

FINAL TRANSCRIPT

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AER - Q2 2010 AerCap Holdings N.V. Earnings Conference Call

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CORPORATE PARTICIPANTS

Peter Wortel

AerCap Holdings N.V. - VP, IR

Klaus Heinemann

AerCap Holdings N.V. - CEO

Keith Helming

AerCap Holdings N.V. - CFO

CONFERENCE CALL PARTICIPANTS

Gary Liebowitz

Wells Fargo Securities - Analyst

Andrew Light

Citi - Analyst

Scott Valentin

FBR Capital Markets - Analyst

Gary Chase

Barclays Capital - Analyst

Chris Johnson

Fidelity - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to today's AerCap 2010 second-quarter results conference call. For your information, this conference is being recorded. I would now like to hand you over to Mr. Peter Wortel, VP for Investor Relations. Mr. Wortel, please go ahead.

Peter Wortel - AerCap Holdings N.V. - VP, IR

Thank you. Good day, everyone. Welcome to the 2010 second-quarter results conference call. With me today are Klaus Heinemann, AerCap's CEO, and Keith Helming, the CFO.

Before we begin, I want to remind you that some statements made during this conference call that are not historical facts may be forward-looking statements. Forward-looking statements involve risks and uncertainties that may cause such actual results or events to differ materially from those expressed or implied in such statements.

In addition, this conference call contains time-sensitive information that reflects management's best judgments only as of the date of the live call. AerCap does not undertake any ongoing obligation, other than that imposed by law, to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after this call. Further information concerning issues that could materially affect the performance related to forward-looking statements can be found in AerCap's earnings release dated August 5, 2010. A copy of the earnings release and conference call presentation are available on our website at www.aercap.com. This call is open to the public and is being webcast simultaneously on the website and will be archived for replay.

That is it for me, so I will turn it over to Klaus. Please go ahead, Klaus.

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Klaus Heinemann - *AerCap Holdings N.V. - CEO*

Thanks, Peter, and good morning, and thank you for joining us for AerCap's second-quarter 2010 earnings call. We are happy to demonstrate to you today with our second-quarter 2010 result that AerCap has continued our track record of superior earnings per share compared to many of our industry peers, also and in particular following our amalgamation with Genesis, which is for the first time fully reflected in our quarterly P&L numbers.

With respect to the market, we believe that there is now clear evidence of a sustained cyclical upturn in our industry as highlighted by the solid financial and operational progress made by most of our airline clients around the world during the second quarter. We see no signs at this moment that this upward trend is reversing or even slowing down based on statements made by our airline clients about the third-quarter forward-looking performance (inaudible).

Our strong financial position and trading contacts have enabled us to capitalize on this through the signing of additional purchase contracts in addition to our existing CapEx for nine new aircraft, which should be delivered during the third and fourth quarter of this year. Some of these purchases were executed in cooperation with existing and newly established joint venture partners to maintain our conservative liquidity position while significantly growing our lease portfolio at the same time.

We continue to deliver stable asset, revenue and net margin growth, as Keith will demonstrate to you in a moment, and this is being reflected in the stability of our earnings per share while increasing our share capital post-amalgamation substantially.

During the second quarter of 2010, our total revenue grew by 102% year over year, mainly due to the increase in sales revenue and an increase in lease revenue driven on the one hand through the portfolio purchase of Genesis and secondly through the deliveries of ordered aircraft during the first half of this year in material numbers. Increased sales revenues are evidence of renewed investor interest in our sector, enabling AerCap to execute profitable trading opportunities in this market environment for our aircraft.

We continue to witness strong growth of airline traffic both on the passenger and cargo side. Airlines are now actively pursuing capacity growth and fleet renewal opportunities for the remainder of 2010 and 2011, which materially enhances demand for the core content of AerCap's aircraft lease portfolio. Manufacturers have recently seen, as you have heard, an increase of lessor originated orders, a trend highlighted at the recent Farnborough Airshow, but one that has mostly been driven by orders from new lessors who are building up their portfolio through replacement of orders.

For the moment we are content to monitor market development and to continue our exploratory dialogue with manufacturers. Keep in mind that we have material contracted growth through existing purchase contracts up until 2012 from our existing order book with Airbus.

Our solid balance sheet, strong cash position and our track record in raising capital was highlighted by a new record cash position of \$507 million at the quarter-end, inclusive of restricted cash and a stable debt equity ratio of 3.3 to 1, despite the fact that we materially increased the balance sheet.

Before I conclude my introduction, let me quickly summarize our operational highlights for the second quarter of 2010. During the quarter we delivered 18 aircraft and 11 engines to lessees. We purchased 19 aircraft and two engines. We also executed agreements for the purchase of another nine aircraft for delivery later this year, and we have a letter of intent for the purchase of seven engines. We sold five aircraft and five engines and executed an agreement for the sale of four aircraft. At the end of the period, our portfolio accounted for 327 aircraft and 87 engines (Company corrected after the conference call).

To conclude my introduction, we are in robust shape, and we are very well-positioned to capture the growth we expect to see in the market. AerCap is now firmly established post the amalgamation as the leading independent global aviation lessor. I, once again, reiterate our commitment to delivering significant long-term value to our shareholders, who by investing in AerCap

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invests in a company with a strong balance sheet; long-term contracted lease revenue from a globally diversified group of airlines; strong cash balances; a proven track record of raising finance at attractive terms and conditions, even during the most adverse market conditions; a growing asset base that consists of new, efficient and in-demand aircraft; and a solid and diversified global airline client base.

On that note, I would like to hand you over to Keith who will take you through the details of our quarterly financial performance.

Keith Helming - *AerCap Holdings N.V. - CFO*

Okay. Thanks. Good morning to everyone. Let me walk you through our earnings call presentation where we provide some highlights of our second-quarter financial performance.

Just to remind everyone before I start, the all share acquisition of Genesis Lease Ltd., which was completed on March 25, 2010, is fully reflected in all of our AerCap's second-quarter financial statements. Previously the Genesis transaction was only incorporated into our first-quarter balance sheet, but it was not included in our first-quarter income statement, other than a one line item reflecting a \$300,000 gain on closing the transaction. The transaction was also incorporated into just one line item in our first-quarter cash flow statement.

Our total net income in the second quarter of 2010 was \$48.9 million. Net income, excluding non-cash charges relating to the mark-to-market of our interest rate caps and share-based compensation, was \$59.6 million in the second quarter of 2010, up from \$39.1 million from the same period in 2009.

Total earnings per share were \$0.41 in the second quarter of 2010, including all items. Earnings per share were \$0.50 during this period, excluding the non-cash charges relating to the mark-to-market of our interest rate caps and share-based compensation.

Total revenue in second quarter of 2010 was \$595 million, up from \$295 million in second quarter of 2009. Basic rents increased to \$229 million, up from \$141 million over the same period in 2009.

In addition, the amount of sales revenue was up significantly over the prior year.

Net spread in second quarter of 2010 was \$169 million, up 62% over second quarter of 2009. The net spread margin percentage was 9% in second quarter of 2010, down from the same period in 2009. The decrease in the annualized margin percentage was driven by the acquisition of the Genesis portfolio and the impact from the delivery of a significant number of forward ordered aircraft.

Total sales revenue in the second quarter of 2010 was \$328 million, revenue relating to the sale of aircraft was \$283 million, the sale of engines was \$9 million, and part sales were \$36 million. Total gains from sales in the second quarter of 2010 was \$14 million on a pretax basis as compared to \$12 million in the same period in 2009.

The aircraft sold in the second quarter included two A330s, two A320s and an older 767 aircraft from the Genesis portfolio. The sale and related terms of the two A330s was previously agreed during the first half of 2009.

The total amount of leasing expenses and SG&A for second quarter of 2010 was \$54 million, which is essentially flat as compared with the same period in 2009. These amounts exclude the costs for share-based compensation. Leasing expenses on a standalone basis were lower in the second quarter of 2010 as compared to the same period in 2009, and the following page provides more details on the leasing expenses.



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SG&A costs increased in the second quarter of 2010 as compared to the same period in 2009. This increase resulted primarily from a \$3.4 million mark-to-market charge relating to foreign exchange rate hedges, plus costs from the acquisition of the Genesis portfolio. The benefit from the foreign exchange hedges will occur in the subsequent quarters.

Leasing expenses were \$16 million for the second quarter of 2010, down from \$22 million in the second quarter of 2009. The largest driver of the decrease in leasing expenses for the second quarter of 2010 was a \$4.5 million reduction in default-related costs.

We incurred a \$2.7 million charge relating to an impairment of an aircraft in the Genesis portfolio in the second quarter of 2010. However, this amount was more than offset by the amounts of maintenance reserves held as collateral on the aircraft, which was recorded as revenue on lease terminations, which occurred during the second quarter of 2010. In the second quarter of 2009, we also had impairment charges, which were offset by maintenance-related revenue.

Our blended tax rate for second quarter of 2010 was a charge of 8.8%. The tax rate for our aircraft assets was a charge of 9.5%, and the tax impact relating to our engines and parts assets was positive.

Aercap's total assets have grown 48% in the second quarter of 2010 as compared to the prior year. Total assets on the balance sheet are \$9.1 billion at the end of the second quarter. \$1.5 billion of the growth in assets was related to the Genesis transaction, and the remaining \$1.5 billion of growth reflects primarily deliveries from our forward order. The number of aircraft in our portfolio is 327, including owned aircraft, managed aircraft, and the aircraft on order under contract or subject to LOI. The number of engines owned or under contract was 87 at the end of the second quarter of 2010.

We completed \$1.8 billion of purchases of aviation assets in first half of 2010, including the purchase of 39 aircraft. In second half of 2010, we expect an additional \$700 million of committed purchases of aviation assets. The number of aircraft purchased for full-year 2010 is expected to be 54. The utilization rate was 99% for second quarter of 2010. The yields generated by our aircraft lease portfolio was 13.2% for the first half of 2010. The decrease in yield versus the full-year 2009 is primarily the result of lower interest rates, plus the delivery of new aircraft which initially have a lower yield. The average term of new leases for new aircraft entered into during first half of 2010, inclusive of letters of intent, was 138 months. The average term entered into during first half of 2010 for new leases on our existing portfolio was 65 months.

AerCap's free cash balance at the end of the second-quarter 2010 was \$260 million. As mentioned previously, our total cash balance, including restricted cash, was \$507 million at the end of second quarter of 2010. Operating cash flows were \$168 million for second quarter of 2010.

At the end of second quarter of 2010, AerCap's debt balance was \$6.4 billion, and our debt to equity ratio was 3.3 to 1. Our book equity amount is now over \$1.9 billion. The average cost of our debt in the second quarter of 2010 was 3.6%. This rate is a very low cost of funding, but it's slightly higher than the rate incurred in the second quarter of 2009. The increase in the rate was driven primarily by the Genesis transaction, plus the use of more fixed-rate financing as a hedge against increases in interest rates for our forward order aircraft. Although the fixed-rates are higher than short-term LIBOR rates incurred on floating-rate debt, these fixed-rate financings lock in a low rate over a very long period of time.

This page is meant to help better understand the increase in interest on debt from 2009 to 2010 for both the second quarter and first half as shown in our financial statements. If we focus on the two columns to the left, which relates to the second quarter, you see that interest on debt increased from \$6 million in the second quarter of 2009 to \$75.5 million in the second quarter of 2010. These are the numbers you see on our income statement.

\$39 million of this increase was due to the mark-to-market of our interest rate caps. This amount was a credit and a reduction to interest expense of \$22.8 million in the second quarter of 2009, and this amount was a charge and an increase to interest expense of \$15.9 million in the second quarter of 2010.



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In addition, we incurred an increase in interest expense of \$17.3 million in second quarter of 2010 as a result of the Genesis transaction.

Excluding both the mark-to-market amounts and the impact from the Genesis transaction, interest on debt increased approximately \$12 million to \$42.3 million in the second quarter of 2010 over the same period in 2009, primarily as a result of the increase in our lease portfolio from the delivery of forward order aircraft.

At the bottom of the page, you see the corresponding rates for the cost of our debt. Our average cost of debt in the second quarter of 2010 was 3.6% as previously shown, but the cost was only 3%, excluding the impact of the Genesis transaction as compared to 2.7% in the second quarter of 2009, even while the percent of total debt, which is fixed-rate, increased from 6% to 16%.

In order to better understand how we hedge ourselves against increases in interest rates, this page provides a segmentation of our total debt balance based on the type of hedges we have used. As of June 30, 2010, we have \$1 billion of fixed-rate financing; \$900 million of debt from the Genesis transaction, which has fixed rate swaps in place; \$2.5 billion of interest rate caps; \$1.8 billion of debt that relates to floating-rate or short-term leases; plus a small amount of other short-term debt such as pre-delivery payment financing.

As you can see, our risk to increases in interest rates is minimal and would essentially only result from the difference in the strike rates on our interest rate caps as compared to current interest rates.

With regard to our 2010 financial outlook, committed purchases of aviation assets for the full-year 2010 is expected to be approximately \$2.5 billion. This amount is \$3.8 billion, including the acquisition of the Genesis aircraft portfolio. 2010 basic rents are expected to increase 50% to 60% over 2009. The 2010 gain from aircraft sales is expected to be approximately 25% higher than 2009. The average cost of debt in 2010 is expected to be approximately 4%. The blended tax rate is expected to be approximately 9% to 10%, and the 2010 ROE is expected to be comparable to 2009.

With regard to the financial outlook for second-half 2010 as it relates to aircraft sales, which are not evenly spread throughout the various quarters, the average EPS impact for the third and fourth quarters from the sale of aircraft will be approximately \$0.02 per quarter less than what is seen in second quarter of 2010.

Okay. Those are the financial highlights for the second quarter. I will now turn it back over to Klaus.

Klaus Heinemann - AerCap Holdings N.V. - CEO

Thanks very much, Keith, and I will take it straight into the Q&A session. So if the operator could open the lines, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Gary Liebowitz, Wells Fargo Securities.

Gary Liebowitz - Wells Fargo Securities - Analyst

Can you give us an update on the Mexicana situation? I saw one report that said you were able to successfully repossess one of the five aircraft. Can you confirm you have served termination notice for all five planes and where you stand, and I have a follow-up for Keith?

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Klaus Heinemann - AerCap Holdings N.V. - CEO

I can confirm that they are filed for bankruptcy for that protection, but as you will understand, we are at this moment in the middle of a legal process. So I prefer not to comment any further on the situation other than confirming that clearly there is a bankruptcy proceeding underway.

Gary Liebowitz - Wells Fargo Securities - Analyst

Well, I guess Keith will not answer my follow-up of the potential P&L implications.

Keith Helming - AerCap Holdings N.V. - CFO

That is correct. Obviously we don't have all the information to be able to identify it specifically, but you have seen what the impact has been in previous defaults.

Klaus Heinemann - AerCap Holdings N.V. - CEO

But bear in mind what we are talking about here is round about 2% of the portfolio that is affected. So this is not a significant item, and we have, as you know, been as a much smaller company through significantly larger bankruptcies like this before. And you have seen the very limited impact that that had on the P&L. But please understand that at this moment for legal reasons we cannot comment on the details of what we are doing at this moment.

Gary Liebowitz - Wells Fargo Securities - Analyst

Okay. I understand. Then one for Keith. Keith, you lowered the basic lease revenue growth guidance a little bit to a range of 50% to 60% -- I think it had been up 60% -- despite the fact you're adding almost \$300 million more worth of aircraft this year. Can you explain that change?

Keith Helming - AerCap Holdings N.V. - CFO

Well, the \$300 million of additional purchases will occur more toward the end of this year, so it really does not have an impact on 2010. And I widened the gap, if you will, on the guidance just to take into consideration obviously what has been happening with Mexicana just to give ourselves some leeway until we understand completely what is going on.

Gary Liebowitz - Wells Fargo Securities - Analyst

Okay. Keith, can you tell us of the reported basic lease rentals how much of that came from Genesis?

Keith Helming - AerCap Holdings N.V. - CFO

We can and we talked about it I think in the last earnings report, but I don't have the numbers in front of me.

Gary Liebowitz - Wells Fargo Securities - Analyst

Okay. I will get back in the queue.

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Operator

Andrew Light, Citi.

Andrew Light - Citi - Analyst

I have got a question. I just came out of the Fly call yesterday. They commented that they are seeing much stronger rebound in lease rates for the 737 aircraft rather than A320 family. But then they also caveated saying they are not really a big A320 operator, but you are. Would you concur with those comments if you heard them?

Klaus Heinemann - AerCap Holdings N.V. - CEO

Yes and no. I have seen them in the press coverage this morning. I think it is more an engine issue than an aircraft issue. I think it has to do with the fact that all 737-800s, as you know, are CFM-powered, but not all of the A320s. We see a distinction between IAE and CFM-powered A320s. That is, indeed, correct, but on the CFM-powered A320s, I can see no significant delta between the positive movement we see on the 800s and them. On the IAE, they are lagging. That is correct. So I think it is an engine and not an aircraft type issue.

Andrew Light - Citi - Analyst

And as a follow-up, we have seen a lot of new entrants into the business. I mean presumably competition for the new leases is holding up. I also had a question as to what is holding you back from placing a new order with manufacturers at this stage given that others have?

Klaus Heinemann - AerCap Holdings N.V. - CEO

First of all, we have no urgent need. As I said in my prepared remarks, we have, unlike them, material deliveries coming through next year and 2012. So I have the ability to not have to rush this.

Having said that, as I said in the prepared remarks, we are in discussions with the manufacturers, and if the terms and conditions are correct, we will seek to look at the 2013/2014/2015 procurement scenario. But we have the luxury of having existing delivery positions that the newly established competitors will find difficult to get in the crucial growth years of 2011 and 2012.

Andrew Light - Citi - Analyst

Right. Okay. Just quickly, the nine planes that you are getting -- that are coming later in the year, are those new aircraft -- (multiple speakers)?

Klaus Heinemann - AerCap Holdings N.V. - CEO

(multiple speakers) Yes, they are all brand-new.

Andrew Light - Citi - Analyst

They are new? Okay. Thank you.

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Operator

Scott Valentin, FBR Capital Markets.

Scott Valentin - *FBR Capital Markets - Analyst*

Keith, you referred to earlier the duration of financing extending a little bit. Is that a shift in strategy given the low rate environment, or is that just a reflection of the type of financing you are getting now with ECA?

Keith Helming - *AerCap Holdings N.V. - CFO*

It is more of a shift in strategy, considering where the interest rates are and where the yield curve is. So we have been able to put in place long-term fixed financing 10 years plus on many of our forward order aircraft. And obviously we do give some short-term benefits in terms of the fixed rates versus LIBOR rates, but obviously in the long term, we have locked in some very solid rates on the aircraft.

Scott Valentin - *FBR Capital Markets - Analyst*

Okay. And then Klaus, a question for you. You noted the strength overall in the industry. Is there any opportunities maybe to go with older aircraft, given some of the -- it seems to me the financing is a big hurdle when it comes to older aircraft, and maybe there is less competition in that area.

Klaus Heinemann - *AerCap Holdings N.V. - CEO*

Well, there are a couple of things with older aircraft. I mean older aircraft clearly produce higher unlevered asset yields. But there are a couple of issues you have to bear in mind. The first one is these are aircraft that in a down cycle reacts more volatile. Secondly, these are aircraft that are more difficult to leverage, and the leverage is more expensive. And thirdly and also importantly, the technical costs on older aircraft are much more difficult to predict than on newer aircraft. If you put all of that together, we feel very happy in our focus on the modern most part of the range of passenger aircraft, and we happily leave that niche to others to explore. We have done that in the past, and I don't think we will go there again.

Scott Valentin - *FBR Capital Markets - Analyst*

Okay. And just as a follow-up I think to our other question, you are seeing more capital come into the space. There have been some private equity transactions. Is that changing the dynamic at all in terms of acquiring planes? Is there now more competition for plans?

Klaus Heinemann - *AerCap Holdings N.V. - CEO*

As a starter, it is good news that private equity is sharing our viewpoint that we are at the beginning of a sustained up cycle. Because, otherwise, they would not make these commitments if they would not share that view.

Secondly, that is also good news, the appearance of this equity increases the liquidity that we see in the market, and that's good news for all of us. Because, first of all, it gives us trading opportunities, but also it moves people away from guessing with the appraisers where values are, and it creates better data points of where is the real value. So I think these data points will surprise to the upside.

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And thirdly and also importantly, we believe that most of this equity at least in our judgment has gone to people who have a lot of experience in this industry, and again, that is good news. Because the ones you fear in the industry are the ones who don't know what they are doing. And the people who got the majority of these new equity contributions know very well what they are doing.

So I welcome it. I don't see this as a threat at all.

Operator

(Operator Instructions). Gary Chase, Barclays Capital.

Gary Chase - Barclays Capital - Analyst

I want to ask a couple of quick ones. First, could you just describe for us what the actual aircraft are that you have in Mexicana just so we can get our arms around what the assets are? (multiple speakers)

Klaus Heinemann - AerCap Holdings N.V. - CEO

(multiple speakers) 4 A319's and one very old destined for part out A320.

Gary Chase - Barclays Capital - Analyst

Okay. And the vintage of those 319s, any sense for where those are?

Klaus Heinemann - AerCap Holdings N.V. - CEO

They are very young. Most are between one- and two-years-old, which means they are very marketable.

Gary Chase - Barclays Capital - Analyst

Right. That is what I was driving at. Just a quick knit and then I have one more for Keith. What was the gain on actual aircraft sales in the quarter of the 12.4 -- or, excuse me, of the 14.4 that you're showing in total sales gains?

Keith Helming - AerCap Holdings N.V. - CFO

It is roughly about \$10 million of it. Roughly.

Gary Chase - Barclays Capital - Analyst

And then what I really wanted to ask is, you got asset values presumably moving up. You're generating cash, and you're amortizing some of these structures. I'm wondering if you feel like we are getting closer to the point where you might be able to refinance some of the existing structures and free up some discretionary cash?

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Keith Helming - *AerCap Holdings N.V. - CFO*

Gary, you are correct. I don't know if you recall, but in the Investor Day presentation, we showed what the amortization of our debt profile looks like. It shows over our entire portfolio loan to value dropping from 75% in 2010 to less than 60% by 2013. That obviously indicates that there is going to be a lot of refinancing opportunities. We are already looking at one-off aircraft and beginning that sort of refinancing activity, but we do expect certainly over the course of the next 18 months to look at various portfolios and to be able to take advantage of exactly what you just described.

Gary Chase - *Barclays Capital - Analyst*

That does not sound like things are changing quickly enough maybe that you think that timetable has dramatically shifted?

Keith Helming - *AerCap Holdings N.V. - CFO*

No, like I said, we have been taken advantage of on an one-off basis one or two aircraft here or there. But we are doing various evaluations on portfolios, if you will. So it looks in our view like it's heading toward some opportunities here. I mean certainly maybe it will be sooner than 18 months. I'm just hedging my bets that hopefully it will be much sooner.

Operator

Gary Liebowitz, Wells Fargo Securities.

Gary Liebowitz - *Wells Fargo Securities - Analyst*

Klaus, you mentioned in your prepared comments you were also seeing strength in the cargo market. You own only two cargo planes, I believe. Should we read anything into your comment there?

Klaus Heinemann - *AerCap Holdings N.V. - CEO*

No. You should not. It has an indirect impact on us because a number, especially of the European flag carriers, also have very substantial cargo operations, so their financial performance also depends on that of the cargo operations. That is, by the way, also true for most of our Asian clients, if you look at an Asiana or Air China or Korean lines or Thai Airways. So this has more to do with this helps our clients to regain full financial strength. We are very happy in the market that we are focused on, which is, as you know, the modern most narrow bodies and the midsized wide bodies.

Gary Liebowitz - *Wells Fargo Securities - Analyst*

And Klaus, you had mentioned in the past that one of the opportunities for you might be in the backlogs, acquiring some of the backlogs of some of the troubled lessors. I'm hearing less of that now. Is that still on the table perhaps?

Klaus Heinemann - *AerCap Holdings N.V. - CEO*

Well, there are fewer troubled lessors, aren't there? I mean it is -- this time last year there was a significant number of lessors where there were big question marks about their survival and consequently about their order book. Practically all of that has disappeared one way or the other, either by way of them stabilizing like ILFC or CIT or RBS Aviation. All of them in some other fashion getting themselves out of the corner they were in like in the case of DAE and Dubai.

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So these opportunities that might have developed at the time practically all have disappeared. Which is, by the way, also one of the reasons why the manufacturers are so sold out. Because these positions were in their books as potential cancellations. And they now assume that in most of these cases they will actually deliver, which is one of the reasons why the manufacturers have significantly revised their production planning between now and 2014.

Gary Liebowitz - Wells Fargo Securities - Analyst

Okay. Thanks. And just one clarification for Keith. The 50% to 60% lease revenue growth, that's a number you actually expect to print, or is that a pro forma number had you owned Genesis the entire year?

Keith Helming - AerCap Holdings N.V. - CFO

That is the number that would actually print. So it takes into consideration three quarters worth of Genesis.

Operator

(Operator Instructions).

Klaus Heinemann - AerCap Holdings N.V. - CEO

Okay. It looks like we are through with the questions. Operator, is there no other in the queue?

Operator

[Chris Johnson], Fidelity.

Chris Johnson - Fidelity - Analyst

I was just calling to see if there was any chance of a possible stock buyback with the book value so low?

Klaus Heinemann - AerCap Holdings N.V. - CEO

Well, that will depend on where the share price will go over the next 12 to 18 months. Over the next 12 to 18 months, while our existing CapEx is still being executed, the board feels that it is most prudent to retain a very healthy cash balance. Once we are through with the CapEx program, the board will take a look at the share price at that point in time, and then, indeed, that will be a very straightforward decision with regards to incremental dollars being reinvested into share buybacks or into investment. But that will depend on the share price in 12 to 18 months rather than now. Because in the coming year, we have, as we mentioned at the Investor Day, around \$800 million of CapEx still coming our way. So in the market environment and the remaining uncertainties that we see, especially in the financial markets, we believe it is prudent to retain the cash position until we are through with that.

So revisiting this position, expect that in a 12- to 18-month time horizon, not now.

Operator

As we have no further questions, I would like to turn the call back over to you, gentlemen, for any additional or closing remarks.

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Klaus Heinemann - AerCap Holdings N.V. - CEO

Okay. Well, thank you very much, and enjoy the rest of the summer holidays, and we shall talk to you in November when we will be back in New York with our usual investor lunch to follow the earnings call. Thanks very much.

Keith Helming - AerCap Holdings N.V. - CFO

Thanks, everyone.

Operator

That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.

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