequent events

In July 2010, one of our lessees, Mexicana, filed for bankruptcy protection. The leases on all of our five aircraft have been terminated and all five aircraft have been returned to us and are currently located in our Goodyear facility.

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You should read this discussion in conjunction with our unaudited condensed consolidated financial statements and the related notes included in this Interim Report. Our financial statements are presented in accordance with generally accepted accounting principles in the United States of America, or U.S. GAAP and are presented in U.S. dollars.

### Special Note About Forward Looking Statements

This report includes “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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 report, could cause our actual results to differ substantially from those anticipated in our forward looking statements, including, among other things:

- the availability of capital to us and to our customers and changes in interest rates,
- the ability of our lessees and potential lessees to make operating lease payments to us,
- our ability to successfully negotiate aircraft and engine purchases, sales and leases, to collect outstanding amounts due and to repossess aircraft and engines under defaulted leases, and to control costs and expenses,
- decreases in the overall demand for commercial aircraft and engine leasing and aircraft management services,
- the economic condition of the global airline and cargo industry,
- competitive pressures within the industry,
- the negotiation of aircraft management services contracts,
- regulatory changes affecting commercial aircraft operators, aircraft maintenance, engine standards, accounting standards and taxes, and
- the risks set forth in “Item 3. Key Information—Risk Factors” included in our 2009 Annual Report on Form 20-F, filed with the SEC on March 15, 2010.

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

### Aircraft Portfolio

As of June 30, 2010, we owned and managed 301 aircraft, including the 53 aircraft added through the Genesis Transaction. We owned 256 aircraft and managed 45 aircraft. As of June 30, 2010, we leased these aircraft to 105 commercial airlines and cargo operator customers in 50 countries. In addition, as of June 30, 2010, we had 10 new Airbus A320 family narrow-body aircraft and 15 new Airbus A330 wide-body aircraft on order. In addition, in the second quarter of 2010, we also entered into purchase contracts for nine aircraft and signed contracts for the sale of eight aircraft. Including all owned and managed aircraft, aircraft under contract or letter of intent and aircraft in our order book, our portfolio totaled 327 aircraft as of June 30, 2010.

Aircraft type	Owned portfolio		Managed portfolio	Number of aircraft on order	Number of aircraft under purchase contract or letter of intent	Total owned, managed and ordered aircraft
	Number of aircraft owned	Percentage of total net book value	Number of aircraft			
Airbus A300 Freighter	1	0.4%	—	—	—	1
Airbus A319	30	11.4%	—	1	—	31
Airbus A320	104	38.7%	11	9	5	129
Airbus A321	20	8.4%	1	—	—	21
Airbus A330	18	17.1%	—	15	—	33
Boeing 737Classics	15	1.6%	27	—	—	42
Boeing 737NGs	43	16.7%	—	—	—	43
Boeing 747	2	1.2%	—	—	—	2
Boeing 757	9	1.4%	3	—	-4	8
Boeing 767	5	2.2%	2	—	—	7
MD-11 Freighter	1	0.4%	1	—	—	2
MD-82	2	0.0%	—	—	—	2
MD 83	4	0.1%	—	—	—	4
ERJ170-100	2	0.4%	—	—	—	2

<b>Total</b>	<b>256</b>	<b>100.0%</b>	<b>45</b>	<b>25</b>	<b>1</b>	<b>327</b>
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In July 2008, we entered into an agreement with Airbus Freighter Conversions GmbH (“AFC”) whereby AFC would convert 30 of our older Airbus A320s and A321s from passenger to freighter aircraft. Delivery of the first converted aircraft is expected to take place in the first quarter of 2012, with the remaining 29 aircraft scheduled for conversion between 2012 and 2015. In the future we may choose to continue to convert some of our older A320 and A321 aircraft to freighter aircraft.

### *Engine Portfolio*

We maintain a portfolio of high-demand, modern and fuel-efficient engines. As of June 30, 2010, we owned 79 engines and had one new engine on order and eight under letters of intent for purchase through our wholly owned subsidiary AeroTurbine. Our engine portfolio consists primarily of CFM56 series engines, one of the most widely used engines in the commercial aviation market. As of June 30, 2010, 59 of our 79 engines were CFM56 series engines manufactured by CFM International.

### *Inventory*

Our inventory consists of aircraft parts and engine parts. The aircraft parts and engine parts sales allow us to increase value of our aircraft and engine assets by putting each sub-component (engines, airframes and related parts) to its most profitable use. We sell aircraft parts and engine parts primarily to parts distributors and maintenance, repair and overhaul (“MRO”) service providers.

### **Critical Accounting Policies**

There have been no changes to our critical accounting policies from those disclosed in our 2009 Annual Report on Form 20-F filed with the SEC on March 15, 2010.

### **Comparative Results of Operations**

	Six months ended June 30,	
	2009	2010
(US dollars in thousands, except share and per share amounts)		
<b>Revenues</b>		
Lease revenue	\$ 331,042	\$ 436,005
Sales revenue	159,596	510,585
Interest revenue	5,223	2,869
Management fee revenue	6,473	5,048
Other revenue	863	4,202
<b>Total Revenues</b>	<b>503,197</b>	<b>958,709</b>
<b>Expenses</b>		
Depreciation	104,490	149,974
Asset impairment	20,950	2,721
Cost of goods sold	139,320	469,822
Interest on debt	35,475	126,931
Operating lease in costs	6,587	6,214
Leasing expenses	41,237	26,416
Provision for doubtful notes and accounts receivable	353	516
Selling, general and administrative expenses	54,990	64,778
<b>Total Expenses</b>	<b>403,402</b>	<b>847,372</b>
<b>Income from continuing operations before income taxes</b>	<b>99,795</b>	<b>111,337</b>
Provision for income taxes	(2,687)	(9,748)
Amalgamation gain, net of transaction expenses and tax	—	274
<b>Net Income</b>	<b>97,108</b>	<b>101,863</b>
Net (income) loss attributable to non-controlling interest	(10,558)	(18,609)
<b>Net Income attributable to AerCap Holdings N.V.</b>	<b>\$ 86,550</b>	<b>\$ 83,254</b>
Basic and diluted earnings per share	\$ 1.02	\$ 0.81
Weighted average shares outstanding, basic and diluted	85,036,957	102,211,701

### *Six months ended June 30, 2010 compared to six months ended June 30, 2009*

*Revenues.* The principal categories of our revenue and their variances were:

	Six months ended June 30, 2009	Six months ended June 30, 2010	Increase/ (decrease)	Percentage Difference
(US dollars in millions)				
<b>Lease revenue:</b>				
Basic rents	\$ 282.8	\$ 394.4	\$ 111.6	39.5%
Maintenance rents and end-of-lease compensation	48.2	41.6	(6.6)	(13.7)%
Sales revenue	159.6	510.6	351.0	219.9%
Interest revenue	5.2	2.9	(2.3)	(44.2)%
Management fee revenue	6.5	5.0	(1.5)	(23.1)%
Other revenue	0.9	4.2	3.3	366.7%
<b>Total</b>	<b>\$ 503.2</b>	<b>\$ 958.7</b>	<b>\$ 455.5</b>	<b>90.5%</b>

- Basic rents increased by \$111.6 million, or 39.5%, to \$394.4 million in the six months ended June 30, 2010 from \$282.8 million in the six months ended June 30, 2009. The increase in basic rents was attributable primarily to:
  - the acquisition between January 1, 2009 and June 30, 2010 of 80 aircraft for lease with an aggregate net book value of \$3.5 billion at the date of acquisition, partially offset by the sale of 19 aircraft, during such period, with an aggregate net book value of \$0.5 billion at the date of sale. The net increase in our aircraft portfolio resulted in a \$74.8 million increase in basic rents;

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- the closing of the Genesis Transaction which increased our aircraft portfolio by 53 aircraft and resulted in a \$42.9 million increase in basic rents;
- reduced by*
- a decrease of \$4.2 million in basic rents from our engine lease activities in the six months ended June 30, 2010 compared to the six months ended June 30, 2009; and
  - a decrease in payments from leases with lease rates tied to floating interest rates in the six months ended June 30, 2010 compared to the six months ended June 30, 2009 due to decreases in market interest rates, which resulted in a \$2.0 million decrease in basic rents.
- Maintenance rents and end-of-lease compensation decreased by \$6.6 million, or 13.7%, to \$41.6 million in the six months ended June 30, 2010 from \$48.2 million in the six months ended June 30, 2009. The decrease is mainly attributable to the recognition of \$21.0 million of maintenance rents in the six months ended June 30, 2009 in connection with end-of-lease payments, which also triggered an impairment of \$21.0 million in the same period.
  - Sales revenue increased by \$351.0 million, or 219.9%, to \$510.6 million in the six months ended June 30, 2010 from \$159.6 million in the six months ended June 30, 2009. The increase in sales revenue is mainly a result of increased aircraft sales in the six months ended June 30, 2010, due to an increase in liquidity in the aircraft trading market to finance aircraft acquisitions. Sales revenue in the six months ended June 30, 2010 was generated from the sale of ten aircraft, eight engines and parts inventory. In the six months ended June 30, 2010, we sold four A320 aircraft, three A330 aircraft, two Boeing 757 aircraft, one Boeing 767 aircraft and eight engines, whereas in the six months ended June 30, 2009, we sold two A321 aircraft, one A320 aircraft and 10 engines.
  - Interest revenue decreased by \$2.3 million, or 44.2%, to \$2.9 million in the six months ended June 30, 2010 from \$5.2 million in the six months ended June 30, 2009. The decrease was mainly caused by the unwinding of our notes receivable in defeasance structures, which earned \$2.0 million interest income in the six months ended June 30, 2009.
  - Management fee revenue did not materially change in the six months ended June 30, 2010 compared to the six months ended June 30, 2009.
  - Other revenue increased by \$3.3 million, or 366.7%, to \$4.2 million in the six months ended June 30, 2010 from \$0.9 million in the six months ended June 30, 2009. The increase in the six months ended June 30, 2010 was primarily related to the cash recovery of bankruptcy claims against previous lessees.

*Depreciation.* Depreciation increased by \$45.5 million, or 43.5%, to \$150.0 million in the six months ended June 30, 2010 from \$104.5 million in the six months ended June 30, 2009, due primarily to the acquisition of 80 new aircraft between January 1, 2009 and June 30, 2010 with a book value at the time of the acquisition of \$3.5 billion and the closing of the Genesis Transaction. The Genesis Transaction increased our aircraft portfolio by 53 aircraft and resulted in a \$15.3 million increase in depreciation. The increase was partially offset by the sale of 19 aircraft during this time, with a book value at the time of sale of \$0.5 billion.

*Asset Impairment.* In the six months ended June 30, 2010, we recognized an impairment of \$2.7 million. The impairment related to an intangible lease premium write-off on an aircraft acquired through the Genesis Transaction. Asset impairment was \$21.0 million in the six months ended June 30, 2009 and related to six older A320 aircraft, the impairment was triggered by the receipt of \$21.0 million of end-of-lease payments from the previous lessees.

*Cost of Goods Sold.* Cost of goods sold increased by \$330.5 million, or 237.3%, to \$469.8 million in the six months ended June 30, 2010 from \$139.3 million in the six months ended June 30, 2009. The increase in cost of goods sold is the result of the increase in aircraft sales.

*Interest on Debt.* Our interest on debt increased by \$91.4 million, or 257.5%, to \$126.9 million in the six months ended June 30, 2010 from \$35.5 million in the six months ended June 30, 2009. The majority of the increase in interest on debt was mainly caused by:

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- a \$56.4 million increase in the non-cash recognition of mark-to-market charges on derivatives to a \$34.2 million charge in the six months ended June 30, 2010 from a \$22.2 million gain in the six months ended June 30, 2009;
- an increase in the average outstanding debt balance to \$5.7 billion in the six months ended June 30, 2010 from \$4.1 billion in the six months ended June 30, 2009, resulting in a \$22.4 million increase in our interest on debt;
- an increase in our average cost of debt to 3.1% in the six months ended June 30, 2010 from 2.8% in the six months ended June 30, 2009. The increase in our average cost of debt is a result of the closing of the Genesis Transaction. This resulted in an \$8.6 million increase in our interest on debt.

*Other Operating Expenses.* Our other operating expenses decreased by \$15.1 million, or 31.3%, to \$33.1 million in the six months ended June 30, 2010 from \$48.2 million in the six months ended June 30, 2009. The principal categories of our other operating expenses and their variances were as follows:

	Six months ended June 30, 2009	Six months ended June 30, 2010	Increase/ (decrease)	Percentage difference
	(US dollars in millions)			
Operating lease-in costs	\$ 6.6	\$ 6.2	\$ (0.4)	(6.1)%
Leasing expenses	41.2	26.4	(14.8)	(35.9)%
Provision for doubtful notes and accounts receivable	0.4	0.5	0.1	25.0%
<b>Total</b>	<b>\$ 48.2</b>	<b>\$ 33.1</b>	<b>\$ (15.1)</b>	<b>(31.3)%</b>

Our operating lease-in costs did not materially change in the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

Our leasing expenses decreased by \$14.8 million in the six months ended June 30, 2010 as compared to the six months ended June 30, 2009. The decrease is primarily due to expenses of \$11.3 million recognized in the six months ended June 30, 2009, which were incurred as a result of airline defaults which occurred in 2008. We did not incur any default expenses in the six months ended June 30, 2010.

Our provision for doubtful notes and accounts receivable decreased by \$0.1 million in the six months ended June 30, 2010 as compared to the six months ended June 30, 2009. None of our leases had defaults that significantly affected the provision for doubtful notes and accounts receivable in the six months ended June 30, 2009 and 2010.

*Selling, General and Administrative Expenses.* Our selling, general and administrative expenses increased by \$9.8 million, or 17.8%, to \$64.8 million in the six months ended June 30, 2010 from \$55.0 million in the six months ended June 30, 2009. This increase is due primarily to an increase in foreign currency losses in the six months ended June 30, 2010 and an increase in selling, general and administrative expenses as a result of the closing of the Genesis Transaction.

*Income From Continuing Operations Before Income Taxes.* For the reasons explained above, our income from continuing operations before income taxes increased by \$11.6 million, or 11.6%, to \$111.4 million in the six months ended June 30, 2010 from \$99.8 million in the six months ended June 30, 2009.

*Provision for Income Taxes.* Our provision for income taxes increased by \$7.1 million or 263.0% to \$9.8 million in the six months ended June 30, 2010 from \$2.7 million in the six months ended June 30, 2009. Our effective tax rate for the six months ended June 30, 2010 was 8.8% compared to 2.7% for the six months ended June 30, 2009. Our effective tax rate in any period is impacted by the mix of operations among our different tax jurisdictions.

*Non-controlling interest, net of tax.* Our non-controlling interest net of tax increased by \$8.1 million to \$18.6 million net income attributable to non-controlling interests in the six months ended June 30, 2010 from \$10.5 million net income attributable to non-controlling interests in the six months ended June 30, 2009, due primarily to the increase in net income of our consolidated joint venture AerVenture.

*Net Income attributable to AerCap Holdings N.V.* For the reasons explained above, our net income attributable to AerCap Holdings N.V. decreased by \$3.3 million, or 3.8%, to \$83.3 million in the six months ended June 30, 2010 from \$86.6 million in the six months ended June 30, 2009.

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## Liquidity and Access to Capital

### Liquidity and Capital Resources

Our cash balance at June 30, 2010 was \$506.7 million, including restricted cash of \$246.5 million, and our operating cash flow was \$305.4 million for the six months ended June 30, 2010. Our unused lines of credit at June 30, 2010 were approximately \$2.2 billion. Our debt balance at June 30, 2010 was \$6.4 billion and the average interest rate on our debt, excluding the effect of mark-to-market movements on our interest rate caps during the six months ended June 30, 2010, was 3.1%. Our debt to equity ratio was 3.3 to 1 as of June 30, 2010.

We satisfy our liquidity requirements through several sources, including:

- lines of credit and other secured borrowings;
- aircraft and engine lease revenues;
- sales of aircraft, engines and parts;
- supplemental maintenance rent and security deposits provided by our lessees; and
- management fee revenue.

In order to access the required capital to meet our obligations under our forward purchase commitments, we have completed or have undertaken several initiatives as more fully described in our Annual Report on Form 20-F for the year ended December 31, 2009, filed with the SEC on March 15, 2010.

Since the 20-F filing we have completed the following additional initiatives:

- On March 25, 2010, we completed an all-share acquisition of Genesis. On the closing date, after the payment of all related transaction expenses, Genesis had an unrestricted cash position of \$70.6 million.
- In April 2010, we entered into a corporate debt facility agreement for \$120 million with UBS as lead arranger. The facility has a term of five years and will be used for general corporate purposes.

### Cash Flows

	Six months ended June 30, 2009	Six months ended June 30, 2010
	(US dollars in millions)	
Net cash flow provided by operating activities	\$ 181.1	\$ 305.4
Net cash flow used in investing activities	(797.6)	(1,000.5)
Net cash flow provided by financing activities	641.4	773.3

*Six months ended June 30, 2010 compared to six months ended June 30, 2009.*

*Cash Flows Provided by Operating Activities.* Our cash flows provided by operating activities increased by \$124.3 million, or 68.6%, to \$305.4 million for the six months ended June 30, 2010 from \$181.1 million for the six months ended June 30, 2009 primarily due to an increase in our aircraft portfolio and related basic lease revenues and the closing of the Genesis Transaction. A significant portion of our operating cash flows stated above, including nearly all of our cash flows from our leasing operations originate within restricted cash entities, where the financing structures in such restricted cash entities do not allow use of such cash flows to fund general operations or to fund obligations of other group entities.

*Cash Flows Used in Investing Activities.* Our cash flows used in investing activities increased by \$202.9 million, or 25.4%, to \$1,000.5 million for the six months ended June 30, 2010 from \$797.6 million for the six months ended June 30, 2009, primarily due to an increase of \$755.6 million in aircraft purchase activity (including intangible lease premiums) along with a \$59.5 million increase in restricted cash movement, partially offset by a \$347.4 million increase in asset sale proceeds, a decrease of \$201.6 million in pre-delivery payments made in the six months ended June 30, 2010 as compared to the six months ended June 30, 2009, and a decrease in our cash flows used in investing activities of \$70.6 million as a result of the closing of the Genesis Transaction.

*Cash Flows Provided by Financing Activities.* Our cash flows provided by financing activities increased by \$131.9 million, or 20.6%, to \$773.3 million for the six months ended June 30, 2010 from \$641.4 million for the six months ended June 30, 2009. This increase in cash flows provided by financing activities was due to an increase of \$196.9 million in new financing proceeds, net of repayments and debt issuance costs, an increase of \$6.8 million of net receipt of maintenance and security deposits, offset by a decrease of \$71.8 million in the capital contributions from non-controlling interests in the six months ended June 30, 2010, as compared to the six months ended June 30, 2009.

### Indebtedness

As of June 30, 2010, our outstanding indebtedness totaled \$6.4 billion and primarily consisted of export credit facilities, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

The following table provides a summary of our indebtedness at June 30, 2010:

Debt Obligation	Collateral	Commitment	Outstanding	Undrawn amounts	Final stated maturity
(US dollars in thousands)					
ECA-guaranteed financings	33 aircraft	\$ 3,066,137	\$ 1,382,199	\$ 1,683,938	2022
ALS securitization debt	62 aircraft	892,673	892,673	—	2032
ALS II securitization debt	30 aircraft	861,546	861,546	—	2038
UBS revolving credit facility	24 aircraft	850,000	695,101	154,899	2014
GFL securitization debt	39 aircraft	625,616	625,616	—	2032
TUI portfolio acquisition facility	17 aircraft	331,481	331,481	—	2015
AeroTurbine revolving credit facility	9 aircraft and 71 engines	328,000	279,662	48,338	2012
Pre-delivery payment facilities	—	228,200	160,066	68,134	2012
Genesis portfolio facility	11 aircraft	196,309	196,309	—	2015
Japanese operating lease financings	3 aircraft	83,410	83,410	—	2015
Subordinated debt joint venture partners	—	82,337	82,337	—	2015
Other debt	37 aircraft and 8 engines	1,063,533	803,467	260,066	2023
<b>Total</b>		<b>\$ 8,609,242</b>	<b>\$ 6,393,867</b>	<b>\$ 2,215,375*</b>	

\*The undrawn amounts of our current debt facilities consist of collateralized term debt available to finance pre-delivery payments and the most significant portion of the purchase price of aircraft and engines.

### Contractual Obligations

Our contractual obligations consist of principal and interest payments on debt, executed purchase agreements to purchase aircraft, operating lease rentals on aircraft under lease-in/lease-out structures and rent payments pursuant to our office leases. We intend to fund our contractual obligations through our lines of credit and other borrowings as well as internally generated cash flows. We believe that our sources of liquidity will be sufficient to meet our contractual obligations. The following table sets forth our contractual obligations and their maturity dates as of June 30, 2010:

	2010				
	(06/01/2010- 12/31/2010)	2011	2012	2013	Thereafter
(US dollars in thousands)					
Debt (1)	\$ 441,561	\$ 849,162	\$ 1,245,819	\$ 821,387	\$ 3,747,766
Purchase obligations (2)	655,437	669,578	471,022	140,632	—
Operating leases (3)	8,328	26,430	16,609	4,036	13,593
Derivative obligations	23,745	40,526	1,710	(4,849)	(13,935)
<b>Total</b>	<b>\$ 1,129,071</b>	<b>\$ 1,585,696</b>	<b>\$ 1,735,160</b>	<b>\$ 961,206</b>	<b>\$ 3,747,424</b>

- (1) Includes estimated interest payments based on one-month LIBOR and three-month LIBOR as of June 30, 2010, which were 0.35% and 0.53%, respectively.
- (2) Includes 15 new A330 wide-body aircraft on order from Airbus, 10 new A320 family aircraft on order from Airbus by AerVenture and nine A320 aircraft under signed purchase contracts.
- (3) Represents contractual operating lease rentals on aircraft under lease-in/lease-out structures and contractual payments on our office and facility leases in Amsterdam, The Netherlands, Miami, Florida, Fort Lauderdale, Florida, Goodyear, Arizona and Shannon, Ireland.

The table below provides information as of June 30, 2010 regarding our debt and interest obligations per facility type:

	2010				
	(06/01/2010- 12/31/2010)	2011	2012	2013	Thereafter
(US dollars in thousands)					
Pre-delivery payment facilities (1)	\$ 82,404	\$ 77,913	\$ 4,519	\$ —	\$ —
Debt facilities with non-scheduled amortization (2)	202,936	445,697	562,512	515,089	1,854,600
Other facilities	156,221	325,552	678,788	306,298	1,893,166
<b>Total</b>	<b>\$ 441,561</b>	<b>\$ 849,162</b>	<b>\$ 1,245,819</b>	<b>\$ 821,387</b>	<b>\$ 3,747,766</b>

- (1) Repayment of debt owed on pre-delivery payment facilities is essentially offset by proceeds received from aircraft purchase debt facilities.
- (2) Debt is amortized by the amount of free cash flow generated within each of these facilities.

### Capital Expenditures

The table below sets forth our expected capital expenditures for future periods indicated based on contracted commitments as of June 30, 2010:

	2010 (06/01/2010- 12/31/2010)	2011	2012	2013	Thereafter
	(US dollars in thousands)				
Capital expenditures	\$ 608,141	\$ 626,136	\$ 436,854	\$ 138,429	\$ —
Pre-delivery payments	47,296	43,442	34,168	2,203	—
<b>Total</b>	<b>\$ 655,437</b>	<b>\$ 669,578</b>	<b>\$ 471,022</b>	<b>\$ 140,632</b>	<b>\$ —</b>

As of June 30, 2010, we expect to make capital expenditures related to the purchase of 15 A330 aircraft, 18 A320 aircraft and one A319 aircraft on order between 2010 and 2013. As we implement our growth strategy and expand our aircraft and engine portfolio, we expect our capital expenditures to increase in the future. We anticipate that we will fund these capital expenditures through internally generated cash flows, draw downs on our committed revolving credit facilities and the incurrence of bank debt, and other debt and equity issuances.

### Off-Balance Sheet Arrangements

As of June 30, 2010, we were obligated to make sublease payments under four aircraft operating leases of aircraft with lease expiration dates between 2010 and 2013. We lease these four aircraft to aircraft operators. Since we are not fully exposed to the risks and rewards of ownership of these aircraft, we do not include these four aircraft on our balance sheet. In addition, we do not recognize a financial liability for our operating lease obligations under these leases on our balance sheet. Due to the fact that sublease receipts related to these four aircraft are insufficient to cover our lease obligations, we have recognized an onerous contract accrual on our balance sheet which is equal to the difference between the present value of the lease expenses and the present value of the sublease income discounted at appropriate discount rates. This accounting treatment, however, does not result in the same presentation as if we accounted for these aircraft as owned assets and the related operating lease obligations as debt liabilities.

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

We have entered into a joint venture, AerDragon, which does not qualify for consolidated accounting treatment. The assets and liabilities of this joint venture are off our balance sheet and we only record our net investment under the equity method of accounting.

### INDEBTEDNESS

A detailed summary of the principal terms of our indebtedness can be found in our 2009 Annual Report on Form 20-F filed with the SEC on March 15, 2010 and our March 31, 2010, interim report filed with the SEC on June 2, 2010. There have been no material changes to our indebtedness since the filing of those reports.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

The following discussion should be read in conjunction with our audited consolidated financial statements as filed with the SEC on March 15, 2010, which provide further information on our derivative instruments.

#### Interest Rate Risk

The rentals we receive under our leases are based on fixed and variable interest rates. We fund our operations with a mixture of fixed and floating rate US dollar denominated debt and finance lease obligations. An interest rate exposure arises to the extent that the mix of these obligations is not matched with our assets. This exposure is primarily managed through the use of interest rate caps using a cash flow based risk management model. This model takes the expected cash flows generated by our assets and liabilities and then calculates how much the value of these cash flows will change by for a given movement in interest rates.

The table below provides information as of June 30, 2010 regarding our debt and finance lease obligation and their related interest rate exposure:

	2010 (06/01/2010- 12/31/2010)	2011	2012	2013	2014
	(US dollars in thousands)				
Average fixed rate debt outstanding	\$ 1,008,014	\$ 947,906	\$ 848,377	\$ 762,308	\$ 687,335
Average floating rate debt outstanding	5,202,371	4,724,347	3,910,150	3,082,859	2,227,988
Fixed rate interest obligations	31,601	60,648	56,209	52,286	49,694
Floating rate interest obligations (1)	42,996	79,213	71,459	60,533	45,462

(1) Based on one-month LIBOR and three-month LIBOR as of June 30, 2010, which were 0.35% and 0.53%, respectively.

Under our interest rate caps, we will receive the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap. The caps amortize based on a number of factors, including the expiration dates of the leases under which our lessees are contracted to make fixed rate rental payments and the three- or six-month LIBOR reset dates under our floating rate leases. Under our interest rate floors, we pay for the difference when the LIBOR rate, reset monthly or quarterly on an actual/360 adjusted basis, falls below the strike rate of the relevant floor.

The table below provides information as of June 30, 2010 regarding our derivative financial instruments that are sensitive to changes in interest rates on our borrowing, including our interest rate caps, swaps and floors. The table presents the average notional amounts and weighted average strike rates relating the interest rate caps, swaps and floors for the specified year. Notional amounts are used to calculate the contractual payments to be exchanged under the contract.

	2010	2011	2012	2013	2014	2015	Thereafter	Fair value
	(US Dollars in millions)							
<b>Interest rate caps</b>								
Average notional amounts	\$ 2,444	\$ 2,350	\$ 1,804	\$ 1,317	\$ 938	\$ 673	\$ 100	\$ 23.5
Weighted average strike rate	4.02%	3.93%	3.92%	4.07%	4.60%	4.92%	4.72%	
	2010	2011	2012	2013	2014	2015	Thereafter	Fair value
	(US Dollars in millions)							
<b>Interest rate swaps</b>								
Average notional amounts	\$ 972	\$ 850	\$ 104	\$ —	\$ —	\$ —	\$ —	\$ (61.9)
Weighted average strike rate	4.89%	4.89%	4.62%	—	—		—	

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	2010	2011	2012	2013	2014	2015	Thereafter	Fair value
	(US Dollars in millions)							
<b>Interest rate floors</b>								
Notional amounts	\$ 161	\$ 141	\$ 107	\$ 70	\$ 45	\$ 27	\$ —	\$ (8.8)
Weighted average strike rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	—	—

As of June 30, 2010, the interest rate caps and floors had a fair value of \$14.7 million. The variable benchmark interest rates associated with these instruments ranged from one- to six-month LIBOR. As of June 30, 2010, the interest rate swaps had a fair value of \$61.9 million out-of-the-money. The variable benchmark interest rates associated with these two swaps is one month LIBOR.

Our Board of Directors is responsible for reviewing and approving our overall interest rate management policies and transaction authority limits. Specific hedging contracts are approved by the Treasury Committee acting within the overall policies and limits. Our counterparty risk is monitored on an ongoing basis, but is mitigated by the fact that the majority of our interest rate derivative counterparties are required to cash collateralize in the event of their downgrade by the rating agencies below a certain level. Our counterparties are subject to the prior approval of the Treasury Committee.

### **Foreign Currency Risk and Foreign Operations**

Our functional currency is the US dollar. As of June 30, 2010, all of our aircraft leases and all of our engine leases were payable in US dollars. We incur Euro-denominated expenses in connection with our offices in The Netherlands and Ireland. For the six months ended June 30, 2010, our aggregate expenses denominated in currencies other than the US dollar, such as payroll and office costs and professional advisory costs, were \$28.1 million in US dollar equivalents and represented 43.4% of total selling, general and administrative expenses. We enter into foreign exchange derivatives based on our projected exposure to foreign currency risks in order to protect ourselves from the effect of period over period exchange rate fluctuations. Mark-to-market gains or losses on such derivatives are recorded as part of selling, general and administrative expenses since most of our non-US denominated payments relate to such expenses. We do not believe that a change in foreign exchange rates will have a material impact on our results of operations. However, the portion of our business conducted in foreign currencies could increase in the future, which could increase our exposure to losses arising from currency fluctuations.

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## **PART II OTHER INFORMATION**

### **Legal Proceedings**

There have been no material changes to legal proceedings described in our 2009 Annual Report on Form 20-F, filed with the SEC on March 15, 2010.

### **Item 1. Risk Factors**

There have been no material changes to the disclosure related to the risk factors described in our 2009 Annual Report on Form 20-F, filed with the SEC on March 15, 2010.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults upon Senior Securities**

None.

### **Item 4. Submission of Matters to a Vote of Security Holders**

None.

### **Item 5. Other Information**

None.

### **Item 6. Exhibits**

None