



# AerCap Holdings N.V.

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**First Quarter 2011 Earnings Call**

**May 5, 2011**

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• *Pride* • *Dream* • *Passion*

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# First Quarter 2011 Highlights

- Net income was \$75.3 million for first quarter 2011, exclusive of the impact relating to mark-to-market of interest rate caps and share-based compensation, an increase of 61% over first quarter 2010
- Earnings per share for first quarter 2011 was \$0.50, exclusive of the impact relating to mark-to-market of interest rate caps and share-based compensation, as compared to \$0.55 first quarter 2010
- Net spread was \$186.1 million in first quarter 2011, an increase of 40% over first quarter 2010
- Total assets were \$9.8 billion as of March 31, 2011, up 12% from March 31, 2010
  - Total equity is \$2.3 billion



# Net Income

<b>(\$ Million)</b>	<b><u>1Q 2010</u></b>	<b><u>1Q 2011</u></b>
<b>Total Net Income</b>	<b>34.4</b>	<b>72.1</b>
<b>Adjusted For: (Gain)/Loss from Mark-to-Market on Interest Rate Caps *</b>	<b>11.6</b>	<b>1.5</b>
<b>Adjusted for: Cost of Share-Based Compensation*</b>	<b><u>0.7</u></b>	<b><u>1.7</u></b>
<b>Net Income excluding above adjustments</b>	<b>46.7</b>	<b>75.3</b>

\* Adjustment reduced for tax impact as well as the amount relating to JV partners' share which was already deducted from net income.

# Earnings Per Share

	<u>1Q 2010</u>	<u>1Q 2011</u>
<b>Earnings Per Share</b>	<b>\$0.40</b>	<b>\$0.48</b>
<b>Adjusted for: mark-to-market on interest rate caps and share based compensation</b>	<b><u>0.15</u></b>	<b><u>0.02</u></b>
<b>Adjusted Earnings Per Share</b>	<b>\$0.55</b>	<b>\$0.50</b>
<b>Average Shares Outstanding (Million)*</b>	<b>85.0</b>	<b>149.2</b>

\* The increase in average shares outstanding is due to both the Genesis Transaction (34m shares issued in March 2010) & Waha Transaction (30m shares issued in November 2010).

# Total Revenue

<b>(\$ Million)</b>	<b><u>1Q 2010</u></b>	<b><u>1Q 2011</u></b>
<b>Basic Lease Rents</b>	<b>165.8</b>	<b>247.3</b>
<b>Maintenance/End-of-Lease Revenue</b>	<b>9.5</b>	<b>26.0</b>
<b>Sales Revenue</b>	<b>182.4</b>	<b>81.1</b>
<b>Management Fees and Interest Income</b>	<b>3.9</b>	<b>5.4</b>
<b>Other Revenue</b>	<b><u>1.9</u></b>	<b><u>2.5</u></b>
<b>Total Revenue</b>	<b>363.5</b>	<b>362.3</b>

# Net Spread (Margin) - First Quarter 2011

<b>(\$ Millions)</b>	<b><u>1Q 2010</u></b>	<b><u>1Q 2011</u></b>	<b><u>% Change</u></b>
<b>Basic Lease Rents</b>	<b>165.8</b>	<b>247.3</b>	<b>49%</b>
<b>Less: Interest Expense*</b>	<b><u>(32.8)</u></b>	<b><u>(61.2)</u></b>	<b>87%</b>
<b>Net Spread (Margin)</b>	<b>133.0</b>	<b>186.1</b>	<b>40%</b>
<b>Average Lease Assets</b>	<b>5,435</b>	<b>8,147</b>	<b>50%</b>
<b>Annualized Margin (% Lease Assets) **</b>	<b>9.78%</b>	<b>9.13%</b>	

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

\*\* Decrease in annualized margin % driven by the impact from the delivery of new aircraft and the Genesis Transaction. For new aircraft, the net spread is lower at the start of the lease because of higher interest expenses resulting from a higher loan-to-value, and also higher book value used as denominator.

# Sales

<b>(\$ Million)</b>	<b><u>1Q 2010</u></b>	<b><u>1Q 2011</u></b>
<b>Aircraft Sales</b>	<b>140.8*</b>	<b>29.3**</b>
<b>Engine Sales</b>	<b>7.8</b>	<b>7.2</b>
<b>Part Sales</b>	<b><u>33.8</u></b>	<b><u>44.6</u></b>
<b>Total Sales Revenue</b>	<b>182.4</b>	<b>81.1</b>
<b>Total Gain from Sales</b>	<b>26.3</b>	<b>11.3</b>

\* 1Q 2010 aircraft sales include the forward sale of 1 new A330, 2 forward positions, & 2 older B757s

\*\* 1Q 2011 aircraft sales include 2 older B757s, 1 older MD-82 & 1 older A320



# Leasing Expenses and SG&A

<b>(\$ Million)</b>	<b><u>1Q 2010</u></b>	<b><u>1Q 2011</u></b>	<b><u>% Change</u></b>
<b>Operating lease in costs</b>	<b>3.2</b>	<b>3.1</b>	<b>(3%)</b>
<b>Leasing expenses *</b>	<b>10.5</b>	<b>14.1</b>	<b>34%</b>
<b>SG&amp;A</b>	<b><u>29.9</u></b>	<b><u>28.8</u></b>	<b>(4%)</b>
<b>Total Leasing Expenses and SG&amp;A</b>	<b>43.6</b>	<b>46.0</b>	<b>6%</b>

\* Details on following page

# Leasing Expenses

<b>(\$ Million)</b>	<b><u>1Q 2010</u></b>	<b><u>1Q 2011</u></b>	<b><u>% Change</u></b>
<b>Default Related Leasing Expenses*</b>	<b>0.0</b>	<b>4.7</b>	<b>NA</b>
<b>Normal Transition Costs</b>	<b>2.3</b>	<b>2.4</b>	<b>4%</b>
<b>Lessor Maintenance Contributions</b>	<b>1.2</b>	<b>1.4</b>	<b>17%</b>
<b>AeroTurbine &amp; Other Leasing Costs</b>	<b><u>7.0</u></b>	<b><u>5.6</u></b>	<b><u>(20%)</u></b>
<b>Total Leasing Expenses</b>	<b>10.5</b>	<b>14.1</b>	<b>34%</b>

\* Costs in Q1 2011 relate to airline defaults which occurred during 2010 (Mexicana) and during 2011 (Wataniya)

# Impact from Defaults & Restructuring

(\$ Million)	FY 2010 <u>(Actual)</u>	FY 2011 <u>(Forecast)</u>	1Q 2011 <u>(Actual)</u>
Lost Basic Lease Rents (Net of Security Deposits)	(3.4)	~(1.0)	3.0
Maintenance Rents Held	7.8	~12.0	10.7
Default Related Leasing Expenses	(7.8)	~(10.0)	(4.7)
Default Related Impairment Charges	<u>(5.5)</u>	<u>0.0</u>	<u>0.0</u>
Total Impact (Pre-tax)	(8.9)	~1.0	9.0

## The Accounting for Items above

- 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



# Assets Impairments

- \$7.7 million impairment charges incurred in Q1 2011
  - \$7.1 million relating to 3 older A320s (~20 years of age)
  - \$0.6 million relating to an engine

	<u>Units</u>	<u>% of NBV</u>
<b>Aircraft Impaired</b>	<b>3</b>	<b>0.3%</b>
<b>Aircraft 15 Years of Age or Older (incl. above)</b>	<b>48</b>	<b>6.2%</b>
<b>Total Aircraft Portfolio</b>	<b>272</b>	

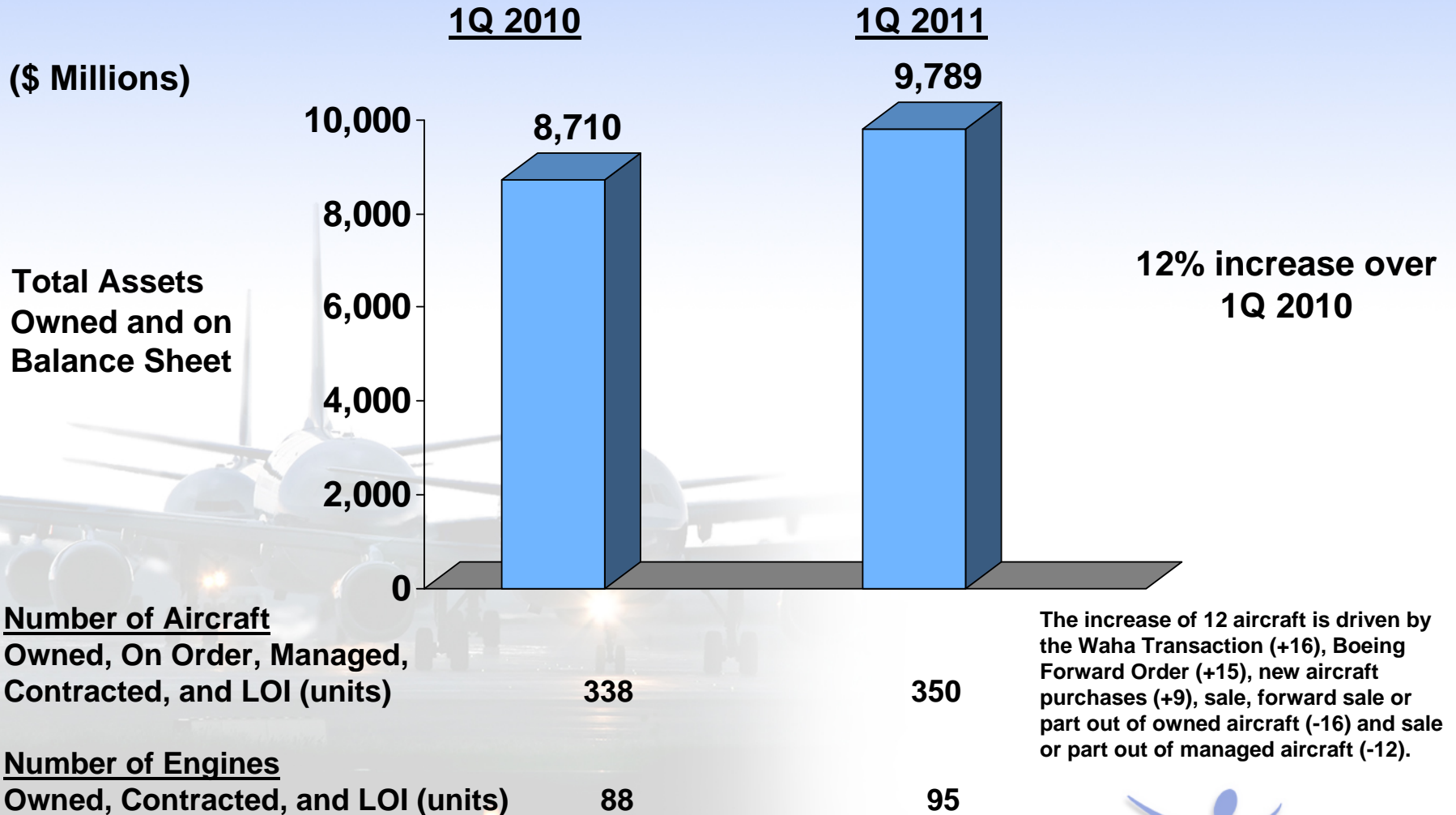


# Tax Rate

	<u>FY 2010</u>		<u>1Q 2011</u> <u>(&amp; FY Est.)</u>	
<b>Tax Rate for Aircraft</b>	<b>8.9%</b>	<b>Charge</b>	<b>8.6%</b>	<b>Charge</b>
<b>Tax Rate for Engine/Parts</b>	<b><u>34.2%</u></b>	<b>Credit</b>	<b><u>37.6%</u></b>	<b>Credit</b>
<b>Blended Tax Rate*</b>	<b>8.6%</b>	<b>Charge</b>	<b>8.0%</b>	<b>Charge</b>

\* The blended effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions.

# Total Assets and Number of Aircraft/Engines



# Purchases of Aviation Assets

<b>(\$ Million)</b>	<b><u>1Q 2011</u></b>	<b><u>Remaining 2011</u></b>	<b><u>Total 2011</u></b>
<b>Aircraft Related</b>	<b>442</b>	<b>309</b>	<b>751</b>
<b>Engines/Airframes</b>	<b><u>26</u></b>	<b><u>37</u></b>	<b><u>63</u></b>
<b>Total Purchases</b>	<b>468</b>	<b>346</b>	<b>814</b>
<b>Number of Aircraft Purchases (Units)</b>	<b>7</b>	<b>5</b>	<b>12</b>

# Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>1Q 2010</u>	<u>1Q 2011</u>
Utilization Rate	98.9%	99.3%
Portfolio Yield*	12.9%	13.4%
Average Term (Months)		
– New Leases for New Aircraft	144	**144
– New Leases for Used Aircraft	62	*** 58

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

\*\* Reflects lease agreements and LOIs for 4 new aircraft signed in Q1 2011.

\*\*\* Reflects lease agreements and LOIs for 5 used aircraft signed in Q1 2011.



# Cash

<b>(\$ Millions)</b>	<b><u>1Q 2011</u></b>
<b>Cash and Cash Equivalents at March 31, 2011</b>	<b>322.5</b>
<b>Total Cash Balance at March 31, 2011 (Incl. Restricted Cash)</b>	<b>532.6</b>
<b>Operating Cash Flow for 1Q 2011</b>	<b>85.2</b>

# Debt and Equity

<b>(\$ Millions)</b>	<b><u>1Q 2010</u></b>	<b><u>1Q 2011</u></b>
<b>Total Debt at Quarter-End</b>	<b>6,083</b>	<b>6,731</b>
<b>Average Cost of Debt*</b>	<b>2.6%</b>	<b>3.6%</b>
<b>Equity</b>	<b>1,860</b>	<b>2,293</b>
<b>Debt / Equity Ratio**</b>	<b>**3.3 to 1</b>	<b>**2.9 to 1</b>

\* Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps and other small charges not reflective of on-going interest costs.

\*\* Debt/equity ratio was 3.1 to 1 for 1Q 2010 excluding \$60 million subordinated debt and 2.8 to 1 for 1Q 2011 excluding \$86 million subordinated debt received from JV partners.

## 2011 Outlook – EPS Impact of Aircraft Sales / One-Offs

	<u>1Q 2011</u>	<u>Remaining 2011</u>
<b>Committed Aircraft Sales</b>	<b>\$0.00</b>	<b>\$0.03</b>
<b>Other One-Offs</b>	<b><u>\$0.01</u></b>	<b><u>\$0.05</u></b>
<b>EPS Impact</b>	<b>\$0.01</b>	<b>\$0.08</b>

# Net Maintenance Contribution per Quarter

	<b>Avg. Qtr. 2010 (Actual)</b>	<b>Q1 2011 (Actual)</b>	<b>Avg. Last 3 Qtrs. 2011 (Forecast)</b>
<b>Maintenance Rents</b>	<b>20.6</b>	<b>26.0</b>	<b>~19.0</b>
<b>Leasing Expenses</b>	<b><u>(17.0)</u></b>	<b><u>(14.1)</u></b>	<b><u>~(24.0)</u></b>
<b>Pre-tax Impact</b>	<b>3.6</b>	<b>11.9</b>	<b>~(5.0)</b>
<b>EPS Impact (after-tax)</b>	<b>\$0.02</b>	<b>\$0.07</b>	<b>(\$0.03)</b>



# 2011 Financial Outlook

**AerCap expects to grow earnings based on the committed aircraft purchases despite the continued uncertainties of the global economic environment. Set forth below are the anticipated drivers for AerCap's 2011 financial performance, which are subject to change, in light of the highly fluid market conditions.**

- **2011 committed purchases of aviation assets currently at ~\$0.8 billion**
- **2011 basic lease revenue expected to increase ~15% over 2010**
- **2011 maintenance contribution (maintenance / end-of-lease revenue less leasing expenses) expected to decrease by ~ \$20 million vs. 2010**
- **Expected gains from committed aircraft sales and one-offs in 2011 are ~\$15 million; gain from aircraft sales in 2010 was ~\$25 million (adjusted for non-controlling interest)**
- **2011 average cost of debt expected to be ~3.5 - 4.0%**
- **2011 tax rate expected to be in line with 2010**
- **2011 ROE expected to be comparable to 2010**

# Appendix



# Aircraft and Engine Transactions 1Q 2011

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- 9 letters-of-intent executed
- 11 aircraft and 13 engines delivered to lessees
- 7 aircraft and 7 engines purchased
- 4 aircraft and 4 engines sold from our owned and managed portfolios

# High Quality and Well-Diversified Portfolio

## Aircraft Portfolio as of March 31, 2011

	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	0.3%	0	0	0	1
Airbus A319	30	10.1%	0	0	0	30
Airbus A320	113	38.4%	9	6	2	130
Airbus A321	20	7.4%	3	0	-1	22
Airbus A330	24	22.1%	4	8	0	36
Boeing 737 (Classics)	15	1.3%	27	0	0	42
Boeing 737 (NG)	43	14.7%	0	15 *	0	58
Boeing 747	2	1.0%	0	0	0	2
Boeing 757	8	1.0%	1	0	-2	7
Boeing 767	5	2.0%	2	0	0	7
Boeing 777	0	0.0%	2	0	0	2
CRJ-705	0	0.0%	1	0	0	1
CRJ-900	4	0.9%	0	0	0	4
MD 11 Freighter	1	0.3%	1	0	0	2
MD-83	4	0.1%	0	0	0	4
ERJ170-100	2	0.3%	0	0	0	2
	<b>272</b>	<b>100.0%</b>	<b>50</b>	<b>29</b>	<b>-1</b>	<b>350</b>

\* Consists of ten firm aircraft and five purchase rights

- 74% narrow body – “Work Horses” of industry
- High share of liquid / remarketable aircraft
- Average age of owned aircraft fleet 5.5 years
- 95 engines in portfolio, as of March 31, 2011
  - CFM56 engines, one of the most widely used engines in the commercial aviation industry, represented 67% of our engine portfolio