



# AerCap Holdings N.V.

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**Second Quarter 2009 Earnings Call**

**August 6, 2009**

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*Pride • Dream • Passion*

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# Second Quarter 2009 Financial Highlights

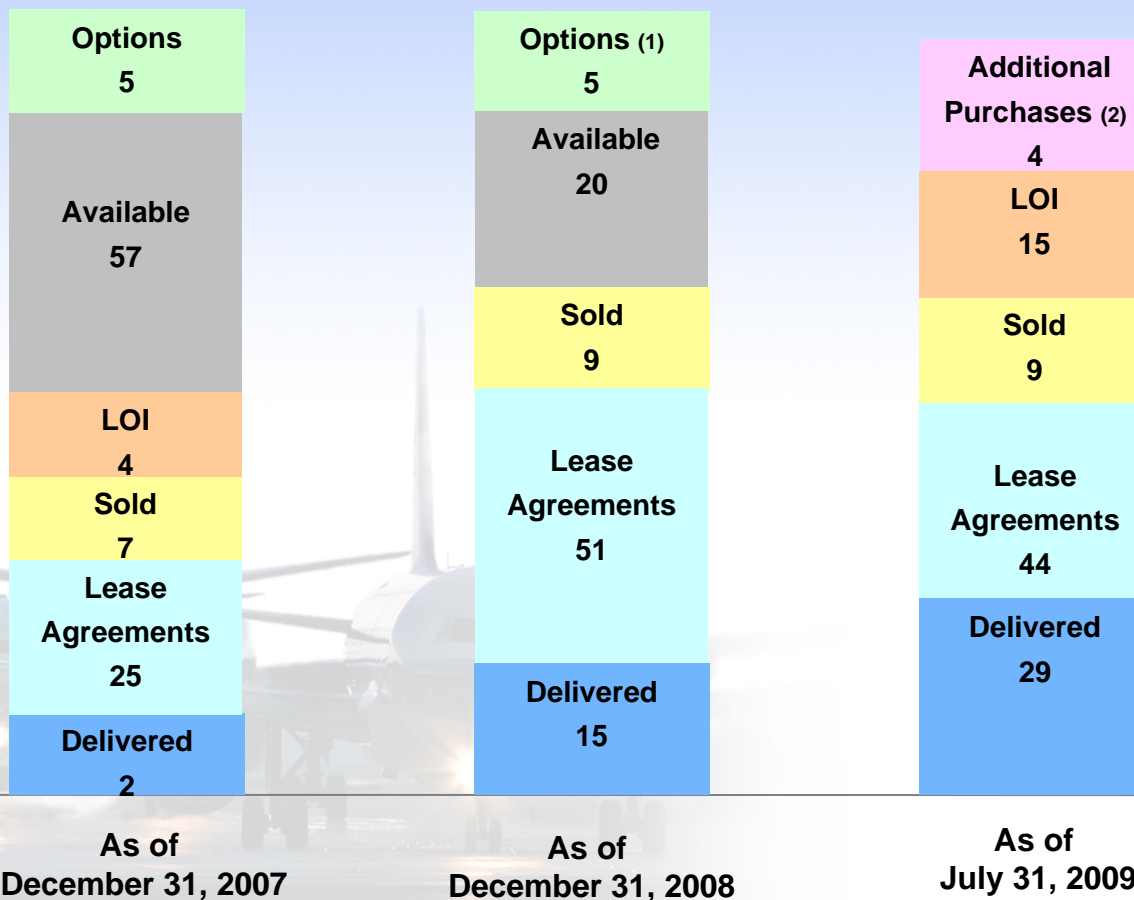
- Net income was \$39.1 million for second quarter 2009, exclusive of non-cash charges relating to mark-to-market of interest rate caps and share-based compensation
- Earnings per share for second quarter 2009 were \$0.46 on the same basis
- Basic rents in second quarter 2009 increased 12% from second quarter 2008, while interest expense excluding the mark-to-market of interest rate caps declined by 14%
  - Net spread, the difference between basic rents and the adjusted interest expense, was \$112.6 million in second quarter 2009, an increase of 21%
- Total assets were \$6.1 billion as of June 30, 2009, up 18% from June 30, 2008
- Aviation assets purchased and delivered in 1H 2009 were \$0.8 billion

# Aircraft and Engine Transactions During Second Quarter 2009

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- 30 new aircraft lease agreements & letters-of-intent executed
- 9 aircraft and 19 engines delivered to lessees
- 11 aircraft and 7 engines purchased
- 3 aircraft and 6 engines sold from our owned portfolio

# Forward Order Aircraft



**Aircraft Orders Fully Placed other than 4 New Additions Delivering in 2013**

(1) Options have expired in 1Q 2009

(2) 4 additional A320s delivering 2H 2013 were purchased in connection with the placement of 4 aircraft in 2010

# Net Income

<b>(\$ Million)</b>	<b><u>2Q 2008</u></b>	<b><u>2Q 2009</u></b>
<b>Total Net Income</b>	<b>68.6*</b>	<b>56.6**</b>
<b>Mark-to-market on interest rate caps</b>	<b>(11.9)</b>	<b>(18.3)</b>
<b>Share-based compensation</b>	<b><u>1.5</u></b>	<b><u>0.8</u></b>
<b>Net Income excluding above charges</b>	<b><u>58.2*</u></b>	<b><u>39.1**</u></b>

\* Q2 2008 includes ~\$32.3 million gain from sales (net of tax)

\*\* Q2 2009 includes ~\$3.7 million gain from sales (net of tax)

# Earnings Per Share

	<u>2Q 2008</u>	<u>2Q 2009</u>
<b>Earnings Per Share</b>	<b>\$0.81*</b>	<b>\$0.67**</b>
<b>Adjusted for: mark-to-market on interest rate caps and share based compensation</b>	<b>(0.13)</b>	<b>(0.21)</b>
<b>Earnings Per Share excluding above charges</b>	<b>\$0.68*</b>	<b>\$0.46**</b>
<b>Average Shares Outstanding (Million)</b>	<b>85.0</b>	<b>85.0</b>

\* Q2 2008 includes \$0.38 per share gain from sales (net of tax)

\*\*Q2 2009 includes \$0.04 per share gain from sales (net of tax)

# Total Revenue

(\$ Million)

	<u>2Q 2008</u>	<u>2Q 2009</u>
Basic Lease Rents	126.6	141.4
Maintenance/End-of-Lease Revenue	17.8	28.4*
Sales Revenue	180.7	111.6
Management Fees and Interest Income	7.9	6.4
Other Revenue	<u>0.4</u>	<u>6.9</u>
<b>Total Revenue</b>	<b><u>333.4</u></b>	<b><u>294.7</u></b>

Basic rents  
up 12% over  
second  
quarter 2008

\* Includes ~\$14 million of end-of-lease payments received which triggered comparable amount of impairments



# Net Spread (Margin) – Second Quarter

<b>(\$ Million)</b>	<b><u>2Q 2008</u></b>	<b><u>2Q 2009</u></b>	<b><u>% Change</u></b>
<b>Basic Lease Rents</b>	<b>126.6</b>	<b>141.4</b>	<b>12%</b>
<b>Less: Interest Expense*</b>	<b><u>(33.5)</u></b>	<b><u>(28.8)</u></b>	<b>(14%)</b>
<b>Net Spread (Margin)</b>	<b>93.1</b>	<b>112.6</b>	<b>21%</b>
<b>Average Lease Assets</b>	<b>3,460</b>	<b>4,386</b>	<b>27%</b>
<b>Annualized Margin(% Lease Assets)</b>	<b>11%</b>	<b>10%</b>	

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

# Net Spread (Margin) – First Half

(\$ Million)	<u>1H 2008</u>	<u>1H 2009</u>	<u>% Change</u>
Basic Lease Rents	253.1	282.8	12%
Less: Interest Expense*	<u>(74.5)</u>	<u>(57.7)</u>	(23%)
Net Spread (Margin)	178.6	225.1	26%
Average Lease Assets	3,381	4,261	26%
Annualized Margin(% Lease Assets)	11%	11%	

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

# Sales

<b>(\$ Million)</b>	<b><u>2Q 2008</u></b>	<b><u>2Q 2009</u></b>
<b>Aircraft Sales</b>	<b>150.7</b>	<b>61.7</b>
<b>Engine Sales</b>	<b>7.6</b>	<b>23.0</b>
<b>Part Sales</b>	<b><u>22.4</u></b>	<b><u>26.9</u></b>
<b>Total Sales</b>	<b><u>180.7</u></b>	<b><u>111.6</u></b>
<b>Total Gain from Sales (pre-tax)</b>	<b><u>39.9</u></b>	<b><u>6.1</u></b>

# Leasing Expenses and SG&A

	<u>2Q 2008</u>	<u>2Q 2009</u>	<u>% Change</u>
(\$ Million)			
Operating lease in costs	3.3	3.3	0%
Leasing expenses	11.4	22.1*	94%
SG&A	<u>32.7</u>	<u>27.8</u>	(15%)
Total Leasing Expenses and SG&A	47.4	53.2	12%

\* Details on following page

# Leasing Expenses

(\$ Million)	<u>2Q 2008</u>	<u>2Q 2009</u>
<b>Default Related Costs</b>	<b>0.0</b>	<b>4.5</b>
<b>Normal Transition Costs</b>	<b>3.8</b>	<b>3.6</b>
<b>Lessor Maintenance Contributions</b>	<b>4.8</b>	<b>8.1</b>
<b>AeroTurbine &amp; Other Leasing Costs</b>	<b><u>2.8</u></b>	<b><u>5.9</u></b>
<b>Total Leasing Expenses</b>	<b>11.4</b>	<b>22.1</b>

# Aircraft Impairments from Receipt of End-of-Lease Payments

## P&L Impact is Neutral

(\$ Millions)

	<u>End-of-Lease Payments</u>	<u>Aircraft Impairments</u>	<u>Net Amount</u>
<u>Actual</u>			
1st Qtr 2009	\$7.2	(\$7.2)	\$0.0
2nd Qtr 2009	\$13.7	(\$13.7)	\$0.0

Note: Impairments relate to 3 aircraft in each quarter

# Impact from Defaults & Restructuring

(\$ Millions)

	<u>2Q 2009</u>	<u>1H 2009</u>	<u>2008 Total</u>
<b>Lost Basic Lease Rents (Net of Security Deposits)</b>	<b>(0.9)</b>	<b>(3.1)</b>	<b>(14.3)</b>
<b>Provision for Doubtful Accounts Receivable</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.1)</b>
<b>Maintenance Rents</b>	<b>0.0</b>	<b>0.0</b>	<b>12.2</b>
<b>Leasing Expenses</b>	<b><u>(4.5)</u></b>	<b><u>(11.3)</u></b>	<b><u>(15.5)</u></b>
<b>Total</b>	<b>(5.4)</b>	<b>(14.4)</b>	<b>(18.7)</b>

## Accounting Specifics

- Security deposits are applied against past-due rents, reducing impact from lost rents
- Maintenance rents held are recorded as revenue upon lease termination
- Costs are expensed as incurred

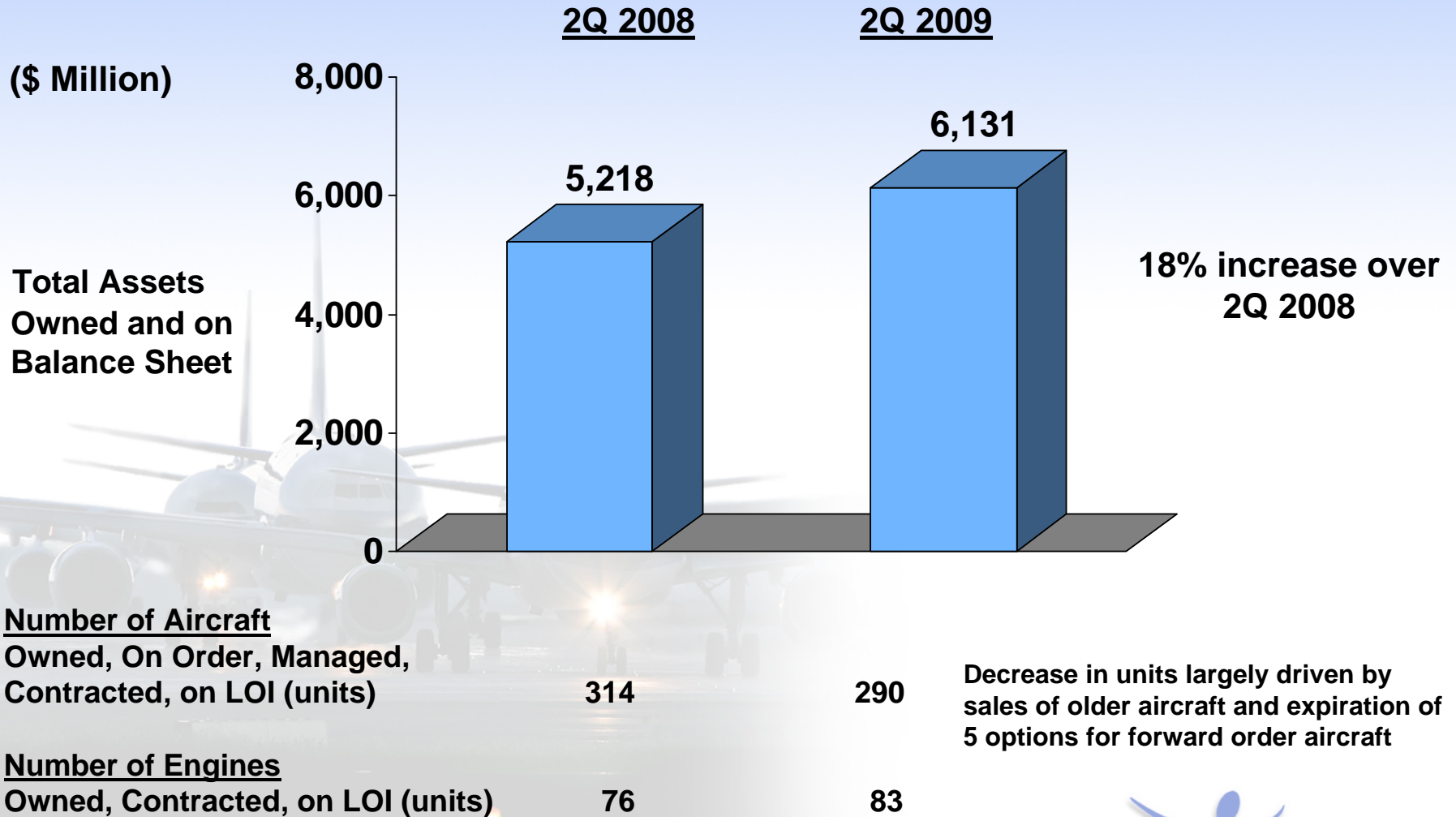
# Tax Rate

	<u>FY 2008</u>	<u>1H 2009</u>
<b>Tax Rate for Aircraft</b>	<b>2.0% Charge</b>	<b>1.2% Charge</b>
<b>Tax Rate for Engine/Parts</b>	<b>(56.8%) Income</b>	<b>34.3% Charge</b>
<b>Blended Tax Rate</b>	<b>(0.3%) Income</b>	<b>2.7% Charge</b>

**Note:** The tax income in 2008 resulted because the most significant portion of the charges relating to airline defaults and inventory impairments occurred in the higher tax rate jurisdictions, and the most significant portion of pre-tax earnings occurred in the lower tax rate jurisdictions.



# Total Assets and Number of Aircraft/Engines



# Purchases of Aviation Assets

<b>(\$ Million)</b>	<b><u>1H 2009</u></b>	<b><u>Total 2009 Commitments</u></b>
<b>Aircraft Related</b>	<b>757</b>	<b>1,787</b>
<b>Engines/Airframes</b>	<b><u>33</u></b>	<b><u>33</u></b>
<b>Total Purchases</b>	<b>790</b>	<b>1,820</b>
<hr/>		
<b>Number of Aircraft Purchases (Units)</b>	<b>21</b>	<b>41</b>

# Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2008</u>	<u>June YTD 2009</u>
Utilization Rate	97.7%	97.8%
Portfolio Yield*	16.9%	15.5%
Average Term (Months)		
– New Leases for New Aircraft	124	133**
– New Leases for Used Aircraft	65	41***

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

\*\* Reflects 5 lease agreements and 21 LOIs for new aircraft leases signed during 1H 2009

\*\*\* Reflects 4 lease agreements and 4 LOIs for used aircraft leases signed during 1H 2009

# Debt and Equity

(\$ Million)

	<u>2Q 2008</u>	<u>2Q 2009</u>
<b>Total Debt</b>	<b>3,580</b>	<b>4,337</b>
<b>Average Cost of Debt in Second Quarter*</b>	<b>4.1%</b>	<b>2.7%</b>
<b>Equity</b>	<b>1,106</b>	<b>1,295</b>
<b>Debt / Equity Ratio</b>	<b>3.2 to 1**</b>	<b>3.3 to 1**</b>

\* Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps

\*\* Debt/Equity ratio is 3.0 to 1 for 2Q 2008 and 3.1 to 1 for 2Q 2009 if subordinated debt of \$63 million received from JV partner is treated as equity

# Recent Funding/Cash Initiatives

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- \$4.5 billion in financings completed since 2Q 2008
- Signed a joint venture agreement with Waha Capital for a 50/50 joint investment in AerVenture (committed equity investment from both parties of \$270 million)
- \$221 million of financing for pre-delivery payments on ten A330s was closed in second quarter 2009
- \$499 million funding closed for the initial 16 A320 aircraft in the ALS II facility, which allows for funding of a total of 30 A320 aircraft

# Funding/Access to Capital

## Cash (\$ Million)

2Q 2009

Cash and Cash Equivalents at June 30, 2009

\$218

Total Cash Balance at June 30, 2009 (Incl. Restricted Cash)

\$347

Operating Cash Flow for 2Q 2009

\$108

## Total Capital Needs (\$ Billion)

'09-'11

'12/'13

Pre-Delivery & Final Delivery Payment Obligations

\$3.24

\$0.42

Less: Committed Debt & Cash Plus Cash Initiatives in Process

\$3.25

(\$0.45)

Remaining Debt and Cash Amounts (Excess)/Needed\*

(\$0.01)

\$0.87

\* Both term financing and required cash for 2009 through 2011 (our heaviest capex years) is essentially in place; \$860 million of additional capital is needed in 2012 and 2013 (\$870 million less \$10 million excess from 2009-2011) consists of term debt of \$730 million and \$130 million cash (equity)

# 2009 Financial Outlook

The financial markets and access to capital remain uncertain and volatile. As a result, AerCap's 2009 financial outlook is less certain than in years past, particularly given the increasing stresses imposed by the global economic climate on the financial conditions of many of our business partners, competitors and contract counterparties. Notwithstanding the foregoing, set forth below are the anticipated drivers for AerCap's 2009 financial performance, which are subject to change, in light of the highly fluid market conditions.

- Purchases of aviation assets in all of 2009 expected to be ~\$1.8 billion
- 2009 basic lease revenue expected to increase ~15% over 2008
- 2009 gain from aircraft sales and other revenue relating to forward position sales expected to be 30% or more lower vs. 2008
- 2009 average cost of debt expected to be ~3%
- 2009 blended tax rate expected to be ~3%
- 2009 ROE expected to be ~15%, due mostly to lower gain from sales and the impact of airline defaults

# Appendix





# High Quality and Well Diversified Portfolio

## Aircraft Portfolio as of June 30, 2009

	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Aircraft on Order	Aircraft under Purchase Contract or LOI	Total Aircraft
Airbus A300 Freighter	1	0.7%	0	0	0	1
Airbus A319	18	12.7%	0	6	0	24
Airbus A320	69	41.2%	16	29	1	115
Airbus A321	16	10.8%	1	3	0	20
Airbus A330	8	11.3%	0	27	0	35
Boeing 737 (Classics)	14	2.8%	30	0	0	44
Boeing 737 (NG)	18	13.4%	0	0	3	21
Boeing 757	11	3.3%	3	0	0	14
Boeing 767	4	2.7%	2	0	0	6
MD 11 Freighter	1	0.7%	1	0	0	2
MD-82	2	0.1%	1	0	0	3
MD-83	4	0.3%	1	0	0	5
	<b>166</b>	<b>100.0%</b>	<b>55</b>	<b>65</b>	<b>4</b>	<b>290</b>

- 85% narrowbody – “Work Horses” of industry
- High share of liquid / remarketable aircraft
- Average age of owned aircraft fleet 6.3 years
- 83 engines in portfolio, as of June 30, 2009, incl. 1 on order
  - CFM56 engines, one of the most widely used engines in the commercial aviation industry, represented 61% of our engine portfolio