AerCap Holdings N.V. Dutch GAAP Annual Report
for the year ended December 31, 2013

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AerCap Holdings N.V. Annual Report 2013, Amsterdam

DIRECTORS' REPORT

Description of business

We are an integrated global aviation company with a leading market position in aircraft leasing. It is our strategy to acquire aviation assets at attractive prices, lease the assets to suitable lessees, and manage the funding and other lease related costs efficiently. We also provide aircraft management services. We believe that by applying our expertise through an integrated business model, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our shareholders. We are headquartered in The Netherlands and have offices in Ireland, the United States, Singapore, China and the United Arab Emirates, with a total of 163 employees, as of December 31, 2013.

We operate our business on a global basis, providing aircraft to customers in every major geographical region. As of December 31, 2013, we owned 236 aircraft and seven engines, managed 69 aircraft, had 44 new aircraft on order, which included three A330 aircraft, five A320neo aircraft, nine A350 aircraft, 20 Boeing 737 aircraft (including five purchase rights as part of a Boeing order) and seven Boeing 787 aircraft. In addition, we had entered into sales contracts for four aircraft. In addition, we have a 20.3% ownership in a joint venture that owned, or had on order, 33 aircraft, as of December 31, 2013, which was not included in the above.

We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk of the residual value of the equipment at the end of the lease. As of December 31, 2013, our owned and managed aircraft, including AerDragon, were leased to 89 commercial airline and cargo operator customers in 48 countries and managed from our offices in The Netherlands, Ireland, the United States, Singapore, China and the United Arab Emirates.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft transactions in a variety of market conditions. From January 1, 2011 to December 31, 2013, we executed over 400 aircraft transactions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft portfolio. Between January 1, 2011 and December 31, 2013, our weighted average owned aircraft utilization rate was 98.8%. Our utilization rate for aircraft is calculated based on the average number of months the aircraft are on lease each year. The utilization rate is weighted proportionate to the net book value of the aircraft at the end of the period measured.

We were formed as a Netherlands public limited liability company ("*naamloze vennootschap" or "N.V.*") on July 10, 2006. On November 27, 2006, we completed the initial public offering of 26.1 million of our ordinary shares on the New York Stock Exchange. On August 6, 2007 we completed the secondary offering of 20.0 million additional of our ordinary shares on the New York Stock Exchange. On March 25, 2010, the all-share acquisition of Genesis was completed and increased our outstanding ordinary shares by 34.3 million. On November 11, 2010, we completed a transaction with Abu Dhabi-based investment holding company Waha. As part of this transaction our outstanding ordinary shares increased by 29.8 million. During 2011 and 2012 we repurchased 35.9 million of our ordinary shares in the market under our share repurchase programs. These shares have all been cancelled. As of December 31, 2013, we had 113.8 million shares issued and outstanding.

On December 16, 2013, we announced that we entered into a definitive agreement with American International Group ("AIG") under which we will acquire 100% of the common stock of International Lease Finance Corporation ("ILFC"), a wholly-owned subsidiary of AIG. If the acquisition of ILFC (the "ILFC Transaction") is completed, the combined company will retain the name AerCap, and ILFC will become a wholly-owned subsidiary of AerCap. Upon consummation of the ILFC Transaction, our total aircraft portfolio will consist of over 1,300 aircraft and an order book of 379 new aircraft contracted to be delivered as of December 31, 2013. Under the terms of the Acquisition agreement, AIG will receive $3.0 billion in cash and 97,560,976 AerCap shares. As part of the transaction, AerCap will assume approximately $21 billion of ILFC's debt. In addition, AIG will provide AerCap with a committed five-year $1.0 billion unsecured revolving credit facility. The ILFC Transaction is subject to receipt of necessary regulatory approvals and satisfaction of other customary closing conditions and is expected to close in the second quarter of 2014. We cannot assure you that we will be able to satisfy the conditions or obtain the approvals required to complete the ILFC Transaction (*See* Risk Factors—"Risks Related to the ILFC Transaction").

Our principal executive offices are located at AerCap House, Stationsplein 965, 1117 CE Schiphol, The Netherlands, and our general telephone number is +31 20 655-9655. We are registered in the Commercial Register of the Chamber of Commerce and Industry of Amsterdam, The Netherlands under number 34251954. Our website address is *www.aercap.com*. Information contained on our website does not constitute a part of this annual report.

Our Business Strategy

We intend to pursue the following business strategies:

Manage the Profitability of our Aircraft Portfolio by selectively:

- purchasing aircraft directly from manufacturers;
- entering into sale-leaseback transactions with aircraft operators;
- using our global customer relationships to obtain favorable lease terms for aircraft and maximizing aircraft utilization;
- maintaining diverse sources of global funding;
- optimizing our portfolio by selling select aircraft; and
- providing management services to securitization vehicles, our joint ventures and other aircraft owners at limited incremental cost to us.

Our ability to profitably manage our aircraft portfolio depends in part on our ability to successfully source acquisition opportunities of new and used aircraft at favorable prices, as well as secure long-term funding for such acquisitions, lease aircraft at profitable rates, minimize downtime between leases and associated technical expenses and opportunistically sell aircraft.

Efficiently Manage our Liquidity. As of December 31, 2013, we had access to $0.9 billion of committed undrawn credit facilities, excluding the financing facilities related to the ILFC Transaction. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, securitization structures, note issuance and export/import financings including European Export Credit Agencies ("ECA") guaranteed loans, in order to maximize our financial flexibility. We also leverage our long-standing relationships with the major aircraft financers and lenders to secure access to capital. In addition, we attempt to maximize the cash flows and continue to pursue the sale of aircraft to generate additional cash flows.

Expand Our Aircraft Portfolio. We intend to grow our portfolio of aircraft through new aircraft purchases, sale-leasebacks, airline refleetings, acquisitions and other opportunistic transactions that increase our aircraft portfolio. We will rely on our experienced team of portfolio management professionals to identify and purchase assets we believe are being sold at attractive prices or that we believe will increase in demand and value. In addition, we intend to continue to rebalance our aircraft portfolio through acquisitions and sales to maintain the appropriate mix of aviation assets to meet our customers' needs.

Maintain a Diversified and Satisfied Customer Base. We currently lease our owned and managed aircraft, including AerDragon, to 89 different airlines in 48 different countries. We monitor our exposure concentrations by both lessee and country jurisdiction and intend to maintain a well-diversified customer base. We believe we offer a quality product, both in terms of asset and customer service, to all of our customers. We have successfully worked with many airlines to find mutually beneficial solutions to operational and financial challenges. We believe we maintain excellent relations with our customers. We have been able to achieve a high utilization rate on our aircraft assets as a result of our customer reach and quality product offering and strong portfolio management capabilities.

Selectively Pursue Acquisitions. We intend to selectively pursue acquisitions that we believe will provide us with benefits currently not available to us, such as the ILFC Transaction, the Genesis Transaction and the Waha Transactions. The synergies, economies of scale and operating efficiencies we expect to derive from the acquisitions will allow us to strengthen our competitive advantages and diversify our sources of revenue. If we complete the ILFC Transaction, we will continue to selectively pursue acquisitions in the long term.

ILFC Acquisition. If we complete the ILFC Transaction, we will focus on integration in the short term while maintaining the efficiency of our operations in order to achieve our operational, financial and strategic objectives. We plan to continue to execute our business strategy described above with modifications as deemed appropriate.

Risk Factors

Our business is subject to various risks relating to changing competitive, economic, political, regulatory, legal, social, industrial, business and financial conditions. These conditions are described below. The following main risk factors could harm our business, financial condition and operating results, adversely affect our revenues and profitability, and possibly lead to a drop in the trading price of our shares:

Risks Related to Our Business

- We require significant capital to fund our obligations under our forward purchase commitments.
- Our business model depends on the continual re-leasing of our aircraft when current leases expire and the leasing of new aircraft on order, and we may not be able to do so on favorable terms, if at all.
- Our financial condition is dependent, in part, on the financial strength of our lessees; lessee defaults, bankruptcies and other credit problems could adversely affect our financial results.
- If our lessees encounter financial difficulties and we decide to restructure our leases, the restructuring would likely result in less favorable leases which could adversely affect our financial results.
- We have incurred costs resulting from lessee defaults and may incur similar costs in the future.
- The business of leasing, financing and selling aircraft has historically experienced prolonged periods of oversupply during which lease rates and aircraft values, relating particularly to older and less fuel efficient aircraft, have declined, and any future oversupply could materially and adversely affect our financial results.

- The value and lease rates of our aircraft could decline and this would have a material adverse effect on our financial results.
- Changes in demand and supply of aircraft could depress lease rates and the value of our aircraft portfolio.
- We were required to write-down the value of some of our assets during 2012 and 2013 and if economic conditions worsen again or further worsen, we may be required to make additional write-downs.
- Our limited control over our joint ventures may delay or prevent us from implementing our business strategy which may adversely affect our financial results.
- Changes in interest rates may adversely affect our financial results.
- Our level of indebtedness requires significant debt service payments.
- We are indirectly subject to many of the economic and political risks associated with emerging markets, which could adversely affect our financial results.
- We are exposed to significant regional political and economic risks due to the concentration of our lessees in certain geographical regions which could adversely affect our financial results.
- If we or our lessees fail to maintain our aircraft, their value may decline and we may not be able to lease or re-lease our aircraft at favorable rates, if at all, which would adversely affect our financial results.
- Strong competition from other aircraft lessors could adversely affect our financial results.
- Aircraft have limited economically useful lives and depreciate over time, which can adversely affect our financial condition.
- The advent of superior aircraft and engine technology or the introduction of a new line of aircraft could cause our existing aircraft portfolio to become outdated and therefore less desirable, which could adversely affect our financial results.
- Airbus and Boeing have launched new aircraft types, which could decrease the value and lease rates of aircraft we own.
- If our lessees' insurance coverage is insufficient, it could adversely affect our financial results.
- If our lessees fail to appropriately discharge aircraft liens, we may be obligated to pay to discharge the aircraft liens, which could adversely affect our financial results.
- Conflicts of interest may arise between us and customers who utilize our fleet management services, which may adversely affect our business interests.
- In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine.
- Failure to obtain certain required licenses, certificates and approvals could adversely affect our ability to re-lease or sell aircraft, our ability to perform maintenance services or to provide cash management services, which would materially and adversely affect our financial condition and results of operations.
- We are subject to various risks and requirements associated with transacting business in foreign countries.
- Our ability to operate in some countries is restricted by foreign regulations and controls on investments.

- There are a limited number of aircraft and engine manufacturers and the failure of any manufacturer to meet its aircraft and engine delivery obligations to us could adversely affect our financial results.
- We and our customers are subject to various environmental regulations that may have an adverse impact on our financial results.
- We are the manager for several securitization vehicles and joint ventures and our financial results would be adversely affected if we were removed from these positions.
- The departure of senior managers could adversely affect our financial results.
- A cyber-attack that bypasses our information technology, or IT, security systems, causing an IT security breach, may lead to a material disruption of our IT systems and the loss of business information which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

Risks Related to the Aviation Industry

- Interruptions in the capital markets could impair our lessees' ability to finance their operations which could prevent the lessees from complying with payment obligations to us.
- The global sovereign debt crisis as well as the partial or full break-up of the EMU could result in higher borrowing costs and more limited availability of credit, as well as impact the overall airline industry and the financial health of our lessees among other uncertain impacts.
- Airline reorganizations could impair our lessees' ability to comply with their lease payment obligations to us.
- A return to historically high fuel prices or continued rapid fluctuations in fuel prices and high fuel costs could affect the profitability of the aviation industry and our lessees' ability to meet their lease payment obligations to us, which would adversely affect our financial results.
- If the effects of terrorist attacks and geopolitical conditions continue to adversely affect the financial condition of the airlines, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results.
- The effects of epidemic diseases and natural disasters, such as extreme weather conditions, floods, earthquakes and volcano eruptions may adversely affect the airline industry in the future, which might cause our lessees to not be able to meet their lease payment obligations to us, which would adversely affect our financial results.

Risks Related to Our Organization and Structure

- If the ownership of our ordinary shares continues to be highly concentrated, it may prevent minority shareholders from influencing significant corporate decisions and may result in conflicts of interest.
- We are a Netherlands public limited liability company ("naamloze vennootschap" or "N.V.") and it may be difficult to obtain or enforce judgments against us or our executive officers, some of our directors and some of our named experts in the United States.
- Our international operations expose us to geopolitical, economic and legal risks associated with a global business.
- If our subsidiaries do not make distributions to us we will not be able to pay dividends.

- Our financial reporting for lease revenue may be significantly impacted by a proposed new accounting standard for lease accounting.

Risks Related to Taxation

- We may become a passive foreign investment company, or PFIC, for U.S. federal income tax purposes.
- We may become subject to income or other taxes in jurisdictions which would adversely affect our financial results.
- We may incur current tax liabilities in our primary operating jurisdictions in the future.
- We may become subject to additional Irish taxes based on the extent of our operations carried on in Ireland.
- We may fail to qualify for benefits under one or more tax treaties.

Risks Related to the ILFC Transaction

- We may be unable to satisfy the conditions or obtain the approvals required to complete the ILFC Transaction or such approvals may contain material restrictions or conditions.
- If completed, the ILFC Transaction may not be successful or achieve its anticipated benefits.
- The ILFC Transaction may prove disruptive and could result in the combined business failing to meet our expectations.
- The ILFC Transaction could adversely impact our relationship with our customers and may result in the departure of key personnel.
- Failure to complete the ILFC Transaction could adversely affect the market price of our ordinary shares as well as our business, financial condition, results of operations and cash flows.
- Investors holding our ordinary shares immediately prior to the completion of the ILFC Transaction will, in the aggregate, have a significantly reduced ownership and voting interest in us after the ILFC Transaction and will exercise less influence over management.
- After the completion of the ILFC Transaction, sales of our ordinary shares may negatively affect the market price thereof.

2013 Financial and Operating Review

- On March 26, 2013, Cerberus Capital Management, L.P., through its affiliate, Ferm S.a.r.l, sold approximately 8.2 million ordinary shares in the Company, reducing Cerberus' stake in the Company to less than 0.1%;
- On May 6, 2013, East Epoch Limited agreed to become a new shareholder of AerDragon Aviation Partners Limited, the Company's operating lease joint venture that primarily serves the aviation markets in China and Asia. China Aviation Supplies Holding Company (CAS), a founder of AerDragon, agreed to simultaneously increase its investment in AerDragon. This was in addition to the previously committed capital increase agreed by CAS and the other founders of AerDragon, AerCap and CA-CIB. These new investments when completed will bring AerDragon's total share capital to $268.5 million. At the date of this report AerDragon's total capital is $223.5 million;
- On May 13, 2013, we amended our AerFunding revolving credit facility with Credit Suisse AG, Bank of America Merrill Lynch and RBC Capital Markets and the other lenders party thereto.

The amendment increased the facility size to $1.3 billion and extended the final maturity to June 2018;

- On May 28, 2013, we entered into a $2.6 billion purchase and leaseback agreement with LATAM for 25 widebody aircraft, including 15 deliveries scheduled between 2014 and 2018. The aircraft consist of nine new Airbus A350-900s, four new Boeing 787-9s, two new Boeing 787-8s from LATAM's order backlog and ten Airbus A330-200s with an average age of four years from LATAM's existing fleet. As of December 31, 2013 ten aircraft had been purchased and leased back to LATAM.
- On October 21, 2013, we closed a $180 million senior unsecured revolving and term loan facility. The five year facility comprises a three year revolving period followed by a two year term loan period. The size of the facility may be increased up to $250 million in the aggregate if certain conditions are met. DBS Bank Ltd. acted as mandated lead arranger for a syndicate of ten banks;
- On December 16, 2013, we announced that we entered into a definitive agreement with AIG under which we will acquire 100% of the common stock of ILFC, a wholly-owned subsidiary of AIG. If the ILFC Transaction is completed, the combined company will retain the name AerCap, and ILFC will become a wholly-owned subsidiary of AerCap. Under the terms of the agreement, AIG will receive $3.0 billion in cash and 97,560,976 AerCap shares. After the ILFC Transaction, AerCap's total aircraft portfolio will be valued at approximately $35 billion, with a fleet of over 1,300 aircraft and an order book of 379 new aircraft contracted to be delivered. As part of the ILFC Transaction, AerCap will assume approximately $21 billion of ILFC's debt. In addition, AIG will provide AerCap with a committed five-year $1.0 billion unsecured revolving credit facility. The transaction is expected to close in the second quarter of 2014;
- On December 16, 2013, AerCap Ireland Capital Limited (“AerCap Capital”), a wholly-owned subsidiary of AerCap, entered into a $2.75 billion bridge credit agreement with UBS AG, Stamford Branch, as administrative agent, and Citibank N.A. as syndication agent. The proceeds from the facility may be to the ILFC Transaction. Additionally, AerCap Capital entered into a $1 billion revolving credit facility with AIG, the proceeds of which will become available upon the closing of the ILFC Transaction for general corporate purposes.

Results of Operations

Net income attributable to AerCap Holdings N.V. for the full year 2013 was $181.1 million. Total basic earnings per share and fully diluted earnings per share for the full year 2013 were $1.60 and $1.57 respectively. The average number of outstanding basic shares was 113.5 million for the year ended December 31, 2013.

Aviation Assets

We acquired $1.8 billion of aviation assets including 38 aircraft in 2013. Total assets were $9.3 billion as of December 31, 2013. Total assets increased 8% during 2013 which was driven primarily by new aircraft purchases. As of December 31, 2013, we owned 236 aircraft and seven engines, managed 69 aircraft, had 44 new aircraft on order, which included three A330 aircraft, five A320neo aircraft, nine A350 aircraft, 20 Boeing 737 aircraft (including five purchase rights as part of a Boeing order) and seven Boeing 787 aircraft. In addition, we had entered into sales contracts for four aircraft. The four aircraft off-lease as of December 31, 2013 were subject to lease agreements as of December 31, 2013. Two of these aircraft have been delivered since December 31, 2013 and the remaining two are scheduled for delivery in the first and second quarter of 2014.

In addition, we have a 20.3% ownership in a joint venture that owned, or had on order, 33 aircraft as of December 31, 2013, which was not included in the above.

Liquidity and Access to Capital

Our cash balance at the end of 2013 was $568.3 million including restricted cash of $272.8 million and our operating cash flow was $694.9 million for the full year. The available lines of credit at December 31, 2013 were approximately $0.9 billion, excluding the financing facilities relating to the ILFC Transaction. Our debt balance at December 31, 2013, was $6.2 billion and the average annual interest rate on our debt in 2013 was 3.9%. Our debt to equity ratio stood at 2.6 to 1 as of December 31, 2012. We completed several financings during 2013.

The table below provides information as of December 31, 2013, regarding our derivative financial instruments that are sensitive to changes in interest rates on our borrowing, including our interest rate caps and floors. The table presents the average notional amounts and weighted average interest rates which are contracted for the specified year. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Weighted average variable rates are based on implied forward rates in the yield curve at the applicable date.

	2014	2015	2016	2017	2018	2019	Thereafter	Fair value
	(U.S. dollars in millions)							
Interest rate caps								
Notional amounts	$1,728	$1,458	$1,125	$ 837	$ 572	$ 235	$ 65	$32.5
Weighted average strike rate	1.97%	1.94%	2.23%	2.56%	2.90%	2.48%	2.76%	

	2014	2015	2016	2017	2018	2019	Thereafter	Fair value
	(U.S. dollars in millions)							
Interest rate swaps								
Notional amounts	383	$ 300	$ 135	$—	$—	$—	$—	$(5.7)
Weighted average pay rate	1.37%	1.15%	0.99%	—	—	—	—	

	2014	2015	2016	2017	2018	2019	Thereafter	Fair value
	(U.S. dollars in millions)							
Interest rate floors								
Notional amounts.	$ 45	$ 9	$—	$—	$—	$—	$—	$(1.6)
Weighted average pay rate	3.00%	3.00%	—	—	—	—	—	

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

Personnel and Financial Outlook

We had 163 (2012: 159) employees as of December 31, 2013. We expect that the number of personnel will increase if the ILFC Transaction is completed. For 2014 we already committed $699 million of aircraft purchases. If the ILFC Transaction is completed we expect to generate approximately $5.0 billion of annual revenue, $3.0 billion annual operating cash flow, $1.0 billion of annual net income and earnings per share of $4.00. The ILFC Transaction is subject to receipt of necessary regulatory approvals and satisfaction of other customary closing conditions and is expected to close in the second quarter of 2014.

Corporate Governance

As we are listed on the NYSE and are a Netherlands public limited company ("naamloze vennootschap or N.V.") we are required to comply with the Sarbanes-Oxley Act and certain corporate governance requirements and best practices set out by NYSE, the U.S. Securities and Exchange

Commission (SEC) and Dutch Corporate Governance Code (also referred to herein as the "Code"). We have elected to be exempt from the NYSE rules on Directors independence as a foreign private issuer.

At AerCap, we are committed to upholding the highest standard in corporate governance and ethic practices. We believe our numerous internal policies and procedures provide a structure for the operation of the Company that is consistent with the best interests of our shareholders and customers as well as requirements of applicable law and modern standards of corporate governance. We endeavour to ensure our policies and procedures comply with both U.S. and Dutch corporate governance requirements, to the extent possible and desirable. In this report, we discuss our corporate governance structure.

The Code contains principles and best practices for Dutch companies with listed shares. The Code requires companies to either comply with the best practice provisions of the Code or to explain why they deviate from these best practice provisions.

Corporate Governance related documents are available on our website, including our Articles of Association, the Rules for the Board of Directors including its Committees (also referred to herein as the "Board Rules"), the Code of Conduct, the Whistleblower Procedure and our Insider Trading Rules.

In the following, we discuss our corporate governance, to the extent not already addressed elsewhere in this report.

Board of Directors

Responsibilities

Under our Articles of Association, under the Board Rules and under Netherlands corporate law, the members of the Board of Directors are collectively responsible for the management, general and financial affairs and policy and strategy of our company.

Our Board of Directors has a one-tier structure and consists of nine Directors including one Executive Director. The Executive Director is our Chief Executive Officer, who is primarily responsible for managing our day-to-day affairs as well as other responsibilities that have been allocated to the Executive Director in accordance with our Articles of Association and Board Rules. The Non-Executive Directors supervise the policies of the Chief Executive Officer and our general affairs and provide general advice to our Chief Executive Officer. In performing their duties, the Non-Executive Directors are guided by the interests of the company and shall, within the boundaries set by relevant Netherlands law, take into account the relevant interests of our shareholders and other stakeholders in the Company. The Board has appointed from among its Non-Executive Directors the Chairman and the Vice-Chairman of the Board of Directors. The Chairman of our Board of Directors is obligated to ensure, among other things, that (i) each Director receives all information about matters that he or she may deem useful or necessary in connection with the proper performance of his or her duties, (ii) each Director has sufficient time for consultation and decision making, and (iii) the Board of Directors and the Board Committees are properly constituted and functioning. The Vice-Chairman of the Board of Directors shall be charged with the Chairman's tasks, should the latter become temporarily or permanently incapacitated or prevented from acting. The internal affairs of the Board of Directors are governed by our Board Rules.

The current Directors are:

Name	Age	Nationality	Gender	Position
Directors				
Pieter Korteweg	72	The Netherlands	M	Non-Executive Chairman of the Board of Directors
Aengus Kelly	40	Ireland	M	Executive Director and Chief Executive Officer
Salem Al Noaimi	38	United Arab Emirates	M	Non-Executive Director
Homaid Al Shemmari	46	United Arab Emirates	M	Non-Executive Director
James (Jim) Chapman	51	USA	M	Non-Executive Director
Paul Dacier	56	USA	M	Non-Executive Director and Vice Chairman
Richard (Michael) Gradon	54	United Kingdom	M	Non-Executive Director
Marius Jonkhart	63	The Netherlands	M	Non-Executive Director
Robert (Bob) Warden	41	USA	M	Non-Executive Director

Pieter Korteweg. Mr. Korteweg has been a Director of our company since September 27, 2006. He serves as Vice Chairman of Cerberus Global Investment Advisors, LLC, and Director of Cerberus entities in the Netherlands. In addition, he serves as Non-Executive Member of the Board of Showa Jisho Co. Ltd (Tokyo), Member of the Supervisory Board of Bawag PSK Bank (Vienna), Member of the Board of Bawag Holding GmbH (Vienna) and Non-Executive Member of the Board of Promontoria Plataforma S.L. (Madrid). He currently also serves as senior advisor to Anthos B.V. Mr. Korteweg previously served as Member of the Supervisory Board of Mercedes Benz Nederland BV, as Non-Executive Member of the Board of Aozora Bank Ltd. (Tokyo), Chairman of the Supervisory Board of Pensions and Insurance Supervisory Authority of The Netherlands, Chairman of the Supervisory Board of the Dutch Central Bureau of Statistics and Vice-Chairman of the Supervisory Board of De Nederlandsche Bank. From 1987 to 2001, Mr. Korteweg was President and Chief Executive Officer of the Group Executive Committee of Robeco Group in Rotterdam. From 1981 to 1986, he was Treasurer-General at The Netherlands Ministry of Finance. In addition, Mr. Korteweg was a professor of economics from 1971 to 1998 at Erasmus University Rotterdam in The Netherlands. Mr. Korteweg holds a PhD in Economics from Erasmus University Rotterdam.

Aengus Kelly. Mr. Kelly was appointed Executive Director and *Chief Executive Officer* of our company on May 18, 2011. Previously he served as Chief Executive Officer of our U.S. operations since January 2008 and he was our Group Treasurer from 2005 through December 31, 2007. He started his career in the aviation leasing and financing business with Guinness Peat Aviation in 1998 and has continued working with its successors AerFi in Ireland and debis AirFinance and AerCap in Amsterdam. Prior to joining GPA in 1998, he spent three years with KPMG in Dublin. Mr. Kelly is a Chartered Accountant and holds a Bachelor's degree in Commerce and a Master's degree in Accounting from University College Dublin.

Salem Al Noaimi. Mr. Al Noaimi has been a Director of our company since May 18, 2011. Mr. Al Noaimi is also Waha Capital's Chief Executive Officer and Managing Director, responsible for leading the company's overall strategy across its business lines. Mr. Al Noaimi has served as Waha Capital's CEO over the past 5 years, with previous roles including Deputy CEO of Waha Capital, and CEO of Waha Leasing. Earlier in his career, Mr. Al Noaimi held various positions at Dubai Islamic Bank, the UAE Central Bank, the Abu Dhabi Fund for Development and Kraft Foods. He chairs and sits on the board of a number of companies, including Abu Dhabi Ship Building, Dunia Finance, Siraj Finance, Anglo Arabian Healthcare, the MENA Infrastructure Fund and Bahrain's ADDAX Bank. Mr. Al Noaimi is a UAE national with a degree in Finance and International Business from Northeastern University in Boston.

Homaid Al Shemmari. Mr. Al Shemmari has been a Director of our company since May 18, 2011. Mr. Al Shemmari is also the Chief Executive Officer of Mubadala Aerospace & Engineering Services and member of the Investment Committee at Mubadala. He serves as Chairman of Abu Dhabi Aircraft Technologies (ADAT), Abu Dhabi Ship Building, Strata Manufacturing, Advance Military Maintenance Repair and overhaul Centre (AMMROC), Maximus Air Cargo and Abu Dhabi Autonomous Systems Investment. In addition, he holds board positions with Mubadala Petroleum, Piaggio Aero Industries, Abu Dhabi Aviation, Royal Jet and Advanced Technology Investment Company (ATIC). Before joining Mubadala, Mr. Al Shemmari was a Lieutenant Colonel in the UAE Armed Forces serving in the areas of military aviation, maintenance, procurement and logistics. Mr. Al Shemmari holds a Bachelor of Science in Aeronautical Engineering from Embry Riddle Aeronautical University in Daytona Beach, Florida, and holds a black belt in six sigma from General Electric, a highly disciplined leadership program.

James N. Chapman. Mr. Chapman has been a Director of our company since July 26, 2006. Mr. Chapman serves as a Non-Executive Advisory Director of SkyWorks Capital, LLC, an aviation and aerospace management consulting services company based in Greenwich, Connecticut, which he joined in December 2004. Prior to SkyWorks, Mr. Chapman joined Regiment Capital Advisors, an investment advisor based in Boston specializing in high yield investments, which he joined in January 2003. Prior to Regiment, Mr. Chapman was a capital markets and strategic planning consultant and worked with private and public companies as well as hedge funds (including Regiment) across a range of industries. Mr. Chapman was affiliated with The Renco Group, Inc. from December 1996 to December 2001. Presently, Mr. Chapman serves as a member of the Board of Directors of Tembec Inc. and Tower International, Inc., as well as a number of private companies. Mr. Chapman received an MBA with distinction from Dartmouth College and was elected as an Edward Tuck Scholar. He received his BA, with distinction, magna cum laude, from Dartmouth College and was elected to Phi Beta Kappa, in addition to being a Rufus Choate Scholar.

Paul T. Dacier. Mr. Dacier has been a Director of our company since May 27, 2010. He is also currently Executive Vice President and General Counsel of EMC Corporation (an information infrastructure technology and solutions company). He served as Senior Vice President and General Counsel of EMC from February 2000 to May 2006 and joined that company in 1990 as Corporate Counsel. He was a Non-Executive Director of Genesis from November 2007 until the date of the amalgamation with AerCap International Bermuda Limited. Prior to joining EMC, Mr. Dacier was an attorney with Apollo Computer Inc. (a computer work station company) from 1984 to 1990. Mr. Dacier received a BA in history and a JD in 1983 from Marquette University. He is admitted to practice law in the Commonwealth of Massachusetts and the state of Wisconsin.

Richard (Michael) Gradon. Mr. Gradon has been a Director of our company since May 27, 2010. He is also currently a Non-Executive Director of Grosvenor Limited, Exclusive Hotels, Modern Water plc, and he is on the Board of Directors of The All England Lawn Tennis Ground PLC, The All England Lawn Tennis Club and The Wimbledon Championships. He was a Non-Executive Director of Genesis from November 2007 until the date of the amalgamation with AerCap International Bermuda Limited. He practiced law at Slaughter & May before joining the UK FTSE 100 company The Peninsular & Oriental Steam Navigation Company ("P&O") where he was a main Board Director from 1998 until its takeover in 2006. His roles at P&O included the group commercial & legal director function and he served as Chairman of P&O's property division. In addition Mr. Gradon served as Chairman of La Manga Club, Spain, and Chief Executive Officer of the London Gateway projects. Mr. Gradon holds an MA degree in law from Cambridge University.

Marius J.L. Jonkhart. Mr. Jonkhart has been a Director of our company since July 26, 2006. He is currently also a member of the Supervisory Boards of Ecorys Holding, Orco Banking Group and Tata Steel Nederland. Mr. Jonkhart is an independent financial consultant for various companies. He was previously the Chief Executive Officer of De Nationale Investeringsbank (NIBC) and the Chief Executive Officer of NOB Holding. He also served as the Director of monetary affairs of the Dutch Ministry of finance. In addition, he has been a professor of finance at Erasmus University Rotterdam. He has served as a member of a number of supervisory boards, including the Supervisory Boards of BAWAG PSK Bank, Staatsbosbeheer, Connexxion Holding, European Investment Bank, Bank Nederlandse Gemeenten, Postbank, NPM Capital, Kema, AM Holding and De Nederlandsche Bank. He has also served as a non-executive director of Aozora Bank, Chairman of the Investment Board of ABP Pension Fund and several other funds. Mr. Jonkhart holds a Master's degree in Business Administration, a Master's degree in Business Economics and a PhD in Economics from Erasmus University Rotterdam.

Robert G. (Bob) Warden. Mr. Warden has been a Director of our company since July 26, 2006. He is also currently a Partner at Pamplona Capital Management, a private equity investment firm, which he joined in August 2012. Prior to joining Pamplona, Mr. Warden was Managing Director at Cerberus Capital Management, L.P. from February 2003 to August 2012, a Vice President at J.H. Whitney from May 2000 to February 2003, a Principal at Cornerstone Equity Investors LLC from July 1998 to May 2000 and an Associate at Donaldson, Lufkin & Jenrette from July 1995 to July 1998. Mr. Warden received his AB from Brown University.

Conditional Appointment of Directors

In connection with the ILFC Transaction and pursuant to the acquisition agreement, related thereto, we proposed, and the shareholders approved at the February 13, 2014, EGM, to appoint to the Board of Directors two non-executive directors nominated by AIG, Mr. Robert H. Benmosche and Mr. David L. Herzog, subject to and with effect from the consummation of the ILFC Transaction.

Board Meetings

Each Director has the right to cast one vote and may be represented at a meeting of the Board of Directors by a fellow Director. The Board of Directors can only pass resolutions if a quorum of four Directors, comprising of at least the Chairman, or -in his absence- the Vice-Chairman, and the Executive Officer, participate in a meeting. All resolutions must be passed by an absolute majority of the votes cast. Directors with a conflict of interest are not allowed to vote. If there is a tie, the matter will be decided by the Chairman, or -in his absence- the Vice-Chairman. Resolutions of the Board of Directors may, instead of in a meeting, be passed in writing by a majority of the Directors in office.

In 2013, the Board of Directors met on 13 occasions. Throughout the year, the Chairman of the Board and individual Non-Executive Directors were in close contact with our Chief Executive Officer and with our Chief Financial Officer and Chief Operating Officer. During its meetings and contacts with the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, the Board discussed such topics as the Company's annual reports and annual accounts for the financial year 2012, the Company's liquidity position and funding sources, the Company's hedging policies, topics for the AGM 2013, optimization of the Company's portfolio of aircraft including the purchase and lease back transaction with LATAM, the ILFC Transaction, macroeconomic and monetary developments in the world and in Europe in particular industry developments, reports from the various Board committees, shareholder value, the budget for 2014, remuneration and compensation, Board rotation, governance and risk management and control, including but not limited to compliance with the Sarbanes-Oxley Act.

The Non-Executive Directors of the Board also met to perform a self-assessment of the Board's performance. It assessed its own functioning and that of its individual members and the outcome was that Board and its individual members functioned and continue to function satisfactorily. The Board maintains an introduction program for new Non-Executive Directors with the purpose to familiarize them with relevant AerCap business, governance and compliance aspects. The Board has determined a profile for its Non-Executive Directors which has been made available on the Company's website.

Conflicts of Interest

As per Best Practice Provision II.3.2 of the Code each Director shall immediately report any potential conflict of interest concerning a Director to the Chairman of the Board of Directors. The Director with such conflict of interests shall in such case provide the Chairman with all information relevant to the conflict. Also, under Dutch Corporate Law, a conflicted Director may not participate in the discussions and/or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with the Company and its enterprise. In 2013, our two Directors related to our shareholder Waha Capital did not participate in the discussions and decision making with respect to the Voting Agreement with Waha Capital in relation to the ILFC acquisition transaction, whereas our Executive Director did not participate in the discussions and decision making with respect to items concerning his own compensation.

Appointment, Suspension and Dismissal

The Directors are appointed by the general meeting of shareholders. Our Directors may be elected by the vote of a majority of votes cast at a general meeting of shareholders provided that our Board of Directors has proposed the election. Without a Board of Directors proposal, Directors may also be elected by the vote of a majority of the votes cast at a general meeting of shareholders if the majority represents at least one-third of our issued capital. Shareholders may remove or suspend a Director by the vote of a majority of the votes cast at a general meeting of shareholders provided that our Board of Directors has proposed the removal. Our shareholders may also remove or suspend a Director, without there being a proposal by the Board of Directors, by the vote of a majority of the votes cast at a general meeting of shareholders if the majority represents at least one-third of our issued capital. The Company does not apply provision IV.1.1 of the Code in so far it deals with the lifting of quorum requirements related to proposed Directors' dismissals, since this provision is written for general meetings with a high degree of absenteeism, whereas at shareholders' meetings of the Company absenteeism is relatively low.

The Non-Executive Directors who were appointed in 2006 have been appointed for an indefinite period of time. At the 2007 annual general meeting of shareholders, the general meeting of shareholders confirmed that the initial term of their appointment was four years, ending on the day of our annual general meeting of shareholders in 2010, such in conformity with our articles of association. The Board of Directors has introduced a rotation schedule, which is available on the Company's website, in order to ensure that the terms of the Directors would not all end at the same time. For this purpose, at the 2008 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. P. Korteweg and Mr. R.J. Bolger as Directors for an additional term of four years ending on the day of our 2012 annual general meeting of shareholders. At the 2009 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. J.N. Chapman, Mr. M.J.L. Jonkhart and Mr. D.J. Teitelbaum as Directors for an additional term of four years ending on the day of our 2013 annual general meeting of shareholders. At the 2010 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. W.B. Ingersoll, Mr. R.G. Warden and Mr. G.P. Strong as Directors for an additional term of four years ending on the day of our 2014 annual general meeting of shareholders. Furthermore, at the 2010 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. K. Heinemann as Director for an additional term of 1 year and his renewed term of appointment ended on the day of our 2011 annual general meeting of shareholders. In addition, at the 2010 annual general meeting of shareholders, the general meeting of shareholders has appointed, in connection with the amalgamation with Genesis Lease Limited that took place on 25 March 2010, Mr. P.T. Dacier, Mr. N.B. Greene and

Mr. R.M. Gradon as Directors for a term of four years ending on the day of our 2014 annual general meeting of shareholders. At the 2011 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. P. Korteweg for an additional term of four years ending on the day of our 2015 annual general meeting of shareholders. Furthermore, at the 2011 annual general meeting of shareholders, the general meeting of shareholders has appointed, in connection with the Waha transaction which closed on 11 November 2010, Mr. Al Shemmari and Mr. Al Naomi as Directors for a term of four years ending on the day of our 2015 annual general meeting of shareholders. In addition, Mr. R.J. Bolger, Mr. W.B. Ingersoll, Mr. D.J. Teitelbaum and Mr. N.B. Greene have voluntarily resigned, before the end of their term of appointment, as Non-Executive Directors effective as of the day that our 2011 annual general meeting of shareholders has been held. No appointments, re-appointments or resignations took place at the annual general meeting of shareholders of the Company held on 31 May 2012. At the 2013 annual general meeting of shareholders, the general meeting of shareholders has re-appointed Mr. J.N. Chapman and Mr. M.J.L. Jonkhart for an additional term of 4 years ending on the day of our annual general meeting of shareholders in 2017. In addition, Mr. G.P. Strong has voluntarily resigned, before the end of his term of appointment, as Non-Executive Director effective as of the day that our 2013 annual general meeting of shareholders has been held. At the extraordinary general meeting (EGM) of shareholders, held on February 13, 2014, the general meeting of shareholders has, amongst other voting items, re-appointed Mr. R.G. Warden, Mr. R.M. Gradon and Mr. P.T. Dacier for an additional term of 4 years ending on the day of our annual general meeting of shareholders in 2019. In addition, at that meeting the general meeting of shareholders has re-appointed Mr. A. Kelly, our Executive Director and Chief Executive Officer, for an additional term of 4 years commencing at the end of his current term in 2015 and ending on the day of our annual general meeting of shareholders in 2019. In addition, at that meeting the general meeting of shareholders has appointed, in connection with the transaction with AIG involving the ILFC Transaction, Mr. R.H. Benmosche and Mr. D.L. Herzog as Non-Executive Directors for a term of four years ending on the day of our annual general meeting of shareholders in 2018, which appointments are subject to and with effect from the closing effective time of the ILFC Transaction.

Directors Remuneration

The general policy for the remuneration of our Board of Directors is determined by the general meeting of shareholders upon proposal by our Nomination and Compensation Committee of the Board of Directors. This remuneration policy is posted on our website. The remuneration of Directors is determined by our Board of Directors in accordance with the general remuneration policy upon proposal by the Nomination and Compensation Committee. With regard to arrangements concerning remuneration in the form of shares, share options, restricted shares, restricted share units (RSU's) or other equity instruments, the Board of Directors must submit a proposal to the shareholders for approval. This proposal must, at a minimum, state the number of shares, share options, restricted shares, RSU's or other equity instruments that may be granted to Directors and the criteria that apply to the granting or the alteration of such arrangements. In October 2006 our General Meeting of Shareholders approved an equity incentive plan that is designed to promote the Company's interests by granting remuneration in the form of, amongst others, shares, share options, restricted shares, RSU's and certain other equity instruments to Directors, officers, employees, consultants and advisors with a view to align their interests with the Company's (the "Equity Incentive Plan 2006"). As per December 31, 2013 our Non-Executive Directors hold options to acquire a total of 44,050 shares in the Company and 7,085 restricted share units, which equity awards have been granted under the Equity Incentive Plan 2006 to our Non-Executive Directors, as further specified below in this report. In February 2014, our General Meeting of Shareholders approved a new equity incentive plan for Directors, officers and employees of the Company (the "Equity Incentive Plan 2014"), as replacement for the Equity Incentive Plan 2006, subject to and with effect from the closing effective time of the ILFC Transaction. Details of the Equity Incentive Plan 2014 are further specified below in this report.

The revised Code, effective as of January 1, 2009, contains specific principles and best practice provisions with respect to Directors' remuneration and the disclosure thereof. Some of the new remuneration related provisions are not applied due to pre-existing contractual arrangements. As regards disclosure, we believe that our way of disclosing Directors' remuneration in this report is clear, transparent and in line with the intention and spirit of the Code, taking into account the Company's governance structure, a one-tier Board with only one Executive Director and the remaining members being Non-Executive Directors.

For information regarding the remuneration of our Directors, reference is made to the remuneration policy as referred to above (available on our website), the Remuneration Report 2013 included in this Annual Report and Note 28 "Directors Remuneration" of our Annual Report.

Some of our Non-Executive Directors have, prior to their appointment, acquired shares in our Company through conversion of their equity instruments (ADR's) in Genesis Leasing Limited into the Company's ordinary shares in connection with the amalgamation with Genesis on 25 March 2010.

Board Independence

In 2013 our Board of Directors has assessed its independence under the provisions III.8.4 and III.2.2 of the Code and has concluded that it meets the applicable independence requirements.

Committees of the Board of Directors

In order to more efficiently fulfill its role, and in compliance with the Code, the Board has created committees including: a Group Executive Committee, a Group Portfolio and Investment Committee, a Group Treasury and Accounting Committee, an Audit Committee and a Nomination and Compensation Committee. What follows is more detailed description of the Audit Committee and the Nomination and Compensation Committee.

Our Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the integrity of our financial statements, our risk management and internal control arrangements, our compliance with legal and regulatory requirements, the performance, qualifications and independence of external auditors, and the performance of the internal audit function, among others. The Audit Committee is chaired by a person with the necessary qualifications who is appointed by the Board of Directors and is comprised of three Non-Executive Directors who are "independent" as defined by Rule 10A-3 of the Exchange Act of 1934, as amended, as well as under The Netherlands Corporate Governance Code. The current members of our Audit Committee are Mr. Chapman (in the Chair), Mr. Jonkhart and Mr. Gradon.

The Audit Committee meets periodically to nominate a firm to be appointed as independent auditors to audit the financial statements and to perform services related to the audit, review the scope and results of the audit with the independent auditors, review with management and the independent auditors our annual operating results and consider the adequacy of the internal accounting procedures and the effect of the procedures relating to the auditor's independence.

As recommended by the Sarbanes-Oxley Act and the Code, the Audit Committee includes at least one financial expert, who must have in-depth experience and knowledge of financial statements, international accounting principles and internal controls and procedures for financial reporting. The Board has concluded that Mr. Chapman and Mr. Jonkhart meet these requirements.

Our Audit Committee met nine (9) times during 2013. Throughout the year, the members of the audit committee were in close contact with our Chief Executive Officer and our Chief Financial Officer. Principal items discussed during the meetings and through contacts with our Chief Executive Officer and our Chief Financial Officer included the review of annual and quarterly financial statements and disclosures, review of external auditor's reports, review of activities and results in respect of our continued Sarbanes Oxley compliance, review of the external auditor's audit plan for 2013, review of internal audit reports, the internal auditor's audit plan for 2014, review of the Company's compliance, risk management policies and integrity and fraud, review as a matter of course of the expenses incurred by the Chief Executive Officer and the Chief Financial Officer in the exercise of their functions, review of the Company's tax planning policies, review of the functioning of the audit committee, the audit committee charter and the audit committee cycle. In addition, the Audit Committee had initial discussions with management and the external auditor in relation to relevant accounting topics with respect to the ILFC Transaction.

Our Nomination and Compensation Committee selects and recruits candidates for the positions of the Chief Executive Officer, Non-Executive Director and Chairman of the Board of Directors and makes recommendations in respect of their remuneration, bonuses and other terms of employment. In addition the Nomination and Compensation Committee approves the remuneration, bonuses and other terms of employment and appoints the members of the Group Portfolio and Investment Committee, the Group Treasury and Accounting Committee and the Group Executive Committee and recommends candidates for the Audit Committee and plans the succession within the Board of Directors and committees. It is chaired by the Chairman of our Board of Directors and is further comprised of up to three Non-Executive Directors appointed by the Board of Directors. The current members of our Nomination and Compensation Committee are Mr. Korteweg (in the Chair), Mr. Warden, Mr. Al Noaimi and Mr. Dacier.

The Code requires the Board to have three committees: an audit committee, a compensation committee and a nomination committee. For efficiency reasons, including the fact that we have only one Executive Director, we have combined the functions of the compensation committee with those of the nomination committee into one Nomination and Compensation Committee. Under the Code, the Chairman of the Board shall not chair the compensation committee; he may, however, chair the nomination committee. Given the fact that we have combined both committees and also having regard to the fact that the Chairman of the Board is very familiar with international executive compensation, we believe that the Chairman of the Board is the best person to chair our Nomination and Compensation Committee.

Our Nomination and Compensation Committee met three (3) times during 2013. At this meeting it discussed and approved salaries and bonuses of members of the Group Executive Committee, a new long term incentive scheme with the purpose of retaining key individuals to successfully implement the transaction involving the ILFC Transaction and for general compensation and retention purposes in the years ahead and other compensation related occurrences and developments within the framework of the Board and Committee Rules and our remuneration policy. In line with the Code, the Company has included the 2013 remuneration report in this Annual Report. In addition, various resolutions were adopted outside of this meeting.

Profile of the Board

Our Board of Directors maintains a profile of the Non-Executive Directors containing guidance and requirements with respect to composition of the Board and competences and experience of its Non-Executive members. The profile is available on the website of the Company. In 2013 the Board has carried out an assessment on the basis of which it has determined that the requirements of the profile of the Non-Executive Directors continue to be met. In addition, any Non-Executive Director's (re)appointment to the Board shall be based on consistency with the profile. With respect to the composition of the Board of Directors, it is noted that the Directors have been and will continue to be selected on the basis of their professional backgrounds and skills in line with the global nature and identity of the Company and its business. Within these parameters, the Board of Directors pays attention to gender diversity in accordance with article 2:166 of the Dutch Civil Code, although so far this has not resulted in increased gender diversity in the Board.

Officers

As described above, the Chief Executive Officer is primarily responsible for managing our day-to-day affairs as well as other duties that have been delegated to the executive director in accordance with our Articles of Association and our internal rules for the Board of Directors. The Chief Financial Officer and Chief Operating Officer assist the Chief Executive Officer in performing his duties and such have managerial and policy making functions within the company in their respective areas of responsibility.

Our Group Executive Committee assists the Chief Executive Officer with regards to the operational running of the company, subject to the Chief Executive Officer's ultimate responsibility. It is chaired by our Chief Executive Officer and is comprised of up to eight current members of our senior management. The current members of our Group Executive Committee are Mr. A. Kelly, Mr. Helming, Mr. den Dikken, Mr. O'Byrne, Mr. T. Kelly, Mr. Rofe, Mr. Wigmore and Mr. Venuto.

The current Officers (in addition to Mr. Kelly who is our Executive Director and Chief Executive Officer, as described above) are:

Name	Age	Nationality	Gender	Position
Officers				
Keith Helming	55	USA	M	Chief Financial Officer
Wouter (Erwin) den Dikken	46	The Netherlands	M	Chief Operating Officer Chief Legal Officer
Tom Kelly	50	Ireland	M	CEO AerCap Ireland
Edward (Ted) O'Byrne	42	France	M	Chief Investment Officer
Paul Rofe	54	United Kingdom	M	Group Treasurer
Joe Venuto	56	USA	M	Chief Technical Officer
Kenneth Wigmore	45	USA	M	Chief Marketing Officer

Keith Helming. Mr. Helming assumed the position of *Chief Financial Officer* of AerCap in 2006. Prior to joining us, he was a long standing executive at GE Capital Corporation, including serving for five years as Chief Financial Officer at aircraft lessor GECAS. He was with General Electric Company for over 25 years, beginning with their Financial Management Program in 1981. In addition to the GECAS role, Mr. Helming served as the Chief Financial Officer of GE Corporate Financial Services, GE Fleet Services and GE Consumer Finance in the United Kingdom, and also held a variety of other financial positions throughout his career at GECC. Mr. Helming holds a Bachelor of Science degree in Finance from Indiana University.

Wouter (Erwin) den Dikken. Mr. den Dikken was appointed as our *Chief Operating Officer* in 2010 in addition to his role as Chief Legal Officer to which role he was appointed in 2005. Mr. den Dikken also previously served as the Chief Executive Officer of our Irish operations. He joined our legal department in 1998. Prior to joining us, Mr. den Dikken worked for an international packaging company in Germany as Senior Legal Counsel where he focused on mergers and acquisitions. Mr. den Dikken holds a law degree from Utrecht University.

Tom Kelly. Mr. Kelly was appointed Chief Executive Officer of AerCap Ireland in 2010. Mr. Kelly previously served as Chief Financial Officer of our Irish operations and has a substantial aircraft leasing and financial services background. Previously, Mr. Kelly spent ten years with GECAS where his last roles were as Chief Financial Officer and director of GECAS Limited, GECAS's Irish operation. Mr. Kelly also served as global controller for GECAS in his role as Senior Vice President & Controller. Prior to joining GECAS in 1997, Mr. Kelly spent over eight years with KPMG in their London office, acting as a Senior Manager in their financial services practice. Mr. Kelly is a Chartered Accountant and holds a Bachelor of Commerce degree from University College Dublin.

Edward (Ted) O'Byrne. Mr. O'Byrne has been appointed Chief Investment Officer in January 2011. Previously he held the position of Head of Portfolio Management overseeing aircraft trading, OEM relationships and portfolio management activities. Mr. O'Byrne joined AerCap in July 2007 as Vice President of Portfolio Management and Trading. Prior to joining AerCap, he worked as Airline Marketing Manager at Airbus North America and later as Director, Sales Contracts for Airbus Leasing Markets in Toulouse, France. Mr. O'Byrne received his MBA from the University of Chicago Booth School of Business and his BA from EuroMed in France.

Paul Rofe. Mr. Rofe was appointed Group Treasurer of AerCap in January 2008, previously serving in the role of Vice President Corporate Group Treasury, since joining the company in September of 2006. He began his career in the aviation leasing and financing business with a Kleinwort Benson subsidiary in 1995, and then moved to BAE Systems for seven years, where he held the positions of Director Asset Management and General Manager—Portfolio Management. Mr. Rofe qualified as an accountant in 1986 in the United Kingdom.

Joe Venuto. Mr. Venuto was appointed Chief Technical Officer of AerCap in February 2012. He previously served in the role of Senior Vice President Operations for the Americas at AerCap for four years. From 2004 to 2008, he was the Senior Vice President Operations at AeroTurbine responsible for all technical related issues. Prior to joining AeroTurbine, Joe Venuto held the role of Senior Director Maintenance at several airlines including Trump Shuttle, Laker Airways and Amerijet International. He has over 30 years experience in the aviation industry and he commenced his aviation career as an Airplane & Powerplant technician for Eastern Airlines. Joe Venuto is a graduate of the College of Aeronautics and a licensed FAA Airframe and Powerplant Technician.

Kenneth Wigmore. Mr. Wigmore was appointed Chief Marketing Officer for AerCap in September 2011. Previously he held the position of Head of Marketing for the Americas, overseeing customer relationships in North and South America since January 2008. Mr. Wigmore joined AerCap in April 2003 as Vice President Airline Marketing. Prior to joining AerCap, he worked as an Airline Analyst and later as Sales Director-China over a nine-year period with the aircraft manufacturer Fairchild Dornier. Mr.Wigmore holds a Bachelor of Science degree from Mount Saint Mary's University in Maryland.

Officer Compensation

In 2013, we paid an aggregate of approximately $8.7 million in cash (base salary and bonuses) and benefits as compensation to our Chief Executive Officer, our Chief Financial Officer, our Chief Operating Officer and the other Officers during the year, including $0.5 million as part of their retirement and pension plan.

The compensation packages of our officers, consisting of base salary, bonuses and, for some officers, annual grants of AER equity instruments ("Annual Equity Awards"), along with other benefits, are determined by the Nomination and Compensation Committee upon recommendation of the Chief Executive Officer on an annual basis. The annual compensation package of our Chief Executive Officer, consisting of base salary, bonus and Annual Equity Awards, along with other benefits, is determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee. In addition, the Nomination and Compensation Committee may grant AER equity incentive awards to our officers and employees (if to our Chief Executive Officer: the Board of Directors, upon recommendation of the Nomination and Compensation Committee) on a non-recurring basis (“Other Equity Awards”) under our equity incentive plans, as further outlined below.

The amount of the annual bonus and, if applicable, the number of Annual Equity Awards granted to our Chief Executive Officer, our Chief Financial Officer, our Chief Operating Officer and the other Officers are dependent on the target bonus level and, if applicable, the target Annual Equity Awards level, pre-established for the individual Officers and the Chief Executive Director by the Nomination and Compensation Committee and the Board of Directors, respectively, in combination with our actual performance relative to our internal budget for the past financial year, as approved by the Board of Directors each year, and the personal performance of the individual Officer and the Chief Executive Officer, respectively. The annual bonuses are paid in arrears. Actual bonuses will not exceed target bonus levels as long as our budget for the relevant year has not been met, subject to exceptions which, if so, will be disclosed in this annual report. As a matter of policy, actual bonuses will be determined below target level in years that our budget is not met, unless specific circumstances require otherwise. The Annual Equity Awards are granted in arrears. The Annual Equity Awards are time based with a three-year vesting period, subject to limited exceptions.

The Other Equity Awards granted to our Chief Executive Officer, our Chief Financial Officer, our Chief Operating Officer and the other Officers under the Company’s equity incentive plans are subject to vesting criteria related to our performance relative to our internal budget or multiple-year planning, as approved by the Board of Directors each year. However, the stock options granted in December 2008, which have all meanwhile vested, were solely subject to time-based vesting criteria in view of the unpredictable global economic situation at the time of granting those particular option awards.

The Other Equity Awards granted to our Chief Executive Officer, our Chief Financial Officer, our Chief Operating Officer and the other Officers during 2011, 2012 and 2013 are subject to vesting criteria related to our average performance over a number of years in order to promote and encourage good performance over a prolonged period of time except one equity award to one Officer not being our Chief Executive Officer, our Chief Financial Officer or our Chief Operating Officer, which equity award is only subject to time based vesting criteria. All equity awards contain change of control provisions causing immediate vesting of all equity awards, to the extent not yet forfeited, in case of a change of control as defined in the respective equity award agreements as per customary practice.

Severance payments are part of the employment agreements with our Chief Executive Officer, our Chief Financial Officer and our Chief Operating Officer. The amount of the pre-agreed severance is based upon calculations in accordance with the so called cantonal court termination formula (*Kantonrechtersformule*) applicable at the time that the employment agreement was entered into or renewed, as the case may be, as customarily applied in the Netherlands labor practice.

AerCap Equity Incentive Plans

In October 2006, we implemented an equity incentive plan that is designed to promote our interests by enabling us to attract, retain and motivate directors, officer, employees, consultants and advisors and align their interests with ours (“Equity Incentive Plan 2006”). The Equity Incentive Plan 2006 provides for the grant of nonqualified share options, incentive share options, share appreciation rights, restricted share, restricted share units and other share awards (“NV Equity Grants”) to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Subject to certain adjustments, the maximum number of equity awards available to be granted under the plan is equivalent to 4,251,848 of our shares.

In March 2012, we implemented an additional equity incentive plan (“Equity Incentive Plan 2012”) that is designed to promote our interests by enabling us to attract, retain and motivate officers, employees, consultants and advisors, or those who may become employees, consultants or advisors, and align their interests with ours. The Equity Incentive Plan 2012 provides for the grant of stock options, nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and other stock awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Subject to certain adjustments, the maximum number of equity awards initially available to be granted under the plan was equivalent to 2,000,000 of our shares. Unlike the Equity Incentive Plan 2006, the Equity Incentive Plan 2012 is not open for equity awards to our Directors.

The terms and conditions, including the vesting conditions, of the equity awards granted under the Company's equity incentive plans, are determined by the Nomination and Compensation Committee and, for our Directors, by the Board of Directors in line with the remuneration policy approved by the General Meeting of Shareholders. Equity awards granted to our officers are partly subject to long term performance-based vesting criteria with challenging targets in order to promote and encourage superior performance over a prolonged period of time. Some of our officers receive annual equity awards as part of their compensation package. Annual equity awards are granted in arrears and the number of granted awards is dependent on the performance of the Company and the individual involved during the previous financial year, to ensure that the Company retains and motivates its senior staff. The annual equity awards have a three year time-based vesting period, subject to limited exceptions. Equity awards to our other employees (below officer level) are, at a minimum, subject to time based vesting criteria.

In 2007, a total of 2,400,000 of non-qualified stock options were issued under the Equity Incentive Plan 2006 to certain employees of the Company. All options issued vest over a period of four years based on both time and performance based criteria. The options are exercisable at a strike price of $24.63 per share option. As of December 31, 2013, 1,162,500 of these options remain outstanding with the remainder having been forfeited due to not meeting performance based criteria or otherwise.

In June 2008, a total of 100,000 of non-qualified stock options were issued under the Equity Incentive Plan 2006 to a certain employee of the Company. All options issued vest over a period of four years based on both time and performance based criteria. The options are exercisable at a strike price of $15.03 per share option. As of December 31, 2013, none of these options remain outstanding with the remainder having been forfeited due to not meeting performance based criteria or otherwise.

In December 2008, a total of 700,000 non-qualified stock options were issued under the Equity Incentive Plan 2006 to certain employees of the Company. All options issued are time-based only and vested on December 31, 2013, subject to certain conditions and all options are exercisable at a strike price of $2.95 per share option. 300,000 of these options have been exercised. As of December 31, 2013, 350,000 of these options remain outstanding with the remainder having been forfeited due to not meeting performance based criteria or otherwise.

In 2009, no additional awards were granted under the Equity Incentive Plan 2006.

In 2010 a total of 725,000 restricted share units were issued under the Equity Incentive Plan 2006 to certain employees of the Company. 200,000 of these restricted share units vested on May 31, 2013. 425,000 share units will vest on May 31, 2015 based on both time and performance based criteria. The performance criteria related to these restricted share units take into account the Company's average performance over a number of years with a view to promote and encourage good performance over a prolonged period of time. As of December 31, 2013, 425,000 of these restricted share units remain outstanding with the remainder being forfeited.

In December 2010, a total of 21,287 non-qualified stock options were issued under the Equity Incentive Plan 2006 to the Non-Executive Directors of the Company. All options issued are time-based only and vested at January 1, 2014 and all options are exercisable at a strike price of $14.12 per share option. As of December 31, 2013 all of these options remain outstanding.

In 2011, a total of 1,035,000 restricted share units were issued under the Equity Incentive Plan 2006 to the Chief Executive Officer and certain employees of the Company. The 500,000 restricted share units granted to our Chief Executive Officer will vest on the earlier of May 31, 2015 and the AGM to be held in 2015, based on both time and performance based criteria. 100,000 of the restricted share units will vest on May 31, 2014 based on both time and performance based criteria. The performance criteria related to these restricted share units take into account the Company's average performance over a number of years with a view to promote and encourage good performance over a prolonged period of time. The remaining 435,000 restricted share units were issued to certain employees of the Company not including the above-mentioned of officers. These restricted share units will vest on March 31, 2015 and they are time-based only. As of December 31, 2013, all restricted share units remain outstanding.

In December 2011, a total of 23,662 non-qualified stock options were issued under the Equity Incentive Plan 2006, of which 19,360 to the Non-Executive Directors of the Company and 4,302 to two non-executive directors of the Company's subsidiary company AerCap Ireland Limited. All options issued are time-based only and vest at January 1, 2015 and all options are exercisable at a strike price of $11.29 per share option. As of December 31, 2013 all of these options remain outstanding.

In 2012, a total of 485,228 restricted share units were issued under the Equity Incentive Plan 2006 to the Chief Executive Officer and certain employees of the Company. The 300,000 restricted share units granted to our Chief Executive Officer will vest on March 31, 2016 based on both time and performance based criteria. 50,000 of the restricted share units will vest on March 31, 2016 based on both time and performance based criteria. The performance criteria related to these restricted share units take into account the Company's average performance over a number of years with a view to promote and encourage good performance over a prolonged period of time. The remaining 135,228 restricted share units, of which 46,988 restricted share units granted to our Chief Executive Officer, will vest on February 16, 2015 and they are time-based only; they are Annual Equity Awards and part of the executive officers' compensation packages, as described above. As of December 31, 2013, all restricted share units remain outstanding.

In December 2012, a total of 19,833 non-qualified stock options were issued under the Equity Incentive Plan 2006, of which 16,227 to the Non-Executive Directors of the Company and 3,606 to two non-executive directors of the Company's subsidiary company AerCap Ireland Limited. All options issued are time-based only and vest at January 1, 2016 and all options are exercisable at a strike price of $13.72 per share option. As of December 31, 2013 all of these options remain outstanding.

In 2012, a total of 255,000 restricted share units were issued under the Equity Incentive Plan 2012 to certain employees of the Company. 165,000 of the restricted share units will vest on May 31, 2015 based on both time and performance based criteria. The performance criteria related to these restricted share units take into account the Company's average performance over a number of years with a view to promote and encourage good performance over a prolonged period of time. The remaining 90,000 restricted share units were issued to certain employees of the Company who are not Executive Officers described on pages 19 and 20. These restricted share units will vest on March 31, 2016 and they are time-based only. As of December 31, 2013, all restricted share units remain outstanding.

In 2013, a total of 302,433 restricted share units and 220,000 AerCap Holding N.V. restricted shares were granted under the Equity Incentive Plans, of which 139,920 restricted shares were issued with the remaining restricted shares being withheld and applied to pay the wage taxes involved. During the same period, 200,000 share options, which were previously granted under the Equity Incentive Plans, were exercised. In connection with the exercise of the share options, the Company issued, in full satisfaction of its obligations, 107,353 ordinary shares to the holder of these share options. During the same period, 200,000 restricted share units, which were previously granted under the Equity Incentive

Plans, vested. In connection with the vesting of the restricted share units, the Company issued, in full satisfaction of its obligations, 109,834 ordinary shares to the holder of these restricted share units.

At December 31, 2013, a total of 1,162,500 share options were outstanding at an exercise price of $24.63 per share, 350,000 share options outstanding at an exercise price of $2.95 per share, 21,287 share options outstanding at an exercise price of $14.12 per share, 23,662 share options outstanding at an exercise price of $11.29 per share and 19,833 share options outstanding at an exercise price of $13.72 per share. At December 31, 2013, 1,512,500 outstanding options were vested (excluding 131,475 remaining AER options rolled-over from Genesis) and 64,782 options were subject to future vesting criteria. At December 31, a total of 2,502,661 restricted share units and 139,920 restricted shares were outstanding and were all subject to future time and/or performance-based vesting criteria or restrictions, as applicable.

In February 2014, the General Meeting of Shareholders approved a new equity incentive plan for the directors, officers and employees of the Company (the "Equity Incentive Plan 2014") with a capacity of 4,500,000 shares, as replacement for the Equity Incentive Plan 2006, subject to and with effect from the closing effective time of the transaction involving the ILFC Transaction. The purpose of the Equity Incentive Plan 2014 is to retain senior management to successfully implement the transaction involving the ILFC Transaction and for general compensation and retention purposes in the years ahead. The terms and conditions of the Equity Incentive Plan 2014 are substantially the same as those of the Equity Incentive Plan 2006. Furthermore, on March 13, 2014, our Board of Directors adjusted the Equity Incentive Plan 2012 for the officers and employees of AerCap to include an additional 6,064,081 shares, subject to and with effect from the closing effective time of the ILFC Transaction.

Risk Management and Control Framework

Our management is responsible for designing, implementing and operating an adequate functioning internal risk management and control framework. The purpose of this framework is to identify and manage the strategic, operational, financial and compliance risks to which we are exposed, to promote effectiveness and efficiency of our operations, to promote reliable financial reporting and to promote compliance with laws and regulations. Our internal risk management and control framework is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (1992). The COSO framework aims to provide reasonable assurance regarding effectiveness and efficiency of an entity's operations, reliability of financial reporting, prevention of fraud and compliance with laws and regulations.

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

Planning and Control Cycle

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

Risk Management and Internal Controls

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

During 2013, we have further expanded our risk management policies, internal control documentation and assessment of such internal controls to provide further assurance regarding the reliability of our financial reporting. As of December 31, 2013, our management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2013, such disclosure controls and procedures were effective to provide reasonable assurance that financial information required to be disclosed by us is free of material misstatement. The results of these assessments have been discussed with our Audit Committee and Disclosure Committee. Based on an evaluation and recommendation by the Disclosure Committee, the Chief Executive Officer and the Chief Financial Officer, we have concluded that:

- the financial statements as of and for the year ended December 31, 2013 provide reasonable assurance that the financial statements are free of material misstatement;
- the internal risk management and control systems with respect to financial reporting have operated effectively in 2013 and no material weaknesses were detected; and
- there are no indications that the Company's internal controls over financial reporting will not operate effectively in 2013.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements, inaccuracies, errors, fraud and non-compliance with law and regulation. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

Controls and Procedures Statement Under the Sarbanes-Oxley Act

As of December 31, 2013, our management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation pursuant to section 302 of the U.S. Sarbanes-Oxley Act and Rule 13a-15 promulgated under the U.S. Securities Exchange Act of 1934, as amended of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the U.S. Securities Exchange Act on 1934, as amended is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Disclosure Controls and Procedures

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

Code of Conduct and Whistleblower Procedure

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

Compliance Procedures

The Company has various procedures and programs in place to ensure compliance with relevant laws and regulations, including anti insider trading procedures, anti-bribery procedures and anti-fraud procedures. The Company's compliance officer is responsible for the design and effective operation of the compliance procedures and programs.

Corporate Social Responsibility

During 2013 the Board has discussed and reviewed our corporate social responsibility (CSR) objectives and activities. Although it is acknowledged that our aircraft are generally used for high impact activities when it comes to the environment, we maintain a fleet of young and fuel efficient aircraft and engines that are relatively less pollutive in comparison with other, older aircraft and engines that use more fuel and produce higher noise levels. In addition the Board has discussed and reviewed our activities and conduct as it relates to ethics, labor environment, citizenship and transparency and financial reporting.

External Auditors

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

At the request of the Board of Directors and the Audit Committee, the Chief Financial Officer and the Internal Audit department review, in advance, each service to be provided by the auditor to identify any possible breaches of the auditor's independence. The Audit Committee pre-approves every engagement of our external auditor. In accordance with applicable regulations, the partner of the external audit firm in charge of the audit activities during a continuous period of five years will rotate off. The current responsible partner was appointed in the year 2010 for the first time.

Internal Auditors

We have an internal audit function in place to provide assurance, to the Audit Committee and the Company's Executive Officers, with respect to the Company's key processes, to the extent not already covered by the external auditors and/or the SOX 404 auditors. The internal audit function independently and objectively carries out audit assignments in accordance with the annual internal audit plan, as approved by the Audit Committee. The head of the internal audit function reports, in line with professional standards of the Institute of Internal Auditors, to the Audit Committee (functional reporting line) and to our Chief Executive Officer (administrative reporting line). The work of the internal audit department is fully endorsed by the Audit Committee and the Company's executive officers and is considered a valuable part of the Company's system of control and risk management.

Ordinary Share Capital

As of December 31, 2013, our authorized capital amounts to 250,000,000 authorized ordinary shares, par value €0.01 per share, of which 113,783,799 were issued and outstanding.

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

Issuance of Ordinary Shares

A general meeting of shareholders can approve the issuance of ordinary shares or rights to subscribe for ordinary shares, but only in response to a proposal for such issuance submitted by the Board of Directors specifying the price and further terms and conditions. In the alternative, the shareholders may designate to our Board of Directors' authority to approve the issuance and price of issue of ordinary shares. The delegation may be for any period of up to five years and must specify the maximum number of ordinary shares that may be issued.

At the Annual General Meeting held in 2011, pursuant to our Articles of Association, our shareholders delegated to our Board of Directors, for a period of five years, the power to issue and/or grant rights to subscribe for ordinary shares up to the maximum amount of our authorized share capital which, as of the date of this annual report was 250 million ordinary shares.

On December 16, 2013 our Board of Directors resolved to issue 97,560,976 ordinary shares in the capital of the Company in connection with the ILFC Transaction , and to exclude the pre-emption rights of shareholders in respect of the issuance of these shares, subject to completion of the ILFC acquisition.

Preemptive Rights

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

Shareholders may limit or exclude preemptive rights. Shareholders may also delegate the power to limit or exclude preemptive rights to our Board of Directors with respect to ordinary shares, the issuance of which has been authorized by our shareholders. At the annual general meeting held in 2011 pursuant to our articles of association, our shareholders delegated to our Board of Directors, for a period of five years, the power to limit or exclude preemptive rights.

Repurchase of Our Ordinary Shares

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

- a general meeting of shareholders has authorized our Board of Directors to acquire the ordinary shares, which authorization may be valid for no more than 18 months;
- our equity, after deduction of the price of acquisition, is not less than the sum of the paid-in and called-up portion of the share capital and the reserves that the laws of The Netherlands or our articles of association require us to maintain; and

- we would not hold after such purchase, or hold as pledgee, ordinary shares with an aggregate par value exceeding such part of our issued share capital as set by law from time to time (currently 50%).

At the annual general meeting held in 2013, pursuant to our articles of association our shareholders authorized our Board of Directors to acquire ordinary shares up to 10% of the issued capital as of May 2, 2013, which authorization was valid for 18 months. In addition, the Board of Directors has been authorized to repurchase up to an additional 10% of the issued share capital conditional upon an amendment to the Company's articles of association increasing the limit on acquisition and holding by the company of its own share capital from 10% to 50%, which amendment took effect on May 2, 2013. This conditional authorization is also valid for 18 months. The shareholders also authorized the Board of Directors to cancel shares to be acquired under the repurchase authorizations.

During 2011 and 2012, we repurchased 35.9 million of our ordinary shares in aggregate, all of which shares were cancelled. During 2013 we did not repurchase any shares.

Capital Reduction; Cancellation

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

At the annual general meeting held in 2013 our shareholders resolved to cancel ordinary shares acquired under the repurchase authorizations as described above, subject to determination by our Board of Directors of the exact number to be cancelled..

General Meetings of Shareholders

At least one general meeting of shareholders is held each year to, amongst others, discuss the annual report and to adopt the annual accounts. Extraordinary meetings will be held as often as the Board of Directors deems desirable. Due to the fact that the Company is a Dutch company incorporated in The Netherlands with a listing at the NYSE, we must comply with both U.S. and Dutch rules and regulations. We also strive to harmonize prevailing U.S. and Dutch practices, to the extent practically possible. With regard to the registration or record date for determining the shareholders who are entitled to vote at a shareholders meeting, the Code stipulates that Dutch listed companies should determine a record date for the exercise of voting rights by shareholders at a general meeting. Pursuant to section 2:119 sub 2 of Dutch Civil Code such record date must be on the 28^{th} day before the meeting. Shareholders can exercise their voting rights through submitting their proxy forms or equivalent means prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders. Shareholders may exercise their meeting rights in person after notifying us prior to a set date and providing us with appropriate evidence of ownership of the shares and authority to vote prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders. Resolutions to amend our Articles of Association are valid if adopted by the General Meeting of Shareholders by a simple majority of the votes cast upon proposal by the Board of Directors.

The Company held its 2013 annual general meeting (AGM) of shareholders on May 2, 2013. The AGM adopted the 2012 annual accounts and voted for all other items which required a vote. Two notaries of Dutch law firm Nauta Dutilh acted as proxy committee, duly authorized by our shareholders who elected to exercise their votes by proxy.

On February 13, 2014 the Company held an extraordinary general meeting (EGM) of shareholders. The EGM approved the ILFC Transaction, which remains subject to receipt of necessary regulatory approvals and satisfaction of other customary closing conditions, and voted for all other items which required a vote. Two notaries of Dutch law firm Nauta Dutilh firm acted as proxy committee, duly authorized by our shareholders who elected to exercise their votes by proxy.

Protective Measures

There are no protective devices against takeovers in place.

Remuneration Report

This remuneration report is based on the remuneration policy of AerCap Holdings N.V. The amended remuneration policy was adopted by the Board of Directors and approved by the General Meeting of Shareholders on May 2, 2013. This remuneration report is applicable to members of our Board of Directors.

Non-Executive Directors

We currently pay each Non-Executive Director an annual fee of €95,000 (€200,000 for the Chairman of our Board of Directors and €115,000 for the Vice Chairman) and pay each of these directors an additional €4,000 per meeting attended in person or €1,000 per meeting attended by phone. In addition, we pay the chair of the Audit Committee an annual fee of €25,000 and each committee member will receive an annual fee of €15,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone. We further pay the non-executive chair of each of the Nomination and Compensation Committee, the Group Treasury and Accounting Committee and the Group Portfolio and Investment Committee an annual fee of €15,000 and each committee member will receive an annual fee of €10,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone. All members of the Board of Directors are reimbursed for reasonable costs and expenses incurred in attending meetings of our Board of Directors.

In addition our Non-Executive Directors receive an annual equity award, as provided for in the Company's remuneration policy for members of the Board of Directors and in accordance with the terms of the Company's equity incentive plan as approved by the general meeting of shareholders on October 31, 2006. As a result of the equity awards stated above, per December 31, 2013 our current Non-Executive Directors hold options to acquire a total of 44,050 shares in the Company and 7,085 restricted share units. Although strictly not in line with the best practice provisions of the Code, we believe these relatively small numbers of equity awards are an effective means to further complement our Non-Executive Directors' remuneration, whereas they do not go against the spirit of the corresponding provision in the Code. In addition, it should be noted that granting equity to Non-Executive Directors is consistent with corporate practice in the United States, the jurisdiction where our shares are publicly listed which, to a certain extent, drives our corporate governance in addition to Dutch corporate governance rules.

Executive Director

During 2013, we paid Mr. Kelly, our only Executive Director, an annual compensation consisting of base salary, cash bonus and a deferred equity bonus in the form of restricted share units. Mr. Kelly's compensation package was derived based on our understanding of comparable compensation packages for competitors of similar size and profitability in the aircraft leasing industry and the overall financial services industry. Mr. Kelly's compensation package has been disclosed in the proxy materials for the annual general meeting of shareholders held in 2011, at which meeting Mr. Kelly has been appointed as Executive Director of the Company, and was subsequently increased in 2012. There were no changes to Mr. Kelly's compensation package in 2013. The annual bonuses are paid in arrears. The actual bonus amounts will not exceed target bonus levels as long as our budget for the relevant year has not been met, subject to exceptions which, if so, will be disclosed in this annual report. As a matter of policy, the actual bonuses will be determined below target level in years that our budget is not met, unless specific circumstances require otherwise which, if so, will be disclosed in this annual report. The annual equity bonus is time based with a three-year vesting period. The bonus targets are based on earnings per share. We believe that the ratio of fixed and variable/incentive compensation is reasonable and provides an appropriate level of incentive compensation to promote the achievement of established targets.

In addition to annual compensation, Mr. Kelly participates in a long term incentive scheme that is subject to vesting criteria related to our average performance over a number of years in order to promote and encourage good performance over a prolonged period of time. All equity awards contain change of control provisions causing immediate vesting of all equity awards, to the extent not yet forfeited, in case of a change of control as defined in the respective equity award agreements as per customary practice.

In addition, Mr. Kelly participates in the Company's defined benefit pension plan. Mr. Kelly also receives other employment benefits such as health insurance and a company car allowance. Mr. Kelly's employment contract expires on the day following the 2019 annual general meeting of shareholders, scheduled to be held in May 2019. His employment contract includes a severance clause with a pre-agreed severance amount based upon calculations in accordance with the so called cantonal court termination formula, as customarily applied in the Netherlands labor practice, which is deemed reasonable in view of his long term employment history with the Company. The severance will be paid in the event that his employment is not renewed at expiration or is terminated without cause or in case of voluntarily leave for good reason (as such terms are defined in the employment agreement).

For further details on Mr. Kelly's remuneration we refer to note 26 to the consolidated financial statements in this report.

AerCap Holdings N.V. Equity Incentive Plans

Reference is made to the paragraph in respect of the AerCap Holdings N.V. Equity Incentive Plan 2006 and the AerCap Holdings N.V. Employees and Officers Equity Incentive Plan 2012 under the Executive Officers section in this report.

Amsterdam, March 17, 2014

Pieter Korteweg
Aengus Kelly
Salem Al Noaimi
Homaid Al Shemmari
James (Jim) Chapman
Paul Dacier
Richard (Michael) Gradon
Marius Jonkhart
Robert (Bob) Warden

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2012 and 2013

(After proposed profit appropriation)

	Note	As of December 31, 2012(1)	As of December 31, 2013
		(U.S. dollars in thousands except share and per share amounts)	
Assets			
Cash and cash equivalents		$ 520,401	$ 295,514
Restricted cash	3	280,653	272,787
Trade receivables	4	6,636	5,203
Flight equipment held for operating leases, net	5	7,287,759	8,068,585
Net investment in direct finance leases		22,362	31,995
Notes receivable	6	78,163	75,788
Prepayments on flight equipment	7	53,594	223,815
Investments	8	93,862	112,380
Intangibles	9	18,100	9,354
Derivative assets	10	9,993	32,673
Deferred income taxes	14	221,630	168,663
Other assets	11	24,499	35,707
Total Assets		**$8,617,652**	**$9,332,464**
Liabilities and Shareholders' Equity			
Accounts payable		$ 739	$ 829
Accrued expenses and other liabilities	12	92,761	108,462
Accrued maintenance liability		476,388	549,712
Lessee deposit liability		86,268	92,660
Debt	13	5,670,147	6,088,577
Deferred revenue		39,547	47,698
Derivative liabilities	10	14,677	7,233
Deferred income taxes	14	51,570	61,842
Negative goodwill	30	34,630	29,551
Total Liabilities		6,466,727	6,986,564
Ordinary share capital, €0.01 par value (250,000,000 ordinary shares authorized, 113,783,799 ordinary shares issued and outstanding at December 31, 2013 and 113,363,535 ordinary shares issued and outstanding at December 31, 2012)	16	1,193	1,199
Additional paid-in capital		878,034	878,034
Revaluation reserves	10	(14,401)	(9,890)
Accumulated retained earnings(2)		1,285,231	1,472,697
Total Shareholders' Equity		2,150,057	2,342,040
Minority interest, net of taxes	15	868	3,860
Total Equity		2,150,925	2,345,900
Total Liabilities and Equity		**$8,617,652**	**$9,332,464**

(1) Certain reclassifications have been made to the prior year Consolidated Balance Sheet to reflect the current year presentation.

(2) This includes $31.4 million and $25.0 million of legal reserves in the year ended December 31, 2013 and 2012 respectively, which are not free to distribute.

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

AerCap Holdings N.V. and Subsidiaries

Consolidated Income Statements

For the Years Ended December 31, 2012 and 2013

	Note	Year ended December 31, 2012	Year ended December 31, 2013
		(U.S. dollars in thousands, except share and per share amounts)	
Revenues			
Lease revenue	18	$ 997,374	$ 976,147
Net (loss) gain on sale of assets		(22,284)	41,873
Management fee revenue		17,311	20,651
Interest revenue		2,471	5,525
Other revenue		2,012	5,870
Total Revenues	18	**996,884**	**1,050,066**
Expenses			
Depreciation	5	359,338	337,730
Asset impairment	20	17,195	64,201
Interest on debt	13	286,019	226,329
Operating lease-in costs		6,119	550
Leasing expenses		108,487	77,335
Transaction expenses	1	—	10,959
Selling, general and administrative expenses	19	83,409	89,079
Total Expenses		**860,567**	**806,183**
Income from continuing operations before income taxes and income of investments accounted for under the equity method		**136,317**	**243,883**
Provision for income taxes	14	(5,171)	(70,469)
Net income of investments accounted for under net asset value		11,630	10,637
Net Income from continuing operations		**$ 142,776**	**$ 184,051**
Minority interest, net of taxes	15	5,213	(2,992)
Net Income		**$ 147,989**	**$ 181,059**
Net income per share—attributable to AerCap Holdings N.V.—basic	21		
Continuing operations		$ 1.13	$ 1.60
Discontinued operations		—	—
Net income per share—basic		$ 1.13	$ 1.60
Net income per share—attributable to AerCap Holdings N.V.—diluted	21		
Continuing operations		$ 1.13	$ 1.57
Discontinued operations		—	—
Net income per share—diluted		$ 1.13	$ 1.57
Weighted average shares outstanding—basic		131,492,057	113,463,813
Weighted average shares outstanding—diluted		132,497,913	115,002,458

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

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2012 and 2013

	Note	Year ended December 31, 2012(1)	Year ended December 31, 2013
		(U.S. dollars in thousands)	
Net income	18	$ 147,989	$ 181,059
Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interest	15	(5,214)	2,992
Depreciation	5	359,109	337,730
Asset impairment	20	17,157	64,201
Amortization of debt issuance costs and debt discounts	13	69,651	47,442
Amortization of intangibles	9	11,577	8,746
Loss (gain) on disposal of assets		22,284	(41,873)
Mark-to-market of non-hedged derivatives	10	2,059	(11,805)
Deferred taxes	14	5,066	65,629
Share-based compensation	19	7,127	9,292
Changes in assets and liabilities:			
Trade receivables and notes receivable, net	4	912	2,854
Inventories		7,877	—
Other assets	10,11	(2,732)	(30,551)
Other liabilities	12	16,068	51,011
Deferred revenue		(2,214)	8,151
Net cash provided by operating activities		**656,716**	**694,878**
Purchase of flight equipment	5	(1,038,657)	(1,782,839)
Proceeds from sale/disposal of assets	5	781,278	664,415
Prepayments on flight equipment	7	(36,124)	(213,320)
Purchase of investments	8	—	(13,180)
Movement in restricted cash	3	(58,131)	7,866
Net cash (used in) investing activities		**(351,634)**	**(1,337,058)**
Issuance of debt	13	1,297,087	2,299,706
Repayment of debt	13	(1,213,832)	(1,889,194)
Debt issuance costs paid	13	(43,177)	(45,213)
Maintenance payments received		132,046	100,708
Maintenance payments returned		(49,728)	(56,909)
Security deposits received		25,624	23,364
Security deposits returned		(21,855)	(15,032)
Repurchase of shares		(320,093)	—
Net cash provided by (used in) financing activities		**(193,928)**	**417,430**
Net increase (decrease) in cash and cash equivalents		111,154	(224,750)
Effect of exchange rate changes		(1,834)	(137)
Cash and cash equivalents at beginning of period		411,081	520,401
Cash and cash equivalents at end of period		**$ 520,401**	**$ 295,514**
Supplemental cash flow information(2):			
Interest paid, net of amounts capitalized	13	180,968	211,075
Taxes paid		1,518	4,966

(1) Certain reclassifications have been made to the prior years Consolidated Statement of Cash Flows to reflect the current year presentation.

(2) These cash flows are part of net cash provided by operating activities.

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

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Shareholders' Equity

For the Years Ended December 31, 2012 and 2013

	Number of Shares	Share capital	Additional paid-in capital	Treasury stock	Retained earnings	Revaluation reserves	Total shareholders' equity
	(U.S. dollars in thousands, except share amounts)						
Year ended December 31, 2012							
Balance at January 1, 2012	149,232,426	$1,570	$1,297,750	$(100,000)	$1,130,114	$ (8,513)	$2,320,921
Share-based compensation	—	—	—	—	7,128	—	7,128
Purchase of treasury stock/share cancellation (Note 17)	(35,868,891)	(377)	(419,716)	100,000	—	—	(320,093)
Comprehensive income:							
Net change in fair value of derivatives, net of $194 tax(1)	—	—	—	—	—	(1,360)	(1,360)
Net change of pension obligations, net of $1,057 tax(2)	—	—	—	—	—	(4,528)	(4,528)
Net income for the period	—	—	—	—	147,989	—	147,989
Comprehensive income (loss)	—	—	—	—	147,989	(5,888)	142,101
Balance at December 31, 2012	**113,363,535**	**$1,193**	**$ 878,034**	**$ —**	**$1,285,231**	**$(14,401)**	**$2,150,057**
Year ended December 31, 2013							
Balance at January 1, 2013	113,363,535	$1,193	$ 878,034	$ —	$1,285,231	$(14,401)	$2,150,057
Issuance of shares to directors and employees	420,264	6	—	—	—	—	6
Share-based compensation	—	—	—	—	6,407	—	6,407
Comprehensive income:							
Net change in fair value of derivatives (Note 10), net of $(711) tax(1)	—	—	—	—	—	4,975	4,975
Net change of pension obligations (Note 25), net of $117 tax(2)	—	—	—	—	—	(464)	(464)
Net income for the period	—	—	—	—	181,059	—	181,059
Comprehensive income	—			—	181,059	4,511	185,570
Balance at December 31, 2013	**113,783,799**	**$1,199**	**$ 878,034**	**$ —**	**$1,472,697**	**$ (9,890)**	**$2,342,040**

(1) In 2012 and 2013 we entered into interest rate swaps for which we achieved cash flow hedge accounting treatment. During 2012 and 2013 no amounts were reclassified from revaluation reserves to the income statement.

(2) As part of a component of other comprehensive income we recognize a direct movement in equity for the actuarial gains or losses that arise during the period.

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

1. General

The Company

We are an independent aircraft leasing company with $9.4 billion of total assets on our balance sheet mainly consisting of 236 owned aircraft. We are a New York Stock Exchange-listed company (AER) headquartered in The Netherlands with offices in Ireland, the United States, China, Singapore, and the United Arab Emirates.

These 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. 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.

On December 16, 2013, we entered into a definitive agreement with American International Group, Inc. ("AIG") (NYSE: AIG) under which AerCap will acquire 100% of the common stock of International Lease Finance Corporation ("ILFC"), a wholly-owned subsidiary of AIG (the "ILFC Transaction"). The ILFC Transaction is expected to close in the second quarter of 2014, subject to receipt of necessary regulatory approvals and satisfaction of other customary closing conditions.

Special purpose entities

AerDragon. In May 2006, we signed a joint venture agreement with China Aviation Supplies Holding Company ("CAS") and affiliates of Crédit Agricole Corporate and Investment Bank ("CA-CIB) establishing AerDragon ("AerDragon") with initial registered capital of $50.0 million. The registered capital of AerDragon was increased to $120.0 million in 2010, to $130.0 million in 2011, to $183.5 million in 2013 and to $223.5 million in early 2014. During 2013 the joint venture agreement was amended to include East Epoch Limited who agreed to become a shareholder in AerDragon. As of December 31, 2013, AerDragon was 50% owned by CAS, 20.3% owned by us, 20.3% owned by CA-CIB, and 9.4% owned by East Epoch Limited. As at the date of this report CAS owned 50% of AerDragon, with the other 50% owned equally by us, CA-CIB, and East Epoch Limited. We provide certain aircraft- and accounting-related services to the joint venture, and act as guarantor to the lenders of AerDragon, related to debt secured by the aircraft which AerDragon purchased directly from us. This joint venture enhances our presence in the increasingly important Chinese market and will enhance our ability to lease our aircraft and engines throughout the entire Asia/Pacific region. On December 30, 2013, AerDragon signed a purchase agreement with Boeing for ten new B737-800 aircraft to be delivered in the years 2014 to 2016. AerDragon had 20 aircraft on lease to 9 airlines as of December 31, 2013, including one acquired from AerCap during the first quarter of 2013. In addition

1. General (Continued)

to the aircraft on lease as of December 31, 2013, AerDragon had 13 aircraft yet to be delivered including one A330 that AerDragon contracted to purchase from AerCap.

We have reassessed our ownership and have determined that AerDragon remains a variable interest entity, in which we continue not to have control and are not to be primary beneficiary. Accordingly, we account for our investment in AerDragon under the equity method of accounting. With the exception of debt for which we act as guarantor, the obligations of AerDragon are non-recourse to us.

AerCap Partners I. In June 2008, AerCap Partners I Holding Limited, ("AerCap Partners I"), a 50% joint venture entered into between us and Deucalion Aviation Funds, acquired a portfolio of 19 aircraft from TUI Travel. The aircraft acquired were leased back to TUI Travel for varying terms. As of December 31, 2013, six Boeing 757-200 aircraft have been sold, and 11 Boeing 737-800 and two Boeing 767-300ER remain in the portfolio. The aircraft portfolio was financed through a $425.7 million senior debt facility and $125.6 million of subordinated debt consisting of $62.8 million from us and $62.8 million from our joint venture partner. On the applicable maturity date under the senior debt facility, which for the first tranche is April 2015 and for the second tranche was April 2012, or, if earlier, in case of an AerCap insolvency, if the joint venture partners do not make additional subordinated capital available to the joint venture. AerCap can be required to purchase the aircraft from the joint venture for a price equal to the outstanding senior debt facility balance plus certain expenses and taxes related to the purchase. We have also entered into agreements to provide management and marketing services to AerCap Partners I. At December 31, 2013, AerCap Partners I had $163.9 outstanding under its senior debt facility

The second tranche of senior debt was refinanced in April 2012, and as part of the refinancing, AerCap Partners 767 Limited ("AerCap Partners 767") was incorporated. AerCap Partners 767 acquired two Boeing 767 aircraft with leases attached (from AerCap Partners I) which were financed through a $36.0 million senior debt facility and $30.9 million of subordinated debt consisting of $15.45 million from us and $15.45 million from our joint venture partner. $30.9 million of AerCap Partners I's subordinated debt was redeemed upon sale of the two Boeing 767 aircraft to AerCap Partners Boeing 767.

We have determined that AerCap Partners I and AerCap Partners 767 are special purpose entities in which we do have control and we are the primary beneficiary. As such, we have consolidated AerCap Partners I's and AerCap Partners 767's financial results in our consolidated financial statements.

Joint ventures with Waha. In 2010, we entered into two joint ventures with Waha Capital PJSC ("Waha"), with us owning 50% in AerLift Leasing Jet Ltd. ("AerLift Jet") and 40% in AerLift Leasing Ltd. ("AerLift"). AerLift Jet owned four CRJ aircraft, and AerLift owned eight aircraft as of December 31, 2013. We have determined that the joint ventures are special purpose entities. For AerLift Jet we do have control and we are the primary beneficiary. As such, we consolidate the financial results of AerLift Jet in our consolidated financial statements. For AerLift we do not have control and we are not the primary beneficiary and accordingly, we account for our investment in AerLift at net asset value.

1. General (Continued)

Other joint ventures. In 2010, we entered into two 50% joint ventures with two separate joint venture partners. The two joint ventures collectively owned six aircraft, consisting of three A330 and three A320 aircraft. On June 1, 2011 we sold our 50% interest in three A330 aircraft that had been part of one of the joint ventures. We have determined that the remaining joint venture is a special purpose entity in which we have control and we are the primary beneficiary. As such, we consolidate the financial results of this joint venture in our consolidated financial statements.

As further discussed in Note 13, we hold equity and subordinated debt investments in ALS II and AerFunding. ALS II and AerFunding are special purpose entities in which we have control and we are the primary beneficiary. As a result, we consolidate the financial results of these entities in our consolidated financial statements.

We also have an economic interest in AerCo. AerCo is a special purpose entity for which we determined that we do not have control and we are not the primary beneficiary and, accordingly we do not consolidate the financial results of AerCo in our consolidated financial statements. Historically the investment in AerCo has been written down to zero, because we do not expect to realize any value.

We also own 42.3% of AerData, an integrated software solution provider for the aircraft leasing industry, which provides and manages our main corporate management system ("CMS"). AerData's impact to our financial results is not material.

We guarantee debt obligations on behalf of joint venture entities in the total amount of $308.6 million as of December 31, 2013.

The effect on equity attributable to us due to changes in ownership interest in subsidiaries was nil in the years ended December 31, 2011, 2012 and 2013.

ALS Transaction

On November 14, 2012, we signed and completed an agreement with an entity incorporated at the direction of Guggenheim Partners, LLC ("Guggenheim") for the sale of our equity interest in Aircraft Lease Securitisation Limited ("ALS") by transferring 100% of our interest in the E-Notes, the equity securities issued by ALS, to Guggenheim. The total proceeds comprised of the cash received and a contingent asset (the "ALS Note Receivable"), which entitles us to receive future cash flows based on the performance of ALS. The total proceeds were in excess of the fair value of the E-Notes sold and included a financing from Guggenheim to us (the "ALS Coupon Liability"). The repayments of the ALS Coupon Liability are equal to a specified amount of $2.5 million per month until the earlier of December 2016 or the month in which the senior securities issued by ALS, the G-Notes, which were held by third parties, are fully repaid. After the repayment of the ALS Coupon Liability, the ALS Note Receivable entitles us to receive future cash up to the total amount paid under the ALS Coupon Liability. As a result of the transaction, we concluded that substantial risk of ownership is transferred to Guggenheim. The transaction thus resulted in the sale and deconsolidation of ALS, which included 50 aircraft with a net book value of approximately $1.0 billion and debt of approximately $0.5 billion prior to the sale. As of December 31, 2013 the ALS Coupon Liability was valued at $71.1 million and the ALS Note Receivable was valued at $72.8 million.

1. General (Continued)

The ALS transaction resulted in a loss, net of tax, of $54.6 million, including transaction expenses of $13.5 million. The ALS Coupon Liability was initially recognized at fair value, at the transaction date, of $97.1 million, using a discount rate of 5.5%. The ALS Coupon Liability is recorded as debt in our Consolidated Balance Sheets. The corresponding ALS Note Receivable was initially recognized at fair value at the transaction date, of $67.3 million, using a discount rate of 6.8%. The ALS Note Receivable is recorded as a note receivable in our Consolidated Balance Sheets. The ALS Coupon Liability and ALS Note Receivable are both subsequently measured at amortized cost using retrospective effective interest method.

LATAM Transaction

On May 28, 2013, we entered into a $2.6 billion purchase and leaseback agreement with LATAM Airlines Group ("LATAM") for 25 widebody aircraft, including 15 deliveries scheduled between 2014 and 2018. The aircraft consist of nine new Airbus A350-900s, four new Boeing 787-9s, and two new Boeing 787-8s from LATAM's order backlog, and ten Airbus A330-200s with an average age of four years from LATAM's existing fleet, which were purchased and leased back in June 2013. We allocated the portfolio purchase price of $2.6 billion to individual aircraft acquired based on their relative fair values which were based on independent appraised values. As part of the transaction, we made payments of $659 million in June 2013, allocated $577 million to flight equipment held for operating leases relating to the ten aircraft delivered, and accounted for the other $82 million as prepayments on flight equipment for the remaining 15 aircraft to be delivered.

Guggenheim Transaction

On June 27, 2013, we completed a transaction under which we sold eight Boeing 737-800 aircraft to ACSAL HOLDCO, LLC ("ACSAL"), an affiliate of Guggenheim, in exchange for cash and in addition we made a capital contribution of 19.4% in the equity of ACSAL. The aircraft are subject to long term leases to American Airlines. We will continue to service the Boeing 737-800 portfolio. We concluded that we did not retain a substantial risk of ownership and therefore the assets were deconsolidated and a $10.5 million gain on sale was recognized.

We have assessed our ownership in ACSAL, and have determined that it is a variable interest entity. We further determined that while we do not have control and are not the primary beneficiary of ACSAL, we do have significant influence and accordingly, we account for our investment in ACSAL under the net asset value.

Risks and uncertainties

Aircraft leasing is a capital intensive business and we have significant capital requirements. In order to meet our forward purchase commitments, we will need to access committed debt facilities, secure additional financing for pre-delivery payment obligations, use our existing available cash balances, cash generated from aircraft leasing and sales, and, if necessary, the proceeds from potential capital market transactions. If we cannot meet our obligations under our forward purchase commitments, we will not recover the value of prepayments on flight equipment on our balance sheets and may be subject to other contract breach damages.

1. General (Continued)

We are dependent upon the viability of the commercial aviation industry, which determines our ability to service existing and future operating leases of our aircraft. Although the aviation market recovered significantly from late 2009, a deterioration of economic conditions and the current increase in oil prices could cause our lessees to default under their leases with us, which could negatively impact our cash flows and results of operations. Furthermore, the value of the largest asset on our balance sheet—flight equipment held for operating leases—is subject to fluctuations in the values of commercial aircraft worldwide. A material decrease in aircraft values could have a downward effect on lease rentals and residual values and may require that the carrying value of our flight equipment be materially reduced.

The values of trade receivables, notes receivable, intangible lease premium assets and the provision for onerous contracts are dependent upon the financial viability of related lessees, which is directly tied to the health of the commercial aviation market worldwide.

We have significant tax losses carried forward in some of our subsidiaries, which are recognized as tax assets on our balance sheet. The recoverability of these assets is dependent upon the ability of the related entities to generate a certain level of taxable income in the future. If those entities cannot generate such taxable income, we will not realize the value of those tax assets and a corresponding valuation allowance and tax charge will be required.

We periodically perform reviews of the carrying values of our aircraft and customer receivables, inventory, the recoverable value of deferred tax assets and the sufficiency of accruals and provisions, substantially all of which are sensitive to the above risks and uncertainties.

Related parties

All group companies and related parties mentioned in Note 22, Note 26 and Note 27 are considered to be related parties. Transactions between group companies are eliminated upon consolidation.

Note to the cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash and cash equivalents.

Receipts and payments of interest, dividends received and corporate income tax are included in the cash flow from operating activities.

Investments in group companies are recognized at acquisition cost less cash and cash equivalents available in the company acquired at the time of acquisition.

2. Summary of significant accounting policies

Basis for presentation

The consolidated financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting

2. Summary of significant accounting policies (Continued)

Standards as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in U.S. dollars, which is our functional and reporting currency.

Based on Part 9 Book 2 Art. 362.4 of the Netherlands Civil Code the Company did not adopt the model formats for the balance sheets, the income statements or the statements of cash flows as prescribed by the Netherlands Civil Code. The current presentation of primary statements is applied by peers and we believe the use of these primary statements is necessary to provide sound judgment on the financial position and results of the Company. This presentation has no impact on the net income or equity of the Company.

In general, assets and liabilities (except for group equity) are stated at the amounts at which they were acquired or incurred with exception of derivatives which are measured at fair value. The balance sheet and income statement include references to the notes.

The principles of valuation and determination of result remain unchanged compared to the prior year.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For us, the use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, intangibles, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Management considers information available from professional appraisers, 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.

The Company reviews estimated useful life and residual value of aircraft periodically based on its knowledge and external factors coupled with market conditions to determine if they are appropriate and record adjustments on an aircraft by aircraft basis as necessary. In the years ended December 31, 2012 and December 31, 2013, we changed our estimates of useful lives and residual values of certain older aircraft. The change in estimates is a result of the current market conditions that have negatively affected the useful lives and residual values for such aircraft. The effect on net income from continuing operations for the year ended December 31, 2013 was to reduce net income by $8.0 million, or $0.07 basic and diluted earnings per share.

Reclassifications

Amortization of debt issuance costs and debt discount—The Consolidated Statements of Cashflows for the years ended December 31, 2012 and December 31, 2011, include a reclassification, as compared to the 2012 Dutch GAAP Annual Report, of $18.7 million and $20.2 million respectively from net cash provided by financing activities to net cash provided by operating activities with respect to the amortization of fair value adjustments on some of our debt which were previously netted against debt

2. Summary of significant accounting policies (Continued)

repayments. There were no changes to the Consolidated Balance Sheets, Net Income or Total Equity as a result of these reclassifications in the respective periods.

Deferred tax—The Consolidated Balance Sheet for the year ended December 31, 2012 includes a reclassification, as compared to the 2012 Dutch GAAP Annual Report, of $51.6 million from deferred income tax asset to deferred income tax liability which were previously presented on a net basis as part of the deferred tax asset. There were no changes to Net Income or Total Equity as a result of this reclassification in the respective period.

Restricted cash—The Consolidated Balance Sheet for the year ended December 31, 2012 includes a reclassification, as compared to the 2012 Dutch GAAP Annual Report, of $0.8 million from restricted cash to other liabilities. The Consolidated Statement of Cash Flows was changed accordingly for the respective period. There were no changes to Net Income or Total Equity as a result of this reclassification in the respective period.

Foreign currencies

Foreign currency transactions are translated into U.S. dollars, which is the currency of the primary economic environment in which the group operates, at the exchange rate prevailing at the time the transaction took place or at the rates of exchange under related forward contracts where such contracts exist. Subsequent receivables or payables resulting from such foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at each balance sheet date. Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates). All resulting exchange gains and losses are taken to the income statement under selling, general and administrative expenses. All group companies have the U.S. dollar as their functional currency, given the nature of the business.

Consolidation

The consolidation includes the financial information of AerCap Holdings N.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which AerCap Holdings N.V. exercises direct or indirect dominant control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which AerCap Holdings N.V. exercises control or whose central management it conducts are consolidated in full. Companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Minority interests in group equity and group profit are disclosed separately.

Intercompany transactions, profits and balances among group companies and other consolidated legal persons are eliminated. Unrealized losses on intercompany transactions are eliminated as well, unless such a loss qualifies as impairment. The accounting policies of group companies and other consolidated legal persons were changed where necessary, in order to align them to the prevailing group accounting policies.

2. Summary of significant accounting policies (Continued)

Since the income statement for 2013 of AerCap Holdings N.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Netherlands Civil Code.

For a listing of the consolidated companies refer to Note 27.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with an original maturity of less than three months.

Restricted cash

Restricted cash includes cash held by banks that is subject to withdrawal restrictions.

Trade receivables

Trade receivables represent unpaid, current lease obligations of lessees under existing lease contracts. Allowances are made for doubtful accounts where it is considered that there is a significant risk of non-recovery. The assessment of risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

Flight equipment held for operating leases, net

Flight equipment held for operating leases, including aircraft, is stated at cost less accumulated depreciation and impairment. Costs incurred in the acquisition of aircraft or related leases are included in the cost of the flight equipment and depreciated over the useful life of the equipment or term of the related lease. In instances where the purchase price includes additional consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated cost is recognized as an intangible lease premium which is amortized over the term of the related lease in lease revenue. Similarly, we recognize a lease deficiency liability as part of accrued expenses and other liabilities for lease contracts where the terms of the lease contract are unfavorable to market terms and amortize the liability over the term of the related lease as an addition to lease revenue. The cost of improvements to flight equipment are normally expensed unless the improvement materially increases the long-term value of the flight equipment or extends the useful life of the flight equipment. In instances where the increased value benefits the existing lease, such capitalized cost is depreciated over the life of the lease. Otherwise, the capitalized cost is depreciated over the remaining useful life of the aircraft. Flight equipment acquired is depreciated over the assets' useful life, based on 25 years from the date of manufacture, using the straight-line method to the estimated residual value. The current estimates for residual (salvage) values for most aircraft types are 15% of original manufacture cost, in line with industry standards, except where more recent industry information indicates a different value is appropriate. Differences between our estimates of useful lives and residual values and actual experience may result in future impairments of aircraft and/or additional gains or losses upon disposal.

2. Summary of significant accounting policies (Continued)

We review estimated useful life and residual value of aircraft periodically based on our knowledge to determine if they are appropriate and record adjustments on an aircraft by aircraft basis as necessary.

On each balance sheet date, the company tests whether there are any indications of assets being subject to impairment. If any such indications are present, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount is higher than its recoverable value; the recoverable value is the higher of the net realizable value and the value in use.

Net realizable value is determined based on appraisers' data and reference to an active market. Value in use, is determined as the present value of cash expected to be received from the aircraft in the future, including its expected residual value discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft, appraisal data and industry trends. Residual (salvage) value assumptions generally reflect an aircraft's booked residual, except where more recent industry information indicates a different value is appropriate. We generally focus our impairment assessment on older aircraft as the cash flows supporting the carrying value of such older aircraft are more dependent upon current lease contracts, which leases are more sensitive to weaknesses in the global economic environment. We review and stress our key assumptions to reflect any observed weakness in the global economic environment. Further deterioration of the global economic environment and a further decrease of aircraft values might have a negative effect on the discounted cash flows of older aircraft and might trigger further impairments.

If it is established that a previously recognized impairment no longer applies or has declined, the increased carrying amount of the assets in question is not set higher than the carrying amount that would have been determined had no asset impairment been recognized.

Leases

Operating leases—Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Net investment in direct finance leases—Net investment in direct finance leases where the Company acts as lessor consists of contracted lease receivables plus the expected residual value on lease termination date of equipment under finance lease less unearned income. Initial unearned income for newly acquired aircraft under finance lease is the amount by which the lease contract receivables plus the expected residual value exceeds the initial investment in the leased equipment at lease inception. In instances where the terms of a new aircraft lease agreement require the classification of the aircraft and related lease from a previous operating lease to a direct finance lease, initial unearned income under the finance lease is the difference between the lease contract receivable and the fair value of the equipment at the time of the new agreement. Unearned income is recognized as lease revenue over the

2. Summary of significant accounting policies (Continued)

lease term in a manner which produces a constant rate of return on the net investment in the finance lease.

Notes receivable

Notes receivable arise primarily from the restructuring and deferring of trade receivables from lessees experiencing financial difficulties. Allowances are made for doubtful accounts where there is a significant risk of non-recovery of the note receivable. The assessment of the risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment. The ALS Note Receivable (described in Note 1) is recorded at fair value and subsequently measured at amortized cost.

Capitalization of interest

We capitalize interest related to progress payments made in respect of flight equipment on forward order and add such amount to prepayments on flight equipment. The amount of interest capitalized is the actual interest costs incurred on funding specific to the progress payments or the amount of interest costs which could have been avoided in the absence of such progress payments.

Investments

Group companies and other participating interests in which the company exercises significant influence are stated at net asset value. We are considered to exercise significant influence if we hold at least 20% of the voting rights.

Net asset value is calculated using the accounting policies applied in these consolidated financial statements. Participating interests whose financial information cannot be aligned to these policies are valued based on their own accounting policies. Participating interests with an equity deficit are carried at nil. A provision is formed if and when we are fully or partially liable for the debts of the participating interest, or has the firm intention to allow the participating interest to pay its debts.

Participating interests acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these annual accounts, taking into account the initial valuation.

Participating interests in which no significant influence can be exercised are stated at acquisition price. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement.

Negative goodwill

Negative goodwill arising from the acquisition of subsidiaries is recognized as a liability on the balance sheet. Negative goodwill is released to income in accordance with the weighted average remaining life of the depreciable or amortisable assets acquired. In the event of a disposal of an asset a relative portion of the negative goodwill based on the weighted average book value of the acquired asset is released to the income statement.

2. Summary of significant accounting policies (Continued)

Intangible assets

We recognize intangible assets acquired in a business combination. The identified intangible assets are recorded at fair value on the date of acquisition. The rate of amortization of intangible assets is calculated with reference to the expected useful life. In instances where the purchase of flight equipment or the allocated fair value in a business combination includes consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated costs is recognized as an intangible lease premium asset and amortized on a straight-line basis over the term of the related lease as a reduction of lease revenue. Similarly, we recognize a lease deficiency liability as part of accrued expenses and other liabilities for lease contracts where the terms of the lease contract are unfavorable to market terms and amortize the liability over the term of the related lease as an addition to lease revenue. We consider lease renewals on a lease by lease basis. We do not assume lease renewals in the determination of the lease premiums or deficiencies given a market participant would expect the lessee to renegotiate the lease on the market terms. We evaluate all intangible assets for impairment where circumstances indicate a potential impairment.

Inventory

Inventory consists primarily of engine and airframe parts when we have an aircraft part out and is valued at the lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Deferred income taxes (assets and liabilities)

Deferred tax assets and liabilities are recognized to provide for timing differences between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other. Deferred tax liabilities are calculated based on the tax rate prevailing on the balance sheet date or the rates that will apply in the future, insofar as these have been set down by law.

Deferred taxes are recognized for timing differences concerning consolidated companies, participating interests and joint ventures, unless we are able to determine the moment of expiry of the timing difference and it is not likely that the timing difference will expire in the foreseeable future. Deferred taxes are recognized at face value.

Other assets

Other assets consist of receivables from aircraft manufacturers, prepayments, interest and other receivables and other tangible fixed assets. Other tangible fixed assets consist of computer equipment, motor vehicles and office furniture and are valued at acquisition cost and depreciated at various rates between 16% to 33% per annum over the assets' useful lives using the straight-line method.

Shareholders' equity

Expenses directly related to the purchase, sale and/or issue of new shares are directly charged against shareholders' equity, after processing of the relevant profit tax effects. Other direct changes in shareholders' equity are also recognized after processing of the relevant profit tax effects.

2. Summary of significant accounting policies (Continued)

Minority interest

The minority interest in group equity is carried at the amount of the net interest in the group companies concerned. Insofar as the group company concerned has a negative net asset value, the negative value and other future losses are not allocated to the minority interest, unless the third party shareholders have a constructive actual obligation, and are capable, to clear the losses. As soon as the net asset value of the group company is positive again, profits are again allocated to the minority interest. Transactions between the AerCap and its minority interests are eliminated. Gains and losses arising from acquisitions and disposals of minority interests are recognized through shareholder's equity.

Provisions

Provisions are recognized for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as of the balance sheet date. Provisions are stated at the present value of the expenditure expected to be required to settle the obligations. If the expenditure to settle obligations is expected to be recovered from third parties, the recovery is carried as an asset on the balance sheet if it is likely to be received upon settlement of the obligation.

Accrued maintenance liability

In all of our aircraft leases, the lessees are responsible for maintenance and repairs of our flight equipment and related expenses during the term of the lease. In some instances, we may incur maintenance and repair expenses for off-lease aircraft. We recognize leasing expenses in our income statement for all such expenditures. In many operating lease and finance lease contracts, the lessee has the obligation to make a periodic payment of supplemental maintenance rent which is calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. Up to 2008 we did not recognize such supplemental rent received as revenue, but as an accrued maintenance liability until the end of the lease, at which point the supplemental rents was recognized as lease revenue. In 2008, we changed the estimate of the amount of maintenance rent expected to be reimbursed to lessees. The change in estimate arose from the implementation of an improved model used to forecast future maintenance reimbursements.

We record as revenue all maintenance rent receipts not expected to be repaid to lessees. We estimate the total amount of maintenance reimbursements for the entire lease and only record revenue after we have received enough maintenance rent under a particular lease to cover the estimated total amount of revenue reimbursements. In these leases, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft or engine, we make a payment to the lessee to compensate for the cost of the maintenance, up to the maximum of the supplemental maintenance rental payments made with respect to the lease contract.

In most lease contracts not requiring the payment of supplemental rents, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent

2. Summary of significant accounting policies (Continued)

that such components are redelivered in a different condition than at acceptance, there is an end-of-lease compensation adjustment for the difference at redelivery. We recognize receipts of end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

In addition, we may be obligated to make additional payments to the lessee for maintenance related expenses (lessor maintenance contributions or top-ups) primarily related to usage of major life-limited components occurring prior to entering into the lease. In all lease contracts where we agree to make lessor contributions to compensate for qualifying maintenance work during the lease, we record an accrued maintenance liability through a charge to leasing expenses at the commencement of the lease based on our estimate of maintenance events which will occur during the lease.

For all of our lease contracts, any amounts of accrued maintenance liability existing at the end of a lease are released and recognized as lease revenue at lease termination. When flight equipment is sold, the portion of the accrued maintenance liability which is not specifically assigned to the buyer is released from the balance sheet and recognized as net gain on sale of assets as part of the sale of the flight equipment.

Debt

Term debt is initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The ALS Coupon Liability (described in Note 1) is recorded at fair value and subsequently measured at amortized cost based on the retrospective interest method.

Derivative financial instruments

We use derivative financial instruments to manage our exposure to interest rate risks and foreign currency risks.

All derivatives are recognized on the balance sheet at their fair value (market value). Market value is the amount at which an asset can be traded or a liability settled between knowledgeable, willing parties in an arm's length transaction. If no market value can be readily and reliably established, market value is approximated by deriving it from the market value of components or of a comparable financial instrument, or by approximating market value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

When cash flow hedge accounting treatment is achieved, the changes in fair values related to the effective portion of the derivatives are recorded in revaluation reserves, and the ineffective portion is

2. Summary of significant accounting policies (Continued)

recognized immediately in income. Amounts reflected in revaluation reserves related to the effective portion are reclassified into earnings in the same period or periods during which the hedged transactions affects earnings.

We discontinue hedge accounting prospectively when (i) we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (ii) the derivative expires or is old, terminated, or exercised; or (iii) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we carry the derivative at its fair value on the balance sheet, recognizing changes in the fair value in current-period earnings. The remaining balance in revaluation reserves at the time we discontinue hedge accounting is not recognized in the income statement unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in earnings when earnings are affected by the hedged transaction.

When cash flow hedge accounting treatment is not achieved, the changes in fair values related to interest derivatives between periods are recognized as a reduction or increase of interest expense and changes to fair value relating to currency derivatives are recognized as a reduction or increase of selling, general and administration expenses in the income statement in accordance with RJ 290.

Net cash received or paid under derivative contracts, in any reporting period, is classified as operating cash flow in our consolidated cash flow statements.

Accrual for onerous contracts

We make an accrual for onerous contracts where the undiscounted costs of performing under a contract or series of related contracts exceed the undiscounted benefits expected to be derived from such contracts. In connection with a purchase business combination, accruals are recorded at the present value of such differences.

Revenue recognition

As lessor, we lease flight equipment principally under operating leases and report rental income ratably over the life of the lease as it is earned. We account for lease agreements that include step rent clauses on a straight line basis. Lease agreements for which base rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate existing at the inception of the lease; any increases or decreases in lease payments that result from subsequent changes in the floating interest rate are contingent rentals and are recorded as increases or decreases in lease revenue in the period of the interest rate change. In certain cases, leases provide for rentals based on usage. The usage may be calculated based on hourly usage or on the number of cycles operated, depending on the lease contract. We cease revenue recognition on a lease contract when the collectability of such rentals is no longer reasonably assured. For past-due rentals which have been recognized as revenue, provisions are established on the basis of management's assessment of collectability and to the extent such rentals exceed related security deposits held, and are recorded as expenses on the income statement.

Most of our lease contracts require payment in advance. Rentals received, but unearned under these lease agreements are recorded as deferred revenue on the balance sheet.

2. Summary of significant accounting policies (Continued)

Net gain on sale of assets originate from the sale of aircraft, engines and parts and are recognized when the delivery of the relevant asset is complete and the risk of loss has transferred to the buyer.

Revenues from direct finance leases are recognized on the interest method to produce a level yield over the life of the finance lease. Expected unguaranteed residual values of leased assets are based on our assessment of residual values and independent appraisals of the values of leased assets remaining at expiration of the lease terms.

Revenue from secured loans, notes receivables and other interest bearing instruments is recognized on an effective yield basis as interest accrues under the associated contracts. Revenue from lease management fees is recognized as income as it accrues over the life of the contract. Revenue from the receipt of lease termination penalties is recorded at the time cash is received or when the lease is terminated, if collection is reasonably assured. Other revenue includes any net gains we generate from the sale of aircraft related investments, such as our subordinated interests in securitization vehicles and notes, warrants or convertible securities issued by our lessees, which we receive from lessees as compensation for amounts owed to us in connection with lease restructurings.

Interest income and expense

Interest income and expense are time apportioned, taking into account the effective interest rate for the relating assets and liabilities. The treatment of interest expenses for loans received takes account of any transaction costs.

Exchange rate differences

Exchange differences arising upon the settlement of monetary items are recognized in the profit and loss account in the period that they arise.

Personnel remuneration

Salaries, wages and social charges are taken to the profit and loss account when due, and in accordance with employment contracts and obligations.

Pension

We operate a defined benefit pension plan for our Dutch employees and some of our Irish employees. As of June 30, 2009, the Irish defined benefit plan was closed to new participants, but will continue to accrue benefits for existing participants. As required by ASC 715 under US GAAP, we recognize net periodic pension costs associated with this plan in income from continuing operations and recognize the unfunded status of the plan, if any, as a liability. The change in fair value of the funded pension liability that is not related to the net periodic pension cost is recorded as other comprehensive income. The projection of benefit obligation and fair value of plan assets requires the use of assumptions and estimates, including discount rates. Actual results could differ from those estimates. Furthermore, we also operate a defined contribution plan for the Irish employees that do not fall under the defined benefit pension plan. We expense these contributions in the period the contribution is made.

2. Summary of significant accounting policies (Continued)

Share-based compensation

The amount of share-based compensation expense is determined by reference to the fair value of the restricted share units or options on the grant date. The share-based compensation expenses are recognized over the vesting period using the straight-line method. We estimate the fair value of the options using the Black-Scholes option pricing model.

Tax on profit/(loss) on ordinary activities

Profit tax is calculated on the profit/loss before taxation in the profit and loss account, taking into account any losses carried forward from previous financial years (insofar as these are not included in deferred tax assets), tax exempt items and non-deductible expenses. Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

Earnings Per Share

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

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Financial instruments and risk management

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 contracts.

The following discussion should be read in conjunction with Notes 2, 3 and 10 to the audited consolidated financial statements 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 debt and finance lease obligations. An interest rate exposure arises to the extent that the mix of these obligations are not matched with our assets. This exposure is primarily managed through the use of interest rate caps, swaps and interest rate floors using a cash flow based risk management model. This model takes the

(U.S. dollars in thousands)

2. Summary of significant accounting policies (Continued)

expected cash flows generated by our assets and liabilities and then calculates by how much the value of these cash flows will change for a given movement in interest rates.

Under our interest rate caps and floors, we will receive or pay the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap.

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 some of our interest rate derivatives, require two-way cash collateralization. Our counterparties are subject to the prior approval of the treasury committee.

Foreign Currency Risk and Foreign Operations—Our functional currency is the U.S. dollar. We incur Euro-denominated expenses in connection with our offices in The Netherlands and Ireland. We enter into foreign exchange contracts 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 contracts are recorded as part of selling, general and administrative expenses since most of our non-U.S. denominated payments relate to such expenses. Currently, we do not believe that a change in foreign exchange rates will have 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.

Credit risk—The values of trade receivables and notes receivable are dependent upon the financial viability of related lessees, which is directly tied to the health of the commercial aviation market worldwide. We perform a credit evaluation on all lease counterparties with whom we conduct material business. We also actively monitor the credit-worthiness of significant lessees to minimize the cost to us of lessee defaults.

Inflation—Inflation generally affects our costs, including selling, general and administrative expenses and other expenses. However, we do not believe that our financial results have been, or will be, adversely affected by inflation in a material way.

3. Restricted cash

Restricted cash consists of the following at December 31:

	2012	2013
Cash securing our obligations under ECA-guaranteed financings	$ 41,895	$ 59,609
Cash securing our obligations under ALS II debt	15,712	15,004
Cash securing our obligations under AerFunding revolving credit facility debt	82,070	71,379
Cash securing our obligations under Genesis securitization debt	28,955	35,836
Cash securing our obligations under TUI portfolio acquisition facility debt	25,656	26,509
Cash securing our obligations under other debt	82,043	52,800
Cash securing our obligations under SkyFunding I and II facilities	2,740	7,472
Other	1,582	4,178
	$280,653	**$272,787**

(U.S. dollars in thousands)

3. Restricted cash (Continued)

The cash securing our obligations under all our debt facilities is restricted and can only be used to pay for operating expenses incurred by the respective financing vehicle and to pay for interest and repayment of the respective debt. The majority of the restricted cash represents collections of these structures in the previous period, which will be paid as interest and debt amortization at the next payment date.

4. Trade receivables, net of provisions

Trade receivables include amounts invoiced to lessees in respect of lease rentals and maintenance reserves. As of December 31, 2013, we did not have any trades receivables recorded in relation to lessee defaults. Furthermore we did not have any provisions for doubtful accounts as of December 31, 2012 and 2013.

The change in the provision for doubtful accounts is set forth below:

	Year ended December 31,	
	2012	2013
Provision at beginning of period	$ 3,530	$—
Other(1)	(3,530)	—
Provision at the end of period	**$ —**	$—

(1) Includes direct write-offs and cash accounting for certain trade receivables.

5. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the periods presented were as follows:

	Year ended December 31,	
	2012	2013
Net book value at beginning of period	$ 7,983,544	$ 7,287,759
Additions	1,116,808	1,825,937
Depreciation	(357,459)	(342,064)
Impairment (note 20)	(17,157)	(63,662)
Disposals	(1,431,977)	(606,495)
Transfers to direct finance leases/flight equipment held for sale	—	(32,890)
Transfer to inventory	(6,000)	—
Net book value at end of period	**$ 7,287,759**	**$ 8,068,585**
Accumulated depreciation/impairment at December 31, 2012 and 2013	$ (998,822)	$(1,375,721)

(U.S. dollars in thousands)

5. Flight equipment held for operating leases, net (Continued)

At December 31, 2013, 232 out of our 236 owned aircraft and each of our seven owned engines were on lease under operating leases to 74 lessees in 42 countries. The four aircraft off-lease as of December 31, 2013 were subject to lease agreements at December 31, 2013. Two of these aircraft have been delivered since December 31, 2013 and the remaining two are scheduled for delivery in the first and second quarters of 2014. The geographic concentrations of leasing revenues are set out in Note 18.

Prepayments on flight equipment (including related capitalized interest) of $78,149 and $43,099 have been applied against the purchase of aircraft during the years ended December 31, 2012 and 2013, respectively.

The following table indicates our contractual commitments for the prepayment and purchase of flight equipment in the periods indicated as of December 31, 2013:

	2014	2015	2016	Thereafter	Total
Capital expenditures	$657,392	$281,907	$969,184	$947,291	$2,855,774
Pre-delivery payments	128,509	26,034	—	—	154,543
	$785,901	**$307,941**	**$969,184**	**$947,291**	**$3,010,317**

As of December 31, 2013, excluding five purchase rights, we expected to make capital expenditures related to 39 new aircraft on order in 2014 and thereafter, comprised of three A330 aircraft, five A320neo aircraft, nine A350 aircraft, 15 Boeing 737 aircraft and seven Boeing 787 aircraft in 2014 and thereafter. As we implement our growth strategy, currently focused on the mid- to long-term, and expand our aircraft 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 capital market issuances.

Our current operating lease agreements expire up to and over the next 14 years. The contracted minimum future lease payments receivable from lessees for equipment on non-cancelable operating leases at December 31, 2013 are as follows:

	Contracted minimum future lease receivables
2014	$ 931,801
2015	878,948
2016	772,706
2017	591,965
2018	526,397
Thereafter	1,643,197
	$5,345,015

The titles to certain aircraft leased in the United States are held by a U.S. trust company as required by U.S. law. We are the beneficial owner of these aircraft and the aircraft are recorded under

(U.S. dollars in thousands)

5. Flight equipment held for operating leases, net (Continued)

flight equipment held for operating lease on the consolidated balance sheets. The trust company is administered by a bank. The aircraft are segregated from the bank's assets and will not be considered part of the bank's bankruptcy estate in the event of a trustee bankruptcy.

6. Notes receivable

Notes receivable consist of the following at December 31:

	2012	2013
Secured notes receivable	$10,135	$ 2,987
ALS Note Receivable(1)	68,028	72,801
	$78,163	**$75,788**

(1) We obtained the ALS Note Receivable as part of the ALS transaction, with an effective interest of 6.8% per year. After the repayment of the ALS Coupon Liability, the ALS Note Receivable entitles us to receive future cash up to the total amount paid under the ALS Coupon Liability. For further details refer to the ALS Transaction as described in Note 1.

7. Prepayments on flight equipment

In December 2005, we placed an order with Airbus for the forward purchase of 70 aircraft, including eight aircraft subject to reconfirmation rights. During 2008 and the first two months of 2009, we notified Airbus that we would not take delivery of the eight aircraft subject to reconfirmation rights. In 2009 four additional aircraft were added to the forward order. As of December 31, 2013, all 66 aircraft had been delivered of which 12 aircraft were sold.

In December 2006, we placed an order with Airbus to acquire 20 new A330 wide-body aircraft. In May 2007, we added an additional ten A330 aircraft to this order. In 2009, two additional A330 aircraft were added to the forward order. As of December 31, 2013 all 32 aircraft had been delivered of which 13 aircraft were sold.

In 2010, we signed an agreement with Boeing covering the purchase of up to 15 Boeing 737-800 aircraft, consisting of ten firm aircraft to be delivered in 2015 and five purchase rights.

On May 28, 2013, we entered into a $2.6 billion purchase and leaseback agreement with LATAM Airlines Group ("LATAM") for 25 widebody aircraft, including 15 deliveries scheduled between 2014 and 2018. As part of the transaction, we made payments of $659 million in June 2013, and allocated $577 million to flight equipment held for operating leases relating to the ten A330 aircraft purchased and leased back and accounted for the other $82 million as prepayments on flight equipment for the remaining 15 aircraft to be delivered.

In connection with the current forward order contract, we are required to make scheduled prepayments toward these future deliveries (Note 5). In addition, we capitalize interest related to progress payments made in respect of flight equipment on forward order and add such amount to prepayments on flight equipment.

(U.S. dollars in thousands)

7. Prepayments on flight equipment (Continued)

The following table presents a summary of the movements in prepayments on flight equipment and capitalized interest during the years ended December 31, 2012 and 2013:

	Year ended December 31, 2012	Year ended December 31, 2013
Net book value at beginning of period	$ 95,619	$ 53,594
Prepayments made during the period	33,508	205,865
Prepayments and capitalized interest applied against the purchase of flight equipment	(78,149)	(43,099)
Interest capitalized during the period	2,616	7,455
Net book value at end of period	**$ 53,594**	**$223,815**

8. Investments

Investments consist of the following at December 31:

	2012	2013
20.3% equity investment in unconsolidated entity (AerDragon)	$41,161	$ 47,672
39.6% equity investment in unconsolidated entity (AerLift)	51,721	54,457
42.3% equity investment in unconsolidated entity (AerData)	980	882
19.4% equity investment in unconsolidated entity (ACSAL)	—	9,175
Other investments	—	194
	$93,862	**$112,380**

Our equity investment in our unconsolidated entities, AerDragon, AerLift, AerData and ACSAL, are accounted for at net asset value.

9. Intangible assets

The following table presents details of amortizable intangible assets and related accumulated amortization:

	As of December 31, 2012		
	Gross	Accumulated amortization	Net
Lease premiums	**$54,945**	**$(36,845)**	**$18,100**

	As of December 31, 2013		
	Gross	Accumulated amortization	Net
Lease premiums	**$35,461**	**$(26,107)**	**$9,354**

(U.S. dollars in thousands)

9. Intangible assets (Continued)

Lease premiums that are fully amortized are removed from the gross and accumulated amortization column in the table above. The following table presents the changes to amortizable intangible assets during the periods indicated:

	Year ending December 31, 2012	Year ending December 31, 2013
Net carrying value at beginning of period	$ 29,677	$18,100
Amortization	(11,577)	(8,746)
Net carrying value at end of period	**$ 18,100**	**$ 9,354**

Future amortization of the intangible assets over the terms of their useful lives is as follows:

	Amortization of intangible assets
2014	$5,844
2015	3,085
2016	425
	$9,354

The remaining weighted average amortization period for the amortizable intangible assets is 21 months In 2012 the weighted average amortization period for amortizable intangible assets was 29 months. Please refer to Note 20 for the impairment analysis of intangible assets.

10. Derivative assets and liabilities

The objective of our hedging policy is to adopt a risk adverse position with respect to changes in interest rates and foreign currencies. We have entered into a number of interest rate derivatives to hedge the current and future interest rate payments on our variable rate debt. Furthermore we have entered into a number of foreign currency derivatives to hedge the current and future Euro—U.S. dollar exposure to our business. These derivative products can include interest rate caps, floors, options and forward contracts. As of December 31, 2013, we had interest rate swaps, caps and floors with combined notional amounts of $1.9 billion and a combined positive fair value of $25.5 million. The positive fair value as of December 31, 2013 is recorded in the balance sheet as derivative assets of $32.7 million and derivative liabilities of $7.2 million. As of December 31, 2012, we had interest rate swaps and floors with a combined notional amount of $2.4 billion and a combined negative fair value of $4.7 million. The negative fair value as of December 31, 2012, is recorded in the balance sheet as derivative asset of $10.0 million and derivative liabilities of $14.7 million. The variable benchmark interest rates associated with these instruments ranged from one to three-month U.S. dollar LIBOR.

We have not applied hedge accounting to any of the above mentioned caps and floors and to two interest rate swaps. The two interest rate swaps expired in the year ending December 31, 2012. The

(U.S. dollars in thousands)

10. Derivative assets and liabilities (Continued)

change in fair value of the derivatives, therefore, is recorded in the income statement as interest expense (income) as specified below:

	Year ended December 31, 2012	Year ended December 31, 2013
Change in fair value of interest rate caps and floors	$14,388	$(11,709)
Change in fair value of interest rate swaps	(3,713)	—
	$10,675	**$(11,709)**

As of December 31, 2013 we had five interest rate swaps to hedge forecasted monthly LIBOR-based interest payments, for which we achieved cash flow hedge accounting treatment. The five interest rate swaps had a combined notional amount of $0.5 billion and a combined negative fair value of $5.6 million which has been recorded as part of derivative liabilities in the consolidated balance sheet as of December 31, 2013. As of December 31, 2012 we had six interest rate swaps for which we achieved cash flow hedge accounting treatment. The six interest rate swaps had a combined notional amount of $0.7 billion and a combined negative fair value of $11.3 million which has been recorded as part of derivative liabilities in the consolidated balance sheet as of December 31, 2012. The change in fair value related to the effective portion of these six interest rate swaps is recorded, net of tax, in revaluation reserve. We do not expect to reclassify amounts from revaluation reserves to net interest over the next 12 months. Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. As of December 31, 2013 and 2012, the Company had received cash collateral of $4.9 and $0.8 million, respectively, from various counterparties and the obligation to return such collateral is recorded in Accrued expenses and other liabilities. The Company had not advanced any cash collateral to counterparties as of December 31, 2013 or 2012.

Counterparties to currency exchange and interest rate derivatives consist of major international financial institutions. The Company continually monitors its positions and the credit ratings of the counterparties involved and limits the amount of credit exposure to any one party. While the Company may be exposed to potential losses due to the credit risk of non-performance by these counterparties, losses are not anticipated. The Company closely monitors the credit risk associated with its counterparties and customers and to date has not experienced material losses.

11. Other assets

Other assets consist of the following at December 31:

	2012	2013
Other tangible fixed assets	$ 2,482	$ 2,427
Receivables from aircraft manufacturer	8,203	5,800
Prepaid expenses	4,690	6,057
Other receivables	9,124	21,423
	$24,499	**$35,707**

(U.S. dollars in thousands)

12. Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following at December 31:

	2012	2013
Accrued expenses	$33,077	$ 50,087
Accrued interest	44,257	44,916
Lease deficiency	15,427	13,459
	$92,761	**$108,462**

Lease deficiency—Lease deficiency represents lease rates for current lease contracts which are below current market rentals for the applicable aircraft at the time of purchase. The lease deficiency amortizes over the remaining term of the related lease agreements as a non-cash increase in lease revenue. The remaining weighted average amortization period for the lease deficiency is 92 months as of December 31, 2013, compared with an average 102 months as of December 31, 2012.

13. Debt

Debt consists of the following as of December 31, 2013:

	2012(1)	2013(1)	Weighted average interest rate December 31, 2013(2)	Maturity
Secured				
ECA-guaranteed financings	$1,675,387	$1,504,429	2.48%	2024
ALS II debt	572,270	450,045	2.02%	2038
AerFunding revolving credit facility	538,024	967,094	2.92%	2018
Genesis securitization debt	549,288	452,233	0.41%	2032
TUI portfolio acquisition facility	188,393	163,943	1.92%	2015
SkyFunding I and II facilities	507,475	623,785	3.74%	2023
Other debt	1,179,169	1,390,521	3.12%	2023
Unsecured				
Senior unsecured notes due 2017	300,000	300,000	6.38%	2017
DBS revolving credit facility	—	150,000	2.50%	2018
Other				
Subordinated debt joint ventures partners(3)	64,280	64,280	1.96%	2022
DBS B737-800 PDP Facility	—	47,458	3.00%	2015
Other debt	229,213	123,104	5.67%	2020
Debt issuance costs	(133,352)	(148,315)		
	$5,670,147	**$6,088,577**		

(1) As of December 31, 2013, we remain in compliance with the respective financial covenants across the Company's various debt obligations.

13. Debt (Continued)

(2) The weighted average interest rate is calculated based on the U.S. dollar LIBOR rate as of December 31, 2013, and excludes the impact of related derivative instruments which we hold to hedge our exposure to interest rates as well as any amortization of the debt issuance costs.

(3) Subordinated debt issued to two of our joint venture partners in 2008 and 2010.

Aggregate maturities of debt and capital lease obligations (included in other debt), excluding 90.3 million debt discount , during the next five years and thereafter are as follows:

	Debt maturing
2014	$ 787,022
2015	997,097
2016	672,855
2017	992,821
2018	1,256,585
Thereafter	1,620,789
	$6,327,169

ECA-guaranteed financings—Airbus A320 aircraft

General. In April 2003, we entered into an $840.0 million export credit facility for the financing of up to 20 Airbus A320 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. In January 2006, the export credit facility was amended and extended to cover an additional nine aircraft and its size increased to a maximum of $1.2 billion.

In November 2008, the export credit facility was further amended to cover one additional aircraft and the maximum amount of the facility remained unchanged. The terms of the lending commitment in the export credit facility are such that the export credit agencies only approve funding for aircraft that are due for delivery on a six-month rolling basis and have no obligation to fund deliveries beyond that period. No additional new aircraft are expected to be financed in this 2003 facility.

As of December 31, 2013, we had 18 aircraft financed under this facility and $323.4 million of loans outstanding.

Interest Rate. Set forth below are the interest rates for our export credit facilities.

	Amount outstanding December 31, 2013	Interest rate
	(U.S. dollars in thousands)	
Floating Rate Tranches	$323,420	Three-month LIBOR plus 0.33%
Purchase accounting fair value adjustments	(955)	
	$322,465	

13. Debt (Continued)

Maturity Date. The principal of the export credit facility amortizes over a 12-year term, with a final maturity on November 9, 2020.

Collateral. The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We have entered into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2003 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control, which was obtained in connection with the 2005 Acquisition. A change of control occurs under our April 2003 export credit facility if our shares cease to be listed on the New York Stock Exchange unless, at the time our shares cease to be listed on the New York Stock Exchange, at least 66.66% of our ordinary shares are owned and controlled by one or more shareholders rated at least BBB− by Standard & Poor's Ratings Services and Baa3 or more by Moody's Investors Service, Inc.

ECA-guaranteed financings—Airbus A330 and A320 family aircraft

General. In December 2008, we entered into a $1.4 billion export credit facility for the financing of up to 15 Airbus A330 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. From time to time since 2008, the export credit facility has been further amended to cover certain additional Airbus A330 and A320 family aircraft and an ECA capital markets transaction in relation to three A330 aircraft. The maximum size of the facility was increased to $1.6 billion. The terms of the lending commitment in the export credit facility are such that the export credit agencies only approve funding for aircraft that are due for delivery on a six-months rolling basis and have no obligation to fund deliveries beyond that period. No additional new aircraft are expected to be financed in this 2008 facility.

As of December 31, 2013, seven A330 aircraft and 10 A320 family under this 2008 facility have been delivered from the manufacturer. We had $657.7 million of loans outstanding under this facility as of December 31, 2013.

In March 2009, we entered into a $846.0 million export credit facility for the financing of up to 20 Airbus A320 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by the ECA. As of December 31, 2013, five A320 family aircraft under this facility have been delivered from the manufacturer and financed in this facility. We had $134.7 million of loans outstanding under this facility as of December 31, 2013. Following the redemption of shares issued by AerVenture such that AerCap AerVenture Holding B.V. became the 100% owner of the issued share capital in AerVenture, this facility will no longer be utilized. No additional new aircraft are expected to be financed in this 2009 facility.

13. Debt (Continued)

In June 2010 and September 2010, we completed the refinancing of three A330-300 aircraft that were previously financed under our 2008 facility to an ECA capital markets transaction. We had $167.5 million of loans outstanding under the ECA capital markets facilities as of December 31, 2013.

During 2012, we entered into three additional separate ECA facility agreements in order to finance three A330-300 aircraft which delivered during the year pursuant to a purchase and lease-back transaction with one airline. These facilities carry similar commercial terms to the 2008 facility agreement. We had $222.1 million of loans outstanding under this facility as of December 31, 2013.

Interest Rate. Set forth below are the interest rates for the first and subsequent export credit facilities. The interest rates for the remaining loans will be agreed on a rolling basis.

		Amount outstanding December 31, 2013 (U.S. dollars in thousands)	Interest rate
2008 A330 & A320 Facility	Floating rate tranches	$ 58,175	Three-month LIBOR plus 1.47%
	Fixed rate tranches	599,536	3.20%
2009 A320 Facility	Floating rate tranches	53,348	Three-month LIBOR plus 1.11%
	Fixed rate tranches	81,336	4.23%
ECA A330 Capital Market facilities	Fixed rate tranches	167,462	3.60%
2012 Facilities	Fixed rate tranches	222,107	2.29%
Total		**$1,181,964**	

Maturity Date. We are obligated to repay principal on the export credit facility over a 12-year term from April 23, 2009.

Collateral. The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We will enter into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under these export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control. A change of control occurs under our December 2008 export credit facility if:

(i) AerCap Holdings N.V.'s shares cease to be listed on the New York Stock Exchange unless, at the time our shares cease to be listed on the New York Stock Exchange, at least 66.66% of our issued shares and voting rights are owned and controlled by one or more shareholders

13. Debt (Continued)

rated at least BBB− by Standard & Poor's Ratings Services and Baa3 or more by Moody's Investors Service, Inc;

(ii) AerCap Holdings N.V. ceases to own and control 100% of the shares in AerCap A330 Holdings B.V., AerCap B.V. or AerCap Ireland Limited; or.

(iii) AerCap A330 Holdings B.V. ceases to own and control at least 51% of the shares in AerCap A330 Holdings Limited.

Additional covenants related to the 2009 AerVenture facility are as follows:

(i) AerCap Holdings N.V. ceases to own and control 100% of the shares in AerCap AerVenture Holding B.V; or

(ii) AerCap AerVenture Holding B.V. ceases to own and control at least 50% of the shares in AerVenture; or

(iii) AerVenture ceases to own and control (directly or indirectly) 100% of the export lessees.

As of December 31, 2013, we had financed 46 aircraft under ECA-guaranteed financings. The net book value of aircraft pledged to the ECA lenders was $2.1 billion at December 31, 2013.

ALS II debt

General. On June 26, 2008, we completed a securitization in which ALS II issued securitized class A-1 notes and class A-2 notes, rated A+ by Standard & Poor's ("S&P") and A1 by Moody's. The class A-1 notes each had an outstanding principal balance of zero, and were issued to commitment holders. The commitment holders committed to advance funds, subject to certain conditions, including that ALS II shall have acquired at least 15 aircraft, up to an aggregate amount of $1.0 billion in connection with the purchase of 30 A320 family aircraft by ALS II. Funded class A-1 notes may be exchanged for class A-2 notes subject to certain conditions. The class A-1 notes are ranked pari passu with the class A-2 notes.

The advances made by the commitment holders were used to purchase 30 aircraft from AerVenture Leasing 1 Limited, a subsidiary of AerVenture, all 30 of which have been delivered. The final aircraft was delivered in May 2010. The 30 aircraft are among the aircraft delivered by Airbus to AerVenture between 2007 and 2011. During 2011, a portion of A-1 notes were exchanged for A-2 notes.

ALS II also issued class E-1 notes (the most junior class of notes) to AerVenture Leasing 1 Limited on June 26, 2008, the proceeds of which were applied to pay expenses of ALS II during the period between June 26, 2008 and the first delivery of aircraft. Additional class E-1 notes were issued to AerVenture Leasing 1 Limited in connection with the sale of aircraft to ALS II, and will be issued to AerVenture Leasing 1 Limited, AerVenture and AerCap Holdings N.V. in certain other circumstances. ALS II's financial results are consolidated in our financial statements.

Liquidity. Crédit Agricole provided a liquidity facility in the amount of $55 million, which may be drawn upon to pay expenses of ALS II and its subsidiaries, commitment fees owed to the commitment holders, senior hedge payments and interest on the class A-1 notes and class A-2 notes.

13. Debt (Continued)

Interest Rate. Set forth below is the interest rate for the subclasses of notes not held by us. LIBOR is the London interbank offered rate for one-month U.S. dollar deposits or, under certain circumstances, an interpolated LIBOR rate.

	Amount outstanding December 31, 2013 (U.S. dollars in thousands)	Interest rate
Class A-1 Notes	$433,249	One-month LIBOR plus 1.85%
Class A-2 Notes	16,796	One-month LIBOR plus 1.85%
Total	**$450,045**	

Maturity Date. The final maturity date of the notes will be June 15, 2038.

Collateral. The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of ALS II, as well as by ALS II's subsidiaries' interests in leases of the aircraft they own, by cash held by or for them and by their rights under agreements with the service providers. Rentals and reserves paid under leases of the ALS II aircraft will be placed in a collection account and paid out according to a priority of payments.

As of December 31, 2013, 30 aircraft were financed in ALS II. The net book value of 30 aircraft pledged as collateral for the securitization debt was $1.0 billion as of December 31, 2013.

AerFunding revolving credit facility

General. AerFunding 1 Limited ("AerFunding") is a special purpose company incorporated with limited liability in Bermuda. The share capital of AerFunding is owned 95% by a charitable trust and 5% by AerCap Ireland. AerFunding is a consolidated subsidiary formed for the purpose of acquiring new and used aircraft assets. On April 26, 2006, AerFunding 1 Limited entered into a non-recourse senior secured revolving credit facility in the aggregate amount of up to $1.0 billion. The facility was subsequently amended in 2010, 2011 and 2013.

On June 10, 2010, the facility was amended and the revolving loans under the AerFunding revolving credit facility, which are divided into two classes, were amended. The maximum advance limit on class A loans was amended to $705.5 million from $830.0 million and the maximum advance limit on class B loans was amended to $144.5 million from $170.0 million.

On June 9, 2011, the facility was amended to allow for an additional two year revolving period to June 2013, and a three year term-out period to June 2016. The maximum facility size was amended to $775.0 million and the commitment and borrowings amended to a single class of loans. In addition to UBS Securities LLC, lenders to the transaction are Credit Suisse AG, Citibank N.A., Nomura Global Financial Products Inc. and Scotiabank Europe plc. In April, 2012, the facility size was increased to $800.0 million with an additional commitment provided by Everbank.

On May 10, 2013, the AerFunding facility was amended to allow for an additional two year revolving period to June 2015, and a three year term-out period to June 2018. The maximum facility size was amended from $800.0 million to $1.1 billion. Credit Suisse AG acted as lead arranger and

(U.S. dollars in thousands)

13. Debt (Continued)

structuring agent on the transaction, and in addition, lenders to the transaction included Bank of America Merrill Lynch and RBC Capital Markets who acted as joint lead arrangers. Nomura and Citi acted as documentation agents, with the syndicate also including Scotiabank, BNP Paribas, ING Bank and Everbank Commercial Finance. Following initial closing, the facility size was increased to $1.3 billion with additional commitments provided by Royal Bank of Scotland, who also acted as a joint lead arranger, and HSBC.

As of December 31, 2013, we had $967.1 million of loans outstanding under the AerFunding revolving credit facility, relating to 33 aircraft. The net book value of aircraft pledged to lenders under the credit facility was $1.2 billion as of December 31, 2013.

Borrowings under the AerFunding revolving credit facility can be used to finance between 73.5% and 80.0% of the lower of the purchase price and the appraised value of the eligible aircraft. Eligible aircraft include A320 family aircraft, Boeing 737-700, -800 and 900ER aircraft, Boeing 777, Boeing 787 aircraft and A330 aircraft. In addition, value enhancing expenditures and required liquidity reserves are also funded by the lenders.

All borrowings under the AerFunding revolving credit facility are subject to the satisfaction of customary conditions and restrictions on the purchase of aircraft that would result in our portfolio becoming too highly concentrated, with regard to both aircraft type and geographical location. The borrowing period during which new advances may be made under the facility will expire on June 9, 2015.

Interest Rate. Borrowings under the AerFunding revolving credit facility bear interest based on the Eurodollar rate plus the applicable margin. The following table sets forth the applicable margin for the borrowings under the AerFunding revolving credit facility during the periods specified:

	Applicable Margin
Borrowing period(1)	2.75%
Period from June 10, 2015 to June 9, 2016	3.75%
Period from June 10, 2016 to June 9, 2017	4.25%
Period from June 10, 2017 to June 9, 2018	4.75%

(1) The borrowing period is until June 9, 2015, after which the loan converts to a term loan.

Additionally, we are subject to (a) a 0.50% fee on any portion of the unused loan commitment if the average facility utilization is greater than 50% during a period or (b) a 0.75% fee on any unused portion of the unused loan commitment if the average facility utilization is less than 50% during a period.

Payment Terms. Interest on the loans is due on a monthly basis. Principal on the loans amortizes on a monthly basis to the extent funds are available. All outstanding principal not paid during the term is due on the maturity date.

13. Debt (Continued)

Prepayment. Advances under the AerFunding revolving credit facility may be prepaid without penalty upon notice, subject to certain conditions. Mandatory partial prepayments of borrowings under the AerFunding revolving credit facility are required:

- upon the sale of certain assets by a borrower, including any aircraft or aircraft engines financed or refinanced with proceeds from the AerFunding revolving credit facility;
- upon the occurrence of an event of loss with respect to an aircraft or aircraft engine financed with proceeds from the AerFunding revolving credit facility from the proceeds of insurance claims; and
- upon the securitization of any interests or leases with respect to aircraft or aircraft engines financed with proceeds from the AerFunding revolving credit facility.

Maturity Date. The maturity date of the AerFunding revolving credit facility is June 9, 2018.

Cash Reserve. AerFunding is required to maintain up to 5.0% of the borrowing value of the aircraft in reserve for the benefit of the lenders. Amounts held in reserve for the benefit of the lenders are available to the extent that there are insufficient funds to pay required expenses, hedge payments or principal of or interest on the loans on any payment date. The amounts on reserve are funded by the lenders.

Collateral. Borrowings under the AerFunding revolving credit facility are secured by, among other things, security interests in and pledges or assignments of equity ownership and beneficial interests in all of the subsidiaries of AerFunding, as well as by AerFunding's interests in the leases of its assets.

Certain Covenants. The AerFunding revolving credit facility contains covenants that, among other things, restrict, subject to certain exceptions, the ability of AerFunding and its subsidiaries to:

- sell assets;
- incur additional indebtedness;
- create liens on assets, including assets financed with proceeds from the AerFunding revolving credit facility;
- make investments, loans, guarantees or advances;
- declare any dividends or other asset distributions other than to distribute funds paid to us out of the flow of funds under the AerFunding revolving credit facility;
- make certain acquisitions;
- engage in mergers or consolidations;
- change the business conducted by the borrowers and their respective subsidiaries;
- make specified capital expenditures, other than those related to the purchase, maintenance or conversion of assets financed with proceeds from the AerFunding revolving credit facility;
- own, operate or lease assets financed with proceeds from the AerFunding revolving credit facility; and

13. Debt (Continued)

- enter into a securitization transaction involving assets financed with proceeds from the AerFunding revolving credit facility unless certain conditions are met.

Genesis securitization debt

General. On December 19, 2006, Genesis Funding Limited, or GFL, completed a securitization and issued a single class of AAA-rated G-1 floating rate notes. The proceeds of the transaction were used by GFL to finance the acquisition of a portfolio of 41 aircraft. Following a number of sales, there are 37 aircraft in the GFL portfolio as of December 31, 2013. The primary source of payments on the notes is the lease payments on the aircraft owned by the subsidiaries of GFL. The notes have the benefit of a financial guaranty insurance policy issued by Financial Guaranty Insurance Company, or FGIC, which has issued a financial guaranty insurance policy to support the payment of interest when due on the notes and the payment of the outstanding principal balance of the notes on the final maturity date of the notes and, under certain other circumstances, prior thereto.

The notes initially were rated Aaa and AAA by Moody's and S&P, respectively. This rating was based on FGIC's corporate rating. FGIC has suffered significant downgrades of its ratings since the issuance of the notes and is currently unrated by Moody's and S&P. As a result, Moody's and S&P have published stand-alone ratings of the G-1 notes of A3 and A−, respectively.

Liquidity. Credit Agricole provides a liquidity facility in the amount of $60.0 million, which may be drawn upon to pay expenses of GFL and its subsidiaries, senior hedge payments and interest on the notes.

Interest Rate. Set forth below is the interest rate for the Class G-1 note:

	Amount outstanding December 31, 2013	Interest rate
	(U.S. dollars in thousands)	
Class G-1 Notes	$452,233	One-month LIBOR plus 0.24%

Maturity Date. The final maturity date of the notes is December 22, 2032.

Payment Terms. Interest on the notes is due and payable on a monthly basis. Scheduled monthly principal payments on the notes commenced in December 2009 and continued until December 2011. Since December 19, 2011, all revenues collected during each monthly period are applied to repay the outstanding principal balance of the notes, after the payment of certain expenses and other liabilities, including the fees of the servicer, the liquidity facility provider and the policy provider, interest on the notes and interest rate swap payments, all in accordance with the priority of payments set forth in the indenture.

GFL may voluntarily redeem the new notes for a redemption price of the notes equal to the outstanding principal balance of the notes. In addition, GFL must pay any accrued but unpaid interest on the notes and any premium due to FGIC upon redemption of the notes. GFL may redeem the notes in whole or in part, provided that if a default notice has been given under the trust indenture or the maturity of any notes has been accelerated then GFL may only redeem the notes in whole.

13. Debt (Continued)

Aircraft Management Services. As of June 30, 2011, AerCap, through its Irish subsidiary, AerCap Ireland Limited, replaced GECAS as servicer to the Genesis aircraft portfolio, for a consideration paid to GECAS of $24.5 million. This includes most services related to leasing the fleet of aircraft, including marketing aircraft for lease and re-lease, collecting rents and other payments from lessees, monitoring maintenance, insurance and other obligations under leases and enforcing rights against lessees.

Collateral. The notes are secured by first priority, perfected security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of GFL, their interests in the leases of the aircraft they own, cash held by or for them and by their rights under agreements with GECAS, the initial liquidity facility provider, hedge counterparties and the policy provider. The notes are also secured by a lien or similar interest in any of the aircraft in the portfolio that are registered in the United States or Ireland.

As of December 31, 2013, 37 aircraft were financed in the GFL securitization. The net book value of 37 aircraft pledged as collateral for the securitization debt was $0.7 billion as of December 31, 2013.

TUI portfolio acquisition facility

General. In June 2008, AerCap Partners I, a 50% joint venture established between us and Deucalion Aviation Funds, entered into a sale and leaseback transaction pursuant to which it agreed to purchase 11 Boeing 737-800, six Boeing 757-200 and two Boeing 767-300 aircraft from the TUI Travel Group, or TUI, and lease the aircraft back to TUI.

To finance the purchase of the 19 aircraft, a subsidiary of AerCap Partners I, AerCap Partners I Limited, entered into a senior facility in an amount of up to $448.6 million with Crédit Agricole, KfW IPEX-Bank GmbH, Deutsche Bank AG London Branch and HSH Nordbank AG which was arranged by Crédit Agricole and KfW IPEX-Bank GmbH. The senior facility was divided into two tranches, the first being used to finance the purchase of the 11 Boeing 737-800 aircraft and the second to finance the purchase of the other eight aircraft. During 2012, the second tranche was repaid. AerCap Partners I pay the lenders for the amounts drawn on the senior facility in monthly installments. The principal amount outstanding under the loan in relation to the first tranche must be repaid in full on April 1, 2015 and the principal amount outstanding under the loan in relation to the second tranche was refinanced prior to the maturity date on April 1, 2012.

Following drawdown of the amounts in relation to the 19 aircraft, the remaining commitment under the facility was cancelled subsequent to June 30, 2008.

As of December 31, 2013, the joint venture owned 11 Boeing 737-800 aircraft. Two Boeing 767-300ER aircraft that had been originally part of AerCap Partners I have been refinanced through AerCap Partners 767 Ltd, and six Boeing 757-200 aircraft have been sold. The aggregate principal amount of the loans outstanding under the senior facility as of December 31, 2013 was $163.9 million, and the net book value of the 11 aircraft pledged to lenders under the credit facility was $0.3 billion as of December 31, 2013.

Interest Rate. Borrowings under the first tranche of the senior facility bear interest at a floating interest rate of one month U.S. dollar LIBOR plus a margin of 1.575% until April 1, 2013 and a

13. Debt (Continued)

margin of 1.75% thereafter. Interest under the senior facility is payable monthly in arrears on each repayment date.

	Amount outstanding December 31, 2013	Interest rate
	(U.S. dollars in thousands)	
Senior Facility	$163,943	One-month LIBOR plus 1.75%

Prepayment. Borrowings under the facilities may be prepaid (subject to minimum payment amounts and notice provisions) without penalty, except for break funding costs if payment is made on a day other than a repayment date. However, a prepayment fee of 1% of the amount prepaid is payable to the lenders if such prepayment exceeds $15.0 million in aggregate in each of the first and second years following the signing date.

Put Option. If AerCap Partners I Limited is the owner of the aircraft on April 1, 2015 and amounts under the facility remain outstanding with respect to those aircraft on that maturity date of the senior facility (put option), Crédit Agricole can require AerCap Holdings N.V. (i) to purchase that aircraft, (ii) to purchase that aircraft and the shares of the relevant lessor of that aircraft or (iii) to purchase the beneficial interest that AerCap Partners I Limited has in that aircraft. Crédit Agricole can, subject to certain provisions including cure rights of Deucalion Aviation Funds, also exercise the put option on an AerCap Holdings N.V. insolvency event.

Maturity Date. The maturity date of the remaining tranche of the senior facility is April 1, 2015.

Collateral. Borrowings under the senior facility are secured by, among other things, charges over the shares in AerCap Partners I, AerCap Partners I Limited and Lantana Aircraft Leasing Limited, charges over various bank accounts, mortgages over the financed aircraft and security assignments of, inter alia, the lease agreements and letters of credit provided to AerCap Partners I by Royal Bank of Scotland plc.

Certain Covenants. The senior facility contains customary covenants for secured financings through special purpose companies. AerCap Partners I also covenants in the senior facility (a) to provide loan-to-value ratio appraisals to the agent on agreed dates and (b) that the ratio of tranche 1 aircraft to all financed aircraft must be at least 43%.

SkyFunding I and SkyFunding II facilities

General. On October 24, 2011, SkyFunding Limited ("SkyFunding I"), a wholly owned subsidiary of AerCap Ireland Limited, entered into a $402.0 million credit facility, which was co-arranged by Crédit Agricole Corporate and Investment Bank, Norddeutsche Landesbank Girozentrale, Commonwealth Bank of Australia, Landesbank Hessen-Thüringen Girozentrale and DVB Bank SE. Crédit Agricole Corporate and Investment Bank acted as coordinating bank and senior agent.

On September 28, 2012, SkyFunding II Limited, a wholly owned indirect subsidiary of AerCap Ireland Limited, entered into a $128.0 million credit facility, which was co-arranged by Norddeutsche

13. Debt (Continued)

Landesbank Girozentrale, Commonwealth Bank of Australia and DVB Bank SE. DVB Bank SE acted as coordinating bank and Crédit Agricole Corporate and Investment Bank acted as senior agent.

Subsequent to the initial closing of the SkyFunding II facility, Landesbank Hessen-Thüringen Girozentrale, Natixis and BNP Paribas have joined the SkyFunding II facility under this feature, increasing the total facility size to $288.0 million.

These ten-year credit facilities provide long term committed financing for 21 Boeing 737-800 aircraft subject to leases with American Airlines Inc.

The loans under the SkyFunding facilities are divided into senior loans and subordinated loans. Each senior lender will participate in senior loans with respect to the aircraft allocated to such senior lender in an amount equal to its senior commitment. AerCap Ireland Limited, as subordinated lender, would participate in each subordinated loan in an amount to be agreed between the respective SkyFunding borrower and AerCap Ireland Limited from time to time.

As of December 31, 2013, all of the 12 aircraft have been delivered and financed under the SkyFunding I facility; the aggregate principal amount of the senior loans outstanding under the facility was $350.3 million.

As of December 31, 2013, nine aircraft have been delivered and financed under the SkyFunding II facility, the aggregate principal amount of the senior loans outstanding under the facility was $273.5 million.

All borrowings under the SkyFunding facilities are subject to the satisfaction of customary conditions precedent.

Interest Rate. The SkyFunding I senior loans bear interest at a floating interest rate of one-month LIBOR plus a margin of 2.85%, payable quarterly in arrears on each repayment date. The SkyFunding II senior loans bear interest at a floating interest rate of one-month LIBOR plus a margin of 3.15%, payable quarterly in arrears on each repayment date. Both SkyFunding Limited and SkyFunding II Limited have fixed the debt on a number of aircraft, and have also entered into certain interest rate caps. Set forth below are the amounts of fixed and floating rate debt outstanding as of December 31, 2013:

		Amount outstanding December 31, 2013	Interest rate
		(U.S. dollars in thousands)	
SkyFunding I	Floating rate	$175,774	Three-month LIBOR plus 2.85%
	Fixed rate	174,560	4.43%
SkyFunding II	Floating rate	184,362	Three-month LIBOR plus 3.15%
	Fixed rate	89,089	4.43%
Total		**$623,785**	

Prepayment. All borrowings under the SkyFunding facilities may be voluntarily prepaid, subject to minimum payment amounts and notice provisions, and subject to a prepayment fee of 2.00% of the

13. Debt (Continued)

amount prepaid if the voluntary prepayment is made before the first anniversary of the drawdown, a prepayment fee of 1.50% of the amount prepaid if the voluntary prepayment is made on or after the first and before the second anniversary of the drawdown and a prepayment fee of 1.00% of the amount prepaid if the voluntary prepayment is made on or after the second and before the third anniversary of the drawdown. There are no prepayment penalties for any voluntary prepayments made on or after the third anniversary of the drawdown.

Mandatory prepayments of borrowings under the SkyFunding facilities are required under a number of circumstances, including: (a) upon the occurrence of a total loss with respect to a financed aircraft (in which case mandatory prepayment shall apply to such affected aircraft), (b) if, as a result of a change in law, any of the security documents ceases to be valid or enforceable, (c) in respect of any loan, any of the insurances relating to the applicable aircraft are not obtained or maintained in accordance with the requirements of the respective facility or such aircraft is operated in a place excluded from the insurance coverage (unless such aircraft is covered by contingent insurance policies taken out by the AerCap group) and (d) in respect of any loan, the borrower enters into a replacement lease in respect of the related aircraft which does not comply with the requirements of the respective facility.

Maturity Date. We are obligated to repay principal over a ten year term from the initial drawdown date of each loan.

Collateral. Borrowings under the SkyFunding facilities are secured by, among other things, mortgages on the aircraft, assignments of the respective borrower's beneficial interest in the owner trust relating to each aircraft and the respective borrower's and the relevant owner trustee's interests in the lease documentation relating to each aircraft.

Certain Covenants. The facility contains customary covenants for secured financings, including general and operating covenants.

As of December 31, 2013, we had financed 21 aircraft under the SkyFunding facilities. The net book value of aircraft pledged to lenders under the facility was $0.8 billion as of December 31, 2013.

Senior unsecured notes due 2017

General. In May 2012, AerCap Aviation Solutions B.V. ("AerCap Aviation"), a 100%- owned finance subsidiary of AerCap Holdings N.V. ("AerCap"), issued $300.0 million of 6.375% senior unsecured notes due 2017 (the "AerCap Aviation Notes"). The AerCap Aviation Notes are fully and unconditionally guaranteed by AerCap Holding N.V. and AerCap Ireland Ltd. The AerCap Aviation Notes were issued at a price of 100%, plus accrued and unpaid interest, if any from and including May 22, 2012. AerCap Aviation subseqently lent the net proceeds from the offering to us to enable us to acquire, invest in, finance or refinance aircraft assets and for other general corporate purposes.

Maturity Date. The final maturity date of the senior unsecured notes will be May 30, 2017.

Collateral. None.

13. Debt (Continued)

Optional Redemption. We may redeem the notes, in whole or in part, at any time at a price equal to 100% of the aggregate principal amount of the notes plus the applicable "make whole" premium. The "make whole" premium is the excess of:

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

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

Certain Covenants. The AerCap Aviation Notes do not have any financial condition covenants that require AerCap Aviation to maintain compliance with any financial ratios or measurements on a periodic basis. The AerCap Aviation Notes do contain non-financial covenants that, among other things, limit our ability to incur additional indebtedness, enter into certain mergers or consolidations, incur certain liens and engage in certain transactions with our affiliates. In addition, the indenture governing the AerCap Aviation Notes (the "AerCap Aviation Indenture") restricts our ability to pay dividends or make other Restricted Payments (as defined in the AerCap Aviation Indenture), subject to certain exceptions, unless certain conditions are met, including the following:

(1) no default under the AerCap Aviation Indenture shall have occurred and be continuing;

(2) we meet a financial ratio; and

(3) the amount of distributions may not exceed a certain amount based on, among other things, our consolidated net income.

Such restrictions are not expected to affect our ability to meet our cash obligations for the next 12 months.The AerCap Aviation Indenture does not restrict the ability of AerCap Aviation to pay dividends or provide loans to us.

There are certain restrictions on the ability of AerCap and AerCap Aviation to obtain funds from its subsidiaries by dividend and loan. For example, the provisions of AerCap's aircraft securitization vehicles, ALS II and Genesis Funding Limited, prohibit distributions on the subordinated notes issued pursuant to those facilities to AerCap until such time as the senior classes of notes issued pursuant to those facilities are repaid in full.

Additionally, AerCap's revolving warehouse credit facility with a syndicate of banks led by affiliates of UBS Real Estate Securities Inc., or the "warehouse facility," permits limited distributions to AerCap by the relevant subsidiary borrower during the first two years provided specified principal payments are made. Furthermore, most of AerCap's commercial bank loans and export credit facility financings restrict the payment of dividends in the event that the borrower is in default under the applicable loan, which can include the failure to meet financial ratios or tests. As a result, AerCap Aviation and AerCap's ability to receive dividends and loans from its subsidiaries may be impacted by any event of default which restricts the ability of AerCap's subsidiaries to distribute cash to AerCap as dividends and in the form of other distributions, including in the form of interest and principal payments and the return of subordinated investments.

13. Debt (Continued)

Unsecured revolving credit facilities

General.

Citi revolving credit facility: On November 9, 2012, we entered into a $285.0 million unsecured revolving credit facility, which was co-arranged by Citigroup Global Markets Inc., Crédit Agricole Corporate and Investment Bank and RBS Securities Inc. Crédit Agricole Corporate and Investment Bank and The Royal Bank of Scotland acted as syndication agents. Citibank, N.A. acts as administrative agent. The three-year credit facility may be used for our general corporate purposes.

As of December 31, 2013, there were no loans outstanding under the facility and the undrawn commitment available for drawdown under the facility was subsequently increased to $290.0 million.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent. We have the right, no more than once a year, to increase the commitment amount by a minimum amount of $5.0 million or any multiple of $1.0 million in excess thereof, up to a maximum commitment amount of $385.0 million, provided that no default or mandatory prepayment event has occurred and is continuing. In addition, we have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount, provided that any partial reduction shall be in a minimum amount of $5.0 million or any multiple of $1.0 million in excess thereof.

We are obligated to repay the outstanding principal amount of the loans on November 9, 2015.

DBS revolving credit facility In October 2013, we entered into a $180.0 million unsecured revolving credit facility, with an accordion feature to permit other lenders to enter to a maximum of size of $250.0 million. DBS Bank is Lead Arranger and Facility Agent. The facility is a five year facility, split between a three year revolving period followed by a two year term loan, and may be used for general corporate purposes.

As of December 31, 2013, there was $150.0 million outstanding under the facility and the undrawn commitment available for drawdown under the facility was $30.0 million.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent. We have the right, no more than once a year, to increase the commitment amount up to a maximum commitment amount of $250.0 million, provided that no default or mandatory prepayment event has occurred and is continuing. In addition, we have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount.

The outstanding principal amount of the loan at the end of the revolving period will be amortized over the remaining two year term out period of the facility. One third of the balance is to be repaid on October 20, 2017, and the remaining two thirds on October 20, 2018.

Unsecured AIG revolving credit facility

General. On December 16, 2013, AerCap Ireland Capital Limited, one of our wholly-owned subsidiaries, entered into a $1.0 billion five-year senior unsecured revolving credit facility with American International Group, Inc. as lender and administrative agent. The facility is fully and unconditionally guaranteed by AerCap and AerCap Ireland Ltd. The facility may be used for our general corporate purposes.

13. Debt (Continued)

As of December 31, 2013, there were no loans outstanding under the facility. No drawdowns under the facility are permitted until we complete the ILFC Transaction, which we expect to close in the second quarter of 2014.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent. AerCap Ireland Capital Limited has the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount, provided that any partial reduction shall be in a minimum amount of $5.0 million or any multiple of $1.0 million excess thereof.

Interest Rate. The interest rate for borrowings under the facility is, at AerCap Ireland Capital Limited's option, either (i) LIBOR plus 3.75% or (ii) 2.75% plus the greatest of (x) the U.S. federal funds rate plus 0.5%, (y) the rate of interest publicly announced from time to time by Citibank, N.A. as its "base rate" and (z) one-month LIBOR plus 1%.

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

Maturity. The facility matures on the date that is the fifth anniversary of the date the facility becomes available for drawdowns.

$2.75 Billion Unsecured bridge credit facility

General. On December 16, 2013, AerCap Ireland Capital Limited, one of our wholly-owned subsidiaries, entered into a $2.75 billion 364-day senior unsecured bridge credit facility. The bridge credit facility is fully and unconditionally guaranteed by AerCap and AerCap Ireland Ltd.. The bridge credit facility is available to finance the ILFC Transaction.

As of December 31, 2013, there were no loans outstanding under the bridge credit facility. In addition to the satisfaction of other customary conditions precedent, the availability of loans under the bridge credit facility is subject to the substantially concurrent consummation of the ILFC Transaction.

Interest Rate and Duration Fees. The interest rate for borrowings under the bridge credit facility is, at AerCap Ireland Capital Limited's option, either (i) adjusted LIBOR plus an applicable margin, or (ii) an alternative base rate, equal to the greatest of (x) the rate of interest publicly announced from time to time by UBS AG as its prime commercial lending rate, (y) the U.S. federal funds rate plus 0.5% and (z) one-month adjusted LIBOR plus 1%, in each case plus an applicable margin. The

(U.S. dollars in thousands)

13. Debt (Continued)

following table sets forth the applicable margin for the borrowings under the bridge credit facility during the periods specified

	Applicable Margin	
Borrowing Period	**Libor Loans**	**Alternative Base Rate Loans**
From initial funding to 89 days after initial funding	1.750%	0.750%
90 days after initial funding to 179 days after initial funding	2.250%	1.250%
180 days after initial funding to 269 days after initial funding	2.625%	1.625%
270 days after initial funding to maturity date	3.125%	2.125%

The interest rate spreads set forth in the table above for the period from the initial funding of the bridge credit facility through the 89th day thereafter will each increase by 25 basis points per annum if the ratings of our senior unsecured long-term debt by each of Standard & Poor's Rating Services and Fitch Ratings, Inc. are not BB (stable or positive outlook) or better.

If all loans under the bridge credit facility have not been prepaid in full prior to the applicable dates set forth below, duration fees will be payable under the bridge credit facility in the amounts of (i) 0.50% of the aggregate principal amount of the loans outstanding on the 90th day following the initial funding of the bridge credit facility, (ii) 0.75% of the aggregate principal amount of the loans outstanding on the 180th day following the initial funding of the bridge credit facility and (iii) 1.25% of the aggregate principal amount of the loans outstanding on the 270th day following the initial funding of the bridge credit facility. If a Demand Failure Event (as defined in the bridge credit agreement) occurs, all such duration fees will become immediately due and payable.

Certain Covenants. The bridge credit facility does not have any financial covenants that require us to maintain compliance with any financial ratios or measurements on a periodic basis. The bridge credit facility does contain non-financial covenants that, among other things, limit our ability to incur additional indebtedness, enter into certain mergers or consolidations, incur certain liens and engage in certain transactions with our affiliates. In addition, the bridge credit facility restricts our ability to pay dividends or make other Restricted Payments (as defined in the bridge credit agreement), subject to certain exceptions, unless certain conditions are met, including the following:

(*1*) no default under the bridge credit agreement shall have occurred and be continuing;

(*2*) we meet a financial ratio; and

(*3*) the amount of distributions may not exceed a certain amount based on, among other things, our consolidated net income.

Such restrictions are not expected to affect our ability to meet our cash obligations for the next 12 months.

Mandatory Prepayments. We are required to prepay the bridge credit facility and reduce commitments outstanding thereunder with the net cash proceeds of certain asset sales, certain issuances

13. Debt (Continued)

of debt, certain issuances of equity and upon the occurrence of a Change of Control Triggering Event (as defined in the bridge credit agreement).

Maturity. The bridge credit facility matures on the date that is the 364th day after the initial funding of loans under the bridge credit facility.

Boeing 737-800 pre-delivery payment facility

General. In December 2010, we signed a purchase agreement to purchase up to fifteen (15) Boeing 737-800 aircraft, consisting of ten firm aircraft to be delivered in 2015 and five purchase rights.

Under the purchase agreement, we agreed to make scheduled pre-delivery payments to Boeing prior to the physical delivery of each aircraft. In connection with the scheduled delivery of the ten firm aircraft, we entered into a facility in December 2012 with DBS Bank Ltd, as lender, to finance up to $200.3 million of the pre-delivery payments to Boeing.

As of December 31, 2013, we had $47.5 million loans outstanding under the facility and the undrawn commitment available for drawdown under the facility was $152.9 million.

We must repay the lender(s) for the amounts drawn for the pre-delivery payment for each aircraft at the delivery date of that aircraft or, if the aircraft is not delivered on the scheduled delivery date, within nine months of the scheduled delivery date.

The maturity date for each advance will be the earlier of (a) the delivery date for each aircraft to be delivered and (b), the date falling nine months after the scheduled delivery date for each aircraft. The last aircraft is scheduled for delivery in November 2015.

Borrowings under the facility are secured by, among other things, the partial assignment of the airframe and engine purchase agreements in respect of the aircraft, including the right to take delivery of the aircraft where the lender(s) have provided the pre-delivery payments and the aircraft remains undelivered.

Subordinated debt joint venture partners

General. In 2008 and 2010, AerCap and our joint venture partners each subscribed a total of $64.3 million of subordinated loan notes bearing fixed rates of between 15% and 20%. The subordinated debt held by AerCap is eliminated in consolidation of the joint ventures. The subordinated loan notes are fully subordinated in all respects including in priority of payment to, amongst other debts of the joint ventures, the senior facility. As is the case in respect of the senior facility, the obligation of the joint ventures to make payments in respect of the subordinated loan notes is limited in recourse to certain amounts actually received by the joint ventures. In June 2013, we entered into amendments in respect of the 2008 joint venture subordinated debt reducing the interest rate from 20% to 0% effective from January 1, 2013.

Interest Rate. Interest accrues on the subordinated loan notes at a rate of 15% per annum in the case of the 2010 joint venture, and 0% in the case of the 2008 joint venture, effective as of January 1, 2013 as described above. Subject to certain exceptions on AerCap subordinated loan notes, interest is payable quarterly in arrears on the tenth business day after March 31, June 30, September 30 and

13. Debt (Continued)

December 31. Where (i) the amount which, pursuant to the terms of the senior facility, is available to the joint ventures to make payments in respect of, amongst other things, the subordinated loan notes is insufficient to meet the interest payments or (ii) the terms of the senior facility prohibit the payment in full of interest on the relevant payment date, then the joint venture partners must pay the maximum amount of interest that can properly be paid to the note holders on the relevant interest payment date and the unpaid interest carries interest at a rate of 19.5% per annum until paid.

Voluntary Redemption. Subject to certain conditions, including (while the senior facility security remains outstanding) the consent of the collateral trustee, the joint venture partners may at any time redeem all or any of the outstanding subordinated loan notes.

Collateral. The collateral granted in respect of the senior facility also secures the debt constituted by the subordinated loan notes. However, the rights of the holders of subordinated loan notes in respect of this security are subordinated to the rights of the senior facility lenders, amongst others.

As of December 31, 2013, the total of subordinated debt in joint ventures amounted to $64.3 million.

Other

We have entered into various other commercial bank financings to fund the purchase of aircraft and for general corporate purposes in respect of which the aggregate principal outstanding as of December 31, 2013 was $1.5 billion. These financings include:

	Amount outstanding December 31, 2012	Amount outstanding December 31, 2013
	(U.S. dollars in thousands)	(U.S. dollars in thousands)
Secured		
Secured aircraft transactions(1)	$1,110,202	$1,327,987
Japanese operating lease	68,967	62,534
	$1,179,169	**$1,390,521**
Unsecured		
ALS Coupon Liability(2)	$ 96,070	$ 71,131
Subordinated debt facilities	72,000	30,000
Other financings	61,143	21,973
	$ 229,213	**$ 123,104**

(1) Secured aircraft transactions comprise financing transactions for portfolios and single aircraft. These financings are secured by 58 aircraft and seven engines. The net book value of the aircraft pledged was $2.0 billion at December 31, 2013.

(2) In 2012 we obtained the ALS Coupon Liability as part of the ALS transaction, with an effective interest of 5.5% per year. The repayments of the ALS Coupon Liability are equal to a specified amount of $2.5 million until the earlier of December 2016 or the

(U.S. dollars in thousands)

13. Debt (Continued)

month in which the senior securities issued by ALS, the G-Notes, are fully repaid. For further details refer to the ALS Transaction as described in Note 1.

The financings mature at various dates through 2023. The interest rates are based on fixed or floating U.S. dollar LIBOR rates, with spreads on the floating rate transactions ranging up between 0.24% and 6.00% or fixed rate between 2.80% and 7.28%. The majority of the financings are secured by, among other things, a pledge of the shares of the subsidiaries owning the related aircraft, a guarantee from us and, in certain cases, a mortgage on the applicable aircraft. All of our financings contain affirmative covenants customary for secured financings.

14. Income taxes

Our subsidiaries are subject to taxation in a number of tax jurisdictions, principally, The Netherlands, Ireland, the United States of America and Sweden. Income tax expense (benefit) by tax jurisdiction is summarized below for the periods indicated.

	Year ended December 31,	
	2012	2013
Deferred tax expense (benefit)		
The Netherlands	$ 4,551	$47,344
Ireland	(1,656)	14,942
United States of America	1,868	3,686
Sweden	(789)	(344)
	3,974	65,629
Current tax expense (benefit)		
United States of America	—	—
The Netherlands	1,197	4,840
	1,197	4,840
Income tax expense	**$ 5,171**	**$70,469**

(U.S. dollars in thousands)

14. Income taxes (Continued)

Reconciliation of statutory income tax expense to actual income tax expense/(benefit) is as follows:

	Year ended December 31,	
	2012	**2013**
Income tax expense at statutory income tax rate(a)	$ 34,079	$ 60,971
Valuation allowance	—	—
Income arising from non-taxable items (permanent differences)(b)	(58,604)	(128)
Reassessment of prior year deferred tax asset(c)	—	42,392
Tax on global activities and non taxable items(d)	29,696	9,626
	(28,908)	(32,766)
Actual income tax expense	**$ 5,438**	**$ 70,469**

(a) The statutory income tax rate in the Netherlands was 25.0% for the year ended December 31, 2012 and 2013.

(b) Relates to non-taxable income arising from aircraft with a higher tax basis in general. The 2012 non-taxable income also included an imputed gain for tax purposes that offsets all remaining taxable losses for the period 2006 through 2012 in The Netherlands. This offset of the taxable losses was already foreseen in the Dutch tax filing position and included in the valuation allowance of previous years. The imputed gain results from a revaluation of the tax asset base as well as the retrospective revisions of certain intercompany obligations between the Netherlands and Isle of Man jurisdictions.

(c) This concerns the reassessment of deferred tax assets in connection with transfers of aircraft across tax jurisdictions in previous years.

(d) The tax variance as a result of global activities is mainly caused by our operations in countries with a lower statutory tax rate than the statutory tax rate in The Netherlands.

The calculation of income for tax purposes differs significantly from book income. Deferred income tax is provided to reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured under tax law in the various jurisdictions. Tax loss carry-forwards and accelerated tax depreciation on flight equipment held for operating leases give rise to the most significant timing differences.

(U.S. dollars in thousands)

14. Income taxes (Continued)

The following tables describe the principal components of our deferred tax assets and (liabilities) by jurisdiction at December 31, 2012 and 2013:

	December 31, 2012				
	The Netherlands	Ireland	U.S.	Sweden	Total
Depreciation/Impairment	$113,598	$(228,449)	$ (366)	$ —	$(115,217)
Debt	—	(13,807)	—	—	(13,807)
Intangibles	—	(1,564)	—	—	(1,564)
Interest expense	—	—	7,401	—	7,401
Accrued maintenance liability	—	5,265	—	—	5,265
Obligations under capital leases and debt obligations	—	8,493	—	—	8,493
Investments	—	2,500	—	—	2,500
Losses and credits forward	—	254,477	6,894	8,050	269,421
Other	2,492	4,042	1,034	—	7,588
Net deferred tax asset	**$116,090**	**$ 30,957**	**$14,963**	**$8,050**	**$ 170,060**

	December 31, 2013				
	The Netherlands	Ireland	U.S.	Sweden	Total
Depreciation/Impairment	$6,179	$(234,186)	$ (36)	$ —	$(228,043)
Debt	—	(11,580)	—	—	(11,580)
Intangibles	—	(838)	—	—	(838)
Interest expense	—	—	7,147	—	7,147
Accrued maintenance liability	—	3,729	—	—	3,729
Obligations under capital leases and debt obligations	—	1,170	—	—	1,170
Investments	—	2,500	(2,128)	—	372
Losses and credits forward	—	308,696	6,941	8,394	324,031
Other	3,705	7,084	44	—	10,833
Net deferred tax asset	**$9,884**	**$ 76,575**	**$11,968**	**$8,394**	**$ 106,821**

The net deferred tax asset as of December 31, 2013, of $106.8 million is recognized in the Consolidated Balance Sheet as a deferred income tax asset of $168.7 million and as a deferred income tax liability of $61.8 million. The net deferred tax asset as of December 31, 2012, of $170.0 million is recognized in the Consolidated Balance Sheet as a deferred income tax asset of $221.6 million and as a deferred income tax liability of $51.6 million.

(U.S. dollars in thousands)

14. Income taxes (Continued)

The change in the valuation allowance for the deferred tax asset has been as follows:

	Year ended December 31, 2012	Year ended December 31, 2013
Valuation allowance at beginning of period	$ 54,357	$—
Increase (decrease) of allowance to income tax provision	(54,357)	—
Valuation allowance at end of period	**$ —**	**$—**

Valuation allowance in prior years related to losses and credit forwards in our Dutch tax jurisdiction, the cumulative amount of which was cancelled at the end of 2012.

We did not have any unrecognized tax benefits at December 31, 2012 and 2013.

Our primary tax jurisdictions are the Netherlands, United States, Ireland and Sweden. Our tax returns in The Netherlands are open for examination from 2008 forward, in Ireland from 2009 forward, in Sweden from 2008 forward and in the United States from 2010 forward. None of our tax returns are currently subject to examination.

Our policy is that we recognize accrued interest on the underpayment of income taxes as a component of interest expense and penalties associated with tax liabilities as a component of income tax expense.

The Netherlands

The majority of our Netherlands subsidiaries are part of a single Netherlands fiscal unity and are included in a consolidated tax filing. Due to the existence of interest bearing intercompany liabilities with different jurisdictions, current tax expenses are limited with respect to the Netherlands subsidiaries. Deferred income tax is calculated using the Netherlands corporate income tax rate (25.0%). We expect to recover the full value of our Dutch tax assets and have not recognized a valuation allowance against such assets as of December 31, 2013.

Ireland

Since 2006, the enacted Irish tax rate is 12.5%. Our principal Irish tax-resident operating subsidiary has significant losses carry-forward at December 31, 2013 which give rise to deferred tax assets. The availability of these losses does not expire with time. In addition, the vast majority of all of our Irish tax-resident subsidiaries are entitled to accelerated aircraft depreciation for tax purposes and shelter net taxable income with the surrender of losses on a current year basis within the Irish tax group. Accordingly, no Irish tax charge arose during the year. Based on projected taxable profits in our Irish subsidiaries, including our principal Irish tax-resident operating subsidiary where we hold significant Irish tax losses, we expect to recover the full value of our Irish tax assets and have not recognized a valuation allowance against such assets as of December 31, 2013.

(U.S. dollars in thousands)

14. Income taxes (Continued)

United States of America

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. Beginning with the tax year ending December 31, 2006, we filed a consolidated federal income tax return in the U.S. which includes the accounts of AeroTurbine until the date the shares of AeroTurbine were sold (October 7, 2011). The blended federal and state tax rate applicable to our consolidated U.S. group is 35.6% for the year ended December 31, 2013. Due to the existence of tax losses, which expire over time, no current tax expense arose in the U.S. in 2013. Based on projected taxable profits in our U.S. subsidiaries, we expect to recover the full value of our U.S. tax assets and have not recognized a valuation allowance against such assets as of December 31, 2013.

Sweden

The Swedish entity has significant losses carry-forward at December 31, 2013, which give rise to deferred tax assets. The availability of these losses does not expire with time. Accordingly, no Swedish current tax charge arose during the year. Based on projected taxable profits in our Swedish subsidiaries we expect to recover the full value of our Swedish tax assets and have not recognized a valuation allowance as of December 31, 2013.

15. Minority interest, net of tax

The movement in minority interest, net of tax, can be summarized as follows:

	2012	2013
Balance January 1,	$ 6,081	$ 868
Movements		
Minority interest income for the year	(5,213)	2,992
Balance December 31,	**$ 868**	**$3,860**

16. Share capital

During 2011 and 2012 the Company executed a share repurchase program. During 2011, we acquired 9,402,663 ordinary shares for a consideration of $100 million, with an average share price of $10.64. During 2012 we acquired a total number of 26,535,939 ordinary shares for a consideration of $320 million with an average share price of $12.06. All repurchased shares have been cancelled by the Board of Directors in accordance with the authorizations obtained from the Company's shareholders.

As of December 31, 2013, our authorized share capital consists of 250,000,000 ordinary shares with a par value of €0.01. Our outstanding ordinary share capital as per December 31, 2013 included 113,783,799 ordinary shares.

The additional paid-in capital is also acknowledged as paid-in capital for tax purposes.

(U.S. dollars in thousands)

17. Share-based compensation

Cerberus Funds Equity Grants

Effective June 30, 2005, companies controlled by Cerberus ("Cerberus Funds") which, at the time, indirectly owned 100% of our equity interests put into place an Equity Incentive Plan ("Cerberus Funds Equity Plan") under which members of our senior management, Board of Directors and an employee of Cerberus (the "participants") were granted certain direct or indirect rights (share options) to the Company's shares held by the Cerberus Funds.

A summary of activity during the years ended December 31, 2012 and 2013 is set forth below.

	Number of Options
Beginning outstanding January 1, 2013	110,768
Exercised	(83,034)
Ending outstanding December 31, 2013	**27,735**

There are no remaining share options which are still subject to future vesting criteria.

AerCap Holdings NV Equity Grants

In October, 2006, we implemented an equity incentive plan that is designed to promote our interests by enabling us to attract, retain and motivate directors, employees, consultants and advisors and align their interests with ours ("Equity Incentive Plan 2006"). The Equity Incentive Plan 2006 provides for the grant of nonqualified share options, incentive share options, share appreciation rights, restricted shares, restricted share units and other share awards ("NV Equity Grants") to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Subject to certain adjustments, the maximum number of equity awards available to be granted under the plan is equivalent to 4,251,848 Company's shares.

In March 2012, we implemented an additional equity incentive plan ("Equity Incentive Plan 2012") that is designed to promote our interests by enabling us to attract, retain and motivate employees, consultants and advisors, or those who may become employees, consultants or advisors, and align their interests with ours. The Equity Incentive Plan 2012 provides for the grant of stock options, nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and other stock awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Subject to certain adjustments, the maximum number of equity awards initially available to be granted under the plan was equivalent to 2,000,000 of our shares. Unlike the Equity Incentive Plan 2006, the Equity Incentive Plan 2012 is not open for equity awards to our Directors.

The terms and conditions, including the vesting conditions, of the equity awards granted under the Company's equity incentive plans, are determined by the Nomination and Compensation Committee and, for our Directors, by the Board of Directors in line with the remuneration policy approved by the General Meeting of Shareholders. Equity awards granted to our officers are partly subject to long term performance-based vesting criteria with challenging targets in order to promote and encourage superior performance over a prolonged period of time. Some of our officers receive annual equity awards as part of their compensation package. Annual equity awards are granted in arrears and the number of

(U.S. dollars in thousands)

17. Share-based compensation (Continued)

granted awards is dependent on the performance of the Company and the individual involved during the previous financial year, to ensure that the Company retains and motivates its senior staff. The annual equity awards have a three year time-based vesting period, subject to limited exceptions. Equity awards to our other employees (below officer level) are, at a minimum, subject to time based vesting criteria.

In 2013, a total of 302,433 restricted share units and 220,000 restricted shares were granted under the Equity Incentive Plans, of which 139,920 restricted shares were issued with the remaining restricted shares being withheld and applied to pay the wage taxes involved. During the same period, 200,000 share options, which were previously granted under the Equity Incentive Plans, were exercised. In connection with the exercise of the share options, the Company issued, in full satisfaction of its obligations, 107,353 ordinary shares to the holder of these share options. During the same period, 200,000 restricted share units, which were previously granted under the Equity Incentive Plans, vested. In connection with the vesting of the restricted share units, the Company issued, in full satisfaction of its obligations, 109,834 ordinary shares to the holder of these restricted share units.

At December 31, 2013, a total of 1,162,500 share options were outstanding at an exercise price of $24.63 per share, 350,000 share options were outstanding at an exercise price of $2.95 per share, 21,287 share options outstanding at an exercise price of $14.12 per share, 23,662 share options outstanding at an exercise price of $11.29 per share and 19,833 share options outstanding at an exercise price of $13.72 per share. At December 31, 2013, 1,512,500 outstanding options were vested (excluding 131,475 remaining AER options rolled-over from Genesis) and 64,782 options were subject to future vesting criteria. At December 31, a total of 2,502,661 restricted share units and 139,920 restricted shares were outstanding and were all subject to future time and/or performance-based vesting criteria or restrictions, as applicable.

Following is a summary of option issuances to-date under the Equity Incentive Plan 2006 (no options were granted under the Equity Incentive Plan 2012):

	Number of Options	Weighted Average Exercise Price
Options outstanding at January 1, 2013	2,077,036	NA
Forfeitures	—	NA
Options exercised during year(1)	(368,279)	26.57
Options issued during year	—	NA
Options outstanding at December 31, 2013(2)	**1,708,757**	NA

(1) Including 299,754 AER options granted to former Genesis directors and employees at the closing of the amalgamation with Genesis on March 25, 2010; these options were issued pursuant to a separate board resolution, so not under any of the AerCap Equity Incentive Plans.

(2) Including 168,279 AER options granted to former Genesis and employees, refer to footnote 1.

(U.S. dollars in thousands)

17. Share-based compensation (Continued)

The weighted average remaining contractual term of the 1.7 million options outstanding at December 31, 2013 is 4.1 years. The weighted average grant date fair value for options issued in 2008 is $1.52 per option. There were no options granted subsequent to 2008. Total share-based compensation recognized for the above options was $2,339, $1,431 and nil for the years ending December 31, 2011, 2012 and 2013, respectively. As of December 31, 2011, we have completely recognized the share-based compensation expenses related to NV Equity Grants. There are no remaining share options which are still subject to future vesting criteria.

In February 2014, the General Meeting of Shareholders approved a new equity incentive plan for the directors, officers and employees of the Company (the "Equity Incentive Plan 2014") with a capacity of 4,500,000 shares, as replacement for the Equity Incentive Plan 2006, subject to and with effect from the closing effective time of the ILFC Transaction. The purpose of the Equity Incentive Plan 2014 is to retain senior management to successfully implement the ILFC Transaction and for general compensation and retention purposes in the years ahead. The terms and conditions of the Equity Incentive Plan 2014 are substantially the same as those of the Equity Incentive Plan 2006. Furthermore, on March 13, 2014, our Board of Directors adjusted the Equity Incentive Plan 2012 for the officers and employees of AerCap to include an additional 6,064,081 shares, subject to and with effect from the closing effective time of the ILFC Transaction.

Assuming that established performance criteria are met and that no forfeitures occur, we expect to recognize share-based compensation related to AerCap Holdings N.V. restricted share units of approximately $9.5 million during 2014, $5.6 million in 2015, $2.1 million in 2016 and $0.6 million in 2017.

18. Segment information

Reportable Segments

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

The following table sets forth the percentage of lease revenue attributable to individual countries representing at least 10% of total lease revenue in any year based on each airline's principal place of business for the years indicated:

	2012	2013
United States of America	12.1%	17.3%

The following table sets forth the percentage of long-lived assets (flight equipment and intangible assets) attributable to individual countries representing at least 10% of total long-lived assets in 2013 based on each airline's principal place of business for the years indicated:

	2012	2013
United States of America	16.6%	22.2%
Russia	11.4%	10.4%

(U.S. dollars in thousands)

18. Segment information (Continued)

We lease and sell aircraft to airlines and others throughout the world and our trade and notes receivables are from entities located throughout the world. We generally obtain deposits on leases and obtain collateral in flight equipment on notes receivable. During the year ended December 31, 2013 we had one lessee, American Airlines, that represented 10.9% of total lease revenue. During the years ended December 31, 2012 and 2011 we had no lessees that represented more than 10% of total lease revenue.

The following table sets forth the lease revenue per individual country based on each airline's principal place of business for the year indicated:

Country	2012 lease revenue	2013 lease revenue
United States of America	$120,682	$169,282
Russia	93,753	94,099
Germany	89,764	69,305
UK	85,774	82,199
China	71,811	78,000
Italy	46,877	38,981
Korea	45,879	36,370
France	30,919	27,299
Indonesia	28,924	21,633
Thailand	27,926	19,614
Brazil	27,926	28,679
Portugal	25,932	25,971
Turkey	24,934	18,774
India	22,940	6,519
Hungary	19,947	18,874
Other	233,386	240,548
Total	**$997,374**	**$976,147**

During the years ended December 31, 2012 and 2013, no lease revenue and no long-lived assets were attributable to The Netherlands, our country of domicile.

19. Selling, general and administrative expenses

We had 159 and 163 persons in employment as of December 31, 2012 and 2013, respectively.

(U.S. dollars in thousands)

19. Selling, general and administrative expenses (Continued)

Selling, general and administrative expenses include the following expenses:

	Year ended December 31, 2012	Year ended December 31, 2013
Personnel expenses(1)	$41,165	$50,110
Social securities	1,972	2,076
Pensions	1,248	2,965
Other personnel expenses	260	503
Travel expenses	7,098	6,728
Professional services	17,906	13,253
Office expenses	3,506	3,443
Directors expenses	4,786	3,393
Aircraft management fee	641	(477)
Mark-to-market on derivative instruments and foreign currency results	(2,914)	115
Other expenses	7,741	6,970
	$83,409	**$89,079**

(1) Includes share-based compensation of $7.1 million and $9.3 million in the years ended December 31, 2012 and 2013, respectively.

We incur Euro-denominated expenses in connection with our offices in The Netherlands and Ireland. For the year ended December 31, 2013, our aggregate expenses denominated in currencies other than the U.S. dollar, such as payroll and office costs and professional advisory costs, were $65.1 million in U.S. dollar equivalents and represented 72.7% of total selling, general and administrative expenses.

The table below provides the number of our employees at each of our principal geographical locations as of the dates indicated.

Location	December 31, 2012	December 31, 2013
Amsterdam, The Netherlands	77	79
Shannon, Ireland	54	55
Fort Lauderdale, FL	17	16
Other(1)	11	13
Total	**159**	**163**

(1) We lease small offices in Shanghai (China), the United Arab Emirates and Singapore.

(U.S. dollars in thousands)

20. Asset impairment

Asset impairment includes the following expenses:

	2012	2013
Impairment of flight equipment	$24,602	$72,381
Reversal of impairment of flight equipment	(7,445)	(8,719)
Notes receivable (Note 6)	—	539
	$17,157	**$64,201**

Our long-lived assets include: flight equipment, inventory and finite-lived intangible assets. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amount is not recoverable from its fair value.

We performed an impairment analysis of our long-lived assets during the year 2013 and as of December 31, 2013. In this impairment analysis, we focused on aircraft older than 15 years, since the cash flows supporting our carrying values of those aircraft are more dependent upon current lease contracts, which leases are more sensitive. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment. If conditions again worsen, significant uncertainties may cause a potential adverse impact on our business. In particular, our estimates and assumptions regarding forecasted cash flows from our long-lived assets would need to be reassessed. This includes the duration of the economic downturn along with the timing and strength of the pending recovery, both of which are important variables for purposes of our long-lived asset impairment tests. Any of our assumptions may prove to be inaccurate which could adversely impact forecasted cash flows of certain long-lived assets, especially for aircraft older than 15 years.

Based on our estimate of fair value as of December 31, 2013, we recorded an impairment on our flight equipment of $72.4 million and a reversal of $8.7 million. Our estimate of fair value was based on the available market information or discounted cash flows.

The following assumptions drive the discounted cash flows: contracted lease rents per aircraft through current lease expiry, subsequent re-lease rates based on current marketing information, the discount rate (2013: 5.7%) and residual values based on current market transactions. We review and stress test our key assumptions to reflect any observed weakness in the global economic environment. Further deterioration of the global economic environment and a further decrease of aircraft values might have a negative effect on the discounted cash flows of older aircraft and might trigger further impairments.

There can be no assurance that the Company's estimates and assumptions regarding the economic environment, or the period or strength of recovery, made for purposes of the long-lived asset impairment tests will prove to be accurate predictions of the future. A deterioration in the global economic environment and a decrease of appraised values will have a negative effect on fair values, which might then trigger further impairments on our assets.

(U.S. dollars in thousands)

21. Earnings per ordinary share

Basic earnings per share (EPS) is calculated by dividing net income by the weighted average of our ordinary shares outstanding. For the calculation of diluted EPS, net income attributable to common stockholders for basic EPS is adjusted by the effect of dilutive securities, including awards under our equity compensation plans. The number of shares excluded from diluted shares outstanding were 1.3 million, 1.5 million and 1.6 million for the years ended December 31, 2013, 2012 and 2011, respectively, because the effect of including those shares in the calculation would have been anti-dilutive. The computations of basic and diluted earnings per ordinary share for the periods indicated below are shown in the following table:

	Year ended December 31, 2012	Year ended December 31, 2013
Net income for the computation of basic earnings per share	$ 147,989	$ 181,059
Weighted average ordinary shares outstanding	131,492,057	113,463,813
Basic earnings per ordinary share	**$ 1.13**	**$ 1.60**

	Year ended December 31, 2012	Year ended December 31, 2013
Net income for the computation of diluted earnings per share	$ 147,989	$ 181,059
Weighted average ordinary shares outstanding	132,497,913	115,002,458
Diluted earnings per ordinary share	**$ 1.13**	**$ 1.57**

22. Related party transactions

As at December 31, 2013, AerDragon was owned 50.0% by China Aviation Supplies Holding Company, 20.3% by an affiliate of Crédit Agricole, 20.3% by AerCap and 9.4% by East Epoch Limited. As at the date of this report, CAS owned 50% of AerDragon, with the other 50% owned equally by us, CA-CIB, and East Epoch Limited. In 2007 AerCap sold an A320 aircraft that was subject to a lease with an airline to AerDragon and guaranteed AerDragon's performance under the debt which was assumed by AerDragon from AerCap in the transaction. During 2013 AerCap sold one B737-800 aircraft and contracted to sell one A330 aircraft to AerDragon. The A330 aircraft is due to be delivered in the second quarter of 2014. AerCap provides lease management, insurance management and aircraft asset management services to AerDragon. All of these transactions were executed at terms, which we believe reflected market conditions at the time. AerCap charged AerDragon a total of $0.5 million as a guarantee fee and for these management services during 2013. We apply equity accounting for our investment in this joint venture company. Accordingly, the income statement effect of all sale transactions with either of the joint venture companies is eliminated in our financial statements.

AerCo is an aircraft securitization vehicle from which we hold all of the most junior class of subordinated notes and some notes immediately senior to those junior notes. Historically, the investment in AerCo has been written down to zero, because we do not expect to realize any value. We consolidated AerCo through March 2003, but we deconsolidated the vehicle at that time. Subsequent to

(U.S. dollars in thousands)

22. Related party transactions (Continued)

the deconsolidation of AerCo, we received interest from AerCo on its D note investment of $1.7 million and $0.4 million for the years ended December 31, 2006 and December 31, 2007, respectively. In addition, we provide a variety of management services to AerCo for which we received fees of $3.0 million and $1.9 million in the years ended December 31, 2012 and 2013, respectively.

On November 11, 2010 we issued approximately 29.8 million new shares to Waha. In exchange, we received $105 million in cash, Waha's 50% interest in the joint venture company AerVenture, a 40% interest in AerLift and a 50% interest in AerLift Jet. We provide a variety of management services to AerLift for which we received a fee of $6.9 million in the year ended December 31, 2013.

On June 10, 2012, we purchased 5,000,000 of our ordinary shares from Fern S.a.r.l., an indirect subsidiary of Cerberus, which was an affiliate of AerCap. The aggregate price of the shares was $55.9 million. On August 20, 2012, we purchased 10,000,000 of our ordinary shares from Fern S.a.r.l. The aggregate price of the shares was $120.0 million. Additionally, on December 6, 2012, we purchased 5,040,000 of our ordinary shares from Fern S.a.r.l. The aggregate price of the shares was $64.1 million. These repurchases were done under the $320 million share repurchase program, and undertaken on an arm's-length basis at fair market value overseen by the management and disinterested directors.

23. Commitments and contingencies

Property and other rental commitments

We have entered into property rental commitments with third parties also have lease arrangements with respect to company cars and office equipment. Minimum payments under the property rental agreements are as follows:

2014	$2,227
2015	2,080
2016	1,638
2017	1,608
2018	388
Thereafter	—
	$7,941

Legal proceedings

In the ordinary course of our business, we are a party to various legal actions, which we believe are incidental to the operation of our business. We believe that the outcome of the proceedings to which we are currently a party will not have a material adverse effect on our financial position, results of operations and cash flows.

VASP Litigation

We leased 13 aircraft and three spare engines to Viação Aerea de São Paulo ("VASP"), a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess our equipment. In 1992, we obtained a preliminary injunction for the repossession

23. Commitments and contingencies (Continued)

and export of 13 aircraft and three spare engines from VASP. We repossessed and exported the aircraft and engines in 1992. VASP appealed this decision. In 1996, the High Court of the State of Sao Paulo ruled in favor of VASP on its appeal. We were instructed to return the aircraft and engines to VASP for lease under the terms of the original lease agreements. The High Court also granted VASP the right to seek damages in lieu of the return of the aircraft and engines. Since 1996 we have defended this case in the Brazilian courts through various motions and appeals. On March 1, 2006, the Superior Tribunal of Justice (the "STJ") dismissed our then-pending appeal and on April 5, 2006 a special panel of the STJ confirmed this decision. On May 15, 2006 we filed an extraordinary appeal with the Federal Supreme Court. In September 2009 the Federal Supreme Court requested an opinion on our appeal from the office of the Attorney General. This opinion was provided in October 2009. The Attorney General recommended that AerCap's extraordinary appeal be accepted for trial and that the case be subject to a new judgment before the STJ. The Federal Supreme Court is not bound by the opinion of the Attorney General. While, our external legal counsel informed us that it would be normal practice to take such an opinion into consideration, there are no assurances that the Federal Supreme Court will rule in accordance with the Attorney General opinion or, if it did, what the outcome of the judgment of the STJ would be.

On February 23, 2006, VASP commenced a procedure to calculate its alleged damages and since then both we and VASP have appointed experts to assist the court in calculating damages. Our external legal counsel has advised us that even if VASP prevails on the issue of liability, they do not believe that VASP will be able to demonstrate any damages. We continue to actively pursue all courses of action that may be available to us and intend to defend our position vigorously.

In July 2006, we brought a claim for damages against VASP in the English courts, seeking damages incurred by AerCap as a result of VASP's default under seven leases that were governed by English law. VASP was served with process in Brazil in October 2007 and in response filed an application challenging the jurisdiction of the English court, which we opposed. VASP also applied to the court to adjourn the hearing on its jurisdictional challenge pending the sale of some of its assets in Brazil. We opposed this application and by an order dated March 6, 2008 the English court dismissed VASP's applications.

In September 2008, the bankruptcy court in Brazil ordered the bankruptcy of VASP. VASP appealed this decision. In December 2008, we filed with the English court an application for default judgment, seeking damages plus accrued interest pursuant to seven lease agreements. On March 16, 2009 we obtained a default judgment in which we were awarded approximately $40.0 million in damages plus accrued interest. We subsequently applied to the STJ for an order ratifying the English judgment, so that it might be enforced in Brazil. The STJ granted AerCap's application and entered an order ratifying the English judgment. Although VASP appealed that order; the order is fully effective pending a resolution of VASP's appeal of the order ratifying the English judgment.

On November 6, 2012, the STJ ruled in favor of VASP on its appeal from the order placing it in bankruptcy. Acting alone, the reporting justice of the appellate panel ordered the bankruptcy revoked and the matter converted to a judicial reorganization. Several creditors of VASP appealed that ruling to the full panel of the STJ. On December 17, 2012, the Special Court of the STJ reversed the ruling of the reporting justice and upheld the order placing VASP in bankruptcy. The decision was published on February 1, 2013. On February 25, 2013, the lapse of time for appeal (res judicata) was certified.

23. Commitments and contingencies (Continued)

In addition to its claim in the English courts, AerCap has also brought an action against VASP in the Irish courts to recover damages incurred as a result of VASP's default under nine leases governed by Irish law. The Irish courts granted an order for service of process, VASP opposed service in Brazil, but the STJ ruled that service of process had been properly completed. After some additional delay due to procedural issues related to VASP's bankruptcy, the Irish action is now moving forward.

Our management, based on the advice of external legal counsel, does not believe the outcome of this case will have a material effect on our consolidated financial condition, results of operations or cash flows.

Transbrasil litigation

In the early 1990s, two AerCap-related companies (the "AerCap Lessors") leased an aircraft and two engines to Transbrasil S/A Linhas Areas ("Transbrasil"), a now defunct Brazilian airline. By 1998, Transbrasil had defaulted on various obligations under its leases with AerCap, along with other leases it had entered into with General Electric Capital Corporation ("GECC") and certain of its affiliates collectively with GECC, the "GE Lessors"). GECAS was the servicer for all these leases at the time. Subsequently, Transbrasil issued promissory notes (the "Notes") to the AerCap lessors and GE Lessors (collectively the "Lessors") in connection with restructurings of the leases. Transbrasil defaulted on the Notes and GECC brought an enforcement action on behalf of the Lessors in 2001. Concurrently, GECC filed an action for the involuntary bankruptcy of Transbrasil.

Transbrasil brought a lawsuit against the Lessors in February 2001, claiming that the Notes had in fact been paid at the time GECC brought the enforcement action. In 2007, the trial judge ruled in favor of Transbrasil. That decision was appealed. In April 2010, the appellate court published a judgment (the "2010 Judgment") rejecting the Lessors' appeal, ordering them to pay Transbrasil statutory penalties equal to double the face amount of the Notes (plus interest and monetary adjustments), and awarding Transbrasil damages for any losses incurred as a result of the attempts to collect on the Notes. The 2010 Judgment provided that the amount of such losses would be calculated in separate proceedings in the trial court (the "Indemnity Claim"). In June 2010, the AerCap Lessors and GE Lessors separately filed special appeals before the STJ in Brazil. These special appeals were subsequently admitted for hearing

In July 2011, Transbrasil brought three actions for provisional enforcement of the 2010 Judgment (the "Provisional Enforcement Actions"): one to enforce the award of statutory penalties; a second to recover attorneys' fees related to that award; and a third to enforce the Indemnity Claim. Transbrasil submitted its alleged calculation of statutory penalties, which, according to Transbrasil, amounted to approximately $210 million in the aggregate against all defendants, including interest and monetary adjustments. AerCap and its co-defendants opposed provisional enforcement of the 2010 judgment, arguing, among other things, that Transbrasils' calculations were greatly exaggerated.

Transbrasil also initiated proceedings to determine the amount of its alleged Indemnity Claim. The court appointed an expert to determine the measure of damages and the defendants appointed an assistant expert. We believe we have strong arguments to convince the expert and the court that Transbrasil suffered no damage as a result of the defendants' attempts to collect on the Notes.

(U.S. dollars in thousands)

23. Commitments and contingencies (Continued)

In February 2012, AerCap brought a civil complaint against GECAS and GECC in the State of New York (the "New York Action"), alleging, among other things, that GECAS and GECC had violated certain duties to AerCap in connection with their attempts to enforce the Notes and the defense of Transbrasils' lawsuit. In November 2012, AerCap, GECAS, and the GE Lessors entered into a settlement agreement resolving all of the claims raised in the New York Action. The terms of the settlement agreement are confidential.

In October 2013, the STJ granted the special appeals filed by GECAS and its related parties, effectively reversing the 2010 Judgment in most respects as to all of the Lessors. Transbrasil has appealed this ruling to another panel of the STJ.

Our management, based on the facts and the advice of external legal counsel, does not believe the outcome of this case will have a material effect on our consolidated financial condition, results of operations or cash flows.

24. Fair values of financial instruments

The fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values of financial instruments have been determined with reference to available market information. However, considerable management judgment is required in interpreting market data to arrive at estimates of fair values. Accordingly, the estimates presented herein may not be indicative of the amounts that we could realize in a current market exchange. The carrying amounts and fair values of our most significant financial instruments at December 31, 2011 and 2012 are as follows:

	December 31, 2012		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Assets				
Restricted cash	$ 279,843	$ 279,843	$ 267,847	$ 267,847
Derivative assets	9,993	9,993	32,673	32,673
Notes receivable	78,163	78,163	75,788	75,788
Cash and cash equivalents	520,401	520,401	295,514	295,514
	$ 888,400	**$ 888,400**	**$ 671,822**	**$ 671,822**
Liabilities				
Debt	$5,670,147	$5,756,519	$6,088,577	$6,288,446
Derivative liabilities	14,677	14,677	7,233	7,233
	$5,684,824	**$5,771,196**	**$6,095,810**	**$6,295,679**

25. Pension plans

We operate defined benefit plans and a defined contribution pension plan for our employees. These plans do not have a material impact on our Consolidated Balance Sheets and Consolidated Income Statements.

25. Pension plans (Continued)

Defined benefit plans:

We provide an insured defined benefit pension plan covering our Dutch employees ("Dutch Plan") based on years of service and career average pay. The Dutch plan is funded through a guaranteed insurance contract, and we determine the funded status of this plan with the assistance of an actuary. In the year ended December 31, 2013 we recognized a $0.3 million, net of tax, actuarial loss in Revaluation reserves. Based on ASC 715, this was calculated assuming a discount rate of 4.0% (2012: 4%) and various assumptions regarding the future funding and pay out. At December 31, 2013 we recorded a liability in Accrued expenses and other liabilities of $4.6 million which covers our projected benefit obligation exceeding the plan assets.

We provide a defined benefit pension plan covering some of our Irish employees ("Irish Plan") based on years of service and final pensionable pay. The Irish plan is funded through contributions by the Company and invested in trustee administered funds, which was closed to new participants, as of June 30, 2009, but will continue to accrue benefits for existing participants. We determine the funded status of this plan with the assistance of an actuary. In the year ended December 31, 2013 we recognized a $0.2 million, net of tax, actuarial loss in Revaluation reserves. Based on ASC 715, this was calculated assuming a discount rate of 3.9% (2012: 4.2%) and various assumptions regarding the future funding and pay out. At December 31, 2013 we recorded a liability in Accrued expenses and other liabilities of $3.3 million which covers our projected benefit obligation exceeding the plan assets.

Defined contribution plan:

We provide a defined contribution pension plan for the Irish employees that are not covered by the defined benefit plan. In the year ended December 31, 2013 we contributed $0.2 million (2012: $0.2 million). No amounts were outstanding in respect of pension contributions at December 31, 2013.

26. Directors' remuneration

Our remuneration policy for Non-Executive and executive directors can be found in our Remuneration Policy (available on our website) and in the Remuneration Report 2013 included in this

(U.S. dollars in thousands)

26. Directors' remuneration (Continued)

Annual Report. The table below indicates the total remuneration paid to or earned by the persons who are Non-Executive directors as per December 31, 2013:

	2012	2013
	Directors fee (EUR *1,000)	
Mr. P. Korteweg	209.6	299.4
Mr. M. Jonkhart	171.0	201.4
Mr. J. Chapman	143.0	181.0
Mr. P. Dacier	100.0	163.9
Mr. M. Gradon	128.0	162.0
Mr. R. Warden	132.0	169.6
Mr. S.R. Al Noaimi	120.0	175.3
Mr. H.A. Al Shemmari	84.0	108.0
Total	**1,087.6**	**1,460.6**

We paid Mr. Kelly, our only Executive Director and Chief Executive Officer, an annual base salary of EUR500.0 and an annual cash bonus of EUR750.0. In addition we granted 43,018 restricted share units to Mr. Kelly, which will vest on February 14, 2016; these restricted share units are time-based only and they are part of Mr. Kelly's agreed compensation package (the Annual Equity Awards as referred to above). In addition to the remuneration above, Mr. Kelly received EUR 100.0 as contributions to his defined benefit plan and other employment benefits such as health insurance and a company car allowance in 2013.

The regular remunerations for 2013 include a total of EUR 125.4 for the crisis levy payable in 2014 for the amounts remunerated in 2013; this charge will be borne by the Company.

(U.S. dollars in thousands)

26. Directors' remuneration (Continued)

The following table sets forth beneficial ownership of our shares which are held by our Directors as of December 31, 2013:

	Ordinary shares underlying options(1)	Restricted share units(4)	Ordinary shares acquired through open market purchases	Fully Diluted Ownership Percentage(2)
Directors:				*
Salem Al Noaimi	3,954	852	—	*
Homaid Al Shemmari	—	—	—	*
James N. Chapman	5,728	852	19,015	*
Paul T. Dacier	5,728	1,031	10,10*	*
Michael Gradon	5,728	852	2,609	*
Aengus Kelly(3) (CEO)	625,000	890,006	297,690	1.6%
Pieter Korteweg	11,456	1,794	27,230	*
Marius J. L. Jonkhart	5,728	852	20,555	*
Robert G. Warden	5,728	852	—	*
Total	**669,050**	**897,091**	**377,208**	

* Less than 1.0%.

(1) 375,000 of these outstanding options expire on September 13, 2017 and carry a strike price of $24.63 per option. 250,000 of these options expire on December 11, 2018 and carry a strike price of $2.95 per option. 14,191 of these options expire on December 31, 2020 and carry a strike price of $14.12 per option. 19,360 of these options expire on December 31, 2021 and carry a strike price of $11.29 per option. The remaining 16,227 options expire on December 31, 2022 and carry a strike price of $13.72 per option.

(2) Percentage amount assumes the exercise by such persons of all options to acquire shares exercisable within 60 days and no exercise of options by any other person.

(3) Mr. Aengus Kelly is our Chief Executive Officer and an Executive Director of the Board.

(4) All restricted share units are subject to time-based or performance-based vesting conditions. 46,988 of these restricted share units will vest, subject to the vesting conditions, on May 31, 2015. 46,988 of these restricted share units will vest, subject to the vesting conditions, on February 16, 2015. 500,000 of these restricted share units will vest, subject to the vesting conditions, on May 31, 2015. 43,018 of these restricted share units will vest, subject to the vesting conditions, on February 14, 2016. 300,000 of these restricted share units will vest, subject to the vesting conditions, on March 31, 2016. 7,085 of these restricted share units will vest, subject to the vesting conditions, on January 1, 2017.

All of our ordinary shares have the same voting rights. The address for all our Executive Officers and Directors is c/o AerCap Holdings N.V., AerCap House, Stationsplein 965, 1117 CE Schiphol, The Netherlands.

27. Subsidiary undertakings

The subsidiaries which are taken up in the consolidated financial statements are direct and indirect subsidiaries 100% owned, unless otherwise stated.

Subsidiary name	Jurisdiction of incorporation
AerCap AerVenture Holding B.V.	The Netherlands
AerCap B.V.	The Netherlands
AerCap Group Services B.V.	The Netherlands
AerCap Dutch Aircraft Leasing I B.V.	The Netherlands
AerCap Dutch Aircraft Leasing IV B.V.	The Netherlands
AerCap A330 Holdings B.V.	The Netherlands
AerData B.V. (42%)	The Netherlands
AerCap Leasing XIII B.V.	The Netherlands
AerCap Leasing XIV B.V. in liquidatie	The Netherlands
AerCap Leasing XVI B.V. in liquidatie	The Netherlands
AerCap Leasing XXIX B.V.	The Netherlands
AerCap Dutch Aircraft Leasing VII B.V.	The Netherlands
AerCap Leasing XXX B.V.	The Netherlands
AerCap Netherlands B.V. in liquidatie	The Netherlands
Worldwide Aircraft Leasing B.V.	The Netherlands
AMS AerCap B.V. in liquidatie	The Netherlands
AerCap Funding I B.V.in liquidatie	The Netherlands
Clearstream Aircraft Leasing B.V.	The Netherlands
GFL Aircraft Leasing Netherlands B.V.	The Netherlands
AerCap Aviation Solutions B.V.	The Netherlands
Worldwide Aircraft Leasing II B.V.	The Netherlands
Harmony Funding B.V.	The Netherlands
Harmony Funding Holdings B.V.	The Netherlands
Quadrant MSN 209 B.V.	The Netherlands
Quadrant MSN 2254 B.V.	The Netherlands
Quadrant MSN 231 B.V.	The Netherlands
Quadrant MSN 2310 B.V.	The Netherlands
AerCap Celtavia 4 Limited	Republic of Ireland
AerCap Celtavia 5 Limited	Republic of Ireland
AerCap Administrative Services Limited	Republic of Ireland
AerCap Cash Manager Limited	Republic of Ireland
AerCap Cash Manager II Limited	Republic of Ireland
AerCap Financial Services (Ireland) Limited	Republic of Ireland
AerCap Ireland Limited	Republic of Ireland
AerFi Group Limited	Republic of Ireland
Skyscape Limited	Republic of Ireland
Sunflower Aircraft Leasing Limited	Republic of Ireland
Jasmine Aircraft Leasing Limited	Republic of Ireland
Jasper Aircraft Leasing Limited	Republic of Ireland
AerCap Engine Leasing Limited	Republic of Ireland

27. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
Rosso Aircraft Leasing Limited (voluntary strike off listed)	Republic of Ireland
Azzurro Aircraft Leasing Limited (voluntary strike off listed)	Republic of Ireland
AerCap Partners 2 Holding Limited and subsidiary (50%)	Republic of Ireland
AerCap Partners I Holding Limited and Subsidiaries (50%)	Republic of Ireland
AerCap Note Purchaser Limited	Republic of Ireland
Lishui Aircraft Leasing Limited	Republic of Ireland
Berlin Aircraft Leasing Limited (voluntary strike off listed)	Republic of Ireland
Pirlo Aircraft Leasing Limited (voluntary strike off listed)	Republic of Ireland
Jade Aircraft Leasing Limited	Republic of Ireland
AerVenture Limited (and subsidiaries)	Republic of Ireland
AerDragon Aviation Partners Limited and Subsidiaries (20.3%)	Republic of Ireland
Castletroy Leasing Limited	Republic of Ireland
SkyFunding Limited	Republic of Ireland
Polyphonic Aircraft Leasing Limited	Republic of Ireland
Burgundy Aircraft Leasing Limited	Republic of Ireland
Melodic Aircraft Leasing Limited	Republic of Ireland
Next Generation Aircraft Purchase Limited	Republic of Ireland
AerCap Asset Finance Limited	Republic of Ireland
AerCap A330 Holdings Limited	Republic of Ireland
AerCap Partners 3 Holding Limited and Subsidiaries (50%)	Republic of Ireland
Surestream Aircraft Leasing Limited	Republic of Ireland
Leostream Aircraft Leasing Limited	Republic of Ireland
Geministream Aircraft Leasing Limited	Republic of Ireland
Peony Aircraft Holdings Limited	Republic of Ireland
Peony Aircraft Leasing Limited	Republic of Ireland
Triple Eight Aircraft Holdings Limited	Republic of Ireland
Triple Eight Aircraft Leasing Limited	Republic of Ireland
Librastream Aircraft Leasing Limited	Republic of Ireland
Streamline Aircraft Leasing Limited	Republic of Ireland
Virgostream Aircraft Leasing Limited	Republic of Ireland
AerCap Holding & Finance Limited	Republic of Ireland
AerCap Ireland Asset Investment 1 Limited	Republic of Ireland
AerCap Ireland Asset Investment 2 Limited	Republic of Ireland
AerCap Ireland Funding 1 Limited	Republic of Ireland
AerVenture Export Leasing Limited	Republic of Ireland
Andes Aircraft Leasing Limited	Republic of Ireland
Harmonic Aircraft Leasing Limited	Republic of Ireland
Mainstream Aircraft Leasing Limited	Republic of Ireland
Rouge Aircraft Leasing Limited	Republic of Ireland
Symphonic Aircraft Leasing Limited	Republic of Ireland
Genesis Ireland Aviation Trading 1 Limited	Republic of Ireland
Genesis Ireland Aviation Trading 2 Limited	Republic of Ireland

(U.S. dollars in thousands)

27. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
Genesis Ireland Aviation Trading 3 Limited	Republic of Ireland
Genesis Ireland Aviation Trading 4 Limited	Republic of Ireland
Flotlease MSN 973 Limited	Republic of Ireland
Danang Aircraft Leasing Limited	Republic of Ireland
Danang Aircraft Leasing No 2 Limited	Republic of Ireland
Fansipan Aircraft Leasing Limited	Republic of Ireland
AerCap Irish Aircraft Leasing 2 Limited	Republic of Ireland
AerCap Finance Limited	Republic of Ireland
Andromeda Aircraft Leasing Limited	Republic of Ireland
Flotlease MSN 3699 Limited	Republic of Ireland
Philharmonic Aircraft Leasing Limited	Republic of Ireland
Scarlet Aircraft Leasing Limited	Republic of Ireland
AerCap Leasing 3034 Limited	Republic of Ireland
AerCap Leasing 946 Limited	Republic of Ireland
SkyFunding II Holdings Limited	Republic of Ireland
SkyFunding II Limited	Republic of Ireland
AerCap Partners 767 Holdings Limited & Subsidiary (50%)	Republic of Ireland
AerCap Ireland Capital Limited	Republic of Ireland
CelestialFunding Limited	Republic of Ireland
CelestialFunding Holdings Limited	Republic of Ireland
CelestialFunding II Limited	Republic of Ireland
Monophonic Aircraft Leasing Limited	Republic of Ireland
Quadrant Leasing Ireland Limited	Republic of Ireland
Quadrant MSN 1103 Limited	Republic of Ireland
Quadrant MSN 1493 Limited	Republic of Ireland
Quadrant MSN 3008 Limited	Republic of Ireland
Quadrant MSN 3107 Limited	Republic of Ireland
Quadrant MSN 3309 Limited	Republic of Ireland
Quadrant MSN 3331 Limited	Republic of Ireland
Quadrant MSN 3385 Limited	Republic of Ireland
Quadrant MSN 3420 Limited	Republic of Ireland
Quadrant MSN 4315 Limited	Republic of Ireland
Quadrant MSN 5869 Limited	Republic of Ireland
SoraFunding Limited	Republic of Ireland
Transversal Aircraft Holdings Limited	Republic of Ireland
Transversal Aircraft Leasing II Limited	Republic of Ireland
Transversal Aircraft Leasing Limited	Republic of Ireland
Quadrant Bermuda Limited	Bermuda
AerCap Holdings (Bermuda) Limited	Bermuda
LC Bermuda No. 2 Limited	Bermuda
LC Bermuda No. 2 L.P.	Bermuda
Flotlease 973 (Bermuda) Limited	Bermuda

27. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
AerFunding 1 Limited and subsidiaries (5%)	Bermuda
AerCap International Bermuda Limited	Bermuda
Copperstream Aircraft Leasing Limited	Bermuda
Goldstream Aircraft Leasing Limited	Bermuda
Silverstream Aircraft Leasing Limited	Bermuda
Wahaflot Leasing 3699 (Bermuda) Limited	Bermuda
Whitestream Aircraft Leasing Limited	Bermuda
Ararat Aircraft Leasing Limited	Bermuda
Genesis Funding Limited	Bermuda
Genesis China Leasing 1 Limited	Bermuda
Genesis China Leasing 2 Limited	Bermuda
Genesis Funding Atlantic 1 Limited	Bermuda
Genesis Portfolio Funding I Limited	Bermuda
GLS Atlantic Alpha Limited	Bermuda
Lare Leasing Limited	Bermuda
Roselawn Leasing Limited	Bermuda
Ross Leasing Limited	Bermuda
Westpark 1 Aircraft Leasing Limited	Bermuda
Aircraft Lease Securitisation II Ltd. and subsidiaries (5% owned by AerCap Ireland Limited.)	Bermuda
AerCap Leasing 3034 (Bermuda) Ltd	Bermuda
AerCap Leasing MSN 2413 (Bermuda) Ltd	Bermuda
Acquarius Aircraft Leasing Limited	Bermuda
AerFi Sverige AB	Sweden
Genesis Funding Sweden 1 AB	Sweden
Lille Location S.A.R.L	France
Toulouse Location S.A.R.L.	France
Biarritz Location S.A.R.L.	France
Nice Location S.A.R.L.	France
Genesis Funding France 1 S.A.R.L.	France
Genesis Funding France 2 S.A.R.L.	France
AerCap UK Limited	United Kingdom
Genesis Funding Norway 1 A/S	Norway
GLS Norway Alpha A/S	Norway
AerCap HK-320-A Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
AerCap HK-320-C Limited	Cayman Islands
AerCap Aircraft Purchase Limited	Cayman Islands
AerCap Group Services, Inc	United States of America
AerCap, Inc.	United States of America
AerCap Leasing USA I, Inc	United States of America
AerCap Leasing USA II, Inc	United States of America

27. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
Genesis Leasing USA Inc.	United States of America
Acsal Holdco LLC (19.44%)	United States of America
AerCap International (Isle of Man) Limited	Isle of Man
AerCap Holding (I.O.M.) Limited	Isle of Man
Acorn Aviation Limited	Isle of Man
Crescent Aviation Limited	Isle of Man
Stallion Aviation Limited	Isle of Man
AerCap Note Purchaser (Isle of Man) Limited	Isle of Man
AerLift Leasing Jet Limited (50%)	Isle of Man
AerLift Leasing Limited and subsidiaries (40%)	Isle of Man
AerCap Jet Limited	Jersey
Wahaflot Leasing 3 Limited	Cyprus
AerCap Singapore Pte. Ltd.	Singapore
AerCap Aviation Assets Fund Management S.a.r.l. (60%)	Luxembourg
Dragon Aviation Leasing Company Limited (25%)	China

AerCap Holdings N.V.

Company Balance Sheets

As of December 31, 2012 and 2013 (after proposed profit appropriation)

	Note	December 31, 2012	December 31, 2013
		(U.S. dollars in thousands except share and per share amounts)	
Assets			
Cash and cash equivalents		$ 741	$ 129
Restricted cash		—	—
Investments	29	2,776,589	2,942,861
Other assets		10,650	16,439
Total Assets		**$2,787,980**	**$2,959,429**
Liabilities and Shareholders' Equity			
Accrued expenses and other liabilities		$ 7,952	$ 14,943
Debt		—	150,607
Payable to subsidiary		595,341	422,288
Negative goodwill	30	34,630	29,551
Total Liabilities		637,923	617,389
Ordinary share capital, €0.01 par value (250,000,000 ordinary shares authorized, 113,783,799 ordinary shares issued and outstanding at December 31, 2013 and 113,363,535 ordinary shares issued and outstanding at December 31, 2012)		1,193	1,199
Additional paid-in capital		1,051,450	1,051,450
Revaluation reserves		(14,401)	(9,890)
Accumulated retained earnings(1)		1,111,815	1,299,281
Total Shareholders' Equity	31	2,150,057	2,342,040
Total Liabilities and Shareholders' Equity		**$2,787,980**	**$2,959,429**

(1) This includes $31.4 million and $25.0 million of legal reserves in the year ended December 31, 2013 and 2012 respectively, which are not free to distribute.

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

AerCap Holdings N.V.

Company Income Statements

For Year Ended December 31, 2012 and 2013

	Note	Year ended December 31, 2012	Year ended December 31, 2013
		(U.S. dollars in thousands)	
Result from participation after taxation	29	$ 93,737	$156,980
Other income and expenses after taxation		54,252	24,079
Net Income		**$147,989**	**$181,059**

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

(U.S. dollars in thousands)

28. Summary of significant accounting policies

General

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The principles of valuation and determination of result for AerCap Holdings N.V. and the consolidated financial statements are the same. For these principles we refer to the consolidated financial statements.

The financial statements of the Company are presented in accordance with accounting principles generally accepted in the Netherlands. The income statement is presented in accordance with Part 9, Book 2, Art 402 of the Netherlands Civil Code.

Investments

Investments consist of investments in subsidiaries. The majority participating interests (direct and indirect) in which the AerCap Holdings N.V. is able to exercise control are stated at net asset value. The net asset value of majority participating interests is determined in accordance with the principles underlying these consolidated financial statements.

29. Investments

The movement in investments can be summarized as follows:

	Total
Balance as of January 1, 2012	$2,651,840
Movements	
Share-based compensation	7,128
Investments in subsidiaries	23,884
Result of subsidiaries	93,737
Balance as of December 31, 2012	**$2,776,589**

	Total
Balance as of January 1, 2013	$2,776,589
Movements	
Share-based compensation	9,292
Investments in subsidiaries	—
Result of subsidiaries	156,980
Balance as of December 31, 2013	**$2,942,861**

30. Negative goodwill

The movement in negative goodwill can be summarized as follows:

	Total
Balance as of January 1, 2012	$ 83,882
Movements	
Release to the income statement	(49,252)
Balance as of December 31, 2012	**$ 34,630**

	Total
Balance as of January 1, 2013	$34,630
Movements	
Release to the income statement	(5,079)
Balance as of December 31, 2013	**$29,551**

31. Shareholders' Equity

The movement in shareholders' equity can be summarized as follows:

	Number of Shares	Share capital	Additional paid-in capital	Retained (loss) earnings	Treasury stock	Revaluation reserves	Total shareholders' equity
	(U.S. dollars in thousands, except share amounts)						
Year ended December 31, 2012							
Balance at January 1, 2012	149,232,426	$1,570	$1,471,166	$ 956,698	$(100,000)	$ (8,513)	$2,320,921
Share-based compensation	—	—	—	7,128	—	—	7,128
Purchase of treasury stock/share cancellation	(35,868,891)	(377)	(419,716)	—	100,000	—	(320,093)
Direct equity movements of subsidiaries	—	—	—	—	—	(5,888)	(5,888)
Net income for the period	—	—	—	147,989	—		147,989
Balance at December 31, 2012	**113,363,535**	**$1,193**	**$1,051,450**	**$1,111,815**	**$ —**	**$(14,401)**	**$2,150,057**
Year ended December 31, 2013							
Balance at January 1, 2013	113,363,535	$1,193	$1,051,450	$1,111,815	$ —	$(14,401)	$2,150,057
Issuance of shares to directors and employees	420,264	6	—	—	—	—	6
Share-based compensation	—	—	—	6,407	—	—	6,407
Direct equity movements of subsidiaries	—	—	—	—	—	4,511	4,511
Net income for the period	—	—	—	181,059	—	—	181,059
Balance at December 31, 2013	**113,783,799**	**$1,199**	**$1,051,450**	**$1,299,281**	**$ —**	**$ (9,890)**	**$2,342,040**

32. Employees

AerCap Holdings N.V. had 39 employees at December 31, 2013 (2012: 30 employees). The disclosure on Directors' remuneration is included in note 27.

33. Audit fees

The following audit fees were expensed in the income statement in the reporting period:

	2012	2013
	(U.S. dollars in thousands)	
Audit of the financial statements	$1,878	$1,643
Other audit related services	89	353
Tax services	40	45
Other non audit services	—	—
Total	**$2,007**	**$2,041**

The fees listed above relate only to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta). The total audit fees include an amount of $1,721 and $1,743, charged by PricewaterhouseCoopers Accountants N.V., for the years ended December 31, 2012 and 2013, respectively.

34. Fiscal unity

The company forms a fiscal unity for corporate income tax and turnover tax purposes with AerCap B.V. Under the Tax Collection Act, the company is jointly and severally liable for the taxes payable by the group. The tax expense recognized in the financial statement of AerCap B.V., a subsidiary, is based on its profit for financial reporting purposes. AerCap Holdings N.V. settles its intercompany balances with AerCap B.V. based on the subsidiary's profit for financial reporting purposes.

35. Declaration of liability

AerCap Holdings N.V. has issued a declaration of liability as referred to in Article 2:403 of the Netherlands Civil Code in respect of a significant number of its Dutch subsidiaries.

Amsterdam, March 17, 2014

Pieter Korteweg
Aengus Kelly
Salem Al Noaimi
Homaid Al Shemmari
James (Jim) Chapman
Paul Dacier
Richard (Michael) Gradon

35. Declaration of liability (Continued)

Marius Jonkhart
Robert (Bob) Warden

AerCap Holdings N.V.
AerCap House
Stationsplein 965
1117 CE Schiphol
The Netherlands

Other information

36. Subsequent events

On February 13, 2014, our shareholders approved the announced acquisition of ILFC at an Extraordinary General Meeting of Shareholders. The ILFC Transaction, which is expected to close in the second quarter of 2014, remains subject to receipt of necessary regulatory approvals and satisfaction of other customary closing.

On March 11 2014, we signed a new $2.75 billion revolver facility which will come into effect upon closing of the ILFC Transaction with a term of 4 years from that closing date. In connection with this facility coming into effect, the Citi revolving credit facility of AerCap will be terminated, together with an existing ILFC $2.3 billion revolving credit facility (2012 Credit Facility).

37. Profit appropriation

According to article 26 of the Articles of Association, the Board of Directors determines which amounts from the Company's annual profits are reserved. The Board of Directors has determined that the entire 2013 profits shall be reserved and that no profits shall be distributed as dividends to the shareholders. Thus, the result for the year ended December 31, 2013 a gain of $181.1 million, will be included in the retained earnings.

Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements 2013 as set out on pages 31 to 106 of AerCap Holdings N.V., Amsterdam, which comprise the consolidated and company balance sheet as at 31 December 2013, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Board of directors' responsibility

The board of directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AerCap Holdings N.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 17 March 2014
PricewaterhouseCoopers Accountants N.V.

/s/ P.C. Dams RA